

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Friday, April 30, 1976 10:00 a.m.**

[The House met at 10 a.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: INTRODUCTION OF VISITORS

MR. STROMBERG: Mr. Speaker, may I take this opportunity to introduce to you, and to members of this Assembly, a group of students from one of the most productive agricultural areas in Alberta.

MR. TRYNCHY: Whitecourt.

AN HON. MEMBER: Hear, hear.

MR. STROMBERG: The students are accompanied by their bus driver, Mr. Stan Banack, and their teacher, Mrs. Ilnicki, who, by the way, I believe has accomplished a record. This is the 17th year she has brought her class to visit the Legislature. The students are seated in the public gallery, and I will ask them to stand. Will members recognize the Round Hill Grade 7 and 8 classes.

head: MINISTERIAL STATEMENTS**Office of the Premier**

MR. LOUGHEED: Mr. Speaker, I felt that hon. members would be interested in a report with regard to the Western Premiers' Conference which concluded yesterday in Medicine Hat.

By way of introduction, the objectives of the Western Premier's Conference are twofold: first of all, to ascertain where there may be areas of mutual and effective co-operation between the provinces. The second objective is to attempt, wherever it is feasible, to determine a western position on matters of national policy.

The conference was extremely successful on both counts, and we welcomed Premier Bennett of British Columbia, joining us at his first conference. The next conference is scheduled to be hosted by the Province of Manitoba, approximately a year from now.

The hon. members would be aware of the government's position that there should be balanced economic growth. As a reflection of that attitude, it has been our objective, when Alberta is the host province of these conferences, to have them convened outside the capital. Lloydminster was the host at the first conference I was involved with. The second was in Medicine Hat, and the hon. Member for Medicine Hat-Redcliff and the community of Medicine Hat certainly provided hospitality and response to our conference to make it not only an effective conference, but an enjoyable one.

There were five items on the agenda on which I'd like to briefly report, and I wish to table for the benefit of all hon. members the communique that was issued at the conclusion of the conference.

The first item I would refer to is the matter of constitutional review or patriation. It was agreed by the four premiers that this was a national rather than a regional matter. For that reason, no conclusion was reached with respect to the matter, although a concern was expressed by British Columbia and endorsed by the other premiers about recent federal legislative moves into areas of provincial constitutional jurisdiction, and that there would be a careful and co-ordinated analysis of the nature of this by the western provinces through an intergovernmental task force.

The second area was transportation, the key, of course, to longer term western development. We had an excellent presentation by Justice Emmett Hall with regard to the transportation and grain handling commission and the exchange of rail line ownership duplicated services. We discussed the integration of rail services in northern Alberta and British Columbia. It was noted by Mr. Justice Hall, and we asked him to comment in the commission's final report upon the matter of validity of public ownership of railroad beds, a matter that hon. members are aware was raised by the hon. Member for Calgary Currie at the Western Economic Opportunities Conference.

The western premiers were disappointed to receive the reports that the federal government has apparently swung to what is called a "user pay philosophy". We think that is a definite reversal of policy commitments given by the Hon. Jean Marchand in February 1975.

We were disappointed with regard to the responsiveness of the federal government on transportation policy and the commitments made by Mr. Marchand. We took note of the fact that we felt that the major railways in Canada were attempting to lobby to diffuse these initiatives to the detriment of western development.

We particularly noted the rapeseed freight issue and the federal order in council of April 13, 1976, which does not resolve the inequities and has seriously threatened the rapeseed crushing and processing industry in western Canada. We asked the federal government to reassess its position and meet with the western transportation ministers.

Of course, we've talked about the matter of transportation a number of times in this Legislature, Mr. Speaker. We welcome any constructive suggestions. It appears quite obvious that we face a fairly determined lobby by the railways, and perhaps within elements of the federal government bureaucracy, to diffuse these important policy statements made by the federal government. It's going to take continual pressure by the western governments to assure that in the west there is a new deal in transportation in fact, not just by declaration.

The next matter reviewed was agriculture. We had particularly good and effective discussion with regard to The Agriculture Stabilization Act. We urged the federal government to develop and introduce without further delay a meaningful stabilization program for cow-calf operations. Both Saskatchewan and Alberta, of course, being much more extensively involved than the other two provinces, noted the fact that to a

large degree any sort of program of provincial subsidy or support was not a subsidy of the agriculture industry in this province but a subsidy of consumers in the rest of Canada. The absence of such an extension to cover cow-calf producers seriously weakens the effectiveness of the federal legislation and distorts the location of beef production throughout Canada.

We then dealt with a very important matter. Perhaps there will be another occasion when I could get into it in further detail, Mr. Speaker, because it is quite significant. This is that 1976, and to a degree 1977, will reflect the conclusion of a five-year period of a number of federal-provincial fiscal arrangements that were developed in '71 and '72 and are up for renegotiation over the course of this next period. These involve the national revenue equalization formula, income tax revenue guarantee formula, tax collection agreements, the postsecondary education program, hospital insurance, medicare, and social security programs.

Mr. Speaker, I think it's clear that although there were many important developments from the conference, the most important situation in our view was that we were able to arrive at a joint western position on these matters in that short period of time. In preparation for a conference the Prime Minister is convening on June 14 of this year to discuss this particular subject, I think there's no doubt that although there are differences in some details between the western provinces, the joint western position generally in this area is one that will strengthen our hand in the upcoming negotiations.

One of the aspects of concern was the federal government's unilateral imposition of unrealistic ceilings on its contributions to the program. Mr. Speaker, we've discussed in this House many times the problems of the federal approach to hospital insurance and, just one example, the resulting inflexibility it created during the 1960s in developing such a high degree of acute care accommodation as distinguished from longer term care.

In this area hon. members will recall that at the first first ministers' meeting that we attended in November 1971 we pressed for a transfer of corresponding equalized income tax points to the provinces, in exchange for the provinces' assuming full responsibility for program financing.

I think a pretty significant change is developing. There seems to be more provinces favoring this view, and it's something that would permit us in this Legislature to have a greater degree of control over our own priorities, to establish our own priorities in many of these fields, and hence to be in a position where we're not doing things simply because, to use the vernacular, we're involved in 50-cent dollars, but we're involved in our own priorities established in this Legislature. I think that is desirable.

It has some technical problems involved with it. It depends on the definition of "equalized tax points", as we get into the details of that. But it does involve, I think, an important principle. I think it's helpful, and I'm sure hon. members will find of interest the detailed statement that was issued on that matter.

The final matter that was discussed on the agenda was presented by the Government of British Columbia. That was in the area of economic co-operation between the provinces. I think it's clear that the west

is a region. There's a great deal of interconnection in economic activity, and it's to our mutual benefit to attempt to work together in closer interprovincial co-operation.

We do not intend to give any false impression that there aren't going to be some areas of pretty natural competition still existing between the four provinces. We recognize that. But we did reaffirm the federal-provincial conclusion at the Western Economic Opportunities Conference that, as far as possible, value-added development of resources should be as close as possible to the source.

The specific thrusts of strategy that we'll have reported to us a year from now and that were mentioned are: further co-operation in the search for world markets — and I made a particular reference here, which was accepted by the other premiers, to include not just the European Economic Community and the Pacific rim, but the northwest and north-central United States; the transportation co-operation already mentioned; the western input into the GATT negotiations on tariffs are very important; I've already mentioned resource development as close to the source as possible; more effective meshing of resource development policies in such areas as coal production — that would be primarily for Alberta with British Columbia; heavy oil marketing — that would be between Alberta and Saskatchewan; electric power distribution involving all the provinces; a co-ordination of education, training, and technological development; and joint development of centres of excellence in the areas of education and research.

Mr. Speaker, in summary, I think we dealt with five very important matters. It will assist us in upcoming negotiations with the federal government. We will need to continue the constant pressure in the areas of transportation and agriculture to have the federal government properly and appropriately fill its responsibilities to the Canadian nation. In total, it's clear to me that the Western Premiers' Conference is a significant factor in strengthening Alberta's position in Confederation, and we were very pleased to host the conference.

MR. CLARK: Mr. Speaker, in responding to the report the Premier just gave the Assembly, I want to direct my comments to just one area. That's the area of transportation, and I will be very, very brief in my comments. As I've already indicated, we welcome the report to the Assembly by the Premier.

As far as the area of transportation is concerned, I can recall a similar occasion when the hon. Member for Calgary Currie spoke in this House of a real breakthrough as far as the announcement made by the hon. Mr. Marchand, the federal minister at that time. Perhaps a federal election that was not too far away had something to do with the announcement at that time.

I also think that many westerners had their hopes genuinely buoyed up when a westerner became the federal Minister of Transport. Regardless of whether the responsibility lies with a lack of commitment to the initial announcement by the federal government, or whether the responsibility lies with the railways, I can well recall the efforts made by the Member for Drumheller when he was Minister of Highways and Transportation in Alberta.

I simply take this opportunity to say to the Premier

that we on this side of the House support the government in its effort to obtain a new deal in transportation for western Canada. It would be our sincere hope that the western Premiers would be successful in having this question of the federal government living with its word, as far as transportation is concerned, as a major item on the agenda for the conference coming up in the middle of June this year.

Department of Agriculture

MR. MOORE: Mr. Speaker, today I would like to report to the Assembly on the current dairy situation in Alberta and the policies we've developed in response to the announcements a few weeks ago by the federal Minister of Agriculture.

Mr. Speaker, in 1973 Canada was in a position of underproduction of dairy products. The dairy industry, as hon. members are aware, is very strictly controlled through the Canadian Dairy Commission. The projections determined by the Canadian Dairy Commission and the federal government indicated that producers should be encouraged to increase production to meet domestic requirements. Accordingly, a policy was adopted of open quota to all producers who wished to expand their current production or to enter the dairy industry. The policy had a termination date of April 1, 1976, at which time each producer was to be granted quota to cover all of his production, and the provinces would be issued quota relative to their share of the total Canadian production. This expansionist policy led to a number of provincial and federal incentive programs.

In response, a large number of producers entered the dairy industry, and existing producers expanded their production. The result was that in 1975 Canada reached a point where dairy production vastly exceeded domestic requirements for industrial milk products. This coincided with the world surplus of skim milk and butter production. The position became further complicated as the largest increase in milk and cream production in all of Canada was recorded during the latter part of 1975.

It is estimated that at the end of this dairy year, March 31, 1976, Canada had in storage approximately 50 million pounds of butter and 300 million pounds of skim milk powder. Export markets, Mr. Speaker, are very weak and prices are far below our cost. In fact, the current domestic production price for skim milk powder is approximately 68 cents, while the export market price is in the vicinity of 14 to 15 cents.

In addition, Mr. Speaker, the situation has been further complicated by the federal government having limited the funds available for the support price purchase of butter and skim milk powder, as well as its allocation for direct subsidies. Therefore, if present prices and subsidies are to remain near present levels, production must be reduced to the level of domestic requirements.

During the last dairy year, Alberta produced approximately 27 million pounds of butterfat. Alberta's quota for the coming year is approximately 24 million pounds of butterfat. Therefore, Alberta has to cut production by approximately 3 million pounds of butterfat, or about 11 per cent. This is definite, Mr. Speaker, and each producer will have to bear his share.

However, with regard to producers' market share quota, as it is commonly referred to, I'd like to say they can assume it will in general be 89 per cent of their last year's production from April 1, 1975 to March 31, 1976, with the following exceptions. Producers who had no milk deliveries prior to March 1, 1975 — in other words, new producers, Mr. Speaker — will be provided with quota based on the average of monthly production for the 12 months in which they had milk deliveries, multiplied by 12, minus the 11 per cent global reduction in production which is required of everyone. In effect this will mean that new producers who came into production during the latter part of the year will be treated as though they had been in production for the full year.

Mr. Speaker, another exception is that producers who were in production for the full '75-76 dairy year will receive consideration for additional quota where their total industrial milk deliveries exceeded the provincial average increase in industrial milk of about 20 per cent for the '75-76 dairy year. Guidelines for receiving increases in quota for these producers will be announced after June 1, 1976. I might add that no increase will be provided to fluid milk producers. The Dairy Control Board will give extra quota consideration to individuals who fall into the category of having extraordinary circumstances not covered in the two exceptions I have just mentioned. That will be done on an individual basis.

In addition, Mr. Speaker, the Alberta position with respect to quota and quota allocation will be reviewed at least quarterly — in past years the dairy policy has been established for a full year — at which time changes in this entire policy may be made, including the provision of monthly quota allocations if production is not brought into line. In addition to the 11 per cent cutback the producers are actually faced with, Mr. Speaker, an additional cutback in production of 5.5 per cent will be applied, as subsidy payments will only be made on 94.5 per cent of their quota, the 5.5 per cent balance being the sleeve. For deliveries between 94.5 and 100 per cent of their quota, producers will be assessed an overquota levy. This levy, implemented by the Canadian Dairy Commission, will actually exceed the price of industrial milk this year by about 25 cents per 100 pounds.

