

**LEGISLATIVE ASSEMBLY OF ALBERTA**Title: **Monday, October 16, 1978 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

**head: NOTICES OF MOTIONS**

MR. NOTLEY: Mr. Speaker, I'd like to give oral notice of a motion to be proposed on Thursday next, and ask unanimous consent of the House that the motion be printed on Tuesday's Order Paper. The motion is:

Be it resolved that the Assembly urge the government to implement a provincially co-ordinated ambulance service incorporating integrated communication, and with personnel and facilities which meet widely accepted standards.

Be it further resolved that ambulance services be recognized as an essential health service, to be provided under the Alberta health care insurance plan.

HON. MEMBERS: Agreed.

DR. BUCK: I asked them three years ago and nothing happened. [interjections]

**head: INTRODUCTION OF BILLS****Bill 238****An Act to Amend The School Act**

MR. NOTLEY: Mr. Speaker, I'd like to introduce private member's Bill No. 238, An Act to Amend The School Act. Very briefly, the principle of Bill No. 238 would be to specify and clarify the responsibilities of school boards in the province to provide education for the handicapped.

[Leave granted; Bill 238 read a first time]

**Bill 221****An Act to Amend****The Blind Persons' Guide Dogs Act**

MR. R. SPEAKER: Mr. Speaker, I'd like to request leave to introduce a bill, being An Act to Amend The Blind Persons' Guide Dogs Act. The purpose of the amendment is to forbid discrimination in employment on the grounds of being accompanied by a guide dog.

[Leave granted; Bill 221 read a first time]

**Bill 49****The Land Surface Conservation and Reclamation Amendment Act, 1978**

MR. RUSSELL: Mr. Speaker, on behalf of the hon. member Mr. Butler I'd like to introduce Bill No. 49, The Land Surface Conservation and Reclamation

Amendment Act, 1978. The purpose of this bill is to provide amendments to the said act to allow for the return of reclamation deposits, under reasonable circumstances, prior to the completion of the reclamation project required.

[Leave granted; Bill 49 read a first time]

MR. HYNDMAN: Mr. Speaker, I move that Bill No. 49, The Land Surface Conservation and Reclamation Amendment Act, 1978, be placed on the Order Paper under Government Bills and Orders.

[Motion carried]

**Bill 259****The Burial of the Dead Act**

DR. WEBBER: Mr. Speaker, I request leave to introduce Bill 259, The Burial of the Dead Act.

The objective of the bill is to provide for the burial of the dead in the event of a labor dispute. In the case of a lockout or strike, the act would empower the Lieutenant Governor in Council to direct an employer or employees to provide those services necessary to permit the burial of the dead. The bill would remove the added anguish to grieving relatives caused when work stoppages occur such as the one in Calgary last spring, when a number of caskets were kept in a local hockey arena for a considerable time.

[Leave granted; Bill 259 read a first time]

**head: TABLING RETURNS AND REPORTS**

MR. GETTY: Mr. Speaker, I'd like to table the Alberta Petroleum Marketing Commission annual report, fiscal year December 31, 1977.

I'd also like to file a copy of the financial statements of the Energy Resources Conservation Board for the year ended March 31, 1978.

MR. RUSSELL: Mr. Speaker, I'd like to file two copies of a department memorandum I referred to in responding to questions regarding Syncrude air monitoring.

**head: ORAL QUESTION PERIOD****Loan Interest Rates**

MR. CLARK: Mr. Speaker, I'd like to direct the first question to the Provincial Treasurer. The question is asked as a result of the announcement over the weekend by the Bank of Canada that there'd be an increase of 0.75 per cent in the prime lending rate, now at 11 per cent. What type of direction or instructions have been given to the investment people in the Treasurer's Department with regard to the investments of the Alberta heritage savings trust fund, in light of the very rapid escalation of prime interest rates in Canada?

MR. LEITCH: Mr. Speaker, no special direction would be given to the people making the heritage fund investments as a result of the recent increase in the

Bank of Canada lending rate. That's one of the factors that is always under consideration when we're making the investment decisions in respect to the fund.

MR. CLARK: A question to the Minister of Business Development and Tourism. It flows from the same set of circumstances, the Bank of Canada increasing the prime lending rate to some 11 per cent. What effect will the action of the Bank of Canada have on the interest rates that will be paid by Alberta businessmen acquiring funds from the Alberta Opportunity Company?

MR. DOWLING: Mr. Speaker, to the hon. Leader of the Opposition. The board of directors and senior staff of the Opportunity Company did hold a policy conference about three or four weeks ago in Banff. At that time one item on the agenda was the interest rate being charged by the Opportunity Company to the entrepreneurs who borrow money from it. I have not had a final report, but my instructions to them in discussing this matter were to make certain the interest rate applied to loans was flexible enough to allow risk types of organizations to get money and survive.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. What is the present policy with regard to the Alberta Opportunity Company vis-a-vis the rates Alberta business people pay, as opposed to their relationship to the prime rate?

MR. DOWLING: Mr. Speaker, the last lowest interest rate the Opportunity Company provided money at was about 7.75 per cent, and that's some two months ago.

MR. CLARK: Mr. Speaker, to the minister. Is the minister telling the Assembly that there is no relationship between the prime lending rate and the rate that Alberta business people pay for loans from the Alberta Opportunity Company?

