

LEGISLATIVE ASSEMBLY OF ALBERTAhead: **MINISTERIAL STATEMENTS**Title: **Tuesday, May 2, 1978 2:30 p.m.****Department of Agriculture**

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

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF BILLS****Bill 252****The Solar Energy Development Act**

MR. NOTLEY: Mr. Speaker, I beg leave to introduce Bill No. 252, The Solar Energy Development Act.

Mr. Speaker, The Solar Energy Development Act would be a mandate to the Alberta Research Council to undertake in-depth development and investigation of various solar technology as well as its appropriateness from a commercial point of view.

[Leave granted; Bill 252 read a first time]

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. COOKSON: Mr. Speaker, it's a pleasure this afternoon to introduce to you and the members of the Legislature some 25 grade 9 students from the Lacombe Seventh Day Adventist school. They have come here to witness the pleasures of the Legislature. They are accompanied by their teacher Mr. Gascoyne and the principal Mr. Sampsel. They're seated in the members gallery. It's a pleasure to have them rise and receive the welcome of the Legislature.

MR. McCRAE: Mr. Speaker, it's my pleasure today to introduce a group of students from the Senator Patrick Burns junior high school in Calgary. There are 41 students, accompanied by teachers Arthur Hansen and Barry Martin, and by student teacher Allan Friesen.

Mr. Speaker, in addition to visiting the Assembly today, the group will visit the light rail transit system and the Commonwealth Games Stadium. I take special pride in introducing the group, because they are an honors class and one of them is a son of mine, Brian. They are in the public gallery. I would ask them to stand and be recognized in traditional fashion.

MR. MANDEVILLE: Mr. Speaker, on your behalf I would like to introduce a group of grade 5 students from the Callingwood school. They are with their teacher Mrs. Wrigglesworth. I would ask them to rise and have the recognition of the House.

MR. YOUNG: Mr. Speaker, it's my pleasure to introduce to you, and through you to the members of the Assembly, 20 grade 11 students from Ross Sheppard high school in my constituency. I would ask that they rise and be recognized in the usual manner.

MR. MOORE: Mr. Speaker, all Albertans are very aware of the substantial contribution that oil and gas exploration and production have provided our economy. This awareness is partly the result of the recent energy crisis in the United States, the activities of the OPEC nations, and the concerns within Canada and our own province about energy conservation.

Substantial changes have occurred in the industry over the past several years. Largely, these changes have been in the form of increased exploration, as companies seek new reserves of oil and gas. The net result, however, has not been entirely positive. Certainly the location of new reserves and the opportunity for increased production have both a short- and long-term benefit to our province. On the other side, Mr. Speaker, the increased exploration activity has resulted in an increase in inquiries about surface rights, seismic activities, pipelines, and oil exploration in general. Of particular note are the number of concerns which have been expressed about exploration activity and the effect that activity is having on farm water supplies. A large number of individuals have contacted both the Department of Agriculture and the Department of Energy and Natural Resources, alleging that seismographic activity has resulted in decreased water supplies, pollution of water supplies through silting and sedimentation and, in some instances, total disruption of water sources.

In many instances, the landowner contacts the geophysical branch of Energy and Natural Resources, and after inspection and determination that the cause of the disruption resulted from geophysical activity, compensation is determined and the company reimburses the farmer. In some cases, however, it is very difficult to determine the exact cause of water disruption, and often the geophysical branch, the landowner, and the exploration company cannot come to an agreement as to the nature of the problem.

Today, Mr. Speaker, I wish to announce the government's decision to establish a water well recovery program. The basic framework for the water well recovery program will be as follows.

The landowner who recognizes the problem of a decrease in his water supply which he feels is related to seismic activity in the vicinity would, if possible, contact the geophysical company to negotiate a suitable settlement. In cases where the farmer is unaware of the geophysical company or a settlement could not be negotiated, the matter will then be referred to the geophysical branch of Energy and Natural Resources. The geophysical branch will examine the situation, conduct an on-site inspection, and determine the amount of compensation which the company should pay.

In cases where the geophysical branch, the farmer, and the company cannot come to an agreement as to the nature of the problem and its causes, the matter will be referred to a separate committee for review. This committee would involve representatives from the departments of Agriculture, Energy and Natural Resources, and Environment, and two of the farmer members from the local agricultural development committee in the area where the complainant

resides.

The committee will operate on much the same basis as the livestock disaster indemnity program committee has operated over the last several years. Complaints would be directed to the committee for review, analysis, and recommendation for compensation. Upon favorable recommendation of the committee, compensation from a fund would be paid directly to the landowner suffering the water well problems.

The program will be initially established to cover retroactive claims to January 1, 1976, when the significant increase in seismic activity occurred. During the operation of the program, an accurate assessment of ground water complaints will be carried out.

Mr. Speaker, detailed information and application forms will be available shortly from district agricultural offices throughout the province or from Mr. Les Reid, the director of engineering and rural services in the Alberta Department of Agriculture.

Mr. Speaker, it is anticipated that this program will assist a great number of farm operators and landowners, and will alleviate many of the problems that have been caused by increased oil and gas exploration activity.

Department of the Environment

MR. RUSSELL: Mr. Speaker, today I would like to report to hon. members the current status of Alberta's unique land surface reclamation fund.

As a result of amendments to The Land Surface Conservation and Reclamation Act passed in the spring of 1976, the surface reclamation fund was created. The purpose of the fund is to invest all cash security deposits received, pursuant to approvals under the act. The fund is an assurance that land surface reclamation will be carried out. The deposits are returned to the developer upon satisfactory completion of reclamation work. Where there is not satisfactory compliance, the Land Conservation and Reclamation Council uses the funds to carry out the necessary reclamation.

Security is requested for exploration work as well as development work for producing mines. Generally, the regulations require a \$25,000 cash deposit upon approval of large mining schemes — that is, those producing more than 50,000 tons annually — plus a 25 cent per ton minimum cash deposit on coal produced. Additional security of 25 cents per long ton of clean coal, or more, may be levied depending on the location of the mine, the market of the coal, and the proven experience of the operator, as well as the estimated cost of reclamation. For exploration work, the minimum deposit requested is \$1,000, with additional varying requirements depending on the nature of the holes, adits, and trenches, as well as necessary access roads and the physiographic features of the region.

Alberta's reclamation security deposit regulations for coal mining are the most comprehensive in Canada. Alberta is the only province charging a per ton levy on coal produced, for reclamation.

Today I am pleased to table the first annual report of the surface reclamation fund.

head: ORAL QUESTION PERIOD

Criminal Law Reform

MR. R. SPEAKER: Mr. Speaker, my question is to the Attorney General. Yesterday a number of proposals were made by the federal government with regard to reforming the Criminal Code of Canada. What consultation or input has the minister or any of his staff had with regard to those changes suggested?

MR. FOSTER: Mr. Speaker, I got a telegram yesterday from the federal Minister of Justice saying he would be making some proposals in Parliament, which I understand he has now done. In Mr. Basford's telegram were words to the effect: there had been consultation on these matters, you will recall, some time ago. It is quite possible there was some discussion of these matters in general terms, but I don't recall any specific discussion.

I have not yet met with my deputy who chairs a committee on behalf of the Uniform Law Conference, which usually vets all major amendments to the Criminal Code. I will be discussing it with Mr. Paisley tonight, and perhaps can report to you further on that. I'm not aware of what discussion there may have been between senior officers of the department and the federal Ministry of Justice, but I don't think there has been very much at all.

MR. R. SPEAKER: Mr. Speaker, supplementary to the minister. Would the minister plan to make further representation on some of the announced proposals by the federal government? Would the minister or the department be doing that in a formal sense, through submission of a paper, or would it be just a verbal discussion?

MR. FOSTER: Mr. Speaker, from time to time representatives of the provinces get together with the federal government to discuss amendments to the Criminal Code. Indeed, there was just such a meeting of deputy attorneys general in Toronto a few months ago. I'm sure that on that occasion the specific amendments with respect to child pornography and others were discussed generally.

It was my impression that Ontario was going to receive the views of various provinces, and some time over the summer make a very specific suggestion to the federal Minister of Justice for amendment to the Code. It appears that he has chosen to act earlier on that subject.

Our usual process is to be consulted in advance and to provide candid comment, either written or verbal, to the federal Minister of Justice. In the case in point we will receive the detailed proposals that Parliament now has, consider them, and respond to the federal government, perhaps verbally but certainly at some stage in writing.

Native Housing

MR. R. SPEAKER: Mr. Speaker, my second question is to the Minister Without Portfolio responsible for Native Affairs. It's with regard to the rural and native housing program. I'd like to ask whether a preference is given to natives in housing. Is there some type of

priority preference for individuals who are allowed to secure native housing?

MR. BOGLE: Mr. Speaker, my colleague the Minister of Housing and Public Works may wish to supplement my response. As hon. members of the Assembly are aware, the rural and native housing program is part of that minister's responsibility.

There are local housing committees, and a great deal of the input as to where the housing units will go in each community is recommended by those committees.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. It has been brought to my attention that 15 new housing units at High Level were completed last November, but the people didn't move in until February of 1978. Could the minister indicate what the difficulties were?

MR. BOGLE: With regard to that specific, Mr. Speaker, I'll check into the matter, and either the hon. Minister of Housing and Public Works or I will respond to the member.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Could the minister also check into the high cost of utilities? It was indicated to me that they cost something like \$1,700 per month. Could the minister check that too?

MR. BOGLE: It seems to me, Mr. Speaker, that we're moving into the area of an appropriate question for the Order Paper, and I'd be pleased to respond that way.

NORAD Site Discussions

MR. NOTLEY: Thank you, Mr. Speaker. I'd like to direct this question to the hon. Minister of Federal and Intergovernmental Affairs. Has the minister or any member of the government held discussions recently with the federal Minister of National Defence with respect to the establishment of a NORAD base at Namao?

MR. HYNDMAN: Mr. Speaker, when I was in Ottawa about three months ago I had occasion to talk with Mr. Danson. At that time he indicated in very general terms that the Department of National Defence and the federal government were seeking to have a facility of that kind in northern Alberta. He was not able to expand on the situation further than that, and did not indicate where the federal government was going to place the base. But I gather further information has become available this morning.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Bearing in mind that the base would house a sophisticated radar and computer network tied to the Colorado Springs centre, thus making Edmonton a prime nuclear target, was there any specific discussion between the minister and the federal minister with respect to the location of that kind of centre in a large metropolitan centre in our province?

MR. HYNDMAN: Mr. Speaker, it would seem to me that that is a matter for debate and decision by the federal government. I think that while this province does from time to time take issue with the federal government when it intrudes upon matters of provincial jurisdiction, we in this province are not about to get involved in making major decisions involving national defence.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. During the course of the minister's discussion with the federal Minister of National Defence when he indicated that a site in northern Alberta was being considered, was there any discussion regarding the feasibility of finding a site in a relatively uninhabited area?

MR. HYNDMAN: As I mentioned before, Mr. Speaker, I gather that the question of the site related to aspects of communications and matters of international defence, treaties with the United States, and therefore the federal government would have to make that decision through the Department of National Defence on the basis of the criteria available to it.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. Minister of Federal and Intergovernmental Affairs. It should really be directed to the Minister of Transportation in charge of Disaster Services, but in the absence of the minister I'll address it to the Minister of Federal and Intergovernmental Affairs. Is it the government's intention to issue instructions to Disaster Services to change the emphasis of its preparedness more to the old EMO concept, as a consequence of this decision announced this morning?

MR. HYNDMAN: I'll take note of the question, Mr. Speaker. From the information across the country, I think the disaster preparedness organization we've built up here is seen as a most effective one. Of course, as the hon. member alludes, it will be responsive to any changes in federal decision-making over the months ahead.

Anti-Smoking Programs

MR. MANDEVILLE: Thank you, Mr. Speaker. My question is to the hon. Minister of Education. Has the minister considered an anti-smoking educational program for Alberta schools?

MR. KOZIAK: Mr. Speaker, the type of program the hon. member refers to has in fact been developed by the federal government department having responsibility for health and, as I understand it, has been very effective relative to the habits of students and the ability of those students to influence the smoking habits of parents. Now it hasn't been effective in the case of all parents. Some of us who are sitting here aren't spending enough time with our children, I guess. But I'm sure others feel the pressures I feel at home from the effectiveness of the programs available.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Has the minister had an opportunity to

review the legislation or program they have in Sweden to prevent students from smoking?

MR. KOZIAK: Well, Mr. Speaker, I haven't had the time to travel to Sweden. However, if the hon. member suggests I should, perhaps I could take that under consideration.

MR. MANDEVILLE: A supplementary question to the hon. Minister of Social Services and Community Health. Has the minister considered implementing any government-sponsored program that would prevent people from smoking or help those who are trying to quit?

MISS HUNLEY: My colleague the hon. Minister of the Environment says he will get them with The Clean Air Act, Mr. Speaker. I think that might be very effective in some circumstances.

The private agencies — that is, the lung association and so on — are doing quite an effective job. We do that, too, in what we consider the health promotion area, more by encouraging people to do things we know are good for them rather than legislating and attempting to force them to do things we know are good for them. It's similar to other things we should be cognizant of and practising. Personally, especially in this case, I practise what I preach.

MR. MANDEVILLE: Mr. Speaker, one final supplementary question to the Provincial Treasurer. Is he considering increasing taxes on cigars and cigarettes to reduce the consumption of tobacco? [interjections]

MR. LEITCH: Not at the moment, Mr. Speaker.

DR. WALKER: Would the ministers consider an anti-drinking rule as well?

MR. TAYLOR: A supplementary to the hon. minister. Don't we still cherish that old precinct of freedom of choice?

Commonwealth Games

MR. LITTLE: Thank you, Mr. Speaker. May I address my question to the hon. Minister of Recreation, Parks and Wildlife. I understand that a large number of young volunteers will be taking part in the opening ceremonies at the Commonwealth Games this summer. Is the minister aware of any plans to recognize the contributions of these young people to the Games?

MR. ADAIR: Mr. Speaker, it's my understanding — and I stand to be corrected — that the foundation is looking at striking a medal for all the volunteers who will be participating in the Games in any capacity. Beyond that, I'm not sure I have any information to add.

Water Well Recovery Program

MR. LYSONS: Mr. Speaker, I'd like to direct this question to the Minister of Agriculture relative to his announcement this afternoon. Would this new plan take in acreages and other small holdings or busi-

nesses located in the country that are affected by seismic or drilling?

MR. MOORE: Mr. Speaker, the answer is yes. The assistance will be made available to all landowners, whether they're farmers or not, but will not include municipal governments such as towns and villages.

MR. LYSONS: Mr. Speaker, a supplementary question to the minister. Is there any upper limit or minimum funding for this program, and would the people have to pay a percentage of the cost?

MR. MOORE: Mr. Speaker, that may vary with individual problems. After having had an opportunity to review the outstanding problems from January 1, 1976, to the present time, it would be our intention to view the establishment of some maximum limit on the amount of funds that would be available to one individual. But without having the information as to what has actually occurred in many of those cases over the past two years, it's not possible to state now what that might be.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Will the compensation fund be drawn from public funds at this stage, or will a levy be placed on seismic operators in the province?

MR. MOORE: Mr. Speaker, we considered the possibility of placing on seismographic operations a levy which would contribute to and build a fund that could be utilized for assistance in this regard. However, considering the very substantial contribution to the current expenditures of this government under the heritage savings trust fund by way of royalties and so on from the oil and gas industry, our feeling was that the amount of dollars involved here — and considering the fact that the industry will still be required to pay in cases where it can be shown with any degree of assurance that seismic activity resulted in the water well problems . . . But in other cases which are marginal in terms of being sure that seismic activity resulted in the disruption in water supplies, we felt it was proper to establish a fund from government funds.

I would of course bring forward an application to our cabinet in due course for a special warrant to cover the applications that come in over the course of the next few months.

MR. NOTLEY: Mr. Speaker, a supplementary question. I realize it would be difficult to project with any degree of accuracy, because one will have to look at the applications that come in. However, has the government considered any ballpark figure at this stage, before embarking upon the program announced by the minister today?

MR. MOORE: Mr. Speaker, if it were determined that a farmer or landowner should be reimbursed for the total cost of providing new water supplies, the ballpark figure would likely be \$4,000 to \$5,000. That is generally an average cost of drilling a complete new deep well. In many cases, however, providing funds for alternative water supplies such as a dugout, or going in and servicing the well and drilling and casing deeper, would of course be alternatives that would

cost much less than that. But we would not expect any compensation in this area to exceed \$4,000 to \$5,000.

MR. NOTLEY: Mr. Speaker, just one final supplementary question. I don't have the ministerial announcement before me. Would the minister outline the composition, the number of people on the final review committee? Also, will the farm representation be chosen by the local ADC advisory committees, or who will be choosing it?

MR. MOORE: Mr. Speaker, there will be five members on each committee which makes recommendations to my office with respect to the amount of compensation that might be paid. Three of those members will be permanent: a representative from the Department of Agriculture selected by me, a representative from Energy and Natural Resources selected by the Minister of Energy and Natural Resources, and a representative from Environment selected by that minister. The other two members of the committee will rotate depending on the location of the problem, in that they will be two members of the local agriculture development committee which covers the area in which the problem occurred. In that case those two members again will be selected by my office.

MR. TAYLOR: A supplementary to the hon. Minister of Agriculture. Will this program also cover the reduction in bodies of water, or is it going to be applicable only to wells?

MR. MOORE: Mr. Speaker, it will be applicable only to wells. But the solution to the problem, as I indicated earlier, may indeed be the development of a dugout or something of that nature. I should indicate, however, that it has not come to my attention that there have been any complaints with regard to a reduction in a dugout water supply as a result of seismic activity. Certainly, if that be the case in the applications or the complaints that come before us over the next few months, we would be prepared to take a look at that. But generally the problems have all related to water wells.

MR. PLANCHE: Mr. Speaker, I wonder if the sequence of events will be that when the claim is entered, the farmer will set about to solve his own problem and be reimbursed, or will the government set out to solve the problem on some kind of bid basis, or how will it work?

MR. MOORE: Mr. Speaker, the sequence of events will largely be the way it presently is. That is, if a landowner or farmer feels the water supply has been disrupted as a result of seismographic activity, he would first undertake, on his own resources, to contact the seismograph company. Members can appreciate that with the degree of exploration occurring throughout the province at the present time, it's not always possible to know who the seismograph company was, or indeed which of several companies that might have done exploration work in the area over the winter months may have caused the problem. At any rate he would endeavor, on his own resources, to determine which seismic company was operating in

the area and might have caused the problem.

In the event that he were not able to reach an agreement with the seismic company, he would contact the geophysical branch of the Department of Energy and Natural Resources. That department has a number of geophysical inspectors who have had long experience in determining and trying to solve conflicts and problems between the seismograph industry and landowners. The seismograph branch of Energy and Natural Resources would make a recommendation to the company involved with regard to whether they felt they were liable for the damages and should pay.

It's only in the event that there's a disagreement between the seismograph branch, the landowner, and the company, regarding whether or not the landowner should be reimbursed by the company, that the latter program we talked about today would come into place, the fund would be utilized, and the committee would make some recommendation with regard to compensation.

MR. PLANCHE: Mr. Speaker, just one clarification I don't have. Will the farmer set out to solve the problem physically, or will the department solve it and then put it out to tender? Is this a *carte blanche* for the guy to improve his whole water system? How do you see the mechanics of that working?

MR. MOORE: Mr. Speaker, the mechanics would be that a determination would be made in consultation with the individual as to how his water problem might be solved. Then a payment would be made from the fund to the individual, and it would be his responsibility to undertake to resolve his water problem by hiring a contractor to drill a new well, or whatever may be incurred. If there were cost overruns because he wanted to do some additional work, that would be entirely the responsibility of the landowner.

In other words, it is not our intention to get into the business of drilling wells and building dugouts, but only to provide compensation based on a recommendation of the dollar loss the individual may have suffered.

Gasoline Prices

MR. TAYLOR: Thank you, Mr. Speaker. My question is to the hon. Minister of Federal and Intergovernmental Affairs. Has the government of Saskatchewan been in touch with the government of Alberta in regard to the loss of revenue from the sale of gas on the Saskatchewan side of the border?

MR. HYNDMAN: I don't have any information on that, Mr. Speaker. I will check through the various departments involved, though, and ascertain if such a request has been received, and convey any information I have to the hon. member.

Farm Loans

MR. MANDEVILLE: Thank you, Mr. Speaker. My question is to the hon. Minister of Agriculture. Could the minister indicate the policy of the government with regard to young people making application to ADC to establish farm operations and working else-

where to get enough money to make a down payment?