With respect to subsidies, Mr. Speaker, the federal government will give the producer a direct subsidy of \$2.66 per hundredweight of milk and 76 cents per pound of butterfat. This subsidy will be paid on 94.5 per cent of quota. Payments will be made on a monthly percentage of quota. This allocation by month could vary according to seasonal adjustments.

A levy rate is charged to producers to assist in the disposal of surplus products. The levy rate on industrial milk is \$1.35 per 100 pounds. There is no levy on churned cream.

Mr. Speaker, when asking what can be done, the most important action that can be taken by producers today is for them to realize they must cut their present production and produce only within their quota. If shipments are not reduced immediately, producers could be faced with little or no quota during the final months of the year. Producers should now be considering culling poor production cows, disposing of unneeded cows or heifers, and feeding whole milk, where they do not have a quota for it, to calves and hogs. If producers feel these measures

are unattractive, there is of course the alternative possibility of purchasing quota from someone else.

Before any producer is eligible to deliver industrial milk to a processing facility, Mr. Speaker, he must have a registration number. The dairy board will not issue a registration number to producers who do not hold a quota, and plants have been instructed to refuse shipments or to deduct the full overquota levy from producers who cannot prove that they have a registration number.

Mr. Speaker, in conclusion, we are aware that these measures will result in problems for some dairy producers. They result, however, from mismanagement by the Government of Canada in the dairy industry. The federal government apparently had no idea of the rate at which world surpluses of industrial milk products were increasing, and no idea of the rate at which increases were occurring in Canada's industrial milk supply. These events are a sad reflection on the ability of national marketing boards and the federal government to establish income stability by supply management programs.

Mr. Speaker, copies of this announcement will be passed to all MLAs so they may have the opportunity of reading it and better understanding the situation.

MR. SPEAKER: Before we begin the question period, would the Assembly agree to revert to Introduction of Visitors?

HON. MEMBERS: Agreed.

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

MR. CRAWFORD: Mr. Speaker, due to the necessary absence at a meeting of the hon. Minister of Energy and Natural Resources, Mr. Getty, on his behalf I take great pleasure in introducing to you, and to the Assembly, some 85 Grade 5 students from Greenfield School, who are seated in both galleries. At this time, Mr. Speaker, I would ask them and their teacher, Mr. Morrow, to stand and receive the usual recognition.

head: **ORAL QUESTION PERIOD**

Western Premiers' Conference

MR. CLARK: Mr. Speaker, I'd like to direct the first question to the Premier. It flows from the meeting of the western premiers in Medicine Hat and specifically that area dealing with the transfer of income tax points to the provinces.

Is the Premier in a position to indicate the magnitude of income tax points which would have to be transferred to Alberta if we were to take on the responsibilities for higher education, hospital insurance, medicare, and social security? Or is it broken down perhaps for each of the four areas?

MR. LOUGHEED: Mr. Speaker, it's difficult to be precise with regard to that matter, important as it is. The view of Premier Schreyer, as he expressed it yesterday upon being asked a similar question, is that if you take what he refers to as the mature programs,

the ones that have been in effect for some period of time, an assessment was made that it would involve about 17 income tax points.

There is some question of the validity of that number of points. It could be somewhat less or somewhat more than that and, as the hon. leader points out in his question, it depends to some degree on the encompassing nature of what would be transferred.

Even though it's an approximate figure, I thought it would be useful to the hon. leader and to the members to have in mind the perspective of the number of points that would be involved.

MR. CLARK: Mr. Speaker, then a supplementary question to the Premier. Is it the intention to advise the Prime Minister formally of the four premiers' desire to have this question of transfer of income tax points placed on the agenda at the meeting June 14? Or, in fact, is it the approach of the western premiers that that will be part of the point of view put forward by the west after the federal government brings forward its own proposals, for example in the area of sharing health care?

MR. LOUGHEED: Mr. Speaker, it would certainly be our view that the matter would be placed before the federal government by a letter enclosing the communique which will be sent today by me to the Prime Minister, and that it would be a matter for discussion at the June 14 First Ministers' Conference.

However, I think it's important for me to point out, so there is not a misunderstanding, that each of the four governments reserves its position on this matter in the sense of looking at it as a possible alternative among other alternatives. I could say that the Government of Alberta is, of course, as was mentioned in November 1971, favoring the approach in principle. But, as is often the case in these matters, the principle is only effective if the fine details of the matter are fair and equitable to the province of Alberta. The same general qualification is made by Manitoba. Hon. members will notice when they look at the exact wording of the communique that it refers to the precise words, and I think I should quote them.

For this reason, the four Western premiers believed a new financing system should be sought and they feel that among other alternatives, consideration should be given to a mechanism under which the federal government would transfer corresponding equalized income tax points to the provinces in exchange for the provinces' assuming full responsibility for program financing.

I would not like to leave the Legislature with the misunderstanding that the provinces of British Columbia or Saskatchewan consider that the only alternative. They are seeking others. But I think there has been in Ontario, Quebec, and in the western region now, a growing view towards the advantages of this, provided it can be worked out fairly.

I might add — I believe the Provincial Treasurer would confirm my view — that his report to me at the last meeting of finance ministers is that one of the concerns expressed by the federal government has been that we in the provincial governments who have these responsibilities — that the public should know of the sort of financial involvement there in relation to

provincial jurisdictions, and that there should be a proper recognition of the federal government's transfer. Subject to the arrangements being fair, we're quite prepared to accept the responsibility for the recognition that the taxpayers are paying it to the Government of Alberta, provided we're in a position to establish our own priorities in this Legislature.

MR. CLARK: Mr. Speaker, a further supplementary question to the Premier. The Premier used the term "among other alternatives". I would like to pose a supplementary question to be sure I understand Alberta's position.

From what the Premier has said, it's my understanding that Alberta's position is first priority. Alberta's most favored approach is for a transfer of income tax points. That's been Alberta's position since '71.

MR. LOUGHEED: Mr. Speaker, that's accurate. It is our first priority position, but it certainly would not be the position we would take if the definition of the equalized income tax points or the other arrangements were unfair in that they penalized Alberta in a way that did not fit within the equities of Confederation. If the acceptance of the transfer of equalized income tax points was predicated on terms of that nature, then we would be seeking, and are seeking, other alternatives.

DR. PAPROSKI: Mr. Speaker, I wonder if I could have a supplementary on that item to the hon. the Premier or the Minister of Hospitals and Medical Care. I wonder if the hon. Premier would amplify the statement, "inflexibility regarding federal-provincial hospital financing, or health financing", and whether this inflexibility or inequity still applies in large part to Alberta.

MR. MINIELY: Mr. Speaker, I think the best way I can answer that question for the hon. member would be to indicate the position that my colleague Miss Hunley and I expressed at the health ministers' conference, which is consistent with what the Premier has said and with the western premiers' general conclusion on cost sharing. The difficulty with cost sharing on the basis of specific programs is that it tends to distort provincial priorities, and each province is at a somewhat different stage in the development of different programs and different levels of care.

Tax points, as the Premier mentioned, would provide the province with flexibility to try to move the hospital and health care system in the most effective and efficient way possible. If we have a situation where it is specifically delineated in Ottawa, and the provinces have to sit in designed programs that meet highly defined specifications, it not only provides a lack of flexibility to move in that direction, but it also is administratively inefficient as between the two governments.

This is our major concern in regard to the future direction of health cost sharing in Alberta and in Canada.

DR. PAPROSKI: One more supplementary on that, Mr. Speaker, if I may. I wonder if the minister would indicate to the House whether we have been federally and provincially sharing costs with respect to nursing

homes since 1971, and we did not prior to 1971. Is that correct?

MR. MINIELY: Well, Mr. Speaker, nursing homes illustrate one of the dilemmas in current federal-provincial cost sharing in the health field.

Technically nursing homes don't qualify under the hospital insurance agreement and are financed in a different way. When we have legislation delineated in Ottawa, it gets to be an analysis and a shift in order to determine how and under what program a particular level of health care is going to be financed.

That's why my colleague and I at the conference indicated again to the Hon. Marc Lalonde that we do not see this as wise in the future, because of far too much delineation. I think one of the comments we made, Mr. Speaker, was that in Alberta our view is that not all wisdom is with the Alberta government, and we think the same holds true, that not all wisdom is in Ottawa.

MR. NOTLEY: Mr. Speaker, a question to the hon. Premier concerning the question of equalized tax points. I certainly agree the problem really is on the definition of what an equalized tax point is.

Mr. Speaker, my question is: in view of the fact that approximate figures have already been given — 17 points for example — have any studies been conducted by the western provinces on just how we would achieve the definition of an equalized tax point?

MR. LOUGHEED: Mr. Speaker, that matter was discussed and it was agreed that the governments were not in a position to define that at this conference. We have some views in Alberta and have made our own evaluations through the Provincial Treasurer and his department, but there was no discussion beyond recognition that that would be something for negotiation over the course of time.

A feeling was generally expressed that, beyond a certain point, there was not much sense in doing a great deal of evaluation if the federal government was not prepared to accept the concept. So if there is a general view on June 14 that this may be an alternative, and the federal government is now considering it might be practical, then we will accelerate the degree of evaluation and discussion with other governments on the definition of the matters raised in the hon. member's question.

MR. NOTLEY: Mr. Speaker, one final supplementary question to the hon. Premier. In the event that Alberta has to fall back on other alternatives, what priority does the Alberta government put at this time on opposing the federally imposed ceilings on hospital and medicare shared-cost programs?

MR. LOUGHEED: Mr. Speaker, that's a very difficult question, because I think that generally citizens across Canada recognize that all governments have to exercise restraint, particularly in very expensive fields such as postsecondary education and hospitals.

Therefore, the view of the federal government is that there should be some restraint. Some of the proposals that it has outlined have had additional funds flowing into certain areas that are of a less costly nature, as I understand it. But I think that's a

matter that can be explored more fully at the conclusion of the conference on June 14.

Health Ministers' Conference

MR. CLARK: Mr. Speaker, I'd like to direct my second question to the Minister of Hospitals. Is he in a position to outline very briefly the proposal put forward at the conference by the federal minister, Mr. Lalonde, with regard to federal-provincial cost sharing on hospitalization?

MR. MINIELY: Well, Mr. Speaker, the conference did not delineate any replacement for the existing hospital insurance agreement. Rather, the primary proposals Mr. Lalonde laid before the conference were new areas of cost sharing which would be delineated on a specific program basis which Mr. Lalonde referred to as "low cost alternatives". My colleague Miss Hunley and I again indicated that Alberta wants to explore and innovate with low cost alternatives, but that that was only one side of the question at the present time. The substantial cost sharing that has built historically with respect to the hospital insurance agreement in this country, and which will require renegotiation and will expire in about another three years, was not discussed. One could hardly make a decision on federal cost sharing with respect to specific new programs, without knowing what the final disposition of the current agreement would be when it expires in three years. Mr. Lalonde had no proposal for that.

For that reason, along with the fact that cost sharing is a major item at the First Ministers' Conference, Alberta's position was that we accept responsibility to control cost and to examine innovation, particularly in areas of low cost, but that specific program delineation was not wise at this time, until we know the direction the entire health cost sharing is going to take in Canada, and recognising the responsibilities of different levels of government.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Could the minister indicate to us the position the feds have taken on the question of medicare cost sharing?

MR. MINIELY: Well, Mr. Speaker, I believe the hon. leader is aware of Bill C-68 on medicare cost sharing, which is before the House of Commons. From the beginning, at the Victoria conference on medicare, our position has basically been that we recognize and share with the federal government, as the Premier has just said, the need to control annual escalation in medical care cost and in hospital cost. I think it's becoming more and more obvious to all of us that, with what has been experienced in the last four to five years, we want to improve. But we must utilize medicare funds more effectively than we have perhaps done in the last four to five years. Therefore, we appreciate the federal government's desire to control costs in medical care and in hospital expenditure.

But, number one, we do not believe that the approach should be taken unilaterally, which was the case in medical care. Number two, we do not believe that lack of flexibility, designed at Ottawa, will allow efficient use of funds when they're finally funnelled

into the actual programs and services in the various hospitals within a province. Mr. Speaker, that's the general position we would have on medicare.

In conclusion, we appreciate the need to control annual cost escalation. We do not believe that unilateral action by Ottawa, without consultation with the provinces, is the way that health in Canada should be approached.

MR. CLARK: Mr. Speaker, one further supplementary question to the minister. Has the Alberta government done projections on the loss of anticipated revenue to the province of Alberta from the federal government as a result of the feds' unilateral decision to change the ground rules for financing medicare? What are the figures?