MR. DOWLING: Mr. Speaker, what I am saying is that 7.75 per cent was the last lowest interest rate applied to Opportunity Company funds that are loaned. As the hon. leader knows, there is some flexibility in those rates, the rate being lower for entrepreneurs who are from a community of 10,000 population or less, and those enterprises that apply for funds with a sort of unique project in mind. So there is considerable flexibility, and of course the Bank of Canada interest rate is taken into account.

MR. CLARK: Mr. Speaker, is the minister prepared to give a commitment to the Assembly this afternoon that he will undertake to give direction to officials of the Alberta Opportunity Company that despite the 0.75 per cent increase in the Bank of Canada rate, in fact there will be no across-the-board increase in interest rates for loans made available through the Alberta Opportunity Company?

MR. DOWLING: What I will undertake to do, Mr. Speaker, is of course have the Opportunity Company continue to be of major service to the economic well-being of Alberta, bearing in mind that the popu-

lation growth in rural Alberta has expanded beyond all dreams . . .

DR. BUCK: So have auction sales on the farms, Dowling.

MR. DOWLING: . . . and the number of entrepreneurs who are now making application for loans has increased. There's something like 1,100 . . .

MR. SPEAKER: Is the hon. minister going to get around to the question?

MR. CLARK: Mr. Speaker, one more attempt, then, to the minister. Will the minister explain to the Assembly why he will not give that kind of specific direction to the Alberta Opportunity Company to guarantee small business people in the province that there will not be a 0.75 per cent increase on loans approved by the Opportunity Company from here on?

MR. DOWLING: Mr. Speaker, as I said before, we will continue to act in a very responsible manner with regard to the Opportunity Company and the funds it now has.

DR. BUCK: Lame duck minister.

MR. DOWLING: It's been very successfully operated over several years, since 1972 or '73 when the act was introduced.

MR. CLARK: Mr. Speaker, perhaps we can try the Minister of Agriculture and ask if he is prepared to give the kind of direction to the Alberta Agricultural Development Corporation that would protect the Alberta farmers from an increase in interest rates, and at least protect the farmers if not the businessmen.

MR. MOORE: Mr. Speaker, I'm prepared to explain to the hon. member the interest rates of the Ag. Development Corporation, how they are arrived at, and the differences among interest rates in various programs in ADC.

MR. YURKO: Mr. Speaker, a supplementary on the topic of interest rates. I'd first of all like to correct the record and indicate that the Bank of Canada increased the rate by 0.75 per cent, from 9.5 to 10.25 per cent.

I would like to ask the Minister of Housing and Public Works if the Alberta Home Mortgage Corporation is contemplating an increase in its rates by 0.75 per cent. Secondly, I would like to pose the question of whether or not the industry in fact does follow the increases by the Bank of Canada, particularly when the interest rates are very high.

MR. SPEAKER: The first part of the question would be perfectly in order; the second part I think is a matter which is beyond the duties of the minister to provide.

MR. CHAMBERS: Mr. Speaker, then in responding to the first part, the board of the Alberta Home Mortgage Corporation is meeting on October 20. One of the topics on the agenda is a discussion of the lending rates, and presumably the board will make a decision at that time.

MR. PLANCHE: Mr. Speaker, if I may, a supplementary to the Provincial Treasurer. I wonder if the Provincial Treasurer could anticipate a temporary drop in the market value of the bonds in the heritage fund portfolio.

MR. SPEAKER: This is the kind of market information that ordinarily we haven't been dealing with in the question period. Perhaps it could be obtained otherwise.

MR. R. SPEAKER: Supplementary, Mr. Speaker. I raise with the Minister of Agriculture that loans to young farmers and farmers are at 10.25 per cent. With the new increase and the type of formula that is established to establish floating interest rates, will the minister examine the present possible rate of 11 per cent for farm loans under ADC?

MR. MOORE: Mr. Speaker, I can examine it, but I don't believe that the hon. member's representations will necessarily convince us it should be moved that high. [interjections]

MR. CLARK: Mr. Speaker, a further supplementary question to the minister, who's becoming so enlightened all of a sudden. [interjections] The record should show very clearly that my colleague wasn't talking about an increase in the interest rates. What we're trying to do is get the government to have some sense and keep its interest rates down.

SOME HON. MEMBERS: Order.

MR. CLARK: My question to the Minister of Agriculture is this: when will he give direction to the Agricultural Development Corporation so that he can assure this Assembly that interest rates for young farmers will not be going up, regardless of what the Bank of Canada has done?

MR. MOORE: Mr. Speaker, there are a number of different interest rates involving the Agricultural Development Corporation.

MR. CLARK: Oh, we know that. [laughter]

MR. FOSTER: There's some doubt about that.

MR. CLARK: It may be a laughing matter for you people, but it isn't for the farmers.

MR. MOORE: In the first instance, the direct lending program of the Alberta Agricultural Development Corporation establishes interest rates every six months, on November 1 and May 1 of each year. Those interest rates are currently at 9 per cent. On the other hand, the guaranteed lending program of ADC operates through the chartered banks, and to a borrower who qualifies in an application to a chartered bank, an automatic guarantee is provided that is equal to the prime lending rate plus 1 per cent. So the guaranteed loans through ADC move up automatically whenever the prime lending rate might increase.