MR. MOORE: Mr. Speaker, I'm not really sure what the hon. member is requiring in terms of an answer. It has been our approach, since the establishment of the Ag. Development Corporation in 1972, to provide funding to people who have off-farm jobs and are trying to develop a viable farm unit by using income from other sources. So that has not changed. However, we do like to see individuals provide the Ag. Development Corporation with a plan that will eventually result in their moving into farming as a full-time occupation.

I might add, Mr. Speaker, that we went into that program in 1972, being the only lending institution of its kind willing to allow individuals to put part-time or off-farm income into a farm operation. As members may recall, the Farm Credit Corporation, as the federal institution, did not take that position at that time. Since then, by way of the leadership we've shown in the Ag. Development Corporation, the Farm Credit Corporation has very recently moved to the same position, that off-farm income may contribute to the viability of a farm.

I just want to conclude, Mr. Speaker, by saying that I don't expect that position to change at all. The degree of off-farm income that goes not only to those who have ADC loans but to farmers all over, particularly in the northern part of this province, is very substantial. Quite frankly, that is a result of the tremendous activity we've had in the oil and gas industry over the last several years. I don't have a figure on what that meant to the farm economy in northern Alberta this particular winter, but I can assure you it was very, very substantial. It would be our position that that important aspect of our farm lending program, allowing that kind of off-farm job opportunity, should continue.

MR. LYSONS: A supplementary question, if I might, to the Minister of Agriculture. Would you have any ballpark figure: how many new or beginning farmers have started on this program?

MR. MOORE: Mr. Speaker, I would have to check that information with respect to the number of beginner farmer loans that have been provided by ADC over the last five years. I don't have the figure off the top of my head.

Water Management — Paddle River

MR. NOTLEY: Thank you, Mr. Speaker. I'd like to direct this question to the hon. Minister of the Environment. Has the government had an opportunity to review the proposals of the Paddle River Headwaters Protection Association, dated April 14 I believe, which outline a combination of diking, channelling, and pumping to control the flooding on the Paddle as an alternative to building the dam?

MR. RUSSELL: Yes, that brief is in the department now, Mr. Speaker. I think the hon. member is aware that studies have been carried out on a local basis over the last couple of years. In making recommendations to government as to a choice of alternatives for the problem that exists there, we've taken the

advice not only of a management committee but a local citizens' advisory committee.

Some months ago I met with this association, when they first put that idea forward. They've followed it up with a written submission, which is now in the department for a response.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Is it the intention of the government to assess the proposal in depth, including doing a cost/benefit analysis as a follow-up?

MR. RUSSELL: Mr. Speaker, in responding to the first question by the hon. member, I want to make it clear that we feel those alternatives have been pretty carefully looked at during the two-year period that this whole advisory and local management analysis has been under way. That was not one of the solutions presented to us on the advice of the local citizens' committee. In any event, we're attempting to get the answers to the questions raised by the brief.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. In light of this particular brief that suggests pumping as a method of controlling seepage, and bearing in mind the question of pumping at Site 6, will there be a specific assessment of the feasibility of pumping stations on the Paddle River, that particular part of this brief?

MR. RUSSELL: Mr. Speaker, essentially the hon. member is referring to the scheme to create a very large floodway down the existing course of the river by building very large dikes, and taking care of overflow over the dikes by pumping. We think there are better ways, and we can put a cost against the energy used for that particular kind of scheme. It does create further flooding problems downstream toward the Pembina River.

I just want to say that the idea put forward is not new. The first time it was put forward it was looked at, thought not to be particularly attractive, and was not included in the recommendations of the local citizens' committee. In any event, we are getting a response prepared to the brief the people took the care to prepare.

MR. NOTLEY: Mr. Speaker, a final supplementary question to the hon. minister. Is the minister in a position to advise the Assembly today when the government proposes to proceed on this matter, when the response to the Paddle River local committee will be prepared, bearing in mind the recommendations of the advisory committee? When will a final decision be made and announced by the minister?

MR. RUSSELL: The final recommendations, reports, and supporting data have been put through the department and are now before government. I can only say they're in the decision-making process, and I hope the decision will be announced sometime this summer.

Indian Reserves

MR. TAYLOR: Thank you, Mr. Speaker. My question is to the hon. Minister Without Portfolio responsible for Native Affairs. In meetings with the federal minis-

ter, has the federal government ever made any overtures about our Indian reserves becoming municipalities?

MR. BOGLE: Not in any discussions I've been involved in, Mr. Speaker.

MR. TAYLOR: A supplementary to the hon. minister. In meeting with the leaders of our Indian reserves, has there ever been any request from the chiefs for a study regarding the feasibility of making reserves municipalities?

MR. BOGLE: Mr. Speaker, the short answer is no. A broader answer is that a number of bands, through their elected chiefs and councils, have requested services similar to those Alberta provides to municipalities.

MR. R. SPEAKER: A supplementary to the Minister of Federal and Intergovernmental Affairs. Could the minister report any further progress with regard to the Enoch Band, just out of Edmonton, with regard to municipal status and housing development?

MR. HYNDMAN: No, Mr. Speaker. About a week and a half ago I wrote a letter to the solicitors and chiefs of the various bands involved, Enoch and Sarcee in particular being the most interested two, indicating to them that the government of Alberta was certainly anxious to try to help them find a way to proceed with those unique developments. I made two suggestions as to ways that might be achieved: one would be an absolute surrender of the lands, and the other would involve an amendment, jointly in this Assembly and in Ottawa, of the natural resources transfer agreement.

To date I have not received any reply from them. Those two suggestions, one a fast way and one on a slow track, are ways in which the problem could be resolved. If they chose one of those ways, we could get on with both projects.

Criminal Law Reform (continued)

MR. R. SPEAKER: Mr. Speaker, I would like to ask a further question of the Attorney General with regard to the standing committee of deputy ministers considering uniform laws across Canada. I wonder if he could comment on the general thrust or direction given to such a committee or a deputy minister at the present time. Is it toward tougher laws and penalties? Is that the general direction given by government toward the Alberta deputy minister carrying out his responsibility on the committee?

MR. FOSTER: Mr. Speaker, I was referring to two committees. One is the commission on uniformity, which meets annually. The Alberta Deputy Attorney General chairs the criminal subsection of that, which is made up of most deputies in Canada but includes a wide variety of other people as well.

The second committee is a working committee of deputy attorneys general and in some cases deputy solicitors general, where provinces have them, as part of the Council of Justice Ministers, which is a formal organization although not formally structured

in this country, representative of justice ministers from all the provinces.

If you are asking me to characterize the mood and attitude of provinces on the subject of criminal law reform generally, that's a little difficult to do in the scope of question period. However, I think we have a technical concern that the laws be properly drafted to ensure that (a) the rights of citizens are protected, and (b) no unnecessary impediments are placed in the road of proper prosecutions.

From a philosophical point of view, I think it's fair to say there is a growing move to the right in this country, if you can talk about the political left and the political right. My friend from Spirit River-Fairview may not appreciate that. I was interested that the public opinion polls this morning showed the federal Conservative Party passing the Liberal Party. I take this opportunity, Mr. Speaker, just to make that small comment. No doubt that political move from the left and centre left, where the Liberals and the NDP are, will continue, and the federal Tory party and Conservative provincial governments in this country will sweep . . .

MR. SPEAKER: Order please.

MR. NOTLEY: Joe would be proud of you.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the Attorney General. [interjections] Would the minister confirm, then, that laws not only in Alberta but in Canada will become tougher, and the carrying out of the responsibility of those laws will be done on a tougher basis than at the present time?

MR. SPEAKER: With great respect to the prowess of the minister as a prophet, the hon. minister's functions do not extend to making prognoses of that kind.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister with regard to penalties and the direction to these committees. Would the minister, through the committee, recommend increased or larger bails for crimes of violence or, say, sexual assault? Would that direction be taken at the present time?

MR. FOSTER: Mr. Speaker, I'm not quite sure what's meant by the larger bails you were talking about.

MR. R. SPEAKER: Well, fines or larger sums of money placed with the courts in terms of . . .

MR. FOSTER: I'm not sure I understand the hon. member's question. If it is a concern over the bail law generally, that is of course federal legislation and administered by judges. There has been a certain amount of concern about that, particularly with sexual offenders and offences involving violent conduct against the person.

The judiciary and Crown counsel are certainly conscious, I believe, of the balance between the liberty of the individual and the protection of society. We can unfortunately make very clear judgments with the benefit of hindsight, in certain recent examples in this country. At the same time, it is a question of balance between the liberty of the individual and the protection of society. I think we're beginning to see a bit of a tendency in this country to balance it somewhat

more in favor of the protection of society. That, I think, is the approach of the hon. member.

With respect to penalties generally, two things are really happening. One is to get rid of the almost mandatory imprisonment in default of payment of traffic fines, for example, and that kind of thing. So there is a removal of the penalty provisions relating to imprisonment for non-payment of a fine. This House has seen a number of recent examples, and will again shortly, where prison has been removed as a penalty option, if you will, for non-payment for minor offences. I think society generally endorses that kind of approach.

Having said that, there is the other side; that is, where you get involved with offences of a violent nature against the person, or sexual offences and the like, in my judgment there is certainly an attitude in this country that the interests and protection of society should be somewhat more favored by those who make these decisions than the freedom of the individual. I think that's also happening. I think the amendments proposed by the federal Minister of Justice reflect that hardening sort of attitude.

MR. NOTLEY: Mr. Speaker, a supplementary to the hon. Attorney General. In the very first answer to the question from the hon. Member for Little Bow, the Attorney General indicated there had been no consultation. Yet the federal Minister of Justice, on a national television program this morning, indicated there had been.

My question to the hon. Attorney General for clarification, and I think this is quite important: was there any general discussion of the proposals for amendments to the Criminal Code at any of the meetings the hon. minister attended on behalf of the government of Alberta?

MR. FOSTER: Mr. Speaker, I don't specifically recall discussions on the matter of rape. There may have been, but not in my memory. We did indeed have discussions concerning pornography, the exploitation of children in pornographic films, and the like. I think I indicated there were discussions of that kind. Thirdly, the prostitution question was not specifically discussed to my knowledge, and certainly not by ministers of justice. It may have been touched on by some individual, but I think the most recent amendments with respect to prostitution have more to do with recent cases in the Supreme Court of Canada than with discussions with the provincial attorneys general.

Generally speaking, the hon. federal Minister of Justice, Mr. Basford, has been very good about consulting with his provincial colleagues in this area. But I am saying that the discussions I'm aware of were general, and were not specific proposals. In the earlier term in my office, Mr. Speaker, it was Mr. Basford's strategy — and I think properly so — to sit down with specific drafts of legislation and discuss them with us. That's what I call consultation. That was not available to us in the circumstances at hand. It has been in the past, and I hope we will return to that.

ORDERS OF THE DAY

MR. SPEAKER: May the hon. Member for Camrose revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: **INTRODUCTION OF SPECIAL GUESTS** (*reversion*)

MR. STROMBERG: Thank you, Mr. Speaker. Just arrived at our Assembly are some 30 junior high school students from Donalda in my constituency. With them are their principal Mr. Barry Ripper and a fellow teacher, Dale Harvard. They are seated in the public gallery, Mr. Speaker, and I would ask that they rise and be recognized by this Assembly.

head: **MOTIONS FOR RETURNS**

MR. FOSTER: Mr. Speaker, I move that Motion for a Return 135 stand and retain its place on the Order Paper.

[Motion carried]

136. Mr. Notley moved that an order of the Assembly do issue for a return showing the names of all persons from whom the Alberta Housing Corporation has purchased land under the land assembly and development program to April 1, 1978, showing in each case the date of purchase, the purchase price, and the legal description of the land concerned.

MR. CHAMBERS: Mr. Speaker, I would like to move an amendment to 136, which would add "from April 1, 1975," after the phrase "land assembly and development program", so the period would be a three-year period from April 1, 1975, to 1978, the reason being that that's the date at which Alberta Housing came into this department. If that's acceptable, we could provide that information rather quickly.

[Motion as amended carried]

137. Mr. Notley moved that an order of the Assembly do issue for a return showing a list which gives, for each program and subprogram in the 1978-79 estimates, the estimated total payments under Object of Expenditure Code 730, Grants to Business, with comparative forecast data for 1977-78.

[Motion carried]

138. Mr. Notley moved that an order of the Assembly do issue for a return showing a list which gives, for each program and subprogram in the 1978-79 estimates, the estimated total payments under Object of Expenditure Code 430, Professional, Technical, and Labor Service, with comparative forecast data for 1977-78.

[Motion carried]

139. Mr. Taylor moved that an order of the Assembly do issue for a return showing:

- (1) the number of admissions during the periods April 1, 1975, to March 31, 1976, and April 1, 1976, to March 31, 1977, to
 - (1) Belmont Rehabilitation Centre,
 - (2) Calgary Remand Centre,
 - (3) Fort Saskatchewan Correctional Institution,
 - (4) Lethbridge Correctional Institution,
 - (5) Nordegg Forestry Camp,
 - (6) Peace River Correctional Institution,
 - (7) Spy Hill Correctional Institution,
 who were
 - (a) under 18 years of age,
 - (b) between 18 and 25,
 - (c) between 25 and 60,
 - (d) over 60;
- (2) the number of inmates in each of the above institutions on March 31, 1977, who were 25 years of age or under, who had been in prison before
 - (a) once,
 - (b) twice,
 - (c) three times or more;
- (3) the number of persons in each institution on March 31, 1977, who were
 - (a) detained while awaiting court hearing,
 - (b) serving sentence,
 - (c) employed as staff;
- (4) the average cost per inmate day in each institution during each period in No. (1).

[Motion carried]

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

210. Moved by Mr. Young:
Be it resolved that this Legislative Assembly
- (1) support effective controls on gaming events; and
 - (2) recommend that there be developed a code for the advertising and promotion of gaming events to ensure that unrealistic expectations of winning are not created and that illusions of benefits which might be won are not portrayed; and
 - (3) recommend that proceeds from gaming events be used only by local and regional groups for religious and charitable purposes.

MR. YOUNG: Mr. Speaker, Motion 210 deals with gambling and gaming, a subject of concern to every member of this Assembly. It's a three-part motion, Mr. Speaker, and because it's before all hon. members I shan't read it at this time. First of all, Mr. Speaker, I would like to indicate why I put this motion on the Order Paper, then to reflect on the extent of gambling in this province, then the areas where gambling is growing, my concerns with respect to gambling, and some recommendations I have for the situation.

Mr. Speaker, I think many, if not most, hon. members of the Assembly have been very much concerned with gambling since some changes proposed by the hon. Attorney General in July last year. Those proposals elicited a great deal of comment on the part of constituents. Mr. Speaker, it's my submission that the Attorney General acted because he was concerned about the growth of gambling in Alberta, he was concerned about the control or lack of control,

and he wanted to move to right some of the problems he saw.

Mr. Speaker, I would like to add a concern of my own, which has been growing for a number of years but particularly of late; that is, the impact of the advertising which I have seen on television in particular, to sell various types of lottery tickets. I'll be very specific about that. It's not the advertising which says there's a bingo on such and such a day, at such and such an hour, at a certain location. I'm talking about advertising which seems to convey the impression that the good life can only be achieved by the role of a die or the flip of a coin after one has bought a \$1, \$2, or \$10 lottery ticket. I don't watch very much television, so I don't see very many ads. But I have seen those ads, I am concerned, and I want to address that this afternoon.

Mr. Speaker, I would now like to address the question: how much gambling in Alberta? I will give you the projections I have made, based on trends of the gross amount gambled in various forms of gambling or gaming over the past number of years.

For 1978 my projection is that some \$27 million will be spent on bingo in this province. That will be exceeded by casinos, whose take in 1978 will be in the order of \$33 million. Raffles will account for \$11 million, and pull tickets, according to some information I have been given — I say this with some qualification, because pull tickets are something new.

For those of you who haven't seen or been aware of a pull ticket, it is a little card with a snap-off back. The object is to purchase one of these tickets, pull the back off, and if you get three pears, three oranges, or whatever, it's just like a slot machine result. If your fruits come up lucky, you get a prize. That's the kind of thing we're talking about with pull tickets. It is suggested that pull tickets may amount to gross sales of \$90 million in this province this year. Those are the sorts of games — some might call them gambling — on a local or regional basis.

I would now like to talk about horse racing: thoroughbred, harness, and community. So we get the whole picture, in 1977 we wagered almost \$107 million on the ponies in this province. From the rate of growth between the last two years, I would anticipate that racing will involve wagering of about \$125 million in Alberta in 1978; in other words, about a \$19 million increase over 1977.

Mr. Speaker, two other types of legalized gambling remain to be put into the picture. First I'd like to mention Loto Canada. It's difficult to know how much Albertans spend on Loto Canada in a given year. But based on some analysis I have done from the financial statement for Loto Canada, which came into my possession recently — and it takes some analysis — I would anticipate that for the nine months, not a year, which ended March 31, 1977, Albertans spent \$4.6 million buying Loto Canada tickets. There remains the Western Canada Lottery Foundation, which is the sponsor of two lotteries: The Western Express, which has a draw every two weeks; and The Provincial, which has a monthly draw.

Just a bit about the Western Canada Lottery Foundation. It came into being in Alberta by means of The Interprovincial Lottery Act, which we adopted in this Assembly in 1974. The foundation encompasses the provinces of Alberta, British Columbia, Manitoba, Saskatchewan, and the Yukon Territory. The founda-

tion replaces lotteries which had been run by the Edmonton exhibition board and the Calgary exhibition board and, as a consequence of that, is administered for Alberta by a partnership of those two exhibition boards.

I had a great deal of difficulty trying to analyse the gross amount of tickets purchased in those two lotteries in Alberta. I would only be able to give a very loose guess, because the information I've been able to find is very inadequate. My guess would be in the order of \$6 million to \$10 million. The \$6 million is probably low, and I'm not sure whether the \$10 million is high.

In summary I'm suggesting that in 1978, Albertans will spend about \$161 million in the areas of bingo, casinos, raffles, and pull tickets; another \$125 million will be spent at the race track; Loto Canada, probably about \$4.5 million; and the Western Canada Lottery Foundation, between The [Provincial] and The Express, will probably involve another \$10 million: in sum, roughly \$290 million. That's likely not too far out, inasmuch as I have seen an estimate from the Department of the Attorney General indicating that in 1976 about \$200 million was spent on games and gambling by the citizens of the province.

Mr. Speaker, I think it important to identify some of the relative growth areas in gaming. In 1975, bingo recorded a take of \$21.5 million, and \$27 million in 1978 — growing relatively slowly. Casinos: \$11.3 million in 1975, and \$33 million in 1978. In a period of three years it will have multiplied three times. Raffles: \$5.9 million in 1975; my projection in 1978 is \$11 million. Pull tickets: \$13.7 million in 1975, and I'm 'guesstimating' \$90 million in 1978, just a tremendous increase.

I've already mentioned a 22 per cent increase in racing between 1976 and 1977, so we may expect approximately the same increase. On the basis of the information I have, it's not possible to project how rapidly the lotteries are growing because, as some of my remarks will indicate, they're in competition with one another. Mr. Speaker, I'm suggesting we have growth concerns in the areas of casinos and pull tickets in particular.

Now for some problem areas. As I understand the concerns reflected by the hon. Attorney General, one of his main priorities has been the potential for cheating which exists with the kind of gaming which is going on. When I say "cheating", I'm talking about the small stuff, if I can use that expression; a person selling bingo cards who manages to take money a bit at a time — \$5, \$10, \$20.

The Attorney General is also concerned about misuse of funds. Because some of these games involve large amounts of funds, there may be some misappropriation from the intended use, and there should be some sort of control or reporting system which would assure that sponsors handling major gaming operations are able to check that none of the funds are stolen. I would think the two problems I've just spoken of are not unlike the problems of any business where light-fingered persons may become involved, or where temptation may become very great.

The second major concern that I think the Attorney General has reflected to us is the potential for organized crime. That comes about, or at least it seems to me the potential is established, when we

have gaming operations which are not possible except in certain specialized facilities, large bingos and casino operations in particular. Those of us who represent Edmonton constituencies well know there are not sufficient halls in the city with capacity to handle the bingo type of operation that is popular in Edmonton; there are four or five rather large bingo operations.

In addition to that, specialized equipment is necessary for bingo and especially for casinos. Casinos are the type of thing which require not only specialized equipment but very specialized personnel. The logic of the system would indicate that some firm, firms, or organizations would be responsible, and active on a full-time basis making their livelihood and income strictly from handling casino operations and to some extent bingo operations.

Just to indicate the size of a casino and what it can do: in 1976 the Golden Garter Casino at Klondike Days had a net revenue of \$622,163. It's a fairly large type of operation and obviously involves skilled and specialized people we're not going to find among our volunteers.