MR. MINIELY: Well, Mr. Speaker, interestingly enough, I cannot give projections relative to other than the current year, because one has to hypothesize what the medical fees and payments to different health care professions will be and what agreement we will arrive at — except that my officials advise me that with respect to the very good 9 per cent agreement we came to with the medical profession, the first year parameter the federal government has delineated is not going to result in any loss to Alberta. We're fortunate we were able to arrive at a 9 per cent agreement.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Hospitals and Medical Care. In view of the position stated many times by the provincial government, preferring a transfer of tax points as opposed to cost-sharing programs, has the Government of Alberta developed any overall policy or position with respect to national standards of quality service in hospital and medical care, because that's basically the argument for cost-sharing programs? What is the position of the Alberta government on that matter?

MR. MINIELY: Mr. Speaker, I think national standards have been something which have given rise to the cost-sharing programs that have been built between the federal and provincial governments over the past 10 to 15 years. Again, one of the things I indicated in conversation with Mr. Lalonde was that if we have built a lot of beds in Alberta and in Canada the reason has been that the cost sharing has been geared to building institutional beds, rather than to providing flexibility. The tendency has therefore been to do so.

Basically our position, in whatever case, certainly would be minimum national standards. At this stage in the development of health care in Canada, we have achieved a great deal in terms of average Canadian standards. All that should be necessary at the federal level is not specific delineation, but minimum standards in very general and broad terms as opposed to specific program implementation designed at the federal level and which provinces would meet.

DR. PAPROSKI: A supplementary, Mr. Speaker. In discussions with the Minister of National Health and Welfare regarding the low-cost alternative, did the minister discuss community health and social service centres regarding co-ordinated community health,

rather than high-priced institutional care, which I raised in 1971 and 1972?

MR. MINIELY: I'm sure my colleague Miss Hunley will want to comment on that particular one. But we did not discuss specific programs, Mr. Speaker, because to do so would not be consistent with our view that specific program design and low-cost alternatives are something that should be undertaken by Miss Hunley and me at the provincial level and not delineated at the federal level. So we were not inclined to discuss the specific proposals, in view of the broad policy the Alberta government takes with respect to cost sharing between the federal and provincial governments.

Miss Hunley may want to add . . .

MR. SPEAKER: May I respectfully suggest to the hon. minister that he refer to his colleague by her office, in the usual parliamentary way.

MISS HUNLEY: Mr. Speaker, perhaps I could just complement the answer by saying that, to begin with, we had some difficulty establishing the agenda, because some provinces didn't wish to discuss in any way the cost-sharing agreement.

Some of us took the stand that we had some points we wanted to make, that we wanted to impress the federal minister with our particular position that we wanted more flexibility for our province, that we're very interested in what we can do in low-cost alternatives, and that we see a need there. We wanted the opportunity to get that on the table, and we were able to.

Ontario waived and moved from their position of wanting it completely eliminated from the agenda, but we were able to persuade them that some valid points could be made. So that discussion did go forward, and I think it was very useful.

Agricultural Loans

MR. APPLEBY: Mr. Speaker, I'd like to address a question to the hon. Minister of Agriculture, and ask if he has been notified of any final decision by the Agricultural Development Corporation regarding adjustment of interest rates on direct loans.

MR. MOORE: Mr. Speaker, effective at the close of business this afternoon, the lending rate for direct loans from the Ag. Development Corporation will be increased from 8 per cent to 9 per cent.

MR. APPLEBY: Supplementary question, Mr. Speaker. Would that mean any readjustment of rates on existing loans?

MR. MOORE: Mr. Speaker, not of rates on existing direct loans. The loans which the corporation guarantees under the \$50,000 guarantee program and the specific guarantee program which are available to producers fluctuate with bank interest rates. They will not be affected by this decision.

MR. PURDY: Mr. Speaker, a supplementary question to the minister. Will the announcement of the increase in interest rates be for pending applications or applications after today?

MR. MOORE: Mr. Speaker, it will be for applications which are approved by the board of directors of ADC after the close of business at 4:30 this afternoon.

MR. NOTLEY: Mr. Speaker, will the new interest rate of 9 per cent apply to the beginning farmers' program, where young farmers have obtained either university or agricultural training and apply under that specific program?

MR. MOORE: No, Mr. Speaker, the beginning farmers' program has a slightly different interest rate. As a matter of fact, it generally takes the form of an interest rebate from that 8 or 9 per cent, or whatever the prevailing interest rate on direct loans happens to be. The beginning farmers' program will still maintain an interest rate lower than the regular direct lending rate.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Is the minister in a position to indicate what the 1 per cent increase today in direct loans will mean to farmers across the province? What kind of lump sum will this add to repayment by farmers, looking at the amount of money the corporation will have to loan directly this year?

MR. MOORE: Mr. Speaker, I guess the hon. Leader of the Opposition can calculate that as well. I mentioned earlier that during this fiscal year we expect to lend about \$25 million in direct loans.

Power Generation

MR. STROMBERG: Mr. Speaker, I would like to pose a question to the Minister of Utilities and Telephones. In light of the start-up of the 17,300 kilowatt gas turbine generator in Medicine Hat and another large gas turbine approved for a chemical plant at Fort Saskatchewan, is it government policy to encourage the use of natural gas for the generation of electricity?

DR. WARRACK: Mr. Speaker, subject to checking, I'm quite sure that the matter regarding Medicine Hat was the fulfilment of a commitment under way at the time of the natural gas policy statement made by the government late in 1972 and reiterated early in 1973 regarding the use of natural gas as a fuel for electricity. That was an ongoing commitment that was already there.

I am not aware of any approval in the Fort Saskatchewan area. If the hon. member is referring to the matter of an application by the Dow Company that has recently been heard by the Energy Resources Conservation Board, that's at the application stage and has not been approved. The short answer to the policy question, at the present time, is no.

DR. PAPROSKI: Supplementary, Mr. Speaker. I wonder if the minister would indicate to the House whether he's encouraging use of coal in the new Gold Bar plant in the Edmonton area. Or is it still the policy to use natural gas?

DR. WARRACK: Mr. Speaker, the policy at the present time stands as I stated it. It's really those who own and operate the plant who need to look at

alternatives if they wish to do so, which in this instance would be Edmonton Power. It's my understanding that they are doing that.

Western Premiers' Conference
(continued)

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister of Agriculture. The Premier indicated that agreement was reached on a national cow-calf stabilization program at the conference in Medicine Hat.

My question is: were the four western provinces in agreement with the national program for the cow-calf operator? Did they discuss the subsidy programs some of the provinces have at the present time?

MR. MOORE: Mr. Speaker, as the Premier indicated, there was a very good general agreement between the four western provinces on the need for a national stabilization program, and a clear recognition that provinces, particularly those with food production significantly higher than their population, cannot continue to implement *ad hoc* provincial programs.

As was indicated earlier by the Premier, we think that long-term stabilization programs ultimately benefit consumers who, when you're referring to beef, are located in parts of Canada other than the producing provinces.

There was very good agreement on that particular point. I'm sure, Mr. Speaker, that the communique forwarded from the Western Premiers' Conference will include references to all provinces wanting to ensure that there is an effective national stabilization program for cow-calf producers.

On the second question, with respect to the programs operating in British Columbia and Manitoba, certainly there was some discussion regarding what those costs would be if they were transferred to the major beef producing provinces of Alberta and Saskatchewan.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Were specific details of the proposed program discussed at the conference?

MR. MOORE: No, Mr. Speaker, not specific details. Insofar as agricultural stabilization programs were concerned, general items of principle were discussed, and details have indeed been discussed with other provinces and the federal minister and the Department of Agriculture.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the minister advise whether the other western provinces agree with the specifics of the program the Government of Alberta suggested to Mr. Whelan concerning the cow-calf problem shortly before Christmas?

MR. MOORE: Mr. Speaker, I think it's fair to say, from the remarks made by the Premier and just previously by me, that they do indeed agree with that principle. The subject of sharing costs of federal-provincial stabilization programs under Bill C-50 was not in fact discussed.

MR. SPEAKER: Might we come back to this subject if there's time. We've had a considerable number of supplementaries on the important matter of the conference, and there are quite a few members who still want to ask their first question.

Dairy Industry

DR. BUCK: Mr. Speaker, I would like to ask a question of the hon. Minister of Agriculture. In light of the minister's announcement, will there be any directives from the minister's department to the Agricultural Development Corporation re loans for aspiring new dairy farmers?

MR. MOORE: Mr. Speaker, those directions went out about last November after discussions among myself, the board of directors, and the chairman of the Ag. Development Corporation.

DR. BUCK: Mr. Speaker, can the minister indicate if there'll be any change in the status of the loans which have gone to young dairy farmers in the last two or three years? The dairy farmers were encouraged to go into the business by the provincial and federal governments. I would like to know if the minister is considering a temporary freeze until we get over this surplus situation.

MR. MOORE: Mr. Speaker, I would guess that the hon. member was not in the Legislature last week when I reviewed the situation with regard to loans which have been extended over the course of the last year or two by the Agricultural Development Corporation to new and beginning dairy farmers.

We are keeping the dairy development program in place only for purposes of refinancing or assisting existing dairy producers who have made commitments and are in the business. We will not be making any loans under the dairy development program to producers who want to get into business and presently are not producing.

Secondly, I think it's quite clear, Mr. Speaker, that the announcement I made today and the exceptions to the rule that the 1976-77 quota would be 89 per cent of your production last year — the exceptions to the rule being that we are treating new and beginning farmers who are in the dairy business and have only been there for a portion of the total dairy year in 1975-76 as though they had been there for the entire time. In effect, that will give an individual who came into full production during the last three months of the dairy year a quota that is equal, less 11 per cent, to the production he might have produced had he been in that position for a full year.

So quite frankly, Mr. Speaker, as a result of these announcements we've changed policies considerably in this province to accommodate those people who went into business because of encouragement from the Canadian Dairy Commission, and because of encouragement from us as a result of the information we had from Ottawa.

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

DR. BUCK: Mr. Speaker, I've been listening, but the hon. minister hasn't been listening, to what the new

dairy farmers are trying to tell the minister, that they're starting to . . .

MR. SPEAKER: Perhaps we should get to the question rather than the listening.

AN HON. MEMBER: Bad Walter.

Frank Slide

MR. BRADLEY: Mr. Speaker, I'd like to direct my question to the Minister of Government Services also responsible for Culture. May I be permitted a short preamble? The Frank Slide is the largest rock slide of its type in the world, and as such is recognized as being of geological and historical significance. At present, a portion of the Frank Slide is being removed and hauled away in CPR boxcars. Also, the surface is being defaced with slogans by the travelling public.

Would the minister indicate to the Assembly what steps are being taken to preserve this historic rock slide by having it declared a classified historic site?

MR. SCHMID: Mr. Speaker, we have been working on this problem for quite some time now, since numerous titles, easements, and claims against the properties are involved. The CPR is removing the rocks only from its own slide area. I think that's probably where responsible corporate citizenship comes in. With the diligent efforts of the Department of the Environment and the department of culture, we hope to solve this problem as soon as possible.

MR. BRADLEY: A supplementary question to the hon. minister, Mr. Speaker. Is the minister in a position to give some sort of time frame when he expects to have this situation resolved and have the Frank Slide declared a classified historic site?

MR. SCHMID: Mr. Speaker, we are trying to approach this problem in two different areas: one, to declare the entire area a restricted development area under the Department of the Environment; and then to declare it a classified historic site. Of course, that problem can only be resolved by getting the titles, easements, caveats, et cetera, researched. We hope to have at least a solution to that this coming summer.

Gas Outage

MR. KING: Mr. Speaker, a question to the hon. Minister of Utilities and Telephones. I wonder if his department is aware that Northwestern Utilities is experiencing a gas outage in the residential community of Riverdale in the city at the present time.

DR. WARRACK: The company did call this morning to indicate this problem was upon them, affecting about 350 customers. It's my further understanding that their crews are out and working. They hope to have service restored by midafternoon.

MR. KING: A supplementary question, Mr. Speaker. Is the outage occurring in a location where it is likely to pose any threat to the residents of the community?

DR. WARRACK: It's my understanding that it is an outage of supply, in which case I think the answer would be no. On the other hand, I'm not entirely positive of that, and I'll enquire. Should it be a matter at all concerning safety, I will communicate as soon as possible with the hon. member.

Western Premiers' Conference

(continued)

MR. MUSGREAVE: Mr. Speaker, I'd like to address my question to the Premier. It arises from his remarks regarding the Western Premiers' Conference: In his closing remarks, he mentioned that there would be co-operation in the areas of education and research.

I would like to know if the Premier could advise the House if in the area of education and research he was referring to medical research as well as to other fields of endeavor. If medical research was part of the objectives, can he advise the House if preliminary moneys will be spent on studies to determine what kind of research should be carried out, for example preventive rather than disease-oriented medicine, and would these initial studies be jointly . . .