Mr. Speaker, there are at least four different programs that vary the direct lending rate. We have a sheep incentive program, a dairy incentive program, a finan-

cial consolidation program, and some other programs involving certain operations in agriculture where the borrower receives a discount on the 9 per cent that may be equal to two or three percentage points of his interest. So in fact he winds up paying 6 or 7 per cent rather than the 9.

With respect to the base lending rate of 9 per cent, consideration is given to whether that rate will be increased or decreased each October and April. In fact, the matter as it is discussed by the ADC board of directors and its staff relates to average yields of Bank of Canada bond issues during the preceding 6 months. So in fact an interest rate increase now, under the formula that is used to calculate ADC's base lending rate, would not have the effect of increasing its lending rate until May 1, 1979.

On the other hand, under the formula that we're using in-house, the cabinet reserves the right to establish ADC rates, to vary those rates at any time. We've never taken the position of doing that between the six-month period, but certainly any review of the interest rates as they are increased or decreased every six months is subject to cabinet approval.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. I appreciate that he admits the interest rate for farmers will go up under the guaranteed lending program. My question is very straightforward. Will the minister review that particular formula, used at the present time, through which many young farmers are using the guaranteed lending program not only to buy land but to improve their farm homes? Is the minister prepared to review that floating interest rate, which is 1 per cent above prime at the present time and will go to something like 11 per cent without the minister's actions?

MR. MOORE: First of all, Mr. Speaker, as I mentioned, the review was done by the Agricultural Development Corporation . . .

MR. CLARK: But you're responsible.

MR. MOORE: . . . board of directors and management, based on average yields of bond issues in the preceding six to 12 months. So the interest rates we're talking about today won't have any effect. But finally, Mr. Speaker, every October and April I review with the board of directors of ADC and with our cabinet the interest rates of the Agricultural Development Corporation. Consistent with any other lending institution, no advance announcement is made as to whether those interest rates will increase or decrease. The announcement will be made on November 1, 1978.

MR. R. SPEAKER: A supplementary to the minister for clarification. The minister is indicating that the present mechanics of establishing interest under the Agricultural Development Corporation will continue into the future as they are today.

MR. MOORE: The present situation, Mr. Speaker, is that a formula is utilized to determine a base interest rate for ADC direct loans similar to the formula used by the Farm Credit Corporation. But once established by that formula, that rate is subject to review, approval, increase, or decrease by the provincial cabinet.

DR. PAPROSKI: A supplementary, Mr. Speaker, to the Minister of Business Development and Tourism. Would the minister indicate to the House whether the policy of providing loans by the Alberta Opportunity Company for small and high-risk businesses, where other financial institutions refuse loans to them, will change because of the higher interest charged by banks?

MR. DOWLING: Mr. Speaker, our position is most assuredly to stimulate the normal banking institutions to get further into the high-risk area. We have no intention of competing unfairly with them. We require each of our applicants for a loan to receive at least one refusal from a normal banking institution before the application for loan will even be examined. As I indicated to the hon. Leader of the Opposition, we have considerable flexibility in the Opportunity Company. It's there simply to provide adequate financing in a way that it can be properly paid back so the business will survive and add something considerable to the economy of Alberta.

#### Private Schools

MR. CLARK: Mr. Speaker, I'd like to direct the second question to the Minister of Education. It flows from the problem of category four private schools. Can the minister indicate to the Assembly how many such schools are currently operating without approval?

MR. KOZIAK: Mr. Speaker, all the category four schools that we expect would ultimately receive approval are presently operating without such approval. We are using the Christian school at Kneehill, which I understand has a representative curriculum used by most if not all of the other category four schools, and analyzing that curriculum with regard to what changes might have to be made in order to see final approval. I've received certain recommendations from departmental officials who have met and studied the curriculum, and I've now asked the departmental officials to follow up on those recommendations with the operators of the schools to see what adaptations can be made to their curricula to bring in Canadian content as opposed to the basically American base that pervades the curriculum now.

MR. CLARK: Mr. Speaker, a supplementary question. Is the minister in a position to indicate to the Assembly when decisions will be made on the category four private schools? When will private schools which have made application to the department find out either if they are approved or if in fact their application is turned down? If I understood the minister's answer correctly, he indicated that now, in October, following the announcement the minister made last March, still no decisions have been made with regard to the approval or rejection of applications for private schools.

MR. KOZIAK: Mr. Speaker, the research presently being done is of course important to the decision as to the ultimate approval, and curriculum is a very important aspect of the educational system. As I've indicated to the hon. Leader of the Opposition, I have received some preliminary recommendations, and I've asked the department officials to follow those up with

the people operating the schools.

Now, I would assume that that approval would be forthcoming very quickly, depending on the reaction of those who are operating the schools. If agreement is reached quickly, of course the approval will follow. I believe we have such approval with respect to one school operating in the city of Edmonton which is within the group you described in the question. Apart from that, the majority of the category four schools are offering basically the same curriculum. So once the preliminary discussions and agreements are reached with one, the rest will follow very quickly.

MR. CLARK: Mr. Speaker, a further supplementary question. Can the minister explain the nature of the inspection and pupil examination that he sees being carried out as far as these category four schools are concerned?