Mr. Speaker, I have a third concern, which I think quite a few Edmonton MLAs have had; I'm not sure about other parts of the country. Given the limited number of facilities available for large bingo operations and casinos, there's a real challenge to get one's organization in as a sponsor of a casino or bingo. There have in fact been long line-ups for casino licenses. When the department was issuing casino licenses on a first-come, first-served basis, I understand line-ups started six hours ahead of the opening of the office, just so these organizations could get themselves at the head of the line. As Edmonton MLAs, we all know of our community leagues that cannot get a slot to sponsor a bingo in one of the large halls and are quite anxious to do that along with many other organizations.

A fourth concern I have, Mr. Speaker, is that when funds come easily, relative to other possibilities, as they sometimes do, it's quite possible that associations and groups will undertake expenditures which might not otherwise go forward. That is both good and bad. It is good in the sense that those activities are useful to society and help to build an infrastructure for the social and sporting life of our society. It is bad in the sense that they may tend to cause groups to overextend. All of us in this Assembly must surely be aware of the problems which would occur if anyone were to cut back sharply on the amount of participation certain sponsors can have in either bingo halls, casinos, pull tickets, or whatever. We would cut off revenue which is being counted on by those associations to carry through some of the projects to which they are already committed.

Fifthly, Mr. Speaker, strong competition for patronage is developing, especially in the lottery area. I am especially concerned about what is happening between Loto Canada, The Provincial, and The Western Express. In that connection, I would like to quote from the annual report of Mr. Cousineau, the president of Loto Canada. In his most recent annual report he says:

Our market is certainly a competitive one, since other lotteries offering million dollar prizes are now in existence. Before this, the Olympic Lottery held a monopoly in this market: we do not.

That is the key to the problem. That fact alone explains the drop in our sales and its effect on revenues we could have hoped to produce by the end of 1979.

He goes on:

Over the first two draws, our average sales per draw have been 5.4 million tickets. We hope to exceed this performance before the end of the current fiscal year. To do this, we must remain alert to every marketing opportunity.

Mr. Speaker, I am concerned that we have entered the age of the hard sell, when one lottery must outsell another to achieve its sponsor's goals. By virtue of that, we are getting some questionable advertising. In fact, I think we are well on the road to what I would call the professional hustler approach to selling lottery tickets, and I'm concerned about the direction that will take us in the type of advertising we're going to be seeing, and are seeing to some extent.

Mr. Speaker, I have with me quotations I could give concerning the point of view of Harness Tracks of America, which is some of the horse racing people in the United States. They are now very vigorously competing with state-run lotteries in the United States, and they have asked for and been given the same freedom to advertise, promote, and hustle people out to the race tracks as lotteries in the States have had to sell tickets.

Next, Mr. Speaker, I'm concerned about the public attitude I see being conveyed through this type of advertising. The emphasis is clearly on the material life. Not only is it on the material life, that all satisfaction stems from material things, but that it stems only from large quantities of material things and, further, that the only way to get large quantities is to buy a ticket and get lucky. I'm not sure that's the way I would wish the society of my grandchildren to be. I think there's more to life than material satisfaction, and I question whether we ought to pursue vigorously the line we're on without some serious thinking.

Finally, Mr. Speaker, again flowing from the advertising and the quantity of opportunity which is available, I'm concerned about the possibilities for the development of compulsive gambling. Compulsive gambling occurs when the individuals involved are unable to restrain themselves and just can't resist; they've lost their self-restraint — a form of deviant behavior not unlike alcoholism in terms of its social impact.

I just would like to alert hon. members to what may be coming before them one of these days. The Maryland Legislature has just passed an appropriation to fund a centre for the treatment of compulsive gamblers. A Dr. Glen, who heads a federally funded treatment program for compulsive gamblers in Cleveland, says that betting advertising does influence behavior, especially when it is directed to young and impressionable persons. There is an instance in the United States where the race tracks have resorted to using coloring books in order to convey to the young the importance of attendance at the race track.

Mr. Speaker, I'd now like to make a quick reference to the religious and charitable issue. It is my view that while the federal statute says gaming and gambling are only permitted when the proceeds go to religious and charitable institutions, that has been a political sop to the persons who had to pass the legisla-

tion. In this case I fail to see how the means can justify the end, or the end justify the means, whichever way one wants to look at it. The fact of the matter is that by custom, habit, and practice, our society has extended itself into certain types of gaming. I think most of us would agree that some of it is relatively harmless. Some of it is not so harmless. It seems to me it is not an ethical issue and not very much a moral issue, but a very major political issue. And if we're going to be realistic about it, that's the way we'll have to treat it.

I'd like to indicate that I am very much aware of the nature of the benefits to our society in terms of where the gambling or gaming funds have gone. We are very dependent on volunteers to carry forward sporting activities, to build community activities, to fund all kinds of other social activities, including support for religious work. Mr. Speaker, it's important that those volunteers have the opportunity, to the best of their ability, to obtain the support they feel they need. Within limits, I think that gaming for that purpose is an acceptable solution. Obviously our society has accepted it for some time.

But there are limits on how it should be controlled, and I would now like to propose a few approaches. I think one effective control could be achieved through the licensing process. In the granting of the licence through the office of the Attorney General, it should be possible to convey to the sponsor receiving the licence certain responsibility that sponsor has for the proper, fair, and careful operation of the gaming event. If we decide to stay with religious and charitable purposes, it should be possible at the same time to alert the sponsor to the fact that the general application for the licence should in some way conform to that definition as interpreted by our society and our custom over time.

I think it should be possible for the Attorney General to require very detailed reporting on the part of those large organizations and events. With respect to small events, I do not think that detailed reporting is necessary, desirable, or useful, except to build a bureaucracy. I don't see why we have to get involved in detailed reporting of a little raffle for a school yearbook or of a senior citizens' bingo.

I think it would be very useful to require each sponsor, if the sponsor is going to be conducting a series of events, to publish once a year in some very evident location, whether it be the newspaper or wherever, the gross take, the amount which went to administrative charges, the amount which went for prizes, and the net profit. That same requirement could be made of any sponsors who are conducting a one-time exercise, a one-time game. By so doing, we could achieve a number of things. We could let the citizens who buy the tickets, pay the money, and gamble, be the judges of whether they want to spend the money for the particular objective of the sponsor, whether they felt the sponsor was spending too much money on administration, whether the objective itself was a good and desirable idea and a need for the community, or whatever.

Mr. Speaker, I think we could go further through licensing. As is now being done, we could effectively control the number of casinos. We may also have to consider some kind of limitation on pull tickets. If we do not, I think we risk the problem we have had and still have with bingos; that is, how do we give all

potential sponsors fair opportunity to participate in a casino or pull-ticket operation?

It may be, Mr. Speaker, that we need to consider the possibility of some council which would allocate opportunities in large bingo or casino facilities or, if it can be accomplished, in pull ticket operations. I'm not sure, but that is a possibility that should be considered. In making these comments about effective controls, I would not wish to be misunderstood. I don't want to move to a system which is so overbearing, overwhelming, and difficult that volunteers will be discouraged or unable to proceed with their objectives.

Mr. Speaker, I'd like to mention quickly advertising and promotion. I am concerned about the slogan "You can win a million". The fact of the matter is that that's misleading. It's very misleading if I'm out there, and the announcer is talking to me, and to you, and you, and you. It's correct if he's only talking to one of us; it's not correct if he's talking to all of us. That verges on what I would call misleading advertising. I notice it's even worse than some of the worst examples being cited in press reports in the United States. I would like to see a code of advertising guidelines enforced which will do away with anything which seems to purvey that the good life requires winning a million dollars.

Mr. Speaker, I realize I have run out of time. With the indulgence of the House, could I get another two minutes?

HON. MEMBERS: Agreed.

MR. YOUNG: Thank you, hon. members.

Mr. Speaker, to continue with advertising and promotion, I would like to see the media which carry the advertising adopt and enforce a code. I think that would be preferable to having the government move in and try to define and enforce a code of conduct for advertising. I indicate again today that I am concerned about some of the perceptions being conveyed in some of the advertising and would like to alert all hon. members to it and recommend to the media that they have a responsibility, and that I wish them to proceed without government involvement.

Mr. Speaker, that's the essence of my remarks. Since I'm out of time, I would simply like to say that I am concerned about the size and growth of gaming revenues and would impress upon all hon. members that we need controls, but we shouldn't go so far as to throw out the baby with the bath water. I think our gaming events have been useful in supplying some social infrastructure, but it's time we starting looking carefully at the direction we're taking and the speed with which we're taking it.

MR. MUSGREAVE: Mr. Speaker, I'd like to commend the Member for Edmonton Jasper Place for bringing this resolution to us. It bothers me that I feel the government is not conscious of the fact that many people in our society are very unhappy with the apparent drift into large-scale gambling in our country. I hope this laissez-faire attitude of the government will soon fade away. If not, it's going to be to the detriment of our entire community.

I certainly commend the hon. member in his suggestion of controls and recommending a code. I agree that perhaps the spending should be directed

toward charitable or religious investments. But it concerns me, Mr. Speaker — and I'm glad to see that perhaps opinion polls are indicating changes in the wind — that the decay of our society is aided and abetted by a federal government which has been promoting national gambling. It's almost becoming a disease of epidemic proportions in our country.

Mr. Speaker, I think it's tragic that we in the western democracies, particularly Canada and North America, live in rich societies and have to resort to one of man's oldest weaknesses; we have to appeal to greed to do the things we should do as responsible people. We should be providing recreational facilities for our young people from our tax dollars. We shouldn't be trying to use the device of promising some citizens something for nothing to raise money to do the jobs we should be doing.

I know the general community accepted the idea of the Olympic Lottery to try to bail us out of that horrendous mismanagement of funds by Mr. Drapeau and his cohorts in Montreal. Then we get into the Commonwealth Games. All these things are very good on the surface; they have a great cosmetic appeal. Unfortunately some of our city councillors now say that if we express concern about this, we're going to take church bingos away from the little old ladies, which is absolute nonsense. But as the hon. Member for Edmonton Jasper Place pointed out, it's big business; it's hundreds of millions of dollars every year.

Mr. Speaker, in shopping centres, banks, everywhere you go, there are opportunities to spend dollars on gambling. Just two weeks ago my barber was telling me that it's not uncommon for people to come in and lay out \$50 at a crack for various tickets. This is not nickels and dimes. In my opinion it's an obvious corruption of our society. We all know of responsible people and groups that are only concerned with raising X dollars for their particular project. They're party to chicanery of one kind or another. Mr. Speaker, I suggest this is a corruption of our society.

I know some of us have been criticized because we say that perhaps the criminal elements will invade this. I believe it was in New York City years ago that the Mafia base was started in the numbers game among the poor people. I suggest we are doing the same thing; we are trying to support exploitation of the poor in our society. The people who run the casinos will tell you that about 60 per cent of the people who attend them are the same, no matter who is holding them or where they're being held, particularly in our bigger cities.

I think it's tragic that when we need recreational facilities for the young or old, we can do it only from the avails of gambling. Many people say the Irish Sweepstakes helped build the great hospital system in Ireland. Many years ago I recall reading a report by an Irish Catholic bishop saying that one of the worst things that ever happened to Ireland was the Irish Sweepstakes, because the amount of money that went to the hospital system was very small. The excellent system was suffering as a result, because politicians would not bring themselves to raise the necessary taxes to look after the sick.

As the hon. member said: as gambling grows, so does the pitch. Unfortunately in the United States they are running into difficulties with race tracks and

casinos. These people are concerned that Americans are being muscled in by these other organizations, by governments yet, that are taking their gambling dollars. If we continue on our merry way, we'll probably end up like the United States, where 2 per cent of the population are gambling alcoholics. We'll probably do as they do in Maryland; we'll be allotting money to a compulsive gambling association to cure the gambling alcoholics.

Mr. Speaker, when we proceed down our highways and see on billboard posters that someone is going to win a million bucks at the end of the rainbow, or you could be a winner in more ways than one, I suggest there is something wrong in Alberta.

Earlier this year I was in Las Vegas, and I recall they had in flashing lights: you can cash your pay cheque here. Stores in Alberta will cash old-age pension cheques, family allowance cheques, but that's all. In Las Vegas they'll cash any cheque at any time, because they have ways and means of collecting if you give them NSF cheques.

Mr. Speaker, I sure hope we won't go the route of Las Vegas, but we are well on the way. We are doing things they are doing. As I mentioned earlier, they are in all our public outlets. The only things I haven't seen yet in gambling in our cities are the flashing lights and the bare-breasted models carrying change so you can run slot machines. We don't have slot machines as they know them in Las Vegas. But as the hon. member said, we do have those carried around in the pockets. Eventually we'll have free booze and food, just as long as we keep selling the pull cards.

Mr. Speaker, in conclusion I urge that the government be more concerned about gambling in our community. It's big business, and unless it's carefully controlled — and one of the advantages of race track betting is it is carefully controlled. But other aspects — casinos run in some parts by volunteers and, as the member said, in some parts by trained people — are not carefully controlled.

I worked for several years as an auditor, and none of us knows if he will ever steal funds unless he has been subjected to having available huge amounts of cash he can make off with, he thinks, without [it being] known. So, Mr. Speaker, the more opportunities for people to steal, the more opportunities for people to think they can make a fortune just by spending \$10, the more we will proceed with gambling.

I suggest there is an undercurrent in our community. As responsible politicians — not those concerned with their political future, but those concerned with the communities in which they live — it's at your peril that you ignore this festering sore in our community. Therefore, if this motion is passed, I suggest the government be very conscious of what the hon. member has brought to us. I think it's an excellent motion, and I hope we will see some very specific legislation in this regard in the not too distant future.

MR. TAYLOR: Mr. Speaker, I want to say a word or two about the resolution. Gambling is a big word and has a lot of ramifications. If you're going to start putting controls on gambling, I wonder exactly where you start. I want to mention a few examples of gambling.

First of all, life is a gamble. We gamble every day with many things. Farming is certainly a gamble. The farmer is probably the biggest gambler in the world. He gambles with the weather; he gambles with the price, over which he has no control; he gambles with the price of machinery, over which he has no control; he gambles with the market; he gambles whether he's going to have sunshine or rain, whether he is going to have grasshoppers or worms. It is a continual gamble.

I know this type of gambling isn't referred to in the resolution. But I simply start my remarks on that theme, because it appears to be the intention of the resolution to put in controls. I would like to know just where we are going to levy these controls. If it's wrong for a government to make money through gambling, is it just as wrong for a church to make money through gambling? If it's wrong to make money by buying a ticket on the winning horse, is it just as wrong to win a turkey by having a lucky ticket drawn out of a bag?

There are so many ramifications of gambling that it is very, very difficult to centre your mind on one method of control. If the government considers gambling wrong, then the first thing it should do is get out of the business itself. Governments all across this country are in the gambling business, the big business. It's not the little things; it's the big ones. If the whole thing is morally wrong, if it's going to decay the morals of our people and cause the fall of our civilization, then government should set the example by getting out of the gambling business itself, federally, provincially, and municipally. That's the first thing if we are convinced gambling is wrong.

I'm not convinced gambling is wrong. I think it's a part of man's nature. I walk into a game room and see our young people from the best of homes and probably the worst of homes, from every church, every creed, having a lot of fun by putting in a dime or quarter and seeing what the car will do, or what they can do. They take a chance. They are not winning anything. They are having fun. It's a type of gamble.

For a number of years the high school in Strathmore put on a sale of tickets, a type of gambling, and used the money to support an adopted child in one of the developing countries. This year they were told they couldn't do that, because they are not a charitable organization. The nurses in Drumheller put on raffles in order to buy much needed equipment for the hospital, to save lives. Suddenly someone decided they couldn't do it, because they are not a charitable organization.

I watch church bingos and play occasionally, not very often, but I can't see anything wrong with what goes on there. People are having fun. Nobody is making them play. They have their freedom of choice. Many tell me they wouldn't know what to do if they couldn't have their bingo. It's part of their lives. Well, who am I, or who is the government, to tell them what they can do in regard to how they have fun? If they get their fun out of that type of gambling, who among us can throw the first stone and say it's wrong?

There are too many forms of gambling, far too many. The hon. member gave an excellent address, and I enjoyed it very much. He went to a lot of research into big gambling, such as horse racing, bingo, casinos, lotteries, and so on. I have never had

any great desire to gamble on horses, probably because I always pick the wrong one and lose money. My Scotch nature goes against losing money when I don't get value for it. But many people have a lot of fun, and they don't take anything away from their children, their families, or the community. It's their form of enjoyment, just as I enjoy going to a hockey game. That's not a gamble, but it's still my form of enjoyment.

I think we have to be a little careful in telling people what they can and can't do. You know, we're getting into a controlled world. I like the philosophy of freedom of choice with regard to putting on things and what people spend their money on. They earned that money. Should government tell them they can't spend it this or that way; they can only spend it a certain way? Sometimes when government gets into the picture, it simply aggravates the problem.

During the war I went home on furlough from the air force and saw a line-up of people in front of the liquor vendor's. In that group I saw a little old lady I knew very, very well. As a matter of fact she was a relative. I went over and said, "What in the world are you doing in the line-up in front of the vendor's? You don't drink." She said, "I know, but I'm entitled to a bottle of Scotch, so I came down to buy my bottle of Scotch." I said, "What are you going to do with it afterward?" She said, "I don't know." "Are you going to drink it?" No, she was not going to drink it; she'd give it away or something. Because she was entitled to it under government regulations, she was down there in line to make sure she got it.

It makes me think of one time when I was in England where there were huge queues. There were queues for everything. I said to one little old lady who was at the end of the queue, "What's at the other end?" She said, "I don't know, but you always stop and line up in a queue. There's something good at the other end. I've been vaccinated three times." People want to take a chance.

The point I'm getting at is that I think the place where government should enter this is to determine if it's criminally controlled, or if there's a fair, fighting chance. Some parts of the world get their fun out of betting on a couple of roosters fighting. Even there it doesn't have to be fair, because you can drug one of the roosters. You can drug a horse. If we're going to have this type of chance in our country, I think the part of government is to make sure that we leave no stone unturned in regard to fairness, so there is a sporting chance. If that's done, if I then want to spend my money that way I think it's probably my business, not the government's business.

I spend very little money on the midways, because I'm convinced most are not fair. If I do spend money there, it's on a place where the mouse can take a choice of colors; I don't think you can control a mouse that much. I've never won any money, and I've never spent very much, but I'm fascinated with the color the mouse chooses. There's generally a scream from somebody who won 50 cents or a dollar, because the mouse chose red instead of yellow, white, or black. I think that is fun. People get amusement from it. I can't see any criminal intent. If someone's conscience says that's wrong, then of course that's their business. But I can't see anything radically wrong with that type of thing.

I can't see anything radically wrong with the bingos

going on in our communities. The volunteers; the money made; the way the churches spend that money helping the poor, improving the church, building community halls; other community events: it's an effort of community good will. I'd just hate to see controls on that type of thing. The way the Criminal Code is written, when you apply for a charitable event and can't get it, I think it almost suggests there's something wrong, that they are going to do something wrong.

Why should it be confined only to charitable events? Why shouldn't the good of the community be included? Why should the nurses be denied the right to put on a raffle when they want to buy life-giving equipment for the hospital, volunteering their time and spending their own money? A splendid community gesture, but they're denied the right because of government controls. Why should the youngsters in the high school in Strathmore have to worry about the right and wrong of conducting a simple raffle that's going to support some hungry kid in one of the developing countries? I think they should be commended for it, not obstacles put in their way. We shouldn't class them in the same class as the criminal element. That's what I'm trying to get at. If there's criminal intent, where things are fixed, where the money is used for ulterior purposes, where the people don't have a fair chance when they spend their money, let's clamp down on that 100 per cent. But let's not extend these controls into these excellent community endeavors. Let's stick to freedom of choice, where people can spend their money.

You can play bingo all night at one of these church halls and not spend a quarter as much as some people do walking into the liquor vendor's once a week. So if it's telling them how they can best get value for their money, they're getting fun out of it. If they win something, fine; if they don't win something, that's fine. But let's not treat them as criminals.

You know, the way we're handling casinos and bingos, sometimes I think we're comparing to the criminal element people who are doing this for community and church efforts and for good organizations. That's where I draw the line. If there's a criminal element, let's try to stop it. Maybe it's not that easy. Maybe it's hard to tell whether or not it's a criminal element. But I don't think any criminal element is going to waste time at small bingos in our communities, the casinos in our small towns, which are raising money for the local boxing club or the Boy Scouts.

I remember a time when we were not permitted to conduct a raffle in the Boy Scout movement. It was against the rules of the Boy Scout organization. You just couldn't do it, because it was a form of gambling. That organization was practising what it preached. But even that has now changed in this present world, and they do make some money through raffles. But everything is fair and aboveboard; it's not fixed. And I can't see anything wrong with that.