MR. SPEAKER: The hon. member is on his third question or his second supplementary. Perhaps we should catch up with it first.

MR. LOUGHEED: Mr. Speaker, the matter was discussed only in very general terms. Research and centres of excellence, as the communique refers to them, were first listed as an area of interprovincial co-operation. Because of the shortage of time at the conference, there was not a follow-up to go into any detail there. I might say, though, that in being asked about that matter at a subsequent news conference, I did elaborate somewhat that, as hon. members are aware, over the course of this summer and next fall we will be considering the matter of medical research. We will be attempting to establish what we think are the appropriate priorities here in Alberta. It may be that it will take some time to do so in conjunction with the medical profession in the province and with other research groups.

It was our thought that over time, though, as we establish areas of priority for medical research in Alberta, having regard to a number of different factors, other provincial governments may find that in those areas of priority Alberta is not considering they would find that they would have a natural base in which they may move to expand their research, so we're not doing the duplication in the western region or, for that matter, in Canada. I think it will take a number of years for this to all shake through the system of evaluation and decision-making, but it would be my hope that down the road we would see very important medical research priorities in Alberta, and the ones we're not dealing with picked up in other provinces.

MR. MUSGREAVE: I have one supplementary, Mr. Speaker. Do I assume from the Premier's remarks then that not only will they not duplicate research already carried out in Canada, but that would include research, say, in Europe or in the United States which would be a duplication?

MR. LOUGHEED: Mr. Speaker, when we move beyond the area of Canada in matters of research, of course, it becomes a very gray situation, because there is a view that we, as a nation, have responsibilities of our own in medical research, and that the avoidance of duplication has to stem from the scientists and the researchers themselves when they are charged with responsibilities to move ahead in a certain area not to duplicate but to take advantage of the stage of research that exists throughout the world.

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Premier. It concerns the upcoming GATT talks. The hon. Premier, in his remarks this morning, indicated that there would be an effort to obtain some kind of western representation.

My question is, Mr. Speaker: in light of general dissatisfaction in western Canada that agricultural issues have been traded in past trade talks for other things more oriented to central Canada, have the four western provinces decided to work out a common approach to the upcoming GATT talks with respect to agricultural commodities?

MR. LOUGHEED: Mr. Speaker, in the absence of the Minister of Business Development and Tourism, I think it's clear that some very effective discussions have been going on over the course of the past year or so between the western ministers of industry and business development to reach a common position in certain areas with regard to the whole matter of the GATT negotiations.

There are essentially three major problems involved that I think it might be useful to outline to the Legislature. The first one is to assure that there is effective western Canadian and Alberta government input into the discussions. Some efforts have been made by provincial governments to establish an observer status. We've had the usual federal response to that. Efforts will continue in this regard, and if they're unsuccessful certain alternate approaches which were discussed in Medicine Hat will be made. At the very least, we will of course be presenting, and have presented already, certain positions with regard to tariff arrangements and tariff negotiations, but there will be more presentations. To some degree, though, the presentations are more effective on a sector-by-sector basis, not in a formal way but in discussions with the negotiators.

Secondly, it should be pointed out that the nature of these negotiations in Geneva is such as to be extended over a period of some time, as I'm advised by the Minister of Federal and Intergovernmental Affairs. Due to events south of the border there seems to be some relative quiet in this discussion at the moment, and it won't be until perhaps next fall or winter that they reach a point of significance.

Finally, I want to underline the Alberta view that important as the multinational discussions are in Geneva with regard to many nations under GATT, it's important for Canada that we do more, and that we do a more effective job in bilateral negotiations with the United States, where over 70 per cent of our trade flows back and forth. I think it's important that we in the provincial government do what we can to try to extend a more effective trading relationship

with the United States, particularly on the matter of tariffs.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Premier. Has the federal government, at this point in time, clearly ruled out observer status for Alberta, or any other provinces for that matter?

MR. LOUGHEED: Mr. Speaker, I'd have to answer the hon. member by saying, not clearly ruled out, but there's not a great deal of optimism that they're going to change their position.

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

MR. NOTLEY: Mr. Speaker, we would hope they would make some provision for observer status, but the hon. Premier referred to alternate approaches. Is the Premier in a position to advise the Assembly what alternate approaches were discussed at the conference this week?

MR. LOUGHEED: Mr. Speaker, I'd like to, but I think my understanding with my fellow premiers is that I'm not in a position to do so.

Confidentiality of Health Files

MR. PLANCHE: Mr. Speaker, my question is for the Minister of Social Services and Community Health. I'd like to ask if in my capacity as an MLA I have free access to the records and files of patients in Alberta under medical health care.

MISS HUNLEY: Mr. Speaker, I'm very pleased to have that question asked in the House so I can clarify some issues that seem to be incorrectly reported and creating doubt in the minds of the public. No, you do not have that right, nor does anybody else. Even therapists cannot get information without the signed authorization of the patient.

If they are approached by a constituent with a complaint, MLAs should approach me, and I would ask for a report from the department to be sure. Usually this falls in two areas, Mr. Speaker. One is whether a person is being illegally held in a mental hospital, which I think is one of the things that still persist, despite the improvements because of our Mental Health Act. That does seem to persist.

And another one — and I have only had one complaint, and not from an MLA — a request for an investigation into the type of treatment. I then initiate an investigation through my officials and have it clarified to my satisfaction that people are being correctly treated and not illegally held.

The information that an MLA might get if authorization had been signed, would be to say, yes, we have looked into it, we are satisfied that your constituent's complaints are not justified. Of course, if we were unfortunate enough to find that they were justified, and I know of none at this point, immediate steps would be taken to remedy it. I think it's important that people have a place to go to ask that an investigation commence, but that investigation will not entail release of private documents to anybody.

Even to me.

Thank you, Mr. Speaker.

ORDERS OF THE DAY

[Mr. Speaker left the Chair]

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

[Dr. McCrimmon in the Chair]

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

Department of the Provincial Treasurer

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

MR. LEITCH: Yes, Mr. Chairman, I do.

Mr. Chairman, on behalf of the department and myself, I wish to open by expressing our feeling of deep sorrow and loss at the very untimely death last fall of the Public Service Commissioner, Keith Robertson. He was a person who had earned the respect of the administration of this government and, I'm sure, of the members of this House. Not only did he have that respect in Alberta, but he was well known and very well respected both nationally and internationally. His loss from the public service of the province of Alberta is a loss to that service and to the people of the province.

His untimely death, as I've said, added a burden to the senior staff of the personnel administration office. I simply want to say to the members of the Assembly how impressed I've been by the way they've picked up that added burden. Mr. Jim Dixon has been the Acting Public Service Commissioner. I anticipate that in the coming months we will be appointing someone permanently as Public Service Commissioner.

While referring to that portion of the department, Mr. Chairman, I would like to call the members' attention to three programs. The first is a special placement program for the handicapped. That is carried out within the departmental services division of the personnel administration office. The program is designed to find employment within the public service of Alberta for the physically handicapped, persons with very little education, persons recovering from emotional illnesses, and persons described by sociologists as socially disadvantaged. I want to stress, Mr. Chairman, this is not a program designed to find employment for people who aren't capable of performing the work. That is not the case at all. What we are endeavoring to do is to ensure that, wherever possible within the public service of the province, employment is found for people with those handicaps who are able to perform the work. We act primarily in a consulting and co-ordinating function with the departmental personnel.

We also have initiated within that personnel administration office, on a permanent basis, a program

which during the past year has been operating as a pilot project. I'm referring to the counselling unit. Again, I want to stress that this is only a diagnosis and referral service, not a treatment service. It's for employees of the public service who are suffering from some form of chemical dependency, mental or emotional problems, or other health problems that interfere with their work performance.

I hear some applause to my right. I suspect it comes from the Member for Edmonton Kingsway, as he's been very supportive of that program since we started it on a pilot basis. As I say, it has now become a permanent part of the personnel administration office.

Within the personnel administration office, we have also introduced a government-wide occupational health and safety program. This is an implementation of an understanding we had with the Civil Service Association, and is consistent with the initiative the government has been taking in establishing legislation on industrial health and safety. This program within the personnel administration office is a co-ordinating function. It will entail working in very close co-operation with all government departments, and expanding safety programs to provide an effective province-wide occupational health and safety service for the government.

Last, in the area of personnel administration, Mr. Chairman, I would simply like to refer to the long-term disability insurance provisions which we are now putting in place and which involve not only the personnel administration office but also the pensions administration, as changes have been introduced in the pension legislation in a bill now before the Assembly which enables us to mesh the pension benefits with the long-term disability insurance benefits.

Mr. Chairman, turning to other areas of the department, I would simply like to make a few comments on what I would call the growth or increase of activity in financial transactions within the province of Alberta. I want to make reference to that because it is something I'm asked about from time to time by business people within the province. I'm sure it's something the Members of the Legislative Assembly might well not be aware of, since it doesn't show up in any portion of the department's estimates but is simply an activity going on within the province.

Over the past years, we have been very anxious to encourage the growth of financial institutions within the province, because of the service they provide to the province's business community. That encouragement has been essentially in three forms. First of all, there's been extensive personal contact by senior members of the department and myself in and outside Alberta, particularly on the European mission last fall, with financial institutions, meeting with the senior personnel of those institutions and encouraging them to look at Alberta as a place either to establish a new office or to expand the services provided by existing offices if their presence was already here.

We have also, of course, encouraged the growth of the financial institutions within the province by purchasing what we call "money market securities". A brief explanation of that may be helpful to some members of the Assembly. It arises in this way. For

example, a business within the province of Alberta may wish to borrow money for a short term. It often does so by issuing what might be called a promissory note. Through one of the financial institutions, it will make known its needs to borrow money on a short-term basis. That financial institution then knows the people within the province who may be interested in lending the money on those terms and brings about the transaction.

Within the department we purchase a good deal of that kind of commercial paper. It's generally on a short-term basis, and the purchases are only made of companies when we have assessed the credit risks and within the limits we have set up within the department for that particular credit risk.

Another way we have encouraged the growth of financial transactions within the province is by purchasing short- and medium-term notes of corporations, banks, trust companies, and finance companies; that is, through that mechanism, providing them with the funds by which they make loans to customers.

The importance of all this is that there's a very large and growing financial transaction within the province of Alberta which used to take place outside Alberta. So it's brought a number of people in this field to Alberta. For example, we have money desks located here which have expanded very substantially in recent years.

Two new chartered banks have regarded Alberta as a prime location. The Canadian Commercial and Industrial Bank has announced a head office in Edmonton. The Northland Bank is locating its executive offices in Calgary; and a London-based merchant bank, Schroder Corporation, has recently opened an office in Calgary.

As I've indicated, this is a growing area. We expect it will continue to grow. No doubt the fact that the province has had large sums of money which it has retained in a relatively liquid form has been a catalyst, and has certainly encouraged and provided an attraction, if you like, to the growth of an activity which benefits the province in a number of ways. One, just because the business that's being done was earlier being done in other places. But it also provides a service to our business community, to the increasing business activity of the province, and it enables them to get financing at a somewhat lower cost than they could otherwise.

There are two other items I'd like to refer to in my opening comments, Mr. Chairman. One is simply to say that the large task facing the department in the coming months will be the preparation for changing to the auditor general and controller system, which I announced earlier and made reference to in the House. We have funds within the budget to continue our preparation for that change. It's something that will occupy a good deal of our attention over the coming months.

The other item I'd like to refer to is in response to a question asked earlier in the session by the Leader of the Opposition. It had to do with the base on which we calculated the 11 per cent guideline. Reference was made to it in the Budget Address on page 9, where we say:

The proposed budgetary expenditures of \$2,961 million reflect the application of the 11 per cent guideline to policies and programmes to

which we were committed as of September 17, 1975.

Briefly to run through the figures, Mr. Chairman, that would be the estimates of the preceding year, and added to that, approximately \$140 million of funds provided by special warrant. The bulk of that sum — I think it comes to nearly 50 per cent of that \$140 million I referred to — would be related, either directly or indirectly, to salary increases that were not provided for in the estimates of last year.

Last year we followed the usual practice, for reasons I am sure every member understands, of not including the estimated salary increases in the estimates. I again wish to point out that this year we have included the estimated salary increases in the estimates now before the Assembly.

In addition to that, Mr. Chairman, there was some \$3 million — I'm just adding sums above the wage items I've referred to — in Advanced Education and Manpower; about \$3 million that has been added by special warrant for the Department of Agriculture, of which the bulk was with respect to the implementation of the DREE nutritive processing agreement; approximately \$1 million in the Department of the Attorney General, with respect to coroner services; and \$.5 million in Consumer and Corporate Affairs, which provided funds primarily for The Temporary Rent Regulation Measures Act.