MR. KOZIAK: Mr. Speaker, at the moment the inspection is really related solely to the question of curriculum and the physical surroundings — I understand there's not much difficulty there. The question really is curriculum. Testing is of course something that would be considered down the road.

MR. CLARK: Mr. Speaker, my question to the minister is: who is responsible for the inspection of these schools? When I use the term "inspection", I'm thinking in terms of what's going on in the classroom — not the actual structure of the building but the inspection of the instruction in the classroom. Whose responsibility is that?

MR. KOZIAK: Mr. Speaker, the regulations provide for such inspection, and it would rest with the Department of Education.

MR. CLARK: Mr. Speaker, then a further supplementary question to the minister. Will the Department of Education itself be having examinations for these students, or relying on the recommendations of the superintendents with regard to the question of pupil progress?

MR. KOZIAK: Mr. Speaker, first of all we must understand that the category four schools would not be authorized to provide credits for subjects at the high school level. They are not accredited in that fashion. So students attending category four private schools who would want to receive credits would have to do so by making arrangements through the normal school systems in the province. That might involve enrolment in classes at the high school level, or the writing of examinations, or enrolment in courses offered by the correspondence school of the Department of Education, or taking advantage of the annual departmental examinations afforded to students in the various credit subjects.

MR. CLARK: Mr. Speaker, one last question to the minister. From the standpoint of students' progress and from the standpoint of inspection, what inspection is the minister having carried out in these schools with students from grades 1 to 9? I appreciate what the minister said about grades 10, 11, and 12. Fair ball. But the minister is ultimately responsi-

ble for the quality of education from grades 1 to 9. How is the minister carrying out that responsibility?

MR. KOZIAK: Mr. Speaker, I think it's a little early in the year to start examining students on their progress.

MR. CLARK: You made the announcement last March.

MR. KOZIAK: The students have just started their year. They're barely a month and a half into the 1978-79 . . .

MR. CLARK: The parents want to know how you're handling it.

MR. KOZIAK: . . . school year. While I was answering, the hon. Leader of the Opposition interjected that there are parents who want to know about the progress of their children. If he would supply me with the names of those parents . . .

MR. CLARK: Oh, baloney.

MR. KOZIAK: . . . I would be prepared to follow up on that. [interjections] Having regard to the reaction, I see there probably aren't any.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Education. Is the minister able to advise the Assembly whether any inspection took place in category four schools since his announcement last March, during the remainder of the year before summer holidays? The minister also indicated that the curriculum in the other schools was probably the same as one school he mentioned. What specific assessment has been done by the Department of Education of the curriculum in each of the schools in question?

MR. KOZIAK: Well, Mr. Speaker, the indications I have are that the schools in question are following a basic curriculum plan which comes to them from the United States of America; and unless certain adaptations are taking place in individual schools, once we have the larger question resolved, then the individual adaptations, if any, could be considered. But the information we have basically is that all these schools are pretty well following this standard curriculum which comes to them from the United States. As I've indicated previously in this question period, we have certain concerns that are going to be discussed with the operators of the schools, and on resolution we expect we can approve the curriculum.

MR. NOTLEY: Mr. Speaker, a supplementary question. With great respect to the hon. minister, he uses terms such as "probably", "very much like", and "what have you". At this stage, has there been at least one inspection of each school in category four since the government announcement of the new category four approach in March of last year?

MR. KOZIAK: Mr. Speaker, we have application forms from the schools in question. I wouldn't be able to say definitively that each school has been inspected or visited in person by an official of the Department of

Education. However, I could pursue that with departmental officials and, if the hon. member is interested, provide him with a list of schools that have been visited.

#### Metis Settlements

MR. NOTLEY: Thank you, Mr. Speaker. I'd like to direct this question to the hon. Premier. It flows from the long-standing problems between the Alberta government on one hand and the Federation of Metis Settlements on the other, with respect, I believe, to a 1960 order in council dealing with what happens to resource revenue and whether or not it goes into the Metis betterment fund. That issue is before the courts, Mr. Speaker, but my specific question to the hon. Premier is: where do things stand now with respect to the proposal from the Federation of Metis Settlements that there be a without-prejudice settlement so that there can be a clarification of the status of the various settlements in the province?

MR. LOUGHEED: Mr. Speaker, I'd refer that question to the hon. Attorney General.

MR. FOSTER: Mr. Speaker, part of the difficulty is that we are in litigation before the courts. When we are in litigation before the courts we must take our lines of communication rather seriously, and they are through the solicitors for the plaintiffs. I am not aware of any initiative on behalf of the solicitors for the plaintiff parties that they want to negotiate a without-settlement arrangement of some kind. Certain Metis people have certainly expressed that point of view.

Speaking on behalf of my colleagues the Minister of Social Services and Community Health and the minister responsible for the Native Secretariat, we are doing everything we can to expedite the many Metis matters before government. I am not aware of anything as of this moment that is being delayed because of the court proceedings *per se*. I have said on many occasions that if there is a serious attempt or wish on the part of the plaintiff group to sit down and discuss some kind of settlement arrangement, we'd be happy to do so. We're not prepared, however, to litigate and negotiate, and we feel that the other side must be prepared to accept one position or the other.