So, Mr. Speaker, my comment on this resolution is that if gambling is wrong we should take a definite stand against it on everything. It's just as wrong if you make 10 cents, a dollar, \$1 million, \$9 million, or \$4.6 million. You can't base it on the amount of money you're making. If we're convinced it's wrong, let's outlaw the thing. But I don't think any of us want to do that. Personally, I don't think it's wrong.

I think it's a form of fun. It's a form of entertainment. In my mind the only place where the wrongness comes in is where the criminal element takes control and doesn't give the people a fair chance. They fix the choice, and they use the money for ulterior purposes. I think there is a proper place for government to step in, if we stop the big ones. Even there you might be doing some harm, because some of the big ones are conducted properly. So it can't be the size of the thing. It has to be pretty well a matter of judgment on who is operating this particular casino or bingo.

If any organization could get a permit for a bingo or casino — if the issuers were satisfied they were doing it for community purposes and that there is no criminal element — and if there were seven going on in Calgary and Edmonton every night, I wonder if it wouldn't improve the situation. If we want to undo them, maybe that's the way to do it. Let's have lots of them. By restricting them, we're making them more desirable, and more and more people want to have them. Because we're restricting them, we're increasing the amount of take they can get for their particular cause. I wonder if we're not just working at cross purposes by controlling it.

Mr. Speaker, I have no conflict in my mind in regard to simple gambling. I think it's a part of the way of life. I don't see anything morally wrong with it. The only place I take exception to this type of thing is where the machinery is fixed, and money is used for ulterior purposes for the destruction of our society.

MR. R. SPEAKER: Mr. Speaker, I would like to make comments in three different areas with regard to this resolution: first of all, with regard to freedom of choice; secondly, what we should recognize with regard to application of laws and to the rural communities of Alberta; and thirdly, with regard to the use of funds which come from various gaming events.

When we talk about the freedom or choice of the individual, if we examine all the different gaming events placed before us in Alberta, I think a person has the choice of whether or not he wishes to participate. There's no situation where the event is forced on the individual. On that basis, Mr. Speaker, I say we should continue in that direction with that kind of premise. I certainly support that.

Secondly, with regard to gaming events, regulations, and the use of the money in the rural areas of the province of Alberta, I've found a number of organizations very concerned with the changes in regulations and attitude. I would have to say very clearly that I feel those changes in regulations and attitude of the government do not reflect the needs of the rural communities in Alberta, and maybe the urban communities. They're written as prohibitive, to try to prevent some kind of criminal action. But in all the rural communities of Alberta — where bingos are carried on, lucky seven tickets are pulled, and Nevada tickets are used; where Legion clubs, Lions clubs, and many other community organizations raise funds for their own purposes — everyone in those organizations knows each other. The organizations are self-disciplined, self-cared for, and they know what is going on. But the red tape that is being imposed on them, the delays for any type of gaming events — by the time they get the okay to have an event, a bingo or raffle of some kind, the initiative of the community

is lost, and often the desire to work toward some project has gone down the drain. So when we talk about effective controls, I think the intent of the resolution is to tighten the regulations and add more checking, red tape, and the whole thing. Well, Mr. Speaker, I don't agree with that approach.

I think we must look at it from the other end, from the citizen's end, the individual's end, the community's point of view. When the rural communities of this province want to run an event, they know who is going to be involved. I know this from talking to the ones I represent. If 5 cents is lost with regard to that event, everybody in the community knows about it. So they're self-disciplining. When the Attorney General or the government sets up regulations, I think they should recognize that fact. The approval of applications for bingos, Lions clubs, pull tickets, or whatever it may be, should be made very readily, and very easily.

What about the use of the funds? Mr. Speaker, I think there should be a little more latitude for the community to determine where they use the funds. When we talk about religious and charitable purposes, what does that really mean? To me it's a bit restrictive in a sense. For example, I know a number of the Legion organizations in the province use the money to put into a building fund to provide a facility in which their membership and other members of the community can carry on activities in which they raise funds, perform a certain function in the community, and carry on a responsibility that many citizens want carried on in that particular community. If we limit and restrict the uses of it, as is the intent of this resolution, I think that's unfair to the communities and unfair to the concept of individual determination or self-determination of a community.

When the government reviews legislation such as this, I think they should look at a possible category of approval for rural areas in this province. If they feel there needs to be tougher or different kinds of red tape for the urban areas because the people don't know each other as well, and there isn't the same kind of interaction of people on a very common base, then they can put that kind of regulation into effect for the urban areas. But to try to impose urban rules on rural people without recognizing and understanding a rural community is unfair and certainly doesn't meet the intent of the citizens of Alberta.

If the intent of this resolution is just to create more red tape and more difficulty in obtaining approval for local bingos or local ticket pulling, then I certainly don't support it as it is. In the administration of gaming laws, there has to be some flexibility which is adaptable to the communities or different groupings across this province. Mr. Speaker, I hope that is made clear to the government through the resolution.

MR. GOGO: Mr. Speaker, I too would like to make some comments on the resolution moved by the Member for Edmonton Jasper Place. I don't think the speaker I have just heard addressed himself at all to the resolution. If he has the same Order Paper I have, it seems to me that it says, in three parts: "support effective controls on gaming events"; secondly, "that there be . . . a code for the advertising and promotion of gaming events"; and thirdly, "that proceeds . . . be used . . . for religious and charitable purposes". I didn't move the motion, and I don't want

to debate with the Member for Little Bow. But as I heard it, I don't think that's the issue at all.

Mr. Speaker, in the Assembly a year and a half ago the Member for Calgary McKnight gave a history of lotteries I found particularly exciting. I think the reason it was brought up at that time was recognition by the Member for Calgary McKnight and other members of this Assembly, including myself, that we in Alberta were facing a significant problem, and if we as legislators of this province have a responsibility not only for education but supposedly character-building of some of the citizens, we should indeed look at gambling, and at lotteries in particular.

Now the Member for Drumheller has very interestingly pointed out his thoughts on gambling. Certainly no one has taken more chances than he has in going to the polls 15 times. If that wasn't a gamble, I don't know what was. Many of us in this Assembly, I guess all except three or four, have taken the gamble on marriage. If one looks at the divorce rate, I suppose that's been quite a gamble.

MR. DIACHUK: It's a sure thing.

MR. GOGO: I don't know about the Member for Drumheller. If he's experienced that type, he's kept it a little quiet. I think gambling is all a matter of degree. In the constituency I represent, because there has been such a shortage of building lots, they hold a lottery to see who gets a building lot. I see nothing wrong with that. I think it's a matter of degree. Now I know there'll be members of this Assembly who object on principle, and object very strongly to any form of gambling. So be it. That's their right. As their stand is on a moral issue, I would support their right to do that.

[Dr. McCrimmon in the Chair]

The member from Jasper Place I believe should be congratulated as a member of an urbanized community like Edmonton that's had its difficulties with community group fund raising. He should be congratulated for having had the fortitude to raise that matter, as opposed to a rural member who maybe doesn't experience that problem — Medicine Hat of course not being a rural area; it's an urban area as well.

The member from Jasper Place did an excellent job of bringing us up to date on the amount of revenue that has been derived from various forms of so-called gambling.

I think we should all remember that gambling is against the Criminal Code except where specified. Of course a couple of interesting examples would have to be the biggest gamble of all. That's life insurance, or death insurance. I'm sure there are no winners in that business.

SOME HON. MEMBERS: How about farming?

MR. GOGO: Farming, as the members for Drumheller and Vermilion-Viking point out: with all the tax breaks we give them, there's no gamble to farming at all. If they don't make it farming, we subsidize them so they do.

AN HON. MEMBER: Why don't you go farming, John?

MR. GOGO: I wish I could afford to go farming.

I think the Member for Edmonton Jasper Place pointed out very accurately the results of the forms of gambling. On the one hand, through horse racing in Edmonton, 85 cents of every dollar goes back to the betting public. In lotteries, in a very definitive way we know it's 38 cents on the dollar. There are those who say, if you're stupid enough to buy a lottery ticket, you're stupid enough to lose. I don't agree with that at all. As the highest court in this province, we have certain responsibilities when it comes to legislating control.

The Member for Edmonton Jasper Place also indicated that the state of Maryland has appropriated \$160,000 for training compulsive gamblers, those who are addicted to gambling. If Canada and Alberta follow America by 10 years, as in so many other areas, including labor legislation, I suppose in 10 years the Minister for Social Services and Community Health will have that in the estimates as well. I wouldn't be surprised at all to see that.

Mr. Speaker, I get a little concerned when I look at the trends. When I look at television, I don't think anybody owns the television airways except the public. I'm not even too sure who owns the newspapers, because we have so many monopolies. But these media seem to be utilized to a greater extent all the time, and the ever-increasing costs are written off. Television can be viewed only so many hours in a day. I question whether we should allow particularly young people, during the peak periods in terms of television attendance, the so-called family hours, to view the "anyone can win a million" type of advertising. I don't suppose we even have that jurisdiction.

We've seen that governments in Canada have not participated in lotteries prior to 1970. It's a recent phenomenon. In 1976-77 revenues in Canada from lotteries were \$600 million; last year alone, 1977, at one point \$3 billion. Now if members aren't concerned about the rapid growth in that form of taxation — which I suggest affects not the people maybe we think it affects — if they support that type of taxation, and that's all it is, so be it. Personally I don't think we're living up to our responsibility, by not having effective controls either in the forms of controlling the media through the use of that media or in regulations unless we institute some. But as I opened my comments, I think it's a matter of degree.

Mr. Speaker, I would like to comment briefly on lotteries, because I have a particular feeling about them. I was the lottery chairman for the 1975 Canada Winter Games. We sold 250,000 tickets at \$2 a piece, used slave labor, and did minimal advertising. Of that \$500,000 we raised, \$70,000 found its way for the use it was intended. So lotteries are not an effective way of raising money. They are a pretty effective way of redistributing money.

I think it might be pertinent to point out that lotteries as we know them really started in Rome, and it's a long time ago when Rome was active. Such countries as France, Germany, Spain, and England use them today. They've been there a long time, since 1530. The first one operated in the English-speaking countries started in 1569. It started on the basis that they couldn't raise funds for repairing the harbors, which were the main form of transportation

in those days. They kept that up for a few years, and they were finally outlawed in the eighteenth century.

Other organizations have successfully used lotteries, particularly the academic circles. Prior to the generous tax write-offs that are allowed now, I guess we didn't have taxation. So there was no need for write-offs. Universities received their funds either from private donors or through the use of lotteries.

However, lotteries really didn't get started in Canada until after the centennial, when it was tried in Montreal, ruled illegal, and done away with. If one reads the history of lotteries, one finds that even before the era of television a saturation form of advertising was received in the communities, daily papers, or newsletters. Then, as the Member for Calgary McKnight explained so well a year or two ago, there was saturation advertising on television. He quoted at some length Adam Smith's economic study of lotteries where, ultimately, if you bought all the tickets in a lottery you surely had to lose, because the sponsors of the lottery had to receive much more than they gave away.

I think we in Alberta have a particular responsibility, because we have youngsters. We're exposing them to forms of advertising that lead to higher expectations, as the Member for Edmonton Jasper Place put so well. You turn on the television and see such things as "it's my turn" or "anyone can win a million" or "someone will win a million dollars at the end of the rainbow, will it be you?" To me it simply encourages. And when we look at some of the politicians in office today, we see the results of television. Well, if television can sell that to the people, I suggest television can sell lottery tickets to the people. I question whether we as owners — I say that in a very wide sense, as Canadian citizens — of the airwaves should in some way control the use of that television media.

Mr. Speaker, I think community groups, which do a tremendous job in the communities throughout Alberta, have found a new way to raise funds instead of raffling quilts and cookies. Surely as long as we as the government, through the Attorney General, can make the regulations that are applied to those groups, then we have to bear the responsibility if we think they've gone out of hand. From the figures I received from the Attorney General, where the gambling capital of the world appears to be Las Vegas where the per capita gambling is about \$103 or \$104, and we in Alberta are up to \$175, I would simply suggest that perhaps it's time we directed our attention to supervising controls on behalf of community groups.

Is it fair to encourage the volunteer groups of Alberta through the community associations to co-operate with government programs such as the major facilities program for raising funds and then, without ensuring proper controls are in place, allowing things to go wrong in such a way where light fingers get into the till? In effect that community association is blackballed in the eyes of the Attorney General's Department from ever getting another licence. As a result many people suffer. I think we have a unique responsibility. And that deals with paragraph one of the resolution. Indeed, I think we must have effective controls, and I don't think controls have to be negative. I do think, as the Member for Little Bow was pointing out, that the regulations can get to the point where they're onerous, where there are 10, 12, and

14 forms to fill out. Well, perhaps then we can have effective controls by having accountability, whether it's examining bank accounts or books as a result.

Something we changed just recently in Alberta was that a group, depending on how many bluebloods were in it, could print as many tickets as it wanted and flog them to the public with no accounting. That's all been changed. Today it's a regulation that if you want to sell tickets you must print the number of the tickets on the tickets. Now we haven't had the influence with other jurisdictions. We know actuarially that your chances of winning a million dollars from Loto Canada are extremely remote; the Minister of Municipal Affairs computed it. Yet we in this Legislature cannot tell Ottawa — they tell us, but we cannot tell Ottawa — they must print on their tickets the number of tickets they've printed. But we in this jurisdiction do. So people in Alberta who sponsor lotteries must print the actual number of tickets printed, so that on the assumption all tickets were sold, you can calculate the odds. I think that's a plus sign for this province.

I think number (2) of the resolution, a code for advertising and promotion, is so important. Many of us quarrel about the consumption of alcohol. I think it was 1973 when this government gave the electronic media the same opportunities as the daily papers for advertising alcohol, and we've seen an upsurge. But I think the Solicitor General's Department, through the ALCB, has had effective control on the consumption of alcohol. I see no reason that we cannot apply the same guidance, if you will, to the promotion of gambling on both television and other media.

I don't see much gambling concerning the sport of the Member for Edmonton Whitemud, the sport of kings, yet people flock to the tracks anyway. So I would differ with the Member for Little Bow and the Member for Drumheller who say government has no right to be in that field. I think government has a very strong right when they spend \$600 million on trying to educate youngsters in this province and, at the same time, not exercising responsibility on electronic media for a something-for-nothing attitude.

Mr. Speaker, on the third part of the resolution, "that proceeds from gaming events be used only by local and regional groups for religious and charitable purposes". I question whether that's violated today. We as members of the Assembly have encouraged local people to get involved. In the constituency I represent we have the Legion, the Elks club, and many other clubs — by definition private clubs, but they're registered under The Societies Act — who have proceeded to put up buildings on the assumption they can pay for them out of gambling proceeds. I don't think it's fair to them for us, under this dome, to be changing the regulations midway. I would hope the Attorney General will be more than fair in his definition of charitable groups.

I also agree that the definition might be a little outmoded. Let me come back to the point where to some people gaming of any kind is wrong. To those I would simply say: if you're married, you took quite a chance; if you ran for office, you took quite a chance, but because the results are maybe beneficial, you overlooked that and said, that's providence.

Mr. Speaker, let me simply conclude by saying I support the resolution by the Member for Edmonton

Jasper Place. I think if we as a government don't either ratify or reinforce the practice the Attorney General is following today in terms of the controls he has in gaming events, with the assumption they are effective, with the follow-through that the proceeds from these events don't go to the private sector but indeed are used for the benefit of all in community associations and/or religious organizations . . .

Finally, the one area where I don't feel we are active but should be is in the promotional and media advertising. I think there's a definite role we could play there, and I would look to the Minister of Consumer and Corporate Affairs for perhaps some light on that subject.

Thank you very much.

MR. YURKO: Mr. Speaker, I am very pleased to have the opportunity to rise in my place and speak on this resolution and, first of all, say to the House that in my view this is a very balanced resolution. It is eminently practical and sound. If I were to revise it in any way, I would add a fourth that would say this: that the provincial government seriously reassess its direct participation in hard-core gambling businesses.

Mr. Speaker, at the beginning I want to state the following: I do not consider gambling or gaming a moral issue. It is a political one, as the Member for Edmonton Jasper Place so well put before the House. Indeed, gaming or gambling might be considered a business, and in many instances it is in fact handled as a business. Because it is a business, it should therefore come under a type of regulation, a type of ethical code, in the same way as all other businesses. What is or can be a moral issue is the fall-out. May I say this again: the fall-out from gambling practices can create serious moral issues within a society. But the nature and process of gambling itself is very much akin to a business. Whether it be conducted by volunteers or paid agents, it is nevertheless a type of business in our society.

I was rather interested in the remarks of the Member for Drumheller, because he sort of ran around in circles and jumped on the issue from several sides all at the same time.

MR. GHITTER: He's going to be a colleague of yours. You be careful.

MR. YURKO: Indeed, as he was talking about gambling processes and the freedom of choice, it also occurred to me that perhaps the greatest gamble in society is the gamble of marriage. I note the member hasn't taken that gamble, so he probably wouldn't have any idea how risky a gamble that is. Indeed, marriage itself is often a business of give and take daily, sometimes almost from hour to hour.

However, again I want to put in proper perspective the fact that gambling is a business. It can be a very mean business.

ANHON. MEMBER: So's marriage.

MR. YURKO: I want to put gambling as it has grown up in our provincial society in two categories. It's important that I do so, Mr. Speaker, to get my point across.

The first type of gambling I will refer to is recreational gambling, a sound form of business adequately

practised in this province for many years; very enjoyable, indeed providing pastime and recreational capability to many, many people in our society. Recreational gambling is a form of business, if you wish, a form of enterprise that's indeed acceptable in the schools under certain circumstances, that's accepted in society by the various non-profit organizations, societies, and churches. This is an eminently sound type of practice that through hundreds of years has been built up in a free society, and it has with it some excellent fall-out characteristics, as mentioned by some of the members.

But there is a second type of gambling, Mr. Speaker, and that I call hard-core gambling, which has as its purpose something entirely different from recreational gambling. It has as its purpose the accumulation of funds in the most rapid possible way, and it does indeed relate to vast accumulation of funds quickly. As a result, it draws into this area those insidious elements in society that see it as a way of making a quick buck, amassing a fortune in no time at all. It is with this area, which has grown so dramatically in the province of Alberta in the last several years, that I have been concerned. It is this area that I have indicated that might be assessed as point four in this resolution. And may I read point four again — that's my point four, Mr. Speaker: the provincial government seriously reassess its direct participation in hard-core gambling businesses.

Now what is hard-core gambling? As I indicated, there are a number of definitions, but I can define it only as that method which can accumulate a large amount of money very quickly with very little effort. I put in that category not bingo, not even horse racing, and indeed not the little raffles that go on repeatedly through our society, but I do put in that category some of the things that have been happening in our society, in our province, in the last several years.

The casino has a terrific capability to amass a great amount of money over the shortest possible time. Indeed, it does have characteristics that degrade the individual to the point where in fact it's akin to a disease. Instead of going to a bingo in one case, whereby he can spend \$5 or \$10 in the evening and have a great evening, the individual can go to a casino and write cheques and indeed expend his pay cheques for the next several months in a matter of a few minutes or an hour. This is a type of gambling that has fall-out effects which are indeed moral in some regards, though gambling itself is not moral, or immoral if you wish, not a moral issue.

Let me talk about pull tickets. Pull tickets are a type of gambling which in itself can amass vast sums of money very quickly, in the shortest possible time with the smallest amount of effort. Indeed national raffles — and I'm positively amazed that the national government in this country should find it appropriate and desirable to involve itself in a massive gambling system across this nation, as if the federal government doesn't have other more pressing issues it should be addressing itself to. So what does it do? It sets up a Crown corporation to become the number one gambler in the whole nation. To me Loto Canada is hard-core gambling. It fits the definition of hard-core gambling eminently well. It can amass a vast amount of money in a very short period of time.

Indeed, it's a form of indirect taxation. Some people say, well, it's voluntary taxation. But it still is a

form of taxation, particularly on those who can least afford to pay tax. So it's a very regressive form of taxation. I place the national lotteries, the very large lotteries going on in this country now, in the category of hard-core gambling, because by my definition those systems can amass very large sums of money in a very short period of time. Therefore they are taken completely out of the recreational gambling category.

I want to repeat that recreational gambling in our society has a meaningful role. It is an excellent way to enjoy yourself if you wish. It doesn't cost vast sums of money, and it does have excellent objectives, excellent end results if you wish. The bingos in this country, in this province, have produced many worthwhile ventures. But that is recreational gambling as against hard-core gambling.