Included in that base I've referred to, there was about \$8 million provided by special warrant to Education, the increase in the grants to schools. Also about \$3 million was added by way of special warrant with respect to the Department of Energy and Natural Resources. Virtually the total amount of that was with respect to the incentive grants under the geophysical incentive program regulations, and incentive credits — pardon me, that was under Section 8 of those regulations.

In Government Services, additional funding of approximately \$5 million had been provided by special warrant for maintenance of the physical plants throughout the province. Apparently half that sum was required to meet increases in telephone rates and equipment. There was an increase in Hospitals and Medical Care of approximately \$21 million by way of special warrant, but the bulk of that dealt with salary increases which had not been included in the estimates.

A large sum of \$15 million was provided to Housing and Public Works with respect to the senior citizens' home improvement program, which had been announced at the time of last spring's estimates. But the parameters of that program had not yet been established, and the funding was only settled upon when the parameters were determined.

The remaining large amount, Mr. Chairman, was in the Department of Utilities and Telephones and represented approximately \$15 million additional funding with respect to the rural gas program.

Those are the principal figures that made up the \$140 million I earlier referred to as being added to the estimates of last year. It was on that total figure that we calculated the 11 per cent increase.

Finally, Mr. Chairman, I would simply like to conclude by expressing my deep appreciation for the work of the department staff. I think we hear very frequently of the shortcomings and deficiencies of the bureaucracy. Undoubtedly, some of those criticisms

are justified. But I have a feeling that we don't get a proper balance, and that not frequently enough do we pay our compliments to those members of the public service who do outstanding work on behalf of the people of Alberta.

I must say that during the past year as I have gotten to know the staff of the department, in some cases better and in some cases for the first time, I'm simply tremendously impressed with their capacities, their abilities, and their dedication. They have to work long, difficult, and irregular hours, often under high pressure, and in my judgment they perform a service for the people of Alberta exceedingly well.

MR. CLARK: Mr. Chairman, perhaps just two comments and then a question.

I'd certainly want to associate those of us on this side of the House with the most fitting and appropriate comments the Treasurer made with regard to the very sudden passing of Mr. Keith Robertson. We had the opportunity on this side of the House to work with Mr. Robertson. I think the most appropriate thing for me to say is that the comments made by the Provincial Treasurer are indeed very appropriate. Certainly Mr. Robertson's loss is a real loss to Alberta.

The second comment I'd like to make is in the form of a question to the Provincial Treasurer, and I'm sure it's one he expects. I suppose the question most often asked of me in my capacity as Leader of the Opposition is, where is the \$1.5 billion you are putting into the heritage fund? So I'd like to ask the Provincial Treasurer now if he'd outline to us where we'd find the \$1.5 billion today. How is it invested, Mr. Treasurer? Where is it sitting as of today?

DR. BUCK: Do we have it?

MR. LEITCH: Perhaps I should delay responding to that for a moment and ask for a copy of the public accounts of last year, because I think that shows where about \$1.8 billion is invested. That might be the best place to start.

MR. CLARK: I'll send for mine, too.

MR. LEITCH: I can briefly run through it from memory. I think at the moment we have somewhat over \$1 billion in what I'd call short-term or highly liquid forms of investment. They would be things like deposit receipts at the banks, the financial paper I talked about earlier in my remarks. We also hold short- and long-term debentures of Alberta Government Telephones, the Alberta Municipal Finance Corporation, shares in PWA, shares in the Alberta Energy Company, and a number of other mortgages and shares — although in much smaller amounts — that we acquired at the time of taking over the Calgary pension funds under The Local Authorities Pension Act.

Really, Mr. Chairman, I think the simplest thing to do is to start with the statement in the public accounts of last year, which from my memory is that they totalled something like \$1.8 billion in investments. We've simply added to that the surplus funds that have accrued this year. I doubt there is any great change in the list of investments, although I haven't recently compared them.

MR. NOTLEY: Mr. Chairman, I have just two or three questions. First of all, to follow the question put by the Leader of the Opposition, there are some historical assets of the province as well. I assume some of those will be transferred to the heritage trust fund. It's not just a case of transferring the liquid assets. When we transfer that \$1.5 billion, whether we include the ARR or not, there will also be certain other what I might call historical commitments — one doesn't like to use the word asset — of the province of Alberta.

DR. HORNER: Capital projects.

MR. NOTLEY: Capital projects? Well, whatever you want to call them.

The two questions I wanted to raise were: first of all, the Treasurer talked about courting financial institutions to establish in Alberta. I note that the leader of the Liberal Party is now suggesting that all parties in Alberta have borrowed his total program. The Treasurer will be interested to know that the program of the Liberal Party for some time apparently has been to make Alberta the financial centre of the universe. I suspect that may be a little difficult to achieve, notwithstanding our present rather glowing financial picture.

My question to the Treasurer is not really to relate it to the comments of Mr. Nick Taylor, but rather to go back to 1973. During the Western Economic Conference a good deal of concern was expressed by all four governments, including the Government of Alberta, about an unwillingness on the part of the chartered banks to recognize the potential in western Canada. Mr. Chairman and members of the committee, I think it would be useful if the Treasurer could bring us up to date on whether there have been any changes in terms of the policy approach of the chartered banks in western Canada. I suspect there probably have been, and those changes are due in part more to the fact that we have a booming agricultural economy and high oil prices than anything else. I suspect that if things change in our natural resource sector, or we get back again to a period of depressed agricultural prices generally, we may very well find the chartered banks going back to their old habits.

Mr. Chairman, the third question I'd like to put to the Treasurer relates to the Alberta business taxation and incentive scheme. I wonder if he'd bring the committee up to date on where the government stands on this proposal, which I believe was tabled in the Legislature on January 29.

MR. LEITCH: Mr. Chairman, in responding to those two questions, I'm pleased the hon. Member for Spirit River-Fairview raised the question of chartered banks. I ought to have referred to them in my opening comments. It was an oversight. I ought to have referred to them on the specific point he has raised.

The answer is, I think the chartered banks are more conscious of the need for them to play an increasing role in western Canada. By that I mean making it possible for the decisions to be made in western Canada, increasing the decision-making capacity of the people who are stationed in the banks in western Canada. There has been an increase in that. Senior

officers have been appointed here for the first time. I can't give the particulars of that from memory, but I have had a number of discussions over the past year about it. I wouldn't speculate on the motives, but undoubtedly the fact that Alberta has an extensive growth rate in its business activity has led to that. I'm sure we will see continuing growth in the decision-making capacity of those people stationed with the chartered banks in western Canada.

With respect to where we are on the Alberta corporate income tax proposals, the committee appointed by my predecessor completed its work not many weeks ago. We are in the process of assessing it and evaluating the final report. We haven't yet decided on the exact steps we'll take over the coming months or how we will proceed with it. Along with the preparation for changing from the current system to the auditor general controller system, that will be one of the items occupying a good deal of my attention during the next few months.

MR. NOTLEY: Mr. Chairman, I'd like to ask one supplementary. Is it still the intention of the government, then, to proceed with the Alberta business taxation incentive scheme? By and large, would it follow the general outline in this position paper?

MR. LEITCH: Mr. Chairman, I don't know that I would want to leave that impression this morning. I think we're in a position where all options are open. We've had recommendations. We've had input, and we've had a good deal of work done, and we now need to evaluate that. We now need to evaluate whether there are any changing circumstances that would alter those recommendations.

I wouldn't want to leave the impression that we're not open, that we've committed ourselves to a particular course or to any particular recommendation in that report.

DR. PAPROSKI: Mr. Chairman, I'd like to make a few comments. First, I would like to indicate sincere sympathy to the family of the late Mr. Robertson, who for so long played such an important role in this department and for government services.

I'd like to also congratulate the minister for his excellent handling of this department. I think it's important to note that, Mr. Chairman, because all too often we are critical of the ministers and don't offer enough compliments from time to time.

Specifically, Mr. Chairman, I would like to applaud the minister and Dr. Garry Briggs and the late Mr. Robertson for bringing an approval of this personnel counselling section to a conclusion in the provincial government. It's not only a pace-setter but, I suggest, an example that should be duplicated in private industry across the province. From my understanding, and the minister may correct me if he wishes, it's clear that this is to assist the employees in the civil service across the province regarding drug dependency and alcoholism, and hopefully rehabilitate them early, keeping them at their work and maintaining their health and productivity.

I would like to ask the minister with respect to this particular area — and he may not be able to respond at this juncture — if there is a full-time director for this department yet. Will there be at least an assistant located in Calgary, in addition to Edmonton, in

view of the number of employees we have in the provincial civil service?

Is the acting head, Dr. Garry Briggs, who has played such an important role from the beginning of this section, being seriously considered for this post? If not, Mr. Chairman, I wonder if the minister would indicate whether he will be placed in some full-time position, in view of the fact that he's been part-time from the beginning and always at risk, of course, not having a full-time position with the civil service?

The other thing is whether there is recognition of the Civil Service Association input in the formation of this personnel counselling section. Would the minister acknowledge that this is so, and assure the members of the committee that their input will be maintained? I think it's very important, because an employer-employee relationship here is vital, especially in such a sensitive area.

The other point I would like to ask on this topic is to assure the members again that there will in fact be confidentiality with respect to those records. I'm sure there will be. I think it's important to reinforce that.

The final point is whether there'll be freedom for the counsellors in this section to act within appropriate guidelines, which I hope will be established. These guidelines will give them greater freedom than usual in a bureaucracy or administration, yet reporting to a deputy minister, but working within that framework, recognizing this is health maintenance, and it's very confidential. There is, of course, association with the medical association in general.

I wonder if the minister would comment on some or all of those topics.

MR. LEITCH: Mr. Chairman, with respect to the last series of questions as to how the program will operate, I think it is a bit too early for me to respond to that, because we only made the decision a few weeks ago to take this project, which was a pilot project, and make it permanent. I'm not satisfied that we've made final decisions as to how it will operate in the future.

With respect to the full-time head of that project, it has not yet been filled. I would expect we'd fill it in the ordinary way we fill this kind of position, which is by competition. Interested people apply, and we then assess the applications. The one who appears to be the most qualified is the successful applicant.

MR. ZANDER: Mr. Chairman, I would like to make a few comments, in particular relating to the amount of debt interest we pay annually. My concern, Mr. Minister, is that over the past number of years the Municipal Finance Corporation has borrowed considerable amounts of money from the federal pension fund. Most municipalities borrow from that fund. If there isn't sufficient there, other funds are borrowed in the market either in the eastern United States or in Canada. I'm wondering what position that places the government in, Mr. Minister, since the government is the guarantor of these loans made by the Municipal Finance Corporation, as it is a branch of government.

This leads me to the question of whether a watchful eye is kept on the borrowings of municipalities. Over the years I've noticed some of them have borrowed extensively from the fund. Could we as a province possibly find ourselves in the position the state of New York found itself in with New York City,

where the bondholders were sitting on edgy tables over a period of almost a year? It hasn't been resolved yet.

What is the position of the government in guaranteeing these loans from the federal government pension fund? Certainly these funds will have to be paid back, because they've been paid into the fund by the citizens of Canada. Is a watchful eye placed on the borrowings of municipalities from these funds that we are guaranteeing from year to year?

I don't know what the fund debt stands at in the major centres of this province, but 11 or 12 mills were considered at one time to be what they could pay without too much embarrassment. Now I see that some of the municipalities, in particular some of the towns and villages, have borrowed to the extent of almost 18 or 19 mills on their repayment plan.

Now, if this is going to climb much higher, Mr. Minister, I don't see how these municipalities are going to exist. If they don't, then I think we're almost obliged to pay their bills. This is certainly a concern. When I look at page 316 and I see that we're now paying \$24 million in debt interest, what would happen if we had to take on the load of some of these municipalities that have overstretched their financial obligations?

MR. LEITCH: Mr. Chairman, the hon. member asked a number of questions. I'm not sure I got a note of them all. The one which is important, and which he stressed, was whether anyone was keeping a watchful eye on the amounts municipalities borrow.

It's my understanding that approvals for such borrowings are granted by the Local Authorities Board, which is within the purview of the Department of Municipal Affairs. As I understand the system, the board assesses the application of anyone who wishes to borrow. I presume it takes into account the purposes of the funds, its capacity to repay, and things of that nature, and in that sense has a watchful eye on the borrowings of municipalities.

On the question of whether bondholders would find themselves in the same position as New York, that wouldn't be the case with respect to borrowings made by the municipalities from the Municipal Finance Corporation, because they simply borrow from that corporation and repay the corporation. The financing of the corporations, of course, is done by the provincial government. If there were a default there on the part of the municipality, it would fall on the provincial government.