I want to be absolutely clear, Mr. Speaker, that we will do everything we can to ensure that government services are provided to the Metis people as quickly as possible. At the same time, I think the Metis people must appreciate that once they commence legal proceedings, things necessarily must slow down since, among other things, the capacity of the plaintiff group to commence the proceedings themselves is in issue and it makes it very difficult for the Crown to move in the ordinary fashion, as it would with other citizens.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Attorney General. Setting aside the legal question that is now before the courts — namely, what happens to this \$30 million claim — in view of the fact that the unwillingness of the government to agree to some kind of out-of-court settlement on the question of the status of the Metis settlements really

leaves between 5,000 and 6,000 people on the various colonies in this province without any kind of self-government, or at least self-government recognized by the province of Alberta, has the Alberta government any other approach that might lead to at least the recognition of the status of the settlements association, so that these people would have the right to self-government?

MR. FOSTER: Mr. Speaker, the hon. member opposite very conveniently sets aside an extremely important issue. It is the capacity of the plaintiff in fact to sue the people of Alberta for many, many millions of dollars. As the legal advisors to the Lieutenant Governor in Council, it is our responsibility to represent the people of this province in the courts as effectively as we can. It is not quite as simple as saying, while leaving aside the ownership question. There are other questions before the courts than simply the ownership question.

I emphasize that it was this group of people who chose to sue the Crown, and it is the same group of people who are complaining that, having sued the Crown, they're finding that the legal problems are getting in the way. All I'm saying is that I'm prepared to do my very best, and my people are as well, to move matters along as quickly as we can. But we didn't initiate the lawsuit, Mr. Speaker; the other people did. We must live with that initiative, and of course will do so.

With respect to the status of the Metis people *per se*, that is a matter which I am not negotiating, as you would say. I don't have that capacity. That matter goes beyond the Attorney General, and involves other ministers and indeed the entire government. I'm really not a part of that discussion at the present time.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Premier. Quite apart from the legal case that is now before the court and what happens to this \$30 million claim, in view of the fact that bills nos. 1 and 2 are the basic law of the province with respect to human rights and that these human rights have usually, in Alberta, been accompanied with at least some recognition of the right to local self-government, what steps has the government taken at this time to see if something can be done to recognize the existence of the settlements association in each of the colonies?

MR. LOUGHEED: Mr. Speaker, I'd refer that matter to the Minister of Social Services and Community Health.

MISS HUNLEY: Mr. Speaker, the hon. Member for Spirit River-Fairview should have listened more attentively to the Attorney General. That's the very issue on which he was elaborating a few minutes ago: that the legal status of individuals who live on the settlements to sue the Crown is one of the issues that is being decided before the courts, as I understand it. The hon. member has chosen to ignore that information and redirect his question.

MR. NOTLEY: Mr. Speaker, a supplementary question to either the hon. Minister of Social Services and Community Health or the hon. Minister of Municipal Affairs. In light of the minister's answer, is the

government at this time giving any consideration to legislation which would at least set out for the Metis people living on the colonies the right of local self-government, in view of the fact we've got 6,000 people here? And while I'm on my feet, Mr. Speaker, is it the position of the government of Alberta that the matter of local government for people on the colonies will have to stand in abeyance until such time as this court case is settled, which could take years?

MISS HUNLEY: Mr. Speaker, our ultimate goal certainly is to obtain some type of self-government for the people on the colonies. I have told them that many times. I share their aspirations, and so do all of us. But in the meantime litigation has come in the way, so we do have some difficulty with it. Unless some means can be found to follow the proper legal advice which we obtain from our adviser, the advisers to the Crown, we have to let our ambitions in that regard be deferred until we're able to proceed.

MR. NOTLEY: Mr. Speaker, a supplementary question, then, to the hon. Premier. I take it from the answer of the hon. Minister of Social Services and Community Health that at this stage no effort will be made to deal with the question of self-government, the recognition of the Federation of Metis Settlements, until such time as the court case is settled? Or does the Premier see any room at this stage for negotiating at least the right of self-government, apart from the legal case that is now before the courts?

MR. LOUGHEED: Mr. Speaker, the government is having an ongoing review to ascertain whether it would be possible to meet the aspirations of the Minister of Social Services and Community Health has just enunciated as a basic, long-term government policy. That ongoing review will lead us to see whether there are ways — we haven't discovered them yet — to move in this direction while litigation of this nature is there.

MR. NOTLEY: Mr. Speaker, one final supplementary question to the hon. Attorney General. In view of the whole issue of self-government being, in the government's mind, basically a part of the court case, will the Attorney General give the assurance to the House at this stage that there are no contingency plans to introduce retroactive legislation, should the government lose its court case?

MR. SPEAKER: Order please. I have been listening to this exchange with some growing concern, because we are in fact discussing a matter which is before the courts. It seems to me, based on perhaps limited knowledge of the issues involved in that litigation, that the decision of the court, although perhaps not influenced, might appear to be influenced if the government were to say: well, if it goes this way we're going to do that, and if it goes another way we're going to do that. It would seem to me that that knowledge, reaching the judge, would be difficult to exclude from his mind in arriving at his decision. Therefore I would suggest that this question is quite clearly beyond what is ordinarily allowed with regard to matters that may be under litigation.