Mr. Speaker, I see the whole area of pull tickets, as so eminently put by my colleague on my left, and the areas of casinos, national lotteries, and Western Canada Lotteries as forms of hard-core gambling capable of amassing large amounts of money very quickly, irrespective of the end result, which in many cases can be accomplished through the recreational form of gambling. This type of gambling has replaced recreational gambling, so that the same objective that can be accomplished by recreational gambling is now being accomplished by hard-core gambling. I find that direction in our society abhorrent, and I don't mind stating so before every member of this House.

Mr. Speaker, to review what I've said, I've put gambling in two categories: one, recreational gambling, which is a desirable form of business enterprise in this society of ours. That includes bingos, small raffles, and several other forms of gambling if you wish.

Secondly, I've categorized hard-core gambling, which has as its objective the simple purpose of amassing large sums of money very quickly over the shortest possible time span with the least amount of effort, and it therefore very quickly draws into that area all the insidious elements in society. I have difficulty with this area, the growth of this type of gambling in our society.

I say again, Mr. Speaker, that I do not consider gambling a moral issue. It is a political one. It is an issue which is very closely related to a business and which therefore should be licensed like all other businesses and have an ethical standard like all businesses have in our society.

Therefore, to end as I started, Mr. Speaker, I would like to suggest that Mr. Young's resolution is well balanced, eminently practical, and sound. If I would change it in any way, I would add the fourth point. Because the minister is here, I will add it for his sake. That is, that the provincial government seriously reassess its direct participation in hard-core gambling businesses in the province.

Thank you, Mr. Speaker.

[Mr. Speaker in the Chair]

MR. DIACHUK: Mr. Speaker, I appreciate that some of the hon. members would love to break away from here and do the things over at Northlands, but I'm going to speak for a while and delay them. However, it isn't taking any chances, because our rules provide that we are going to be here until 5:30.

I too want to commend the mover of the resolution for presenting it to us and for an opportunity to debate a subject that has been well debated today. I'm pleased to hear that gambling should not be a question of morals. It is now a business. Maybe we can stop blaming or pretending that it is part of the Criminal Code, which dictates whether somebody should have the power, the right, or the opportunity to dictate who should have the opportunity to raise some money in their community.

I've always supported that there should be some effective controls. However, Mr. Speaker, I really don't know if the volunteers in this province have asked for so much control as I now see coming out of the Attorney General's Department. I for one cannot accept that organizations in this province, be they the Legion, a society that's incorporated, or a church group, need to be policed constantly. Within every organization there is a method and a way to police the people who abuse their privilege and dip their fingers in the till, as was referred to here today.

For example, we have requests and suggestions that a branch of the Legion may run two and three different lotteries, be it a bingo, a pull ticket, or even a casino. They're now asked to have a bank account for every function. I don't accept this, Mr. Speaker. I really think if this organization is located in a community, be it a small rural setting in Alberta, a larger rural setting, or even a city, they have their own methods of policing themselves. We don't need to control them and even ask them to have separate bank accounts for each account. I don't see this in the resolution, but I want to make my opinion known here, because I have been lobbied on this. I myself don't agree with this point, that an organization that is regarded fairly highly in the community must have every account in a separate bank account for somebody to be able to check the proceeds and how they were expended.

The second portion of the resolution is valid. I wonder if we have gone too far. Several years ago we talked about the power of advertising and the drinking habits in our province. I think some of these ads are just too powerful, and not necessary. I know it's going to cut into the income of some of the advertising agencies and television companies, but we must reassess the amount of advertising being done and how much money is being spent on advertising to promote gaming and chances.

I think an ad to announce a lottery is sufficient. We have the results, the winners, coming about every Winsday, or whatever it's called, or after Loto Canada is drawn. In that same ad is given the notice when the next draw will be. That's sufficient. But the power of those television ads — when the man is receiving a shave and he kisses the barber, that just turns me off. I can't buy any more of those tickets, because that's just too much money spent and too powerful an ad. I'm almost going to stop shaving.

AN HON. MEMBER: Stop kissing the barber.

MR. DIACHUK: Lady barber.

On the third portion of the resolution, I would hope that we could enlarge that. I'm not satisfied that the proceeds from gaming events be used only by local and regional groups for religious and charitable purposes. I see a lot of good being done in the areas of

culture and sports. To me, sponsoring and assisting a Softball, soccer, or hockey team is good planning and good money spent for youth, and even older people who are participating in sports. I don't care what. It's physical fitness by participating. I think that third portion of the resolution, "religious and charitable", is a little too narrow, Mr. Speaker, because we end up trying to decide what is religious and what is charitable. I believe we should enlarge this and permit cultural, recreational, or sports activities.

In general, I myself don't have any difficulty with gambling. My constituency hasn't really complained about too much gambling. I think one casino per night for a city like Edmonton isn't too much. It permits the people who love to play the game of twenty-one or blackjack to go to a place that is properly controlled and operated, instead of some dark little room in the back of one of the streets in the constituency of Edmonton Highlands. [interjections] I use that constituency because that could also be applied to Edmonton Centre or even Edmonton Beverly. Some little room in the back of a restaurant where they sell pyrogies in the front and play blackjack in the back. I would prefer that it is in a proper . . .

MR. GHITTER: That sounds like fun. Is it open tonight?

MR. DIACHUK: It does give a person a chance to play a game they sort of like, just like the hon. members who like to take their \$2 and put it on that nag. What is wrong with that? Yet we accept that. We say, oh, it develops the horse industry in the province. I don't know if it really develops the horse industry in the province. It develops a lot of people. I worked at the races many years ago, and I recall that I wondered if many people weren't there playing their last dollar. But no, we're allowed to have horse racing in this province. It's all legal, licensed, and controlled. Some of our members say playing blackjack in a casino is hard-core gambling. That was the term used, "hard-core gambling". Well, I have seen people put \$50 and \$100 on a nag, and to me that is also hard-core gambling. As a matter of fact it's even worse, because a human being rides and controls the nag. He either hits it or pulls it back. [interjections]

When the deck of cards is there, that is a chance. You don't have an opportunity to slip the bottom card, because in most of the casinos in Edmonton the deck of cards is in the "shoe", as they call it. So really I'm glad that in today's debate we've moved that gambling is not a moral issue. It's a business. As somebody made reference, even to get married is a chance. Well, I'm glad we've now developed that gambling is no longer a chance; it's a business. Even marriage is a business. You first have to take out a licence to get married; you take a licence out for business. You take a licence out to be married, so it must be a business. Now for the hon. Member for Drumheller, that's why you never got into the marriage business. You didn't get a licence. [interjections]

Nevertheless I hope the Attorney General will look at this resolution, because I think we have upset a lot of volunteers in this province. Even a small bingo run in a rural village now has to have a licence. I think it's gone too far. I believe a certain amount of dollars . . . Community leagues, church groups, the high

school group that wants to raise some money — if they have a figure, possibly the total pay-out would not be more than X dollars, use \$500 — should be able to run it without a licence, instead of all this bureaucracy and all these forms.

Thank you, Mr. Speaker.

AN HON. MEMBER: Beat those lawyers at their own game.

MR. APPLEBY: Mr. Speaker, I guess I outmanoeuvred him.

I am pleased to be able to say a few words on this resolution this afternoon. I was intrigued by the remarks of the Member for Edmonton Gold Bar. He started out by saying this was a very practical, sound, and balanced resolution. To my way of looking at it, if he considers balance in the manner that it has some good parts and some not so good, then I expect I would also say it's a balanced resolution. I would have to look at it in that manner.

I think the first item, which supports effective controls on gambling, is very practical, useful, and necessary. We have some pretty effective controls. It is very necessary because of the fact that when we get into the area of gambling we are always going to have parasites, leeches, people who move in and do the rip-offs. I'm not too sure exactly how it is in the casino business here in the city, but I do know that over the years the bingo operations that developed — the massive bingos they used to have in the Edmonton Gardens and so on — got to be real propositions. People would promote these bingos for other persons and take 40 or 50 per cent of the net proceeds. The sponsoring organization probably ended up with the minor share compared to the ones doing the promoting for them.

The Member for Edmonton Gold Bar spoke about recreational gambling and tried to outline what he included in that: bingos, raffles, and things like that. I'm all for those when they become community affairs. Then he went into hard-core gambling, talked about casinos and pull tickets, and castigated the federal government for allowing lotteries to develop in this country.

I have to think about what was happening in this country before the federal government allowed the lotteries to develop as they have today. Hundreds of millions of dollars were going out of this country in Irish Sweepstake tickets, and the benefits were not being kept in this country. In fact from the information I was able to gather, approximately 10 per cent of the money gathered in for Irish Sweepstake lottery tickets finally ended up perhaps helping the hospitals in Ireland. The greater portion of it went into administration and, of course, some of the prizes.

So I think the lottery tickets, as they're controlled now by the governments, are a good thing. I'm all for them. I look at the information we were given last week as we toured the Commonwealth facilities; the lottery has produced \$2.8 million toward the operational expenses of the Commonwealth Games.

If people are going to spend their money on lottery tickets, there's no way you're going to be able to stop them. Also of course, when we get back into the area of recreational gambling — and that I think is something very important — when some young child comes knocking at your door and says, will you buy a

ticket, the first thing you say is, what's it for? You are actually making a donation. They're doing a canvass, but giving you a little cream along with it as an incentive that you should buy your ticket. You might have a chance to win something, but really what you're doing is trying to help out some organization or something within the community. Those are the people whom I think we should be very careful our gambling laws do not restrict.

People have spoken here this afternoon, and I think it's very important, about the institutions within your community: the Legion, the Elks, other people who have their projects going — bingos, raffles, and things like that — for building projects. Then all of a sudden, in the last year or so, they're caught in a squeeze. They're not sure if they're fulfilling the obligations the law is trying to impose upon them today, because there are some new interpretations coming about.

When we get down to the third recommendation, that's when I have to take issue with this resolution, Mr. Speaker. As the Member for Edmonton Beverley mentioned a few minutes ago, that definition of "religious and charitable purposes" is the one that is causing the most grief within the communities in rural Alberta that I am aware of.

It's causing some soul-searching too, Mr. Speaker. I had a teacher from a separate school phone me and say, this year we're not allowed to sponsor a candidate for the ice carnival, because we're not a charitable organization. I was quite sympathetic. He said, somebody has come along and said to me, we could go to the church organization, within their umbrella, have them sponsor us, and then we could go out and sell these tickets. He said, but then I would have to go back to my students within my classroom and say to them, we have done this by this devious method, and we have been forced to do it in this manner. He said, what does that do to the moral aspect of those children within the classroom? So I think that is something we have to look at.

When we came to talking about recreational gambling or hard-core gambling, I noticed nobody mentioned where we get into the area of stock markets, real estate promoters, or even tax discounters. Somebody comes along with his T-4 slip, and the tax discounter makes out that form and then he signs a release. But maybe he has another T-4 that he never brought along, and the tax discounter is gambling that he has turned in all the information he should. Where do those people come in under recreational or hard-core gambling? I don't know.

Looking at the resolution — and I know others want to speak on it this afternoon, Mr. Speaker — my main criticism would be that the first and second parts have to be there for a purpose, but I don't think that matter of religious and charitable purposes gives us the flexibility we need in community enterprises within this province. What else could be added? What is needed? We have to have something there which will allow community advancement, encouragement of achievement for individuals. We have bursaries, we have scholarships. All these things are raised by people within the community through these various forms of what we have to signify as gambling. So I think that is the important thing. That has to be clarified and be made clear: that religious and charitable purposes are not sufficient. There has to be a

better definition than that, and I hope the Attorney General will keep this in mind.

MR. HORSMAN: Mr. Speaker, the hon. Member for Athabasca claimed he outmanoeuvred me. I'm not really in competition with the member. I would prefer to think I behaved like a gentleman and sat down in his ...

AN HON. MEMBER: Cheap shot.

MR. HORSMAN: No, no. I say that very light-heartedly.

Mr. Speaker, I'm glad the mover of the resolution has drafted it in such broad terms, and also for the informal amendment put before the Assembly this afternoon by the hon. Member for Gold Bar. It does give us an opportunity to debate the resolution before us today in even broader terms. As a matter of fact, we've debated it in such broad terms that I feel entitled to make certain comments on how we might improve The Marriage Act, because on several occasions we have referred to marriage as a gamble.

Mr. Speaker, with this resolution I really think we have an opportunity to consider some of the more important matters in terms of how voluntary organizations, groups, and fraternal bodies are operating in this province. I would like to congratulate the hon. Member for Little Bow for his very thoughtful comments with respect to part (1) of the motion, in which we dealt with the question of the type of controls we presently have operating in the province. If I may, I'd like to disagree in a slight manner with the hon. Member for Lethbridge West, who said that the hon. Member for Little Bow had not really addressed the terms of this motion. In fact the question of the type of controls we have in the province is really very fundamental to this resolution, and indeed to people in Alberta who are serving their communities in a voluntary manner. So I would like to support the arguments advanced this afternoon by the hon. Member for Little Bow. I'm sorry he's not in his place to hear this very unusual occurrence in the Assembly, because it's not very often I agree with that hon. gentleman.

AN HON. MEMBER: He's at the track.

MR. HORSMAN: He's gone to the track. Well, I'm not sure about that. At any rate I do agree with the tenor of his concern that he has expressed, that we are perhaps moving into ...

DR. BUCK: Mr. Speaker, just for the record, the hon. member has not gone to the track, in case *Hansard* picks it up. [interjections]

MR. HORSMAN: Well, Mr. Speaker, my remarks were that I'm not sure of that, but I'm glad the hon. Member for Clover Bar has cleared that up. But the mystery as to his whereabouts still remains unresolved. However, that's another question.

I think the question of controls must be approached, and is being approached, by the Attorney General in a manner which will resolve the uncertainties and difficulties presently facing many organizations in the province, and I think that's good. But I want to urge the hon. Attorney General to come

forward in the very near future with a clearly defined set of controls, so the people of Alberta will know with certainty exactly how they're going to carry on their gaming regulations.

One of the most unpleasant aspects of the current situation, Mr. Speaker, is the uncertainties which face organizations in this province. They range all the way from the high school student body organizations mentioned in the debate today by several speakers, through to churches, religious organizations, charitable groups, paternal organizations, the Legion, Elks, Moose lodges, ethnic groups and organizations, and so on. It covers a very broad spectrum of the province. So I would like to urge the Attorney General in his consideration to make sure that it is brought forward very soon, so this uncertainty may be removed.

After all, many of us have had the experience of dealing with organizations in our own constituencies where licences have been held back for periods up to several months. During that time, great financial strains have been placed on such organizations. So I would think that this debate is timely, and I would like publicly to urge the Attorney General to come forward with those controls in the near future.

Dealing with the second part, I think I must concur that a code for the advertisement and promotion of these gaming events would be a very useful thing. I agree with some of the comments made today with respect to the effect of these large national lotteries, including the one which preceded the Olympic Games in Montreal, Loto Canada and so on. It may very well be that those large organizations which are now competing for the lottery dollar in Canada, as had been mentioned earlier, in return do some beneficial things for organizations such as the Commonwealth Games society in Edmonton. In fact at the recent Winter Games in Medicine Hat the sports participants were all provided with certain equipment by Loto Canada and the Western lottery, I believe, operating together. That's useful.

Nevertheless there is another unfortunate aspect of these large national lotteries which I think has proved detrimental to organizations within the province of Alberta. I think of my own personal experience of having been a member of the district executive of the Kinsmen clubs of this province and having had the responsibility of working with the Kinstakes committee, and what happened to that lottery, which was really an Alberta lottery, when the Olympic lottery came along. It destroyed it. That's it, purely and simply. And it did so . . .

DR. BUCK: You lost 40 grand.

MR. HORSMAN: I'm well aware, as is the hon. Member for Clover Bar, as to what happened to the Kinsmen clubs in Alberta when that big national lottery came along. They lost tens of thousands of dollars; that's what happened. Likewise, other Alberta lotteries went down the drain. I believe there was a joint lottery sponsored by the Shrine club and the Lions club. It went down the drain. So while we may have reaped some benefits from these large national lotteries, many Alberta organizations have suffered considerably by having been unable to compete with the pot of gold at the end of those big rainbows, the million dollar prizes and so on. I digress somewhat

from this motion, but I do think we should be looking at some form of advertising responsibility. I commend the mover of the motion for item No. (2).

When we come to item (3), I think we come to perhaps the most difficult part of this whole question; that is, to define, as it must be defined by our government, the question of religious and charitable purposes. I believe the Criminal Code of Canada provides that lotteries may be held for religious and charitable purposes. Unless the federal government is prepared to move in this field to change or broaden that definition, we as the government of Alberta must define what "charitable purposes" means. In that respect I urge the Attorney General and his departmental staff, when they are considering a workable definition, to use the broadest possible definition of that term or that word. In doing so, I think we can come to grips with the problems that have been outlined in the Legislature today.

I think one of the key terms that might be used is "non-profit" organization. That would indeed cover the vast number of lotteries and organizations that are seeking lotteries in Alberta today. If they are non-profit in the sense that no individual person or group of individuals will profit from the lottery, I think we should look at that as being a major part of that definition. I think we should include many of the sports, school, and nurses' organizations, and so it goes. We could do so by having a very broad definition of the term "charitable purposes".

In my constituency there was one organization which while in itself was affiliated with a trade union, the purpose for which they raised the money was entirely charitable, in that every cent went toward sponsoring junior sporting activities: hockey, baseball, that type of thing. They bought equipment for hospitals and other worthy organizations. They were defined as not being eligible to continue their operation because they were not charitable, yet the purposes for which they use their money were entirely charitable. I think we must be prepared to expand that into a definition to cover these situations we've all mentioned today.

Mr. Speaker, I beg leave to adjourn the debate.

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

HON. MEMBERS: Agreed.

MR. SPEAKER: I'm informed that it's the intention of the government to have the members meet in Committee of Supply this evening. Do hon. members agree that when they meet at 8 o'clock they will be in Committee of Supply?

HON. MEMBERS: Agreed.

[The House recessed at 5:29 p.m.]

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

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

[Dr. McCrimmon in the Chair]

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

**Department of
Utilities and Telephones**

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

DR. WARRACK: Thank you, Mr. Chairman. Just a few short remarks, partly in reference to the fact I did make extensive remarks about Utilities and Telephones and the areas of responsibility therein in my remarks to the 1978 throne speech. Also, some areas of specific problems and specific change are contained in Bill 25, The Utilities and Telephones Statutes Amendment Act. A number of areas there will require discussion in the Legislature. Unless questions are posed during the process of review of the estimates, I think it will not be necessary to raise those matters now.

I would like to draw members' attention to the fact that there have been some major and significant changes in senior personnel in the Department of Utilities and Telephones. The name of the deputy minister listed in the book changed as of April 1, with the retirement of the very able and experienced Jim Dodds. Taking his place April 1, 1978, is Mr. Bob Steele.

I would also like to recognize the work through the years I have been involved in this area of responsibility of Assistant Deputy Minister Mr. Doug Brooks; and our second Assistant Deputy Minister, as of the reorganization of the department on December 1, 1977, has its leadership under Mr. Gordon Haase.

I also draw members' attention to the reorganization between the Department of Consumer and Corporate Affairs and the Department of Utilities and Telephones in terms of the policy of having the primary rural utility responsibilities, both technical and finance, under the same roof, if you like, within the Department of Utilities and Telephones. In the book of estimates — that is, the historical reconciliation of departments for the previous years to this year — a reconciliation in that set of data lines up the level and functions of the estimates now in Utilities and Telephones that had previously been in the Department of Consumer and Corporate Affairs.

One matter I would want to bring to members' attention is an omission on page 344. It is something I ought to have spotted at the time the final review took place. It has to do with the authority for establishment of programs where several acts are listed. One act is missing that ought to be there. The Co-operative Marketing Associations Guarantee Act should be added on page 344 under the listing of authorities for establishment of the programs.

With that, Mr. Chairman, I look forward in this presentation of the 1978-79 estimates of the Department of Utilities and Telephones to comments members might wish to make. I will endeavor to answer questions that members might like to pose.

DR. BUCK: Mr. Chairman, just very briefly to the hon. minister. In light of the fact the minister wasn't here last week when we discussed the Public Utilities Board under the Attorney General's Department, I think I'll just very briefly summarize the discussion that took place at that time. I'm sure the minister is aware that, among many criticisms of this government, probably one of the most stinging criticisms is what is happening to our energy costs in this province. I don't think any member, on this side of the House or the government side, if he is being honest and fair with himself as a representative of the people in his constituency, has not brought to the minister's attention that one of the main problems in this province right now is the rapidly escalating costs of energy, be that power or natural gas.

AN HON. MEMBER: In the world.

DR. BUCK: In the world, fine. The government didn't tell us it was the world price of oil that has made this government so stuffed and fat with money they don't know what to do with it all. So now they want to take credit that it's happening across the world. They didn't give credit to the Israeli-Arab war for raising the price of oil. Okay, fair is fair.