MR. ZANDER: A supplementary question, then. Is it possible, Mr. Minister, to ascertain the total amount of money that municipalities in the province now owe by way of debenture debt? I know, Mr. Minister, you're saying that the Local Authorities Board allows these municipalities to borrow. I know their criterion at one time was 11 mills on their assessment. That was a number of years ago. What is the basis now? Is it 18, 19? We're finding that the repayment of the debenture debt of municipalities is running up — 15, 16, 18, 19 mills. I wonder if we're taking into consideration the ability of these municipalities to exist with that type of repayment of their debt and their debenture loan.

MR. LEITCH: Mr. Chairman, I'm afraid I don't know the criteria the Local Authorities Board is now following, and simply couldn't respond to that question.

MR. CLARK: Mr. Chairman, I wonder if there might be another area to touch upon for a moment. One of the the concerns we have — and it's the whole question of the government's financial operation — is the preponderance of government agencies involved in loaning money. The last time we totalled them, something like 16 different government agencies were involved in lending money to Albertans for a variety of purposes. I'm not suggesting the purposes aren't more or less needed. Whether it's the Opportunity Company, the Ag. Development Corporation, the Housing Corporation, Municipal Finance, or a number of other ventures, my concern is what kind of, if I could use the term, co-ordination or perhaps riding herd on this whole area does the Provincial Treasurer's Department do?

I recognize the Provincial Treasurer could take the point that, let's say, the AOC is accountable to the Legislature. And indeed that's the case. But it does seem to me that some place in the government — and I assume in the Treasurer's Department — there's a need for someone to keep an overall picture of the kinds of commitments we have as a total, and to see that one agency isn't being played against the other. I must say I get a bit disturbed when I hear of people who go to the Treasury Branch, then to AOC and to some other government agency and end up with two or three options available to them.

So my question is really twofold. First of all, does the Treasurer's Department assume the responsibility for an overall type of monitoring of the total volume of commitments we're making through all government agencies and institutions that either lend money or guarantee funds? Secondly, what kind of operation is the Treasury Department in, seeing that there's not a sizable amount of overlap between various agencies, so that it becomes in some cases — hopefully a few cases — a shopping expedition as to where is the best place to go within the government's own operation, with no reference at all to the private sector?

MR. LEITCH: Mr. Chairman, the Leader of the Opposition has raised an important point. He's really talking about the size of the province's indirect liabilities, because we have a liability by way of guarantee and a direct liability in some cases where bodies such as the Alberta Opportunity Company lend funds that are provided by the provincial government. If those funds are not recovered, of course, the loss is the provincial government's. The details of the indirect liabilities — that is, their growth — are reported on page 48 of Volume 1 of the public accounts.

Directing my comments specifically to what role the Department of Treasury plays in that area, I think the Provincial Treasurer has an overall responsibility for the government's financial position. Some of these capacities to make guarantees have sort of grown over the years, being treated individually. Within the department now, we are taking a look at the total situation. We're looking at all the bodies authorized to make guarantees, their methods of making them. When we've completed that work, we'll be able to assess whether there are any shortcomings in the practices that now exist, and if so what changes

should be made.

So the specific answer to the question is, yes, we have a responsibility, because of our overall responsibility for the financial position of the government. We are currently making an inventory of all these things and their procedures, and assessing them. I expect that will be completed over the coming months. When it is completed, I'll have something more to say on what changes should be made, if any, and what we propose by way of change.

MR. CLARK: Mr. Chairman, following along from there, I'd like to ask the Treasurer: has he got either a rule of thumb or some general feeling as to how fast the province sees the direct and indirect debt escalating? If one looks back at the public accounts here, it's moved along pretty rapidly in the last number of years. It's a move from about, let's say in the last three years, \$1.8 to \$2.5 or \$3 billion. What I'm really asking is: what rule of thumb does the government look at when it sits down and makes its budget decisions? There obviously has to be some rule of thumb as to how far we become involved in these areas. Pretty obviously, that's one of the considerations one has to have when one puts the budget together.

MR. LEITCH: Mr. Chairman, the indirect liabilities of the government have grown at a significant rate over the past years. In our judgment, that growth was something that ought to occur. For a number of reasons, we've felt there were areas within the province which needed the financial support to promote their growth. I'm thinking particularly of the area of agriculture. The growth there in indirect liabilities was very substantial over recent years. Then, of course, the great upsurge in sheer business activity in the province has led to a higher rate of growth than one would otherwise have expected. Of course, the Alberta Opportunity Company is essentially new, although it replaced the old Commercial Corporation, I think it was called. Its lending has added substantially to that kind of financing.

As to the future, I think we would find a downturn in the rate of increase that has been occurring over the past few years. As to parameters, saying there's a fixed sum beyond which we won't go, or a fixed rate beyond which we wouldn't let this indirect liability grow, we haven't established one. I'm not at all sure that one can. I think you look at a number of factors: the level of investment in the province, the level of economic activity within the province. No doubt you look at the rate, the performance — what's happening in these liabilities we're incurring. What's the default rate? I've looked at the figures recently but can't bring them to mind and quote them. But in looking at them I thought they were most impressive. Frankly, at least to my mind, the default rate didn't ring any alarm bells.

MR. CLARK: One comment and one question, Mr. Chairman. I'm rather pleased to hear the Treasurer's comment that he doesn't expect — I think I'm paraphrasing him correctly — he would see some sort of downturn in the rate of increase.

Secondly, the Treasurer talks about the rate of default and that he's satisfied it isn't too high. It would be very interesting to hear from the Treasurer

what he thinks is a reasonable rate of default. Is he looking at 5 per cent, 1 per cent, 10 per cent? I recognize that — and I should say, pretty candidly, so it's in *Hansard* — it isn't a matter of trying to pin the Treasurer down within a very small amount. On the other hand, I think it's helpful for us to know what the government thinks is a reasonable rate of default as far as these kinds of financial commitments are concerned.

MR. LEITCH: Mr. Chairman, I'm pleased to hear the question put in a way that didn't indicate a particularly definitive answer. I don't think one can be given. We would find different default rates acceptable, depending on the objects of the program. For example, I think we would contemplate in the Alberta Opportunity Company a substantially higher default rate than one would expect to get from a regular lending financial institution, because the whole purpose of that company is to diversify the economy, particularly to provide an impetus to development within the smaller centres of the province.

In short, they are going to be the high-risk investments. Like lenders of last resort, they are always in a higher risk area. If anything, looking at the default record to date in the Alberta Opportunity Company, I think we would find very acceptable a somewhat higher rate than has been the case up to now.

There are other programs. For example, substantial funds were made available to the cow-calf operators to carry them over the very difficult times they were having, and we would expect a higher default rate there than in other guaranteeing activities within the province. So I don't know that one could be definitive on any particular program. It's much more difficult to be definitive on an overall basis, I think. You look at what default rates regular financial institutions find acceptable and appreciate that in most of these areas the government must have a higher default rate. If they didn't have it, there would be no need for the program, or the program wouldn't be carrying out the kind of objectives we have in mind.

I don't know that I'd be in a position at this time, Mr. Chairman, to specify any particular percentages as an acceptable default rate. I think we'd want to keep watching it, and we do, and assess in light of the existing business circumstances what would be an acceptable default rate for any program being serviced by our indirect liabilities.

I'd return to the earlier question about the assets of the fund of the government and where they are, and call the attention of the hon. Leader of the Opposition to page 22 of the public accounts, which lists the province's assets as of March 31, 1975. In cash investments there was \$1.3 billion; accounts receivable, \$50 million; \$6 million in arrears of taxes; approximately \$33 million in interest receivable; loans and advances, approximately \$372 million, and that would be primarily to the Alberta Housing Corporation, I believe, and probably to the Alberta Municipal Finance Corporation or AGT, but I'd want to check that. The balance of some \$20 million is made up of inventories and sinking fund assets. More details on the approximately \$1.3 billion, or at least a statement of the transactions, will be found on page 40 of the public accounts. That lists the transactions that have occurred over the year and itemizes the total of \$1.2 billion.

MR. CLARK: Mr. Chairman, just to wrap this area up. I take it from what the Treasurer has said that basically, since the public accounts book was closed at the end of '74 or '75, the government has invested any additional money it has to invest in the area of cash and investments. Is that the situation? If I recall the nine-month annual statement, there wouldn't have been a great deal to invest in the course of this year, would there, other than the 30 per cent portion?

MR. LEITCH: Well, there may have been some changes since March 31, 1975, in the sense of purchases of Alberta Government Telephones debentures, Alberta Municipal Finance Corporation debentures, and Alberta Housing Corporation advances. The Alberta Energy Company shares are in the statement we're looking at. But the balance would be primarily changes in short-term investments, yes.

Agreed to:

Ref. No. 1.0.1 \$75,760

Ref. No. 1.0.2 \$260,200

Ref. No. 1.0.3

MR. CLARK: Mr. Chairman, I wonder if the Treasurer would outline this area to us. I assume this is contract services with legal firms outside the government. I'd also be interested to know if the Treasury Department uses the people in the AG's department for internal work.

MR. LEITCH: Mr. Chairman, for legal services the figure we're dealing with is \$100,700. That is primarily made up of salaries of about \$77,700, supplies and services of \$12,500, and office equipment at \$900. We have within the department a legal services insurance risk management division that provides our legal services to us. We also use the Attorney General's Department, of course. But that is what's covered by this vote.

MR. CLARK: Can you give us some indication of the services they provide?

MR. LEITCH: Pardon?

MR. CLARK: What do you use them for?

MR. LEITCH: Well, for example, they would check all our legislation, work on contracts we're involved in, things of that nature: the legal advice the department uses from day to day.

MR. CLARK: Mr. Chairman, perhaps I'm missing something, but we don't see this kind of thing in other government departments. As I understand it, they use the Attorney General's people. As for checking legislation and so on, there's a legislative counsel.

I guess what I'm really saying to the Treasurer is, can he be a bit more specific about the kind of work these people do? Are these people brought in virtually from outside the department, or are they on staff in the department?

MR. LEITCH: No, Mr. Chairman, they are on staff within the department. Mr. Gordon Wyatt is the head of that section of the department.

Actually, it's not true to say you don't see this kind of thing in other departments, because many other departments have a lawyer from the Attorney General's office who spends his time with that department. So it's really a question of whether you have a lawyer from the Attorney General's Department who stays within the department and provides advice from time to time, or whether you have someone within the department, which is the case here: they've just been attached to Treasury for years and years and are part of the department.

Agreed to:

Ref. No. 1.0.3 \$100,700

Ref. No. 1.0.4

DR. BUCK: Mr. Chairman, I've always been intrigued by the treasury branches, even when I was on that side of the House. Can the minister indicate to me what the government philosophy is on the role the treasury branches are playing and should be playing, and just what the major differences are between the chartered banks and the treasury branches? Is it the government's philosophy to expand the services of the treasury branches, and expand them in number?

I'd like the minister to give me the whole run-down on what he knows about the treasury branches.

MR. LEITCH: I'm glad the question was raised, Mr. Chairman, because we're very pleased with the role the treasury branches are playing in the province of Alberta, and we're very pleased with the growth in that role, which has been almost phenomenal over recent years.

Essentially the main thrust of the treasury branches is to provide a service within Alberta where other regular banking services have not gone. We tend to move first into those areas where regular banking services are not available.

DR. BUCK: You mean physically?

MR. LEITCH: Physically. I've forgotten the figures now, but I recently looked at a run-down of where all the bank branches were in Alberta, and where they served. It's my recollection that the treasury branches served a very, very large percentage of — their branches were in the smaller centres in rural Alberta. We have requests we can't fill from all the small communities in the province of Alberta for the location of a treasury branch.

So we're expanding as rapidly as we can. We are limited in the rate of expansion by a capacity to train people to run these branch offices. But that's where our thrust is, expanding in those areas not now adequately served by the regular chartered banks. I can't see anything but a continued growth of the treasury branches. I think they're well accepted within the community. As I say, we have requests for branches that we aren't able to meet. We've got a five-year program of expansion and are expanding as rapidly as we can.

Not only are they accepted there, but they are

accepted too by the other members of the financial community. We endeavor to operate in such a way that none of the other financial institutions serving Alberta can be critical of us by saying we're taking advantage of the fact we are part of government, as opposed to being outside government. So we try to operate the treasury branches in such a way that there is no unfair competition with the other institutions simply because they are part of government.

DR. BUCK: Mr. Chairman, what are the major differences between the treasury branches and the chartered banks?

MR. LEITCH: The major difference would be the capacity to borrow money from the Bank of Canada. The treasury branches use money deposited by depositors, as do other banks, but we don't have the same capacity to borrow from the Bank of Canada.

DR. BUCK: With this large expansion, does the minister know how many branches have been opened in the last year or two?