### Welfare Procedure

MR. TAYLOR: Thank you, Mr. Speaker. My question is to the hon. Minister of Social Services and Community Health. Is the hon. minister aware of any case where prosecution has been considered or started against a person who secured a statement from a prospective employer that he would work for that employer, then took that statement to the welfare office and got welfare so he could live during the first month until he got his wages, and then after getting the welfare suddenly disappeared, did not show up for work? Is the minister aware of any cases like this and, if so, has prosecution of such persons been commenced?

MISS HUNLEY: No, I'm not aware of any specific instances, Mr. Speaker. But I'd reflect upon the member's question through *Hansard* and ask for information from the department so that I may answer it more explicitly.

### Fort McMurray Property Taxes

DR. BUCK: Thank you, Mr. Speaker. My question is addressed to the Minister of Municipal Affairs. First of all, it's the first opportunity I have to congratulate the minister for winning his nomination. It makes him feel confident; he's up here doing his job and somebody's trying to steal his nomination. But that's not the question, Mr. Speaker. [interjections] It must make you feel good.

The question to the Minister of Municipal Affairs is: has the minister received any recent representations from the town of Fort McMurray, or the board, or members of the chamber of commerce with regard to the financial situation of the new town and the effect this financial situation will have on the property tax?

MR. JOHNSTON: Mr. Speaker, I hope that by the summer of '79 I'll be able to make a similar comment to the hon. Member for Clover Bar after election; however, I'm not quite as optimistic as he is.

Yes, I have, Mr. Speaker.

DR. BUCK: Mr. Speaker, can the minister briefly indicate the nature of the representations that have been made to the minister from that town and that chamber?

MR. JOHNSTON: Mr. Speaker, if the hon. member would check the Local Authorities Board legislation, he would find that new towns are governed by the Local Authorities Board. As a matter of that process, they have to have their budgets approved through the Local Authorities Board.

DR. BUCK: Mr. Speaker, supplementary question. What assistance, if any, can the new town of Fort McMurray expect from the provincial government to assist in covering its deficit and to reduce the contemplated 20-mill increase in its taxes?

MR. JOHNSTON: Mr. Speaker, there are several ways the new town can meet that obligation. I don't think the people of Fort McMurray are in a very difficult situation right now. They've made some major adjustments themselves in terms of their budgetary

priorities. Through our review we managed to determine about a \$400,000 or \$500,000 mistake in the supplementary requisition, which has assisted them. And as all hon. members know, there is a provision in the new town legislation for new town advances. I'm sure that through a combination of belt-tightening, mill rate increases, water rate adjustments, and new town advances we can satisfactorily provide assistance to the new town.

MR. CLARK: Has the minister given a commitment to the Fort McMurray town board that new town advances will in fact be made available to the board this year?

MR. NOTLEY: They just got the tax increases for belt-tightening.

MR. JOHNSTON: Mr. Speaker, I'm not too sure which question I'm dealing with.

MR. CLARK: The question you can deal with first is: have you given a commitment to the new town board that in fact they can expect cash advances?

MR. JOHNSTON: Mr. Speaker, as I said, we have provided a range of opportunities and alternatives for the new town to decide upon. They're meeting their obligations, and we're meeting ours. I imagine new town advances would be among the alternatives we would consider.

MR. CLARK: The question, Mr. Minister, is: have you given the new town board of Fort McMurray a commitment that they can expect advances from this government this year?

DR. BUCK: Before the election.

MR. JOHNSTON: Yes, Mr. Speaker.

MR. CLARK: At what interest rate?

MR. JOHNSTON: I'm pleased the hon. member mentions interest rates for municipalities, because notwithstanding the variability of the federal government exchange rate, all hon. members know that the municipalities receive interest at 8 per cent through a subsidy program of our department.

### Syncrude Equity

MR. MANDEVILLE: Thank you, Mr. Speaker. My question is to the hon. Minister of Energy and Natural Resources. Has the minister entered into any discussions with the Ontario Energy Corporation with regard to the disposition of their equity in Syncrude?

MR. GETTY: No, Mr. Speaker.

MR. MANDEVILLE: Has the provincial government given any consideration to offering their equity in Syncrude to the private sector, to the selling of any portion of the Alberta interests?

MR. GETTY: Mr. Speaker, from time to time the government assesses the various interests it has in projects, as to whether it might be wise to dispose of

any of them. But no such consideration is currently being given to our interest in the Syncrude project. As a matter of fact, the project just having finally been completed, I think it would be wise now to see that it can be operated successfully.

#### **Hospital Services — Lethbridge**

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Hospitals and Medical Care. I wonder if the minister could indicate whether he is meeting with the Lethbridge hospital boards this week.

MR. MINIELY: Mr. Speaker, I haven't set a time to meet personally with Lethbridge hospital boards, although the Deputy Minister of Hospitals and other officials in the department have had ongoing discussions with both the board and the administration. But as soon as I have another meeting with all the MLAs involved — primarily from Lethbridge East and Lethbridge West and the areas served by Lethbridge — it would be my intention, as I indicated last week, to form a conclusion and to meet with the boards and communicate our conclusion.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Would the conclusion the minister is aiming at be a commitment of further finance or a decision as to whether the emergency services are in one hospital or the other?