To the minister. [interjections]. The puppets will have their turn. Very seriously, as far as we're concerned on this side of the House, the Public Utilities Board is not functioning. How do we tell the man on the street, the man with the lunch bucket, that your wages are frozen at 6.5 per cent? The energy costs keep going up and up and up, and at the same time the Public Utilities Board passes interim increases. It's the government that has to take the flack from the consumer. So I would like to know what the government, specifically the minister, is going to do about the rapidly escalating costs of energy.

An area of concern, which is of a parochial nature but affects several jurisdictions in the province, is where we have a rural gas co-op that bounds upon a utilities franchise area. I'll use one in my constituency for an example. In Lamont where the Alberta Housing Corporation has a development under way, over \$1 million worth of potential building sites — many thousands, tens of thousands, hundreds of thousands of dollars invested in that land development project — and nobody has the right to put in the natural gas services. Now, this has been brought to the minister's attention. He can't sit and fiddle around for the rest of the year; somebody has to make a decision. Maybe the minister can inform us if a decision has been made in the two or three areas where this has happened. I'm not trying to be unfair to the minister. I think the minister is, or should be, capable of making a decision to rectify this problem.

The last thing I would like to bring to the attention of the minister is the telephone hookups in our senior citizens' homes. It has been brought to my attention that the hookups are \$18 per room. If you leave, disconnect your phone, go on a holiday and come back, it will cost you another \$18.

That'll give the minister something to start on. From there on my colleague, the Member for Bow Valley, will be asking further questions.

MR. CHAIRMAN: Mr. Minister, do you wish to have all the questions before you answer, or do you wish to answer them one at a time?

DR. WARRACK: I'm at the pleasure of the Assembly. I heard the Leader of the Opposition say something, but he didn't say whether he wants them done all at a time or one at a time.

MR. CLARK: Answer them now.

DR. WARRACK: Okay, happy to do that.

First of all, I did read in *Hansard* the discussion related to the Public Utilities Board, in the review of the estimates of the Department of the Attorney General, and had noted the hon. member's comments in that regard. You know, in terms of suggesting that the Public Utilities Board isn't functioning, I think that rightfully is something that needed to be posed at the time of the review of the estimates of the Department of the Attorney General. That is where the administrative responsibility for the Public Utilities Board lies. I don't think I would agree with what the hon. member contends. None the less, that would be the proper place for its discussion, and I know that did take place.

The hon. member certainly does make a correct point that energy costs have really been restructured. Usually you think of price changes as a gradual percentage sort of thing, where that's relevant. But the fact is that since roughly spring 1973, energy costs have changed enough that literally a structural change in energy costs has occurred across the world — in Canada, certainly in Alberta — as the hon. member points out, to the very great benefit of the people of Alberta. Also at the same time there has been that impact on those portions that have needed to flow through to the individual citizen, by way of utility rates, gasoline prices, and what have you. And it's certainly right that the government has taken considerable flack on that matter, as I very well know. I expect I'll have the bruises from the overall experience for some time.

However, I think it's fair to say that in the energy cost area some major steps of progress by way of protecting the people of Alberta from the full impact of restructured energy costs have taken place. There can be no denial of the major impact the natural gas price protection plan has had and is having, and is committed to a period of comparatively limited price flowthrough for a two-year period in the future, that major commitment having been made this February.

Hon. members will also want to know my view as minister responsible for the natural gas price protection plan on whether there would be some reasonable prospect of a similar plan, perhaps exactly the same, being committed beyond March 31, 1980, the present time frame. I really would think so. It's a major assist to the people of Alberta. It's fair to say it's also widely accepted and supported. I would think it would have a longer term future than what has had to be the case so far.

As a matter of fact, in the budget speech and the ensuing details of budget estimates, the gasoline tax that's been taken off, the increase in the farm fuel allowance, and the property tax reduction refinement specifically referenced in regard to utility cost increases, are major efforts in that direction.

With respect to the Lamont-Lamco matter, I was surprised to hear the hon. member say that someone needs to make a decision. A decision has been made.

DR. BUCK: Good. How long did it take?

DR. WARRACK: It was made a long time ago. I don't know where the member for that area has been. Basically the conclusion is that the local council in the town or, in other cases, village, should have the right to make their decision on how the citizens they represent will be served with their utilities. As the hon. member will know, the town of Lamont has been rather clear on what their preference is. The conclusion reached after our analysis was to respect that conclusion, and in fact the town of Lamont is in a position to proceed in the manner they wished.

So that matter has been dealt with. It was an important matter that was outstanding at the time. But it has now been dealt with. From the meeting I had with the mayor of Lamont, I'm sure the mayor, and presumably the council members of Lamont, would be very pleased.

There was the question on senior citizens' telephones. I don't know the answer offhand. But if it arrives while I'm here, I'll pop it out to you. If not, I'll make sure to get it to the hon. member one way or another.

DR. BUCK: Once again to the minister. The minister really didn't tell us what this government proposes to do about the rapidly escalating cost of energy. The minister said this is a world phenomenon. But what are we going to do here in Alberta? Basically what we want to know from the minister who is representing the government is what the government proposes to do. Are we just going to sit by and say: this is a world situation and tough bananas because your wages are frozen at 6 per cent but your utilities have gone up 15, 20, 22 per cent; tough luck — you're living in good old Alberta, so these are some of the prices you have to pay for being so lucky as to live in Alberta.

But what do we say to the senior citizen who is on a fixed income? The minister, I am sure, has as many letters on file as we do, bringing this very critical matter to his attention.

This is basically what I am asking the minister. I don't want to have a tour of the world. I want to know what we are going to do right here in Alberta.

DR. WARRACK: Mr. Chairman, I am certainly happy to repeat my response on that matter. As the government of Alberta, we have done a very great deal, far more than any other government has done in this area of energy costs. I made reference to the natural gas price protection plan. We're the only province with no gasoline sales tax. We have a farm fuel allowance.

DR. BUCK: And the only one with \$6 billion.

DR. WARRACK: Separate subject, my friend. We've made an adjustment in the property tax handling, specifically with reference to utility matters. Mr. Chairman, we've done a very great deal to cushion the impact of energy cost changes, literally energy cost restructuring; steps that other people in Canada

do not have the benefit of.

In response to the hon. member's question on what the government is going to do, he has to recognize the fact that we have done a very great deal. And I anticipate that with the support of the people we'll continue to do more and continue the kinds of effective programs we have under way at the present time.

MR. NOTLEY: Mr. Chairman, during the minister's remarks he indicated that we had seen a restructuring of energy costs. In my remarks I'd like to deal with the question of electrical power generation. First of all, I don't intend to get into the question of the increases in profits that we discussed during the Attorney General's estimates on the Public Utilities Board. The Public Utilities Board comes under the purview of the Attorney General, so whether or not Calgary Power and Alberta Power are making reasonable profits or not was properly a subject of discussion during those estimates.

However, Mr. Minister, I do think that when we address your estimates, it is quite proper to look at the question of how this government foresees the financing of capital expansion in the future. We've talked about increases in electrical rates that have occurred in the last three or four years. As members of the Legislature, we are all aware of the letters we receive from almost every point in the province, complaining about increases in the cost of electrical rates. When the REA bills come out every three months, I don't think there's a rural MLA who isn't flooded with a series of phone calls complaining about the bills, even though we have had relatively moderate winters for the last three winters.

Mr. Chairman, what really concerns me is how, in fact, we are going to finance the fairly substantial expansion that will be required. Whether we look at the survey of the ERCB and accept all the projects as being necessary, whether we accept the relatively high 8 per cent annual increase that the ERCB has forecast, if my memory serves me correctly, the fact of the matter is that massive expansion will be required in our electrical generation facilities in the next decade.

That does raise the very real question, Mr. Minister, of how we are going to finance that capital expansion. I would be somewhat less than frank if I didn't say that I think the future electrical requirements of this province would be better handled with public power. But I would also be the first to acknowledge that that is not a proposition I can sell to the present government.

That being the case, how are we going to finance — through privately-owned, investor-owned electrical companies, plus the city of Edmonton and those municipally owned facilities that exist in other communities — the increase in the capital requirements necessary to sustain the growth we can reasonably expect over the next decade?

Mr. Minister, from looking at the submissions to the Public Utilities Board and in reviewing the decisions the PUB has made, particularly on the rather important question of shifting the debt/equity ratio, it would seem to me that the PUB has decided that the bulk of this money is going to have to come from the private, investor-owned utilities themselves. They, in turn, will have to charge a rate necessary to attract a good part of that capital. Some of that capital will be

borrowed, but a large part of it will be an increase in equity capital. In my judgment the significant point that has to be made is that if a significant portion is equity capital — we're talking about the guidelines the PUB applies to equity capital: 14.5 to 15 per cent on equity capital, compared to the interest costs on debt capital.

Mr. Minister, in your response a moment ago you indicated that we have received great benefits from the increase in the price of oil and gas. No one in this House is going to deny that. It would seem to me that one of the things we could look at quite seriously, with some of the windfall coming into Alberta in the form of additional revenues — this 30 per cent going into the heritage savings trust fund — is a planned investment policy from the heritage fund, even if it is to private, investor-owned utilities. It seems to me a great deal more sensible for Calgary Power or Alberta Power to be paying the Alberta heritage trust fund 9.5 per cent interest, rather than the consumer having to pay a higher rate through utility rates because a portion, not all but a portion, of the expansion will have to be funded from equity on which the PUB allows a 14.5 to 15 per cent guaranteed rate of return.

While I would prefer that we go the route of public power, even if one is committed to the proposition of privately owned power companies, it would seem to me to be one area where we could use the heritage fund, not in a reckless fashion but in an imaginative fashion that would yield us a reasonable return to the fund, help diversify the province, and at the same time allow the power companies to have more reasonable power rates than would be the case if you have a more equity-oriented, expensive capital structure to maintain.

I put that to the minister specifically in light of the discussion that occurred in the heritage committee last fall. The hon. Member for Calgary Millican, I believe, had proposed that the government actually finance the additional generation equipment and power plants, then lease it to the privately owned companies. Whether one were to take that route or lend the money directly to the companies, it seems to me that then we would be permitting the capital requirements of utilities, which are surely now going to have to be and are planning for the next decade, to be able to use lower cost money over the long haul. It would benefit consumers on one hand and at the same time yield at least the average return we are now receiving in the heritage fund.

DR. WARRACK: Mr. Chairman, I did indeed review those comments with respect to the question of equity financing versus debt financing. I suppose beyond that is the question of which debt source. So I agree that the question of capital financing is reasonably a discussion on this occasion.

Although the member certainly didn't want to make a major point of it, I do want to point out that in a rate regulation situation, which normally applies to utilities but can apply to other things as well, the word "profit" really isn't an accurate term. Be that as it may, I just make that particular point.

The experience of recent years is at least, and indeed in the past year is somewhat more than, an 8 per cent growth factor. I would think the kinds of numbers we'd be looking at in terms of expansion of

the electric power generation system in Alberta would be of that order, if not a bit higher, in the coming time frame. That's certainly correct. That involves something like a doubling of the total system capacity in between seven and eight years. Just to put that into perspective, with this being 1978 today — and we know of all of the electric power generating facilities that are in Alberta at this moment — in seven or eight years from now, which would take us to 1985, 1986, as much new capacity will have to be built in that short time frame as has been built so far in Alberta's history. That's a pretty sobering magnitude, and one for which a very careful and thoughtful plan is necessary. That's the observation the hon. member is making, and indeed it's very true.

I should point out, though, that in terms of the rate impact we have seen in the past period of time, it's true that a significant part of that has been related to energy. The new coal policy and the coal royalty review, for example, was a stimulus to costs and therefore to rates in the thermal plants we have that are based on coal. Also, to the extent that Edmonton Power's electric energy is generated with natural gas as a fuel, this being in the order of 20 per cent of Alberta's total magnitude, they do have the benefit of the natural gas price protection plan; none the less, the costs have gone up a great deal.

Notwithstanding all those factors, some other factors ought to be taken into account when we recognize the cost increases that have come about causing the rate increases. For example, we have been through a long, sustained, and high period of inflation that affects not only operating costs. Thermal plants are affected dramatically by inflation, in contrast with hydro plants, for example, which are relatively inflation insensitive. But thermal plants, in which the bulk of Alberta's electricity is generated, are greatly affected in the operating costs side by inflation.

In addition to that, there is the increase in interest rates that comes about when inflation, after a lag period, gets built into the interest rates and becomes a committed borrowing that you have. That committed borrowing puts you in a position where you have a fixed or, as the term is, "embedded" cost throughout the period of maturity of that borrowing, typically a 20, 25 year length of time. That is a very major sustaining impact of inflation that ought to worry us all a very great deal. It's certainly worrying me. I can tell from the hon. member's remarks that it's worrying him.

In addition, it needs to be recognized — and I for one supported it at the time and support it now — that we have done some major things in the environmental area that have caused costs and therefore electric rates to go up. For example, electrostatic precipitators are now required on all coal thermal plants. In addition, Mr. Chairman, it's not only the new plants, but a plan had to be put in place where the electrostatic precipitators would go on the old plants as well. So over a phased period of time instead of the smoke stacks with the crud coming out of the air, which we had gotten used to, now the electrostatic precipitators stop that. But that is a very large amount of money. It's additional to what previously had been invested, and it is also additional at a time of inflation — a major impact on electric power rates, to be sure.

We're also involved now in cooling ponds or, alter-

natively, cooling towers to guard against thermal pollution in the lakes, rivers, and streams of Alberta. That too is a major costly item. I don't remember the exact amount at the Sundance plant on Lake Wabamun, but I recall that many millions of dollars were involved there. Of course the compilation of these costs has gone into the cost structure and therefore into the rates. On reflection one might want to argue that perhaps some of those sorts of environmental improvement costs ought to have been cost-shared, in which case there would not have been the same magnitude of impact.

I should also mention our concern for land use. Properly handled, coal mining in plains coal areas can be regarded as an interim land use, but with the important qualifier that, as I said at the outset, the mining is properly handled. In a case like that, you have very expensive reclamation that is necessary and in some areas indeed a high enough degree of uncertainty that one stays away from involving coal mining; for example, staying away from the Dodds Round Hill area rather than taking the risk of reclamation dangers and whether that can be sufficiently done to the satisfaction of all concerned. Having to guard against those sorts of things, by staying away from the more economical coal sources or, alternatively, a very expensive reclamation process, all adds to the costs and to the structure.

Now why am I saying all this? The hon. member is quite correctly expressing concern about the level of rate increases we've seen in recent years. I've gone through this explanation of their sources to say this. We hope inflation will abate. If it does not, it will continue to be an additional cost increment and therefore a rate increment in the future. But this country has to deal satisfactorily with the inflation problem, or many people will be hurt by the failure to do so. That's on the inflation side.

With respect to environmental improvements and the costs and rate increments involved, I think it's fair to say that the bulk of those investments are made now and embedded in the capital structure. We can look ahead to an abatement of that rate of increase, because of those cost factors being put in there. I for one think we have a better province and a better life style with those environmental improvements in place, making the necessary payments by way of higher rates for the improvements that in many cases really should have been done some time ago.

The hon. member didn't go into the public power question in any great detail. As I have said before in the House, it's a two-sided argument all right. But I notice that Ontario Hydro, B.C. Hydro, Sask. Power, and Manitoba Hydro are not exactly without their problems these days either. It reminds me of the bumper sticker you see in Calgary: if you like the way the post office operates, nationalize the oil companies. I suppose you could say the same thing about certain utilities.

But in any case, let me come to what is really the nub of the matter put forward by the hon. member: first of all, the proposition that more capital financing should be done by debt rather than by equity; secondly, and I guess related to it, that the Alberta government ought to be open to the possibility of some — perhaps even all, I suppose measurable, significant amount of that debt financing being done under the provisions of the heritage trust fund, and some

reference to other members having indicated some interest in that possibility as well. I know that to be true from conversations I have had with a number of members in the Legislature from time to time.

It's a difficult question, Mr. Chairman, as to debt and equity. I think it is fair to say that you can't really do all of either. It's not so much a substitution question, particularly in a high growth kind of environment such as we have here, with a doubling of the total plant every seven to eight years. Indeed, if you do all debt financing and let your equity ebb away in conventional financing, that is to say, aside from the heritage fund or some other government mechanism for the debt financing, you soon reach a point where there is nervousness and a reclassification of your credit worthiness. That then is compensated by an increase in the interest rate.

If you go too far in the direction of debt only, without building up equity either by retained earnings or by preferred or common share equity financing, you can reach a position where the conventional financing markets get nervous about you as a place to place a loan. The increase in the interest rate that can come about from that can be very harmful indeed, and very permanent in that it is a fixed commitment, whereas in an equity situation shares can go down as well as up. But certainly it's true that private utilities tend to be very stable because of the rate regulation process.

Now, there is a point at which you could lose money by doing too much debt financing; namely, if too high a percentage of your profile was debt as compared with equity, and the increase in interest rate on that now large debt percentage could end up costing you more dollars than would be the case on the equity side.

Essentially, the rule of thumb that I understand from finance concepts is that the debt/equity ratio is a business judgment made on the basis of not letting your equity get low enough seriously to harm your ability to borrow debt. Moreover, remember that if you make that mistake, it's almost impossible to reverse. That is to say, if you misjudge it and go too far, the only way you could ever draw back would be by equity financing. And that is a very difficult task indeed, either by internal financing — withholding dividends from the shareholder — or, alternatively, trying to sell more shares, which is very difficult if you have a bad financial picture. So generally speaking, companies that are handling their debt equity judgments, whether they are utilities or not, do so on the safe side, it is fair to say, in order to recognize that one type of mistake is readily recoverable but the opposite is something from which it is almost impossible to recover.

The question of whether the kinds of balanced judgments made by those boards of directors involved are the correct ones and, if correct for the company, the question of whether that aligns reasonably close to what we would collectively judge to be the public interest, is of course the focus of the debate. That is a debating factor, always will be, and no doubt is a debating situation within companies.

I do note from the Calgary Power annual report the hon. member referred to on April 19 that their capital financing was a combination of common and preferred share issues and a very substantial amount of debt; also a lease arrangement on a major piece of

capital equipment. In fact it's a question of doing both. The question is: what's the optimal mix or the better judgment of what's involved? The debate lies there.

But the hon. member, along with others, put forward a second point. As I understand it, the suggestion is that the government be open to the possibility of commercial loans from the Alberta heritage trust fund in the electric utility area in Alberta. I think it's fair to say that we are open to that; not to be too quick in reacting, but again to emphasize that I have had a number of conversations with members of the Legislative Assembly on that. I think it's fair to say we would indeed be open to that as a possibility.

I believe those are the points the hon. member brought up.

MR. NOTLEY: First of all, I think I should correct the statement I made. I referred to the hon. Member for Calgary Millican and it was actually the Member for Calgary McKnight, as I recollect the discussion last fall. I'm not sure if that's a plus or a minus, hon. member, but I think I should correct the record.

MR. MUSGREAVE: It's a plus.

MR. NOTLEY: It's a plus, yes. I hope the government does consider the proposal made by the Member for Calgary McKnight last fall. I am pleased to hear the government is looking at this matter.

Might I just say, though, that in determining the balance between debt and equity — we all recognize there has to be some balance. But I look at the Alberta Energy Company Syncrude power plant, and I believe the balance there is 90:10, if I'm not mistaken. Whether or not the present balance for the private investor-owned utility companies is reasonable, I think is a matter for a good deal of discussion.

Members of the committee, it seems to me we can look at a slightly higher debt as opposed to equity ratio in a private, investor-owned utility company than in most normal privately owned ventures. After all, you're talking about a fixed group of consumers. You're talking about not easy, but at least very reasonable projections that one can make about consumption. And you're talking about regulation. In that set of circumstances you don't have the risk of the market place that a normal private concern would have to undertake. Therefore it seems to me we can look at probably a little higher debt as opposed to equity ratio than would normally be the case.

Mr. Chairman, I would like to put several questions to the minister, and then I have some questions on REAs. First of all, the latest figures I have been able to compile are from the ERCB on the projected increases needed over the next decade. These figures are several years old. I'd like the minister to give us an updated estimate. I assume that the electrical power generating council has done so. We're talking about a doubling of the electrical generation requirements in the province over the next seven or eight years. I realize it's difficult to pinpoint the exact capital costs of these projects, but the ERCB had at least done an assessment several years ago. I'd be interested if there is an updating of that with the inflation rates. For example, in 1976 the estimated cost of a dam at Dunvegan was \$1.03 billion, if I recall. My suspicion is that if we were to proceed we

would be looking at somewhat more than that now. But I'd like some indication of what the capital cost requirements will be over the next decade.