MR. LEITCH: I think five have been opened in the last year. For the last two years, I don't know. We're trying to expand at roughly the same rate, I would expect.

DR. BUCK: The minister stated that some of the smaller communities have been asking for treasury branch services. Is the minister aware how extensively the credit unions are moving into the vacuum, shall we say, that the chartered banks can't fill and where the treasury branches aren't able to move? Are the small credit unions moving into this area?

MR. LEITCH: Mr. Chairman, I'd hesitate to comment on the growth or activity of the credit unions. I know they're expanding their services. But really, they come within another department. Apart from being aware of what they do and their growth, and the fact that they provide a very important service to their members, I wouldn't want to be any more definitive about what role they are playing.

DR. BUCK: The reason I asked the Provincial Treasurer that question is that in getting around the province many small businessmen have told me that if it weren't for some of the small credit unions in some of the small towns they really couldn't operate, because they do quite an extensive banking service for them. Really, with the minister saying we had five new branches opened, that doesn't seem to be that great an expansion. Maybe it is, I suppose, if you're moving into some of the major areas. But how accelerated will this program be if we're really going to be moving into the areas? Just what is the minister's idea of accelerating?

MR. LEITCH: Mr. Chairman, I think five branches in a year is more than the hon. member would appear to give credit for in his question. I've forgotten the total number of branches we have, but I think that's more than a 5 per cent increase in a year. To do that each year is a fairly rapid growth when you remember you have to be sure you can put personnel in that community and in that branch who have been trained

properly to act as branch managers. That's not something you can do overnight.

Of course, we also provide a service through agencies which provide fewer services than a branch can. We have agencies in those areas where we aren't able to put in a branch. One of the tests we use with respect to putting in branches is whether the banking activity within that community is sufficient to support a branch. We aren't able to meet all requests for branches, because we do follow the test of examining whether the activity within the community is sufficient to support a branch. We will continue to expand as rapidly as our capacity to train people will permit, and into those areas where, in our assessment, there appears to be sufficient activity to justify the location of a branch.

DR. BUCK: Mr. Chairman, I wasn't trying to belittle the effort of five new branches, but five branches could be five really small branches or they could be three major ones and two small ones.

Mr. Chairman, for years we've been hearing about a bank of western Canada. One got started and went down the tube. Now we have the Bank of British Columbia. Is there any thought of the government to converting the treasury branches to a chartered bank? Would that be an advantage or a disadvantage to us? Is the government considering any move such as chartering a bank of Alberta?

MR. LEITCH: Mr. Chairman, we are not now actively considering such a move. All these areas in the financial institutional field are of course things we will be examining from time to time. We have a completely open mind on the matter, and our thinking may change. But certainly at this moment we're not contemplating being involved in enlarging by character, as opposed to the type of service we're now giving, the banking operations in which the government's now involved.

DR. BUCK: Getting back to the treasury branches, how many other services as well as banking services do the treasury branches provide? I'm sure that in most instances we use them as multipurpose functional units to provide licence plates and all the other government services. How involved are the other services with the treasury branches across the province?

MR. LEITCH: Mr. Chairman, I'm not at all sure I can catalogue all the services they provide. There are such things as licence plates, hunting permits, and I think there are a number of others. But I simply can't call them to mind, although I have reviewed them at one time. I can't now call to mind all the services they provide.

Agreed to:

Ref. No. 1.0.4	\$493,550
Total Departmental Support Services	\$930,210
Vote 2 Total Program	\$941,150

Vote 3

DR. BUCK: Can I ask the minister just how extensive the purple gas thing is, how strictly enforced? What

is the ... [interjections]

No, I have orange, Jack, in case you were worried.

Just how extensive are prosecutions for purple fuel? I know from speaking to Mounties in my area that it's being abused a lot more than I thought it was by people who live in towns and villages. I know people out in the country might slip in a little purple gas once in a while if they're going in to see a show on a Saturday night, but in rural [areas] we would never think of abusing it as much as the people in major areas.

Are we going to scrap this program and maybe look at a program of rebating the farmers directly? Has the government considered the matter at all?

MR. LEITCH: We're not giving any consideration to scrapping the program, nor do we have any changes in the system of effecting the rebates under active consideration at the moment. There have been problems with it. We have been working on those problems, and I think in the main we have been able to find acceptable solutions.

As to the extent of the prosecutions that arise out of improper use of fuel on which the rebate is paid, I don't have those figures. I think they probably come from one of the other departments.

DR. BUCK: The reason I asked if there was going to be a change in philosophy is that it is a sort of ambiguous area. A person who is a *bona fide* farmer may have a part-time job or even a full-time job. In many instances, people have been prosecuted for using purple fuel driving to their second job. The rumor that got back to me was that the government was thinking of using a program of rebates to *bona fide* farmers. This is really why I asked the question.

I wanted to know just how many abuses of the purple fuel there were, and if it was so extensive that we have to take another route. This is why I asked the question about how extensive it was, and was this other route available.

MR. LEITCH: Mr. Chairman, I think I can answer by saying that so far as I am aware the abuse is not so extensive that we feel we have to alter the system.

Naturally, we're concerned about abuse of any of these kinds of programs. If we're able to find ways of cutting down the abuse, we're certainly looking for them and anxious to adopt them when they're found.

DR. BUCK: Does the minister have any idea how much money this means to the farming population of Alberta? How much money is saved?

DR. HORNER: \$17 million.

MR. CLARK: \$17 million?

Agreed to:

Vote 3 Total Program

\$44,118,600

DR. BUCK: Mr. Chairman, I just want to know one other thing about the purple fuel. Has the minister or the government given any consideration to using purple fuel in school buses?

I know this was suggested several years ago by the operators' association. Has any thought been given to

that now that there's a freeze on the amount the school bus operators can get? Maybe this indirect assistance might help them.

MR. LEITCH: Mr. Chairman, I believe I'm correct in saying that buses operated as school buses by municipal governments get the rebate. If they're operated by the municipal government, they get the rebate. Those operated by private operators do not.

I take it the question was directed to whether we're considering a change to enable private operators to receive a rebate when they're using vehicles to take children to and from school. That's not an item we have under active consideration.

Vote 4

MR. CLARK: Mr. Chairman, I wonder if the Treasurer can give us a bit more detail on the move toward a provincial auditor general. Are we still looking at legislation coming in this fall? I think the Treasurer indicated to us earlier that was the government's timetable.

Also, this morning he mentioned the establishment of a provincial controller, if I'm not mistaken. I think he used that term. Is the Treasurer in a position to indicate to us at this time whether, with their experience in modified program budgeting, we should be expecting the same kind of budget format next year, or is it the government's intention to make some changes in this format? I say pretty candidly, it's pretty healthy from the standpoint of putting things together for the budget next year. If this appears to be the government's format for the next year or two, that's a great deal easier from our standpoint. Where does the government sit on this one?

MR. LEITCH: Mr. Chairman, with respect to the estimates format for next year, I would expect the format to be essentially the same as this year. We might suggest some minor changes in the hope that they will make it more meaningful or more informative for the members of the Assembly. One of the thoughts I've had, which, frankly, I haven't discussed yet with the departmental people, is perhaps to pull out the capital and put it all on one page; perhaps pulling it out rather than including it the way we have now. Where that's practical, I don't know. It's just something that occurred to me as I've been running through them. But essentially we wouldn't expect any appreciable changes in the format for the next year.

With respect to the timetable for the auditor general and the controller function, I've expressed the view that we were hoping to have legislation in a form to present to the House this fall, and to implement the system at the beginning of the next fiscal year. Mr. Chairman, all I can add in making that statement is I appreciate that this is quite a massive undertaking and is going to involve a good deal of work. We hope to be able to get it accomplished within that time frame. But I certainly wouldn't want to leave the Assembly with the impression that it was any kind of guarantee or undertaking. I don't know that I can go any further than to say we expressed that as a timetable we felt was reasonable at that time. We're still working towards it. We'll do all we can to meet it. But I

wouldn't want to leave the impression that I was totally satisfied it could be done, or that it was an undertaking.

MR. CLARK: Mr. Chairman, can I ask the Treasurer to comment on the controller function? What is the government's thinking now as to where the controller would be lodged, if that's a good term? Does the Treasurer see this person being the senior person within the Treasury Department responsible for the ongoing monitoring, either on a preaudit or postaudit basis?

MR. LEITCH: Yes, we would see the controller as being within the Department of Treasury. Obviously, it would be a very senior position within that department. Primarily the function would be to do the preaudit role that is now being performed by the Auditor.

DR. BUCK: Mr. Chairman, if I could make a humble suggestion to the hon. Provincial Treasurer.

MR. CLARK: You don't make any other kind, do you?

DR. BUCK: If we could have each section of this thing called the book of estimates — instead of pages falling out all over the place here . . .

DR. HOHOL: Like your hair.

DR. BUCK: My hair falling out? Right, Bert. It just goes to prove you can't have both hair and brains. Eh, Bert?

If you could pull out each section individually and have a binder with all the supplementary information in it for all the hon. members, just like you have there, I think that would certainly help to simplify things a little bit. So that is my humble suggestion to the hon. Provincial Treasurer.

MR. LEITCH: We'll consider it.

Agreed to:

Vote 4 Total Program \$5,668,300

Vote 5

MR. KIDD: Mr. Chairman, I've heard one of the references by the hon. Leader of the Opposition to our debt of \$3 billion. Really, for accounting purposes, is that not a credit?

MR. LEITCH: I'm not sure I followed the question, Mr. Chairman. Perhaps the hon. member could expand on it.

MR. KIDD: Well, we've heard reference today and in the past to a debt of \$3 billion, maybe very loosely. But for accounting purposes, is that not actually a credit?

MR. LEITCH: I don't understand you, and I'm sure the hon. member will not understand me when I answer. The \$3 billion — are you referring to the contingent liabilities of the province?

MR. KIDD: That's right.

MR. LEITCH: Well, they would not show up. Nothing in respect to them would show up in the estimates, except in those cases where we had to provide funds to pay for defaults. The debt interest we're referring to here is really the interest we contemplate paying over the course of the year on funds that are borrowed by the provincial government, which would include some of the debt listed in the public accounts and of course includes the interest that we pay as borrowings, which we do by issuing Treasury bills.

MR. KIDD: In other words, if indeed we would call this a debt of 8 per cent on \$24 million, we're looking at something like \$300 million.

MR. LEITCH: Yes, that would be right.

MR. CLARK: Mr. Chairman, to the Provincial Treasurer, would you explain that "yes"? As I understand the comment being made here with regard to the comparative statement of funded and unfunded debt and indirect liabilities, that's where the hon. member — I'm pleased he listens so well — gets the figure of \$3 billion. Now, if I understood the conversation between the Treasurer and the Member for Banff, are we trying to say there are no obligations here by the province at all, that in fact this is an asset rather than liabilities?

MR. LEITCH: No. As I understood the hon. member's question, it was whether, if this \$24 million represents interest paid on debt, and the interest was at 8 per cent, it would mean we were paying interest on a debt of about \$300 million. I agreed with his calculations when I said yes.

MR. CLARK: Just checking.

Agreed to:

Vote 5 Total Program	\$24,211,600
Vote 6 Total Program	\$3,078,000
Vote 7 Total Program	\$44,658,400

MR. CLARK: Mr. Chairman, just before we finish, one comment I wanted to make earlier and didn't have the chance to when you were discussing the treasury branch thing, I'd like to ask the Treasurer if he or his officials have undertaken any discussion with the treasury branch people themselves from the standpoint of the area the treasury branch is providing, shall we say, most of its service to. I raise the question because traditionally the treasury branches have been rather the financial institution in the province that dealt a great deal with a tremendous number of people with small deposits. If I read the treasury branch annual report properly, it seems that more and more of their efforts — with some justification I might say — are moving in the direction of perhaps more involvement in the corporate sector of Alberta's everyday life, of which I'm not being critical.

I simply raise the point that if this kind of situation continues, it may well be that, rather than the treasury branch being the financial institution that does a tremendous amount of work with, shall I say, the lunch bucket brigade in Alberta, such organiza-

tions as the credit unions and so on may move in and pick up an ever-increasing portion of the financial responsibility in that area. So my question to the Treasurer really is: does he see a shift of emphasis developing within the treasury branch itself in the corporate activity of Alberta, as opposed to not as much emphasis or involvement in, shall I say, non-corporate loans and business.

MR. LEITCH: Mr. Chairman, I contemplate that the treasury branches will have more involvement in what the hon. Leader of the Opposition described as corporate financing, but I wouldn't describe that as a shift. I think that's just a natural growth of the services of the treasury branches and of their involvement over the years with people within the province of Alberta. I wouldn't consider that a shift of emphasis in the service provided by the treasury branches, because as I mentioned in response to earlier questions, we are continuing to expand as rapidly as we can, as rapidly as our personnel resources permit, particularly in those areas where there are not now adequate banking facilities.