MR. MINIELY: Mr. Speaker, in answer to a similar question last week, I indicated that at the time I make a statement that matter will be clarified.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister with regard to the hospitals in Lethbridge. Is the minister also considering, in his department, extension of the psychiatric facilities at Lethbridge?

MR. MINIELY: Mr. Speaker, all those matters were resolved. I mentioned, in fairness, that it is important to recognize that over the period of joint planning, which has been taken by the two hospital boards with the leadership of the province to try to stimulate resolution of various programs and services between the two hospitals, many issues were resolved. One of them was the psychiatric service. The outstanding issue which has not been agreed upon by the two hospitals has been the issue of emergency services. As soon as we resolve that issue, we will be able to get on with the entire job of expanded services in the Lethbridge area.

One further thing on psychiatric services is the co-ordination between my colleague the Minister of Social Services and Community Health, and Hospitals and Medical Care. We have asked hospitals and community agencies delivering mental health services to develop a co-ordinated plan, because hospital-based programs for acute care can't be developed in isolation from other programs in the community. A great deal of progress has been made not just in Lethbridge but in co-ordinated programs for the expansion of psychiatric facilities and acute care hospitals as they're needed and as we're satisfied they are in a fully co-ordinated way. Those two factors have progressed substantially to where, I think, reso-

lution of entire health program expansion in Lethbridge is becoming possible.

MR. CLARK: Mr. Speaker, I wonder if I might pose a supplementary question to the minister. When will the additional psychiatric beds needed in Lethbridge be available for people in southern Alberta? I ask the question in light of the minister telling us here that that matter has now been resolved. When will the beds be available?

MR. MINIELY: Mr. Speaker, I said they had agreed on everything but emergency services. Unfortunately, we cannot make a decision and move on parts of health care services in Lethbridge without resolution of the entire matter. In other words, the emergency services decision can't be made in isolation from psychiatric facilities or other services that would be provided in a total sense to Lethbridge and area citizens. Whereas they agreed upon where psychiatric facilities should be located between the two hospitals, I have to emphasize that we cannot move on that decision until the boards agree and there is a local resolution, or the province provides an additional mechanism to resolve the matter of emergency services.

MR. CLARK: Mr. Speaker, to the minister: why can't the provision of psychiatric beds in Lethbridge go ahead regardless of the resolution of the other problem? Why can't that construction and the provision for those needed beds go ahead right now?

MR. MINIELY: Mr. Speaker, the hon. Leader of the Opposition continues to show his ignorance of the need for total health care approaches. Emergency services and the capacity of emergency services in a hospital can be, in a very intricate way, related to other programs such as psychiatric services in a hospital. One element of health care does not operate in isolation from others.

MR. R. SPEAKER: Mr. Speaker, the minister can make all the personal remarks he wants, but he does know that that commitment for psychiatric facilities and resolution of the emergency care service has been promised.

My question is: at present what does he see as the time line to resolve that matter? My understanding is that people in Lethbridge expect him there shortly. Is that part of the time line? When does he see the problem resolved?

MR. MINIELY: Mr. Speaker, relative to time line, it has been our desire to resolve this. The province has been ready to move on all these matters at the earliest possible date. We have given local autonomy a chance to operate in this situation, and to this point the last matter has not been resolved through the normal mechanisms that would exist in a local jurisdiction. Nevertheless the matter is still, in the final analysis, the long-term solution not just to this problem but the resolution of programs and services in the longer term in other areas. We must find a mechanism for those to be resolved at the local level. That's what happens in other parts of the province. In the interests of the development of health care services in Lethbridge, we have to find those

mechanisms locally that will resolve those conflicts as well.

#### **Ambulance Service**

DR. PAPROSKI: Thank you, Mr. Speaker. A question to the Deputy Premier and Minister of Transportation. In developing and funding the various and numerous new airports across this province, is it part of the policy to provide such airports as an important adjunct to emergency ambulance service across this province, in addition to the economic advantage, which is obvious?

DR. HORNER: Mr. Speaker, that's a particular consideration, and of particular interest of course in the isolated communities. It certainly is a part of our concern in communities such as Rainbow Lake, Grande Cache, Pincher Creek, and Rocky Mountain House to have that capacity to move injured people out of those areas. I'm sure our airport program will do that.

DR. PAPROSKI: One short supplementary, Mr. Speaker, to the Deputy Premier. I wonder if the minister would also indicate to the House whether he's considered the increased use of emergency ambulance helicopters located at such airports to provide rapid transportation when it's out of town, out of the city, or off the highway in industrial accidents.

DR. HORNER: In short-range situations in congested traffic, the helicopter ambulance has been used in certain larger cities. The best arrangement I'm aware of, so far, is the aircraft ambulance for longer distances, because of the speed required. We have an arrangement by which we fund, through my department and Disaster Services in conjunction with the Alberta Aviation Council, an organization which responds to this kind of situation in a variety of areas in the province.

### **ORDERS OF THE DAY**

#### **head: GOVERNMENT BILLS AND ORDERS (Second Reading)**

##### **Bill 47 The Department of Education Amendment Act 1978**

MR. KOZIAK: Mr. Speaker, I move second reading of Bill 47, The Department of Education Amendment Act, 1978. There's only one amendment in this act, Mr. Speaker, and that changes the figure in Section 12 from \$4 million to \$10 million.