Moving from there, Mr. Chairman, I'd like the minister to bring us up to date on where things now stand as far as the REAs are concerned. Members will know that the associations have been asking for a new master contract. Money was allocated last year, and I believe this year too, for some rebuilding of lines. Mr. Minister, in talking to REA people, one of my concerns has been whether or not the rates charged by the companies for whatever work they do, whether it's tap-in or installing a new line, are fair and reasonable.

To be fair to Alberta Power, the REAs served by Alberta Power have found the company to be reasonably obliging in terms of providing a breakdown of the estimates, of the costs for whatever the services may be. But I have had complaints from REA members in Calgary Power areas that it is difficult to get Calgary Power to break down the estimates. I would be interested in whether the government has been able to work out some arrangement so that there is an automatic tabling with the REA secretary of the estimates, whatever it may be, whatever the service that the power company is providing to the REA.

I'd like the minister to bring us up to date on how many REAs are now in urgent need of work to repair their systems, how many have undertaken work, where things stand in terms of the new master contract proposed by the Union of REAs — has the government rejected it, accepted part of it, accepted with qualifications, or whether they intend to work with the existing master contract.

Mr. Chairman, that probably covers the bulk of the concerns I would raise at this particular time.

MR. CHAIRMAN: I have here a sports flash, courtesy Recreation, Parks and Wildlife: Montreal 5, Toronto 3; game over. Boston won over Philadelphia.

MR. R. SPEAKER: Mr. Chairman, before the minister answers some of those questions, I'd like to raise a few more with regard to the same topics raised at the present time. The first topic was with regard to Calgary Power rates. The minister outlined two or three items which caused rates to increase, and the reasons for them. Mr. Minister, one of the suggestions you made is with regard to the possibility of an equity position from the heritage trust fund.

MR. NOTLEY: Debt.

MR. R. SPEAKER: Taking on a debt. I forget how you expressed it.

DR. WARRACK: Let me just be clear on that point, if I might. The discussion we were having was on a major component of the debt being from the heritage fund, not the heritage fund used to buy equity.

MR. R. SPEAKER: Mr. Chairman, I had a question relative to that. What amounts of money would be required to effect a certain percentage of reduction in, say, Calgary Power rates? I was wondering if the minister could indicate that kind of thing. I'm asking the question to make sure I understand the statement made.

For the record, I'd also like to add that in the last week or so I have continually received a number of Calgary Power bills from various constituents and people in southern Alberta which show very significant increases. I am sure other members have received the same thing, so I guess it's a current concern.

I think the one question I wanted to raise was in regard to how much of this money would have to be involved to bring about any kind of significant decrease. I'll just leave it at that point right now.

DR. WARRACK: The first question asked was whether the debt/equity ratio on the Syncrude power plant was 90:10. I am afraid I don't know the answer offhand. My colleague, the hon. Minister of Energy and Natural Resources, is ill today. He might very well have known the answer, but I don't know it offhand.

[Mr. Appleby in the Chair]

In terms of the cost figures involved, it seems to me that some updated cost figures came about in relation to some of the work we did in preparation for the mid-1976 decision that involved the Dodds-Round Hill proposal. I don't remember the numbers offhand, but they're very large indeed. Major investment is involved. I suppose the best I could do would be to see if either the ERCB or the Electric Utility Planning Council has updated information. There's no question that it's significantly higher by reason of inflation and by reason of the other sorts of inputs that are part of environmental improvement and so on necessary to generate each additional megawatt of power. It's also true that the old hydro sites that even predate the Big Bend and Bighorn dams are now a very small component. I think in the order of 15 per cent of Alberta's electric generating capacity now is hydro. I make that point because, as I said, hydro plants tend to be inflation insensitive as distinct from thermal plants. Unless the possibility of Dunvegan and Mountain Rapids, both of which are receiving considerable attention now, as you might imagine — the cost relationships between thermal and those two major hydro possibilities have changed significantly in the restructuring of energy costs, and are receiving much more intensive attention than would otherwise have been the case. But certainly those cost factors are up dramatically.

On the matter of REAs, there were a number of specific questions. I'll try to come to them one at a time. The question of the master contract and its allied agreement has been under discussion in recent months, in a way that is making considerable progress I think. To begin with, I think the representatives of the REAs have been in a serious discussion relationship with other participants in the rural electric power process, and seem to have — I don't know what the right terminology might be — cooled off on some kinds of revisions they had been suggesting.

At the same time, the power companies have indicated they're prepared to agree with certain revisions of the master contract. The Rural Electric Council formed in early February, that all rural members probably at least noticed, has as a priority item on their agenda to reach a conclusion as to what adjustments should be made. The basic thought I have

had and that we've been discussing over roughly the past year or so is the suggestion that we take a package of changes regarded as priority and ones the power utilities feel they can be open to, and see if we can reach concurrence on that package. It seems to me that they're discussing some five items at the present time by way of master contract revision. When those matters are done and set aside, reopen the agenda on other matters within the master contract and allied agreement so they could make progress on a steady basis that would be satisfactory to all. That work is under way now, particularly in the newly formed Rural Electric Council.

On the rebuilds, I mentioned on this occasion one year ago how concerned I was that certain rural electric power systems seemed to be in a physical state where there was doubt as to the safety and capacity for continuity of service. The primary location of these, for reasons of the area itself and the history of their development, was in the Athabasca-Lac La Biche area. One of the first things I did after we finished in the Legislature last year was organize a series of meetings with those REAs in Athabasca and Lac La Biche. We sat down together and had an initial go at a proposal for assistance to help get that rebuilding work done to assure safety and continuity of service. After their review of their part of it, they made representation for additional assistance, which we reviewed and examined and came to the conclusion that their representation was a proper one and agreed to make a further adjustment in the amount of financial assistance involved.

My memory is that work is under way in the following REAs: Colinton-Paxson, North Athabasca, West Athabasca, Perryvale, Lac La Biche, and Rochfort.

Various combinations are involved, and I won't take too much of the committee's time on that. Some of the REAs felt, when they had work that needed to go forward in 1977, that if they could get a batch-job basis so as to bring forward some work from 1978 and do both in the same year, they would do so. Some work was brought forward, but for the most part a major amount of work was done last year. A major amount of work, though less in total magnitude I think, will be done this year. Then we're in a position where we can have some breathing space as far as the emergency rebuilds are concerned.

However, my concern out of all this is that we get on to a longer term plan, so in the future no one has to repeat this whole process and have the kind of risk that's involved, even a safety risk. One of the fellows I met in Athabasca through the MLA for that area told me a real horror story of what had happened on his own farm. Someone could easily have been killed in the process. So I'm hoping this year we can get on to some preventive work that might be essential to prevent anyone in the future from reaching the same sort of situation and crisis point.

Let me mention two or three things. One is that work has been going on as to the possibility, when rural electric systems need to be changed to accommodate the irrigation expansion and rehabilitation in southern Alberta, in the Lethbridge area — looking to what the comparative costs might be to underground them, which would then allow traversing fields without having to go around the corners in order to stay out of the way of the irrigation equipment, for example.

A major effort has been made by departmental staff under the leadership of Mr. Les Collins to work with REAs and assist them in the analysis of what contributions they might reasonably be making to their future through the deposit reserve account. I'm informed that roughly 50 per cent of the REAs in Alberta have now responded by increasing the deposit reserve accounts as preparation for the future inevitable of having to do major rebuilds on their system. I think that's a real step forward.

We are working on the other matter mentioned by the Member for Spirit River-Fairview; that is, some basis for assurance that the kinds of costs people are looking at in the work that goes on of a relatively major nature from time to time are fair and reasonable. I quite frankly have not had an answer when asked what assurance there is, because there really hasn't been a specific kind of thing that can hinge onto some mechanism of assurance, not only for access to the information. That has been a problem, and I think it is well on the road to being rectified now.

I've discussed the question of cost monitoring with the Energy Resources Conservation Board, because of their responsibility for The Hydro and Electric Energy Act and the fact that each operating REA does its operation with a permit from the Energy Resources Conservation Board pursuant to that act. I've asked them to work on a proposal that might be a practical way to go about an effort to have a cost monitoring system for some of this work. Those efforts are under way now. I've received a preliminary proposal from ERCB. When we get finished in the Legislature so that it's possible to get the kind of block time necessary to work on these things, that's one of the items high on my priority scheduling list. Also, though I don't recall the date offhand, I do have a future meeting scheduled with the Union of REAs and the Rural Electric Council to have a run at the concept. So I'm optimistic that we can work something out in that area, and there is no doubt in my mind that it's needed.

The hon. Member for Little Bow mentioned concern relative to the magnitude of Calgary Power bills, and I certainly share some of those reactions. The bills he'd be talking about would reflect an interim increase that came into effect, I believe, on February 1, 1978, so they would have been higher for that reason. And, of course, the rate involved is affected there. I might say at the same time, though, that one might be attentive to the remarks made last fall by the hon. Member for Drumheller, who made the comparison between Alberta Power and Calgary Power bills. There is a significant differential there, with Calgary Power bills being significantly lower than Alberta Power bills for the same service.

In terms of the question of power rates, what kind of reduction and so on might be related through additional debt financing by the heritage fund, let me be clear about that. My remarks were that that is not a matter our minds, as a government, are closed to. So it's not a proposal by me. It's not a request we've had, but it could happen. This is an important discussion on that topic here. So in no way, shape, or form am I making the proposal that that would reduce the rates significantly. In a way, I think that's the thrust of the remarks of the hon. Member for Spirit River-Fairview. But I am saying that we're open to that

option on the debt financing component that might evolve. I wanted to be clear on that particular point.

I also have information on the item from the hon. Member for Clover Bar that I deferred. The standard service charge for a residence is indeed \$18. I think that's what the hon. member mentioned. I understand that a vacation disconnect is available at half the rental rate, with no service charge to reconnect. The hon. member might interface that with the specific situation he might be thinking of, no doubt in his constituency. There may have been some misunderstanding by someone. If an adjustment is to be made, we'll sure make it. If the service is discontinued, of course the standard service charge of \$18 applies.

MR. NOTLEY: Mr. Chairman, I have just one additional question on a matter probably other northern MLAs have had brought to their attention. It flows from the bill the Legislature passed in the 1976 fall session, the legislation that deals with the question of idle taps.

First of all, Mr. Chairman, I don't think there's any doubt that from an REA standpoint you have to do something with these idle taps. Some sort of reasonable payment has to be made, because there are the costs of maintaining the lines. It isn't entirely fair for the person who has an idle tap to receive gratis the opportunity to hook it up again at some juncture and make it operative.

The problem I've had brought to my attention is that the policy adopted and the schedules set out are unfairly high. After all, the tap is not in use. Therefore the argument is made that the agreements worked out put too high a burden on the owner of a parcel of land with an idle tap. On the other hand, if the owner complies with the legislation passed in 1976 and says, all right, you can take the tap out and get the salvage value of the transformer; that's fine. But if five or six years down the road his son wants to set up a house in that particular farmstead, if the tap has been removed you're right back to the enormous installation costs.

[Dr. McCrimmon in the Chair]

My question to the minister is: where do things stand on this question of idle taps as far as the government is concerned? Has there been any representation through the REAs as to the policy of the power companies on the charges for idle taps?

DR. WARRACK: Mr. Chairman, I'm not sure I'll have all the detailed information that's necessary, but I'll give it a try.

Just to explain to all hon. members, particularly our urban colleagues from whom we rural need support from time to time in the very real needs of rural Alberta, the idle taps mentioned have come about on the basis of farm consolidations that have taken place across rural Alberta since the early days, basically the second half of the '50s, when the rural electric systems were installed. Taps now idle and unused vary from in the order of 10 to 12 to 15 per cent of the original installations. The problem is that those taps have to be kept in operating condition and the maintenance costs paid for on an ongoing basis. There's no volume of sales to support them. In some instances that's even more expensive, because with

no one around there's a higher probability of it being subject to vandalism than is the case if it's in a yard where people are living.

So the question was, how to get away from the unnecessary cost of maintaining unused facilities. They are presently being maintained and paid for by members of the REA, which are now fewer in number than was originally the case. Moreover the matter is complicated by the fact that initially, in many and perhaps most cases, formal easements were not taken with the installation of the power. Then there's a change of hands. The new person who bought the facility feels it's really property he bought along with the land, because there's no claim against the land that makes up for its presence there and so on.

The amendment to the legislation was put into one of the acts that is handled by the Minister of Consumer and Corporate Affairs in order to provide the REA with the capacity to do one of two things: either charge the person on whose land the idle tap stands to make up for the costs of keeping the tap there or, alternately, have a mechanism where the tap could be taken out and, in taking it out, allow the salvage value and so on, as the hon. member mentioned. The individual farmer is then in a position to make the business judgment whether he should keep the idle tap on his farm by paying for its operation through a period of time, on the chance that in the future he would want to use it and therefore not have to install a new tap or, alternately, let it go and avoid that charge, which at the same time avoids the operating costs that the REA has.

As I'm sure a number of the members of the Legislature have, I've had some representation on the level of that charge. The point I'm at is that I'm not sure whether the level of that charge is totally within the prerogative of the local REA board or . . . It's not. So there is a criterion out of which that charge comes that is not totally within the hands of the REA board.

I don't know what more I can say about the subject, other than that there is a representation. I would ask the hon. member to indicate whether he has a basis for feeling that perhaps it is too high and ought to be reviewed. If there is support for the effort to review that, I'd certainly be pleased to do so.

MR. MANDEVILLE: Thank you, Mr. Chairman. While on the topic of rural electrification associations, I would just like to ask the minister what type of response he has had to the proposal to amend the interest-free loans; that is, where an installation costs over \$2,500, they can get an interest-free loan for sums of money. I'd like the minister to indicate, has the decision been made to go ahead with this program, and what response has he had?

Mr. Chairman, while I'm on my feet, another question on REAs. From time to time, where a revolving fund or an association under the revolving fund applies for a loan, I see that the minister has to get an O.C. I was wondering if the minister or the government has taken any steps in order to speed up this process so there could be ministerial approval on these revolving fund loans.

MR. R. SPEAKER: Mr. Chairman, I have a question or two with regard to REAs. Some REAs are in the process of selling to Calgary Power. I received a letter from one of my constituents. It is a concern of

others in the area too. For the capital facility itself, and I'm referring to the Harmony REA in the Champion area, the Calgary Power purchase offer is \$215. This doesn't include the deposit account; it is just for the capital aspect. The deposit account is \$565 per member.

Maybe the quickest way to summarize the concern of the member is about as follows. He said: The part that I'm really getting disturbed about is the \$215 that Calgary Power is offering. Our REA has a little over a mile of line per member. At today's cost of building, this must amount to \$4,000 to \$5,000 per mile. Our lines may be 28 years old, but two years ago they went over the lines and replaced many of the poles. So I feel our line is good. I'd like some information on how they would arrive at the \$215 value under those circumstances.

He feels it's much lower than the actual value of the line. I was wondering if the minister could comment on the reason for that at this point.

DR. WARRACK: One further piece of information with respect to the question of idle taps. I'm informed that only three REAs have not decided to take part in the program, and that the policy presently being followed is that which was consulted and recommended by the Union of REAs. I should also have said, and neglected to do so, that any decrease in charge to the individual would then have to be spread amongst other members of the REA, as members of the co-op. Maybe I'll deal with all of the REA ones first and come back. The hon. Member for Bow Valley may not have been here the day I introduced Bill 25, but if you review *Hansard* or the bill itself, you'll see that one of the provisions of Bill 25 is to do exactly that: under a certain level, namely \$15,000, the loans could be activated by ministerial order rather than order in council. The purpose is exactly that, to speed up the process and lessen the paper work. That's in Bill 25, and I'd certainly look forward to the member's support on that.

With respect to the question of REAs that consider a transaction with the power company, quite a bit of work has been done. In all these things, of course, I guess the arguments are as long and hard as the whole idea and calculation of depreciation are in almost anything. There are people who spend their lives doing that. In any case a formula has evolved, as I understand it, basically on the value or the worth of an REA system from that date forward; that is, as a contribution to its value in the future. How accurate that can be involves a tremendous amount of judgment, of course, but I think the overriding point is that the members of the REA own the REA. It's theirs.

If they collectively wish to make a transaction and in fact sell it, get the deposit reserve account money which is there, plus the value of the system that they decide to take or not, they are in the basic position of making that business decision. It's theirs, and they're free to sell it or not, if they wish. Some 20 or so across the province have done so over the years. I suppose it's five or six years since the first transaction at Winterburn, just west of Edmonton. Basically the point is that it's theirs to decide whether or not to make the transaction, like any other business deal. I think I gathered from the member's remarks that the Harmony REA decided not to enter the transaction.

MR. R. SPEAKER: Mr. Chairman, for the hon. member's information, the meeting was just held in the last day or two, I think, and I'm not sure of the results.

DR. WARRACK: In any case a major part, in fact a vital part of the meeting on the subject would be with the officials of the power company there to explain the questions that were posed in the letter to the hon. member. Their explanation would certainly be more detailed than mine. As I think you'd imagine, I don't particularly find myself in a position of being able to detail those kinds of things. The most important thing is that it's a system that belongs to the members. It's their property to do with as they see fit, to transact, to continue to operate, or whatever they wish.

I guess the only exception to that, and it's worth while to point out, is relative to the rebuilds I described in the Athabasca-Lac La Biche area where, because of the infusion of 75 per cent assistance by the provincial government for those rebuilds, we felt that we needed to have an assurance that they would not transact their system to the power company within the 15-year period they had to make a commitment, because of the government money involved in it.

On the question of interest-free loans to gas co-ops: at the outset of the program, the approach to assistance for the capital construction of gas co-ops was decided in the direction of grant assistance rather than interest-level support, which has basically been the REA support system, aside from the rebuilds we started to do last year. We've continued along that direction in the initial sharing the hon. member will be familiar with, and the 50:50 above \$3,000 per user. We then enriched that to 75:25 above \$3,750 per user, and last year to 90:10 above \$4,500 per user. So that's literally interest free in the sense that it's a grant. They don't have to pay it back. Yet it's their system, their property, in exactly the manner I was describing with respect to REAs.

So our approach has been the grant assistance approach rather than the interest approach. Of course we went through a whole debate in the first instance about that. I suppose if we had had the interest-free approach, they could come back and ask for grants. People are really quite ingenious about the different ways they can ask governments for money.

But I would make this point with the hon. member, from the point of view of financial planning. It's my view that when we're in a position as a provincial government, and we are, where we can help support putting into place infrastructure for the people of Alberta and better equalize the opportunities in rural Alberta compared with urban by way of water systems, sewage systems in small towns, rural gas systems, it's better that we pick up that obligation, pay for it, and get it done now when we can afford it, rather than underwriting an interest that defers the financial exposure to a future date when we might not be able to afford it. It seems to me there is a great deal of wisdom, and the balance of the wisdom is in the direction of the grants approach. That's what we have done.

MR. MANDEVILLE: Mr. Chairman, I would just like the minister to outline briefly the effect of the postage-stamp concept or the equalization of natural

gas rates. I'm speaking about the application by the utility companies that is before the PUB at the present time. I hear many different concepts of how it's going to affect our consumers as far as equalizing our natural gas rates is concerned. I see that the 'dehy' plant operators are concerned that it's going to increase their summer rates.

I've also heard some comments from our rural gas co-ops, and I would like the minister to comment on this. I've heard the comment, through some of our members, that if this concept is accepted, the utility companies will be able to sell gas to the consumer cheaper than Alberta Gas will be able to sell to the rural gas co-ops. Could the minister briefly outline how it will affect the rural gas co-ops in the province if this application goes through the PUB?

Another question, Mr. Chairman, while I'm on my feet, in regard to the propane subsidy. I know the minister and many of our rural MLAs have had requests and petitions, as I have, from the consumers of propane who want some type of subsidy, something that would relate to the transportation allowance we have for gas or the shelter program we have for natural gas. I would like the minister to indicate whether he's working with the Minister of Agriculture to come up with some type of subsidy or allowance for propane users. Also, has the minister had any complaints from consumers to the effect: since propane has been taken from under the wing of the PUB, have we had any increases in the propane costs in the province?

[Mr. Appleby in the chair]

DR. WARRACK: To answer the last question first, yes, I have. There was certainly no doubt that there had been a kind of artificial stability, if you like, for a period of time to freeze the price of propane. When it was deregulated it was obvious there would be some upward price adjustment, and this has occurred. Certainly complaints have come from them, partly motivated by the companies themselves, strangely enough, which seem to be saying different things now than when they came in and met with my colleague the Minister of Energy and Natural Resources and me. Their comments, including their efforts to engender as many complaints to the government as possible, are really quite different from the representation we received in those meetings when propane was still under the Public Utilities Board price regulation, both wholesale and distributor. In any case the answer is certainly, yes.