There'll be a growth as reflected in the report and I'm sure that will increase, but that's not a shift of emphasis. We're still very, very conscious of, and very pleased with, the historical role the treasury branches have served in providing a service to those areas of the province where the other financial institutions have not moved in.

DR. BUCK: Mr. Chairman, did the minister say that with the expansion and the problem of getting personnel, are we losing people to the new bank — what is it called, the Continental Bank, the one originating with Laurentide Finance? Are we losing some of our people to the recruitment program of this upcoming new bank?

MR. LEITCH: I would think the situation may be the reverse. I'm not sure of this, but I think if anything, we've been able to attract people from other banks in greater numbers than we've lost to other financial institutions.

DR. BUCK: There's another area, Mr. Chairman. Somehow either I missed it or I just didn't understand it. How do the Provincial Treasurer or the Treasury Department monitor the guaranteed loans from the many agencies the hon. Leader of the Opposition mentioned. How do we pull all this together? How do we keep track of all these different guaranteed loans that we, the people of the province through the government, are responsible for if they become in default? How do we pull all this together? How do we monitor to keep tabs on it all?

MR. LEITCH: As I mentioned earlier this morning, Mr. Chairman, that's an area in which we're currently doing an assessment of all of the capacities to guarantee loans within the provincial government — and they've grown up over the years — of all the systems being used, of all the methods of getting information, of all the methods of following up on collection procedures and things of that nature. That is currently under way within the department. As I mentioned earlier, it will be some months before we're able to assess what changes, if any, should be

made in our existing system and able to present those. Of course, they are reported in detail in public accounts. We had an earlier discussion about the amounts involved.

MR. CHAIRMAN: With respect to Treasury, there's one further item. Would you turn to page 363 for the salary contingency vote, \$28,850,000. Are you agreed?

HON. MEMBERS: Agreed.

MR. CLARK: Mr. Chairman, now that we've agreed, perhaps we might ask the Treasurer: is this really the area where various departments take on wage people during the summer? What are we really voting here on this salary contingency?

MR. LEITCH: It's the contemplated salary increases for the civil service.

Agreed to:

Vote For Salary Contingency	\$28,850,000
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Department Total

DR. BUCK: These figures stagger even someone as brilliant as the hon. Minister of Utilities and Telephones or the Minister of Advanced Education and Manpower. In layman's terms and language, what is the direct and indirect debt of the province?

MR. LEITCH: The direct and indirect debt? Without checking the actual figures in public accounts, I'd estimate it at \$3 billion. I think we have \$.5 billion in direct debt and something like \$2.5 billion in contingent liabilities. So it's roughly equivalent to the estimates that are now before the committee.

DR. BUCK: Mr. Chairman, this is not in the minister's department, but maybe he can tell us what the total debt of the municipalities is.

MR. LEITCH: I don't have that information, Mr. Chairman.

DR. BUCK: Is that available from your department or the minister's?

MR. LEITCH: I'm sure it would be available from the Department of Municipal Affairs.

AN HON. MEMBER: We also tabled those yesterday.

DR. BUCK: Okay, fine.

AN HON. MEMBER: It was tabled yesterday.

AN HON. MEMBER: It was for '74.

DR. BUCK: Can't read.

MR. CLARK: Mr. Chairman, I wonder if I might make just one request of the Provincial Treasurer for when we get to the heritage savings trust fund legislation. Would the Treasurer be able to have for us at that time a rather up-to-date accounting of where the

\$1.5 billion is? We have it from the public accounts last year, but there are some other areas that the Treasurer indicated would have changed since the public accounts were finalized. If we could have that for the start of committee work on the heritage savings trust fund legislation, I think it would be helpful.

MR. LEITCH: Yes, Mr. Chairman. I'm not sure it's accurate to talk about the \$1.5 billion, but I think what the hon. Leader of the Opposition would want is a list of the province's assets, which should be in the order of \$2.3 billion. We'd be able to provide that. From that would come the \$1.5 billion that would be transferred to the Alberta heritage savings trust fund when the bill is passed.

I wouldn't be providing a specific \$1.5 billion that's going to the fund, because under the bill that's something that will be assessed by the investment committee. What I could provide is a list of the assets of the province, totalling roughly \$2.3 billion. I think that would be what he is seeking.

MR. CLARK: Fair enough, Mr. Chairman. Could I just ask the Treasurer one more? Mr. Treasurer, have you built into the department any mechanism for the investment committee, which is really going to be the cabinet, as far as the Alberta heritage savings trust fund is concerned? Is there any place in your department or any other department of the government where there's going to be some central agency, shall I say, where the assessments, the background information, and the back-up information for the investment committee are going to be done?

MR. LEITCH: Mr. Chairman, we already have within the committee a group of people who do the investing that's now done. They, of course, are senior people and have a good deal of knowledge, experience, and expertise. That would be available and, I am sure, used in an extensive way in connection with any investments made by the Alberta heritage savings trust fund.

We're not contemplating adding people to the department as a result of passage of the bill, if that's the question.

MR. CLARK: Basically then, the back-up people for the investment committee in the front row will in fact be these people in Treasury who have carried that responsibility the last number of years?

MR. LEITCH: They would be the back-up people, as I see it at the moment, Mr. Chairman. So far as government personnel are concerned, we may seek some outside advice, as we do now on occasion.

Agreed to:

Department Total \$123,606,260

Department of Legislation

Vote 1

MR. HYNDMAN: Mr. Chairman, I gather the Members' Services Committee has delegated to various

members of the Assembly responsibilities with regard to each of the 10 or so reference numbers. So perhaps in the case of this particular estimate, each of those reference numbers could be called out, beginning with General Administration.

Agreed to:

Ref. No. 1.0.1	\$579,000
Ref. No. 1.0.2	\$1,467,700
Ref. No. 1.0.3	\$63,772
Ref. No. 1.0.4	\$139,500

Ref. No. 1.0.5

MRS. CHICHAK: Mr. Chairman, could we just hold this particular vote at the moment? I note the extensive increase with respect to the opposition members' services, and I wonder if the hon. minister might give us a bit of a breakdown with respect to this particular . . .

AN HON. MEMBER: There's no increase.

MRS. CHICHAK: . . . or whether some report could be given with respect to the extensive change.

MR. MANDEVILLE: Mr. Chairman, since I'm responsible for this particular vote, maybe I could give a brief explanation of the increase. They've incorporated the Leader of the Opposition's vote from last year and the research money into one vote. Last year the total vote on the appropriation for the two departments was \$245,000, and this year the vote is \$238,420. So really there is a reduction as far as the vote is concerned, when you compile the two votes, the Leader of the Opposition and the research fund.

MRS. CHICHAK: Mr. Chairman, may I ask for a little bit more of a breakdown with respect to the research allocation, and a little more detail as to what this provides and how it differs from the previous year.

MR. MANDEVILLE: Yes. Mr. Chairman, last year the \$95,000 was for the Leader of the Opposition, and it's incorporated here. For the Leader of the Opposition, we have two permanent secretaries and two secretaries who help us while we're in session. Then, as far as the \$150,000 research money is concerned, \$100,000 of that is for the official opposition, \$25,000 for the independent member, and \$25,000 for the NDP leader. Also included in this vote is the secretary for the Leader of the Opposition.

MR. BATIUK: Mr. Chairman, I'd like to ask the member whether part of this \$150,000 could be used for expenses for the research people doing work the MLAs should be doing. I know that trustees in the zone are asked to come to meetings occasionally. I've made it a point of going from home. You go on your expense, and you take your time. However, some hon. members may have their research people go on their behalf. I was just wondering whether these expenses are covered from this allocation.

MR. MANDEVILLE: I think each member in the opposition has a different arrangement with his research assistant. However, in our case we use our

research assistants to research government legislation, to draft the legislation we present to the House ourselves, to do all the research as far as the estimates are concerned, and to evaluate government programs. In a small way, there are some times when we will be called from our place to go to the northern part or the southern part of the province. I know in my own case, sometimes I do call on my research assistant to help when I'm gone if a phone call comes up, to take care of such problems as come from the local constituency.

But as far as the constituency work is concerned, it's in the direct constituency. As far as our researchers are concerned, it's very minimal.

MR. APPLEBY: Mr. Chairman, I think probably it would be only fair to comment on the government member services as well at this moment, because this indicates a substantial increase there too. If you look at the comparable estimates for last year, you'll see that the figures are exactly the same as they were in each case for government members and opposition members.

Now, the research funds are allocated to the caucuses and, in the case of the opposition, to the independent member and the NDP member as well. Within their own groups they allocate and use those funds in the manner they see fit for the best purpose possible. As far as I am concerned at least, that is strictly what these funds should be for, because that's where the decision has to be made as to the most useful purpose. I think it's only fair to state that you'll note that the funds were not used up last year. That, I think, is explainable, and probably the hon. Member for Bow Valley emphasized this as well. We were developing the research program during the year and adding to it as the year went along. That's why the funds weren't expended. But I would expect they would all be used this year.

Agreed to:

Ref. No. 1.0.5	\$238,420
Ref. No. 1.0.6	\$25,000

Ref. No. 1.0.7

MR. MILLER: Mr. Chairman, how many interns are there, and how long are they hired for?

MR. KING: There are six interns this year, and six budgeted for in the fiscal year under consideration. They're hired on a 10-month contract which begins in each case on September 1 and ends on June 30, so that there are no interns here for July and August.

DR. PAPROSKI: Mr. Chairman, one more question on that item. I wonder if the member would indicate to the House whether legislative interns require any prerequisite education before they're hired.

MR. KING: The program is only open to people who have at least an undergraduate degree from an Alberta university. The experience in the first two years of operation has been that they are coming to us upon completion of an undergraduate degree with the intention of going back for graduate work. An increasing number of the applicants this year are in

fact applying with two degrees, an undergraduate degree and one or another kind of graduate degree, with the intention of going on to even further postgraduate study.

DR. PAPROSKI: One more question on that item, Mr. Chairman.

AN HON. MEMBER: We'll stop the clock.

DR. PAPROSKI: Can I carry on with the question, Mr. Chairman? I wonder if the hon. member would indicate to the House, the prerequisite being one degree, whether that selection is made apart from any recommendations from the university? Can it be made apart from that?

MR. KING: I'm not sure that I understand the question completely, but I'll try to respond with a general description of the selection process.

AN HON. MEMBER: Make it short.

MR. KING: The program is advertised in the spring of each year on the Alberta university campuses. When applications come in, they are first short-listed by a committee composed of a representative of the opposition, a representative of the government, the Speaker of the House as chairman, and a representative of the universities of Lethbridge, Calgary, and Alberta.

When the number of applicants is between 10 and 20, they are interviewed by the same committee. That is, they are personally interviewed by the Speaker, two representatives of the House, one from the opposition and one from the government side, and a representative from each of the three Alberta universities.

The selection is made on the basis of the short-listing and the personal interviews by that committee.

Agreed:

Ref. No. 1.0.7	\$54,000
Ref. No. 1.0.8	\$340,000
Ref. No. 1.0.9	\$261,251
Ref. No. 1.0.10	
Ref. No. 1.0.11	\$40,000
Total IDSS	\$3,208,643
Vote 2 Total Program	\$3,392,647
Vote 3 Total Program	\$317,740
Departmental Total	\$6,919,030

MR. HYNDMAN: 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 the following resolutions, begs to report same, and asks leave to sit again.

The Department of the Provincial Treasurer:

Resolved for the fiscal year ending March 31, 1977,

amounts not exceeding the following sums be granted to Her Majesty for the Treasury department: \$930,210 for departmental support services; \$941,150 for statistical services; \$44,118,600 for revenue collection and rebates; \$5,668,300 for financial management, planning and central services; \$24,211,600 for public debt service.

Resolved that for the fiscal year ending March 31, 1977, a sum not exceeding \$3,078,000 be granted to Her Majesty for the personnel administration interdepartmental support services of the personnel administration office.

Resolved that for the fiscal year ending March 31, 1977, a sum not exceeding \$44,658,400 be granted to Her Majesty for the public service pension administration program of the public service pension administration.

Resolved that for the fiscal year ending March 31, 1977, a sum not exceeding \$28,850,000 be granted to Her Majesty for salary contingency under the

Provincial Treasurer to be transferred to other votes pursuant to Treasury Board directive.

The Department of Legislation

Resolved that for the fiscal year ending March 31, 1977, amounts not exceeding the following sum to be granted to Her Majesty for the Department of Legislation: \$3,208,643 for support to the Legislative Assembly; \$3,392,647 for the Provincial Auditor; \$317,740 for the office of the Ombudsman.

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

HON. MEMBERS: Agreed.

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

[The House rose at 1:10 p.m.]