In terms of the possibility of a propane rebate, I recall the hon. member raising that matter in the House and, I believe, with the Minister of Agriculture on a separate occasion. My reaction is really three-fold. First of all, we do have a way to assist people with their farm heating costs (a) by way of capital assistance in the construction of the rural gas program, and (b) the natural gas price protection available to them when gas is being used. We can help people in that way when they are within franchised areas of rural gas co-ops. So I think the answer is pretty clear, that it would not be our intention to undertake a propane rebate plan within rural gas franchise areas.

Secondly though, there are areas — and it doesn't necessarily relate only to propane as an alternative

fuel — that I mentioned on a prior occasion in this spring session. Just to pick two examples: I believe Fort Chip uses fuel oil or perhaps diesel, but High Level in northwestern Alberta actually has a propane distribution system in the town. The circumstances in Fort Chip and High Level are that through no decision made by local people, they do not have the opportunity to have natural gas available. I'm much more amenable to the possibility of looking at those situations than I would be within a rural gas franchise area.

Incidentally, I might say we're doing some work with the people at High Level now, both in relation to gas development nearby and the possibility of a transmission line that might be built in the area. So we may be able to resolve the High Level and area problem with what's called the Northern Lights Gas Co-op. I'm hopeful in that regard.

I'd like to assure the hon. member that we do intend to review what has happened with propane prices and propane availability in Alberta after some reasonable experience with propane being fully deregulated — that is, deregulated both wholesale and distributor — which it was as of April 1, 1978. So I would think we'd want to take a look at what's happening, not necessarily with the view of doing any particular thing. But I can commit to the hon. member that about the end of May or middle of June, we intend to do a review of what the propane circumstances are by way of price and availability of supply in the deregulated system that's now in place.

There was one other matter, the postage-stamp matter the hon. member raised with me in question period the other day. My understanding is that the proposal would be for a greater geographic averaging by the gas companies than is presently the case. That would tend to temper the amount of gas price increases in the rural areas compared with urban, and in effect be a better comparative gas price in rural areas.

I know that some of the people, not necessarily in existing gas co-ops but in the federation, are concerned whether this might mean there would be a swing away from the conventional rural gas organization for rural gas systems, to work instead with utility companies, which is happening in some areas. This is one of the matters being put for consideration by the Public Utilities Board as it makes its decision.

In any case, this matter is before the Public Utilities Board. I'm confident they will weigh that argument in a proper manner and take it into account as they make whatever decision they decide is best.

MR. R. SPEAKER: Mr. Chairman, I want to ask the minister one more question with regard to electrical power. One of the criticisms I've had from small businessmen and some farmers who use electrical power to drive their sprinklers is that the criterion of peak demand is often used in calculating the bill. I wonder if the minister has reviewed that concept of charging for power.

The concern raised with me is that in certain months of the year there's a peak demand — let's say in a certain store because of the weather conditions, or for certain reasons — and that demand rate is used to calculate the power bill throughout the rest of the year. The feeling of these businessmen was that they were being overcharged for the amount of power they

were actually using. Various comments were made.

Has the minister reviewed that particular technique or method of charging for electrical energy? If so, would he maybe have a look at it?

DR. WARRACK: Mr. Chairman, I'll be brief, because I don't know anything about the subject. I could mumble a little, but I honestly don't know. From what the hon. member has said, it sounds like it would be something worthy of review. I would enthusiastically undertake it, with his help.

MR. GOGO: Thank you, Mr. Chairman. I'd like to make a couple of comments, Mr. Minister, and ask you a couple of questions. First of all, unlike the Member for Clover Bar, I'm not a rural member. But I wonder if you could tell us if any other jurisdictions in the country have a rural gas program. As I understand it, people in Ontario have to live on fuel oils and keep driveways clear and so on, so trucks can get in. I would suggest that's a pretty important part of the rural gas program. I'd like you to comment on the success of the program to date.

I'd also like you to comment, Mr. Minister, on utility cost comparisons with other jurisdictions. About a month ago I talked to somebody from Lethbridge who was down in New Hampshire visiting a brother. While he was there, he got a heating bill for \$200. I've never experienced that kind of bill. I'd like you to comment on that, because I believe we're in a pretty favorable position with regard to heating and other utility costs in Alberta, particularly with the natural gas protection plan which shields us 75 per cent.

I'd like to make a comment as well on Calgary Power. I look at Calgary Power perhaps a little differently than others. It seems to me that unlike dentistry or some other business, if you decide to go out of business, you don't have to seek permission. But if you operate a utility company, part of your responsibility is to guarantee that when someone flips the switch a light comes on. Surely if that's the case, if you operate a utility there's a commitment to guarantee the continuity of that supply.

I don't want to get into the debate between the members for Stony Plain and Spirit River-Fairview, but I have the utmost confidence, not in Calgary Power but in the system we have in the free enterprise sector. If Calgary Power is making 50 per cent additional profit — if they are — there sure are a lot of fools in this province who won't go down to the local stock exchange and buy a share. A publicly owned company must list its shares on the market, and we must be pretty stupid to stand here complaining about the increased profits and putting our money into Alberta Energy Company instead of Calgary Power. I'd like you to comment on that.

I'd like you to explain the policy of your department or of the government with regard to bidding on government contracts. Lethbridge, whose constituencies are shared by the Minister of Municipal Affairs and me, has a company that employed 240 people in the manufacturing of telephones, and they've now experienced a 26 per cent layoff. I understand that they bid on AGT business last year, on telephones, and they were the low bid that didn't get it. Presumably with AGT there's something within the policy that's in addition to a low bid. Maybe continuity of supply, maybe pink phones. I don't know. Mr. Minis-

ter, if you would, I'd like you to explain to me the policy regarding public tenders from the point of view of AGT. If you don't want to discuss it, and go to another vote, that's fine.

I can't help but make a comment when I hear people talk about the REAs. I surprise some members here; I grew up on a farm. Each room had one light bulb, and the barn had a light bulb.

MR. ASHTON: I only had candles.

MR. GOGO: The Member for Edmonton Ottewell had candles. But as I recall, the demands of farms on electrical systems were minimal. They didn't have welding equipment, plug-ins for cars, and so on.

I hear mention of interest-free loans to REAs. I hope they would also consider an interest-free loan for the Member for Macleod to put a new X-ray machine in his clinic.

What's this business about interest-free loans? The heritage fund process is spending \$200 million on irrigation, which is an average of \$400 per acre, and we haven't changed the assessment of agricultural land by statute for the longest time. I would question whether we would do a thing like that. Competitive interest rate, municipal finance council rate, and so on: fine. But when I hear "interest-free", that means somebody else is picking up the tab. I would like to hear your reaction to that.

Mr. Minister, let me conclude by saying that I, along with other members of the government caucus, have been subject to regular mailings from rural gas co-ops for some time. I know it's been a difficult time for a lot of people. But I would suggest that those who are concerned talk to their colleagues east and west of Alberta. Those who complain about the propane — that's the latest thing, the propane prices. They were 28 or 30 cents here, 58 cents there, and 52 there, and suddenly we've lifted the controls off those to let them seek some kind of level, presumably with the hope of encouraging rural gas people to sign up these people under the rural gas. I would hope that's the outcome.

Mr. Minister, if you would respond to those questions, now or later, I would appreciate it.

DR. WARRACK: Mr. Chairman, I'm delighted to do so. I must say those are refreshing comments and questions. One of the joys I have in life these days is when someone asks me in the question period, as I think the Member for Stony Plain did, what the price of natural gas is in Saskatchewan's rural gas program. Of course they don't have one. That's the point.

We in Alberta are really the only people who do. Unless we occasionally talk to people who have moved here from somewhere else, I'm not sure that we fully appreciate our good fortune in Alberta and some of the things we have, not only have but have at attractive prices in comparison with anywhere else you might want to look.

The hon. member asked for the status of the rural gas program, and I just happen to have it right here. This past fiscal year we managed to make natural gas available through the rural gas program to roughly another 8,100 new users, which is something in the order of 32,400 people, figuring the number of people per household. That brings the total status of the

rural gas program now to having made natural gas available to over 45,000 new users in rural Alberta. That involves over 180,000 people. That really is something that doesn't exist anywhere else.

In terms of comparative costs, it would be educational for us to have the opportunity to see what it is like elsewhere. The story about someone paying \$200 for electric heat in their house elsewhere — New Hampshire, I believe the hon. member said — is no myth. As a matter of fact, the week before last I was in Toronto and talked to a person who lives in New York who had just paid a \$250 bill, for winter months admittedly, but not the severest part of the winter. Around here we hardly know what bills are.

In the areas of gasoline, natural gas, and farm fuels we are far and away in better shape than anywhere else. The only areas where there's any comparison outside Alberta, but within Canada, are where they have substantial hydro sources, namely Manitoba and Quebec, where electric bills are somewhat less than here, but not all that significantly. As I recall, the comparison with British Columbia is about even. So our comparative energy and utility costs here are really attractive. I don't think we should lose sight of that, in the reality of the circumstances we live in.

You know, the hon. member makes a heck of a point when he says, if it's such a great investment in Calgary Power, go down and buy some shares and get rich quick. Of course it turns out that's not true. So there's another side to all this, and I think it's important, wholesome, and healthy that the hon. member puts it.

The utility revenues, including net revenues, have indeed gone up. Why? Well, it's not all rate increases; it's very significant demand growth, and it combines into a revenue growth. It's depressing to hear someone talk about its being profits, because of course it isn't. I guess that's the sort of thing that happens in politics. The only thing is that I'd certainly hate to see anyone who's confused about that arguing public power also. To put that combination together sounds like 'disastersville'. I can see some arguments for public power all right, but surely they have to be made from financial reality rather than myth.

The point is quite true about the uniqueness of utilities. They have to provide a continuity of service. We expect the lights to go on, and it's regarded as a major problem if they don't. Even in the coming winter and certainly the winter after that, if more capacity isn't available in southern Alberta there may be exactly that problem of not enough capacity in the Calgary Power system to serve southern Alberta. But that continuity of service is a responsibility that is there to the extent that the regulatory environment will permit it to be supplied.

Utilities are capital intensive, particularly electric utilities: enormous capital absorption. Look at Ontario Hydro where — I hope I'm not wrong about this, but it's my recollection — their debt load is something in the order of the province of Ontario's. By the way, they have a much higher equity/debt ratio — let me put it that way — than AGT, for example.

The other thing we've gotten used to is high quality service: quick action, good service. All in all, I suspect our utilities are second to none in that regard.

The hon. member would like me to respond to two

other points. One I'm not able to respond to fully, relative to a particular tendering matter. I'd like to have the opportunity to take a specific look if I could do so in conjunction with the hon. member. But the basic point is there in relation to a number of things that are happening around the province which show that Alberta is not completely insulated from the economic turndown across Canada. Those things are hitting us, and some buffering is taking place. But a kind of buffeting is also involved.

Let me interject one thing that I forgot in my comments on net income to a utility and reference to the Calgary Power annual report, because that was brought up by another member earlier. Despite the allegations of profit and so on and so forth, the net income as a per cent of average shareholder investment is precisely, exactly, dead on what it was the year before. In other words, you won't get rich when you go down and buy those shares. So it is not so great after all.

A final comment on the questions posed by the hon. member. I can tell from the nature of his remarks that he has some real reservations about the interest-free approach to a variety of things. I'd like to say that I whole-heartedly agree with that. There are few things I have less enthusiasm for than free interest. It is subsidy, and it would be subsidy put forward to a future date when you might be financially less able to afford it. I'd have to hear a lot of arguments before I'd be persuaded that is a good idea.

MR. MUSGREAVE: Mr. Chairman, as the member of the heritage fund committee who put forward the idea of the province of Alberta putting up the money for the power plants of the future, I would like to get into this debate.

The hon. minister has brought up many things that the member from Lethbridge touched on. I don't get too impressed with our performance in Alberta in comparison to other provinces. After all, we do have \$4 billion in the heritage fund at the end of this year. We will have a surplus between \$600 million and \$800 million. So I think it is our responsibility to see that people in rural areas enjoy the standard of living that we in the cities do.

Having said that, I still think that, unfortunately, there is nothing so painful as a new idea. When I suggested in the heritage fund that we look at the idea of financing of the heavy debt amount of money required by the power company, it was immediately branded as a socialist idea and voted down. Now it was not my idea. It was an idea presented to me by a consulting engineer in Calgary who, I would suggest to you, is a very right-wing kind of person. But the idea has merit, in that last week the vice-president of finance for Calgary Power was saying he wants more Albertans to buy equity in Calgary Power, which I applaud very much.

On the other hand, we as a government own an air line; we own a banking system; we have a very heavy investment in Alberta Energy, like \$75 million; we have a pipeline we're proud of and a power plant we're pleased with. We have other areas of investment. We buy all the oil, and gas in the province. So I don't want to get hung up on this kind of idea that free enterprise is on one side and socialism is on the other, because this is absolute nonsense in this

modern society. You know, Mr. Minister, that that isn't so.

Here is my concern, and here is what I would like to hear from you. This idea was brought forward, and in the heritage fund it was voted down. So be it. You say government members have approached you on this thing. I would like to ask if you would confirm to us that you would make the commitment to see that the study is done so that we do look at the long-range financing of the power facilities in our province, for two reasons.

One, we are continually pressed by the municipalities for more money, a share of income tax, a right to put on a sales tax. We're always asked for more money. I can't think of one device that would give more money to more people in the province of Alberta than by somehow seeing that the rate they pay for their power is kept within reason in the future. So that's number one. It would serve the whole province of Alberta, not just the urban areas. I would suggest it would probably cover 95 per cent of our citizens.

The other point, Mr. Minister, is this. What concerns me is that in the city of Calgary — I cannot speak for Edmonton, and I assume it still exists in Calgary — the power rates people complain about are inflated by the city fathers because they add millions of dollars to the bill to lower property taxes. A lot of people are not aware of that. I think we as a government should be trying to do something to take that out, you know, make sure people realize when they buy power that they're not subsidizing the property tax also.

In essence, Mr. Minister, those are the two questions I have. I would like your comment on them.

DR. WARRACK: Certainly very good questions, Mr. Chairman. I want to be clear on what I did say with respect to the possibility of some debt funding for electrical utilities from the heritage fund, and that is being open to the suggestion for my part and I think the government's part. Do recall that I did say "commercial terms" — I think that reconciles the views of the hon. Member for Calgary McKnight and the hon. Member for Lethbridge West — but that this be perhaps something the government could initiate with the utilities, but might reasonably be a proposition they would consider as well.

I suppose, too, that one possibility might be that some motion with that kind of thrust could have the benefit of debate by a number of members of the Legislature. I'm not sure where it would fall, but it would certainly seem like a worth-while motion for the Legislature to debate and see what the nature of the discussion turns out to be.

I certainly appreciated, as I'm sure all rural members here did, the hon. member's comments as an urban representative recognizing the very great need there is in rural areas for some of the kinds of facilities we now regard as really infrastructure facilities, such as rural gas programs, and the extent to which we've benefited from those things.

I might say also that during the time of my last term I very much appreciated the fact that rural members gave strong support to the concept of metropolitan, urban provincial parks. We now have them at the Fish Creek and Capital City recreation parks. So I think that kind of tie-in is a really important flavor and co-operative, affirmative, forward-looking spirit that is

worth while by members of the Legislature.

I'd very much like to know of a way for people to be more fully informed about what they pay when they pay their utility bill. The hon. member is quite right that when the Calgary electric bill is paid, you're buying more than electricity. You're paying a franchise tax. I wonder how many people realize that that is also true in Edmonton, for example, when you pay your gas bill. A franchise tax is involved there. The franchise tax is issued by the city, and there may very well be an understanding that that breakdown not be on the bill. But it is quite true that when the franchise tax is there, it is in fact a part of general revenue that is there instead of property taxation.

It seems to me that the councils of the respective areas might want to undertake a review of whether that additional information might be a reasonable sort of breakdown to provide to their citizens. As an initial reaction, I would be loath for the provincial government to take steps to force that to be the case. But I don't reject it out of hand; rather I react with caution on the matter.

Agreed to:

1.0.1 — Minister's Office	\$99,796
1.0.2 — Deputy Minister's Office	\$111,518
1.0.3 — Assistant Deputy Minister — Engineering and Operations	\$56,554
1.0.4 — General Administration	\$159,706
1.0.5 — Training and Development	\$52,674
1.0.6 — Assistant Deputy Minister — Finance and Planning	\$51,430
Total Vote 1 — Departmental Support Services	\$531,678
Total Vote 1 — Capital	\$6,000

MR. PURDY: Mr. Chairman, one question to the minister. It's a follow-up to the question of the hon. Member for Bow Valley. We're talking about the postage-stamp rate, probably set at \$1.12. Right now the rural gas rate is around \$1.52, on the average. Has any consideration been given — and I know you've held discussions with the Federation of Gas Co-ops and other interested people in the province — to allowing the gas co-ops to operate their own regulating stations? Looking at the two gas co-ops that I represent, one has 20 regulating stations. If they were allowed to operate their own regulating stations, it would be a saving of about \$50,000 a year for that gas co-op alone. So, Mr. Minister, is any consideration being given to going the other route and saving the gas co-ops that 10 cents per MCF that is now passing through the regulating stations?

DR. WARRACK: Mr. Chairman, I would think of two parts to respond to, in addition to what I said to the hon. Member for Bow Valley, with respect to the question of co-op ownership vis-a-vis working with the gas company in the rural gas system. Some component of the gas fuel is available to the gas utility that is from company-owned fields and is allowed in the rate by the Public Utilities Board on a cost basis rather than a replacement basis, and is therefore very, very cheap indeed. So there is that component of the supply that then averages into the total price comparison and causes it to tend to be lower.

The second point is that we do need to remember

that in a rural gas co-op, when you pay your customer bill you are buying some of the system, because you are amortizing some of the capital value of that system. So on the one hand you are in fact buying the system, and in the other case you are not.

So in the case where you end up owning or partly owning the system as a member of the co-op, I think you would expect to be paying more, because you are buying more than just the gas itself. I think that might be the point the hon. member was wanting to focus on.

With respect to the question of regulator stations, and we've certainly had some discussions about this, it's a difficult matter. I think you can appreciate that natural gas transmission companies with large, high-pressure lines, would be very, very concerned about not having full control over all activities that are sufficiently adjacent to that line to possibly jeopardize its integrity, by way of operation, safety, and so on. As a matter of fact, my understanding is that their insurance parameters require it.

There are some other instances, however, where this may not really be a factor. We've been trying to strike arrangements on a working relationship basis between co-ops and the transmission companies, particularly so that access is available in instances where an emergency situation comes about, and perhaps in some instances even go to an operation basis, but have it be a matter that's worked out between the parties rather than a force on either one or the other party.

This is a difficult area of discussion. It seems like every situation you hear about turns out to be a little different from all the rest. So it's been a difficult situation for us. My understanding is that we're coming pretty close to a reasonable working relationship among all the parties involved in the gas transmission and distribution system. I am sure there are some specific exceptions to that, but generally speaking I think we're making progress on that matter.

Agreed to:

2.1 — Natural Gas Development	\$27,624,788
2.2 — Rural Electric Development	\$1,373,229
2.3 — Rural Utilities Loans and Guarantees	\$798,291
2.4 — Gas Alberta Transportation Allowance	\$600,000
Total Vote 2 — Utilities Development	\$30,396,308
Total Vote 2 — Capital	\$25,696,170

Vote 3 — Natural Gas Price Protection for Albertans	\$110,095,476
Total Vote 3 — Capital	—

Capital Estimates:

1.0 — Departmental Support Services	\$6,000
2.0 — Utilities Development:	
Natural Gas Development	\$24,528,500
Rural Electric Development	\$1,152,000
Rural Utilities Loans and Guarantees	\$15,670
Total Capital Estimates	\$25,702,170

Department Total	\$141,023,462
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DR. WARRACK: Mr. Chairman, I move the resolution be reported.

[Motion carried]

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

[Motion carried]

[Mr. Speaker in the Chair]

MR. APPLEBY: Mr. Speaker, the Committee of Supply has had under consideration the following resolution, reports the same, and asks leave to sit again:

Resolved that for the fiscal year ending March 31, 1979, amounts not exceeding the following sums be granted to Her Majesty for the Department of Utilities and Telephones: \$531,678 for departmental support services, [\$30,396,308] for utilities development, \$110,095,476 for natural gas price protection for Albertans.

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

HON. MEMBERS: Agreed.

MR. HYNDMAN: Mr. Speaker, tomorrow under Orders of the Day the Assembly will continue with Supply and, if those are completed, move to Government Bills and Orders for second reading.

[At 10:02 p.m., on motion, the House adjourned to Wednesday at 2:30 p.m.]