As hon. members are aware from my comments on introduction and first reading of Bill 47, under existing legislation the general revenue fund of the province provides to the extent of \$4 million to the Department of Education for the operation of the school book branch. With the volume of business the school book branch is now doing and the cost of books in this day and age, we're finding that \$4 million is an insufficient figure and that an amendment should be made which would take care of not

only the present but the future requirements of the school book branch.

My brief research indicates that the 1970 Statutes of the province of Alberta provided for the initial \$4 million figure. I don't know if that had been in existence previous to that time, but I'm sure those students of history who might want to consider that would be prepared to delve further into the law.

[Motion carried; Bill 47 read a second time]

##### **Bill 50 The Glenbow-Alberta Institute Amendment Act, 1978**

MR. SCHMID: Mr. Speaker, I would like to move second reading of The Glenbow-Alberta Institute Amendment Act, 1978.

This amendment act could be considered a house-keeping amendment since it changes the designation of the executive director to director, which is the usual name museums across Canada use for people in charge of museums. Also, it stipulates certain investment opportunities of the foundation which can be used under the Canadian and British Insurance Companies Act if interest, or the income from the investment, is available for that purpose and that the income from these investments as well as the investment itself could also be deposited under the consolidated cash investment trust fund.

[Motion carried; Bill 50 read a second time]

##### **Bill 51 The Alberta Income Tax Amendment Act, 1978**

MR. LEITCH: Mr. Speaker, I move second reading of Bill No. 51, The Alberta Income Tax Amendment Act, 1978. Mr. Speaker, I commented on the introduction of this bill that the proposed amendments did not involve any major policy changes and were largely technical in nature.

There is an amendment with respect to the Northwest Territories, and that arises from the fact that it will now be imposing its own income tax. Therefore, for the purposes of allocation, it will be treated as a province.

We're also proposing an amendment, Mr. Speaker, with respect to the foreign tax credit, to restrict it so that it's available only in respect of foreign income tax for which no deduction has been claimed.

A series of amendments deal, Mr. Speaker, with the royalty tax rebate and tax credit programs. The first one is made to ensure that the royalty tax rebate is more closely identified as a part of the tax and will ensure that the taxpayer's income tax, net of the rebate but before the application of the rate reductions or credits, more precisely identifies with the tax that would be payable if royalties were deductible.

The amendment in respect of the royalty tax rebate proposed in Section 5 is being made to ensure that two taxpayers cannot receive a rebate on the same non-deductible amounts, which could occur where one taxpayer reimburses the other for the non-deductible amount. The amendments in Section 6 deal with the royalty tax credit and are companion amendments to those being proposed with respect to

the royalty tax rebate.

We are proposing some amendments upon the request of the federal government, Mr. Speaker. As members of the Assembly will recall, under the tax collection agreement we are obliged to introduce these amendments upon the request of the federal government. One of them deals with the deduction of the income tax from registered retirement income funds; that is, the tax may be withheld at the source.

The amendment proposed in Section 9, Mr. Speaker, is also at the request of the federal government and deals with the penalties applied to understatements of the tax payable where there is a tax loss involved.

Finally, Mr. Speaker, there is an amendment, again requested by the federal government, arising from its intention to decentralize the operations of Revenue Canada.

In conclusion, Mr. Speaker, I do not believe any of the proposed amendments involve major questions of policy; they are large technical in nature.

[Motion carried; Bill 51 read a second time]

**Bill 52**  
**The Dairy Board**  
**Amendment Act, 1978**

MR. MOORE: Mr. Speaker, I move second reading of Bill No. 52, The Dairy Board Amendment Act, 1978.

Mr. Speaker, under a section of the Agricultural Products Marketing Act of Canada, the Lieutenant Governor in Council was permitted to grant authority to the Alberta Dairy Control Board to impose and collect levies on industrial milk producers in Alberta. The Lieutenant Governor in Council authorized the Alberta Dairy Control Board to do so in March 1972. Pursuant to that time, our Dairy Control Board in Alberta has imposed and collected levies from producers, under arrangements with the Canadian Dairy Commission, by which levies collected are remitted to the commission and, in turn, a subsidy is paid to producers in this province.

On January 19, 1978, the Supreme Court of Canada declared that section of the federal Agricultural Products Marketing Act to be ultra vires. The Alberta Dairy Board Act does authorize the collection of this type of levy but requires the approval of the Lieutenant Governor in Council. After the Supreme Court decision of January 19, 1978, the Lieutenant Governor in Council in the province of Alberta approved regulations authorizing the Alberta Dairy Control Board to collect these levies under Alberta legislation and regulation.

However, there is a matter with regard to the legal authority which is needed to collect these levies between January and May 1978, that had in fact been collected but not remitted until recently to the Canadian Dairy Commission.

What this bill does, Mr. Speaker, is simply provide the legal authority for the collection of the levies during that period of time when the federal legislation was declared ultra vires and regulations were not in place under the provincial Dairy Board Act to provide for the collection.

There is no change whatsoever in terms of the agreement that was signed by our province and the Canadian Dairy Commission in 1972, wherein levies

are imposed and collected and from that and other revenue subsidies are paid to the producer.

It's my strong recommendation, Mr. Speaker, that to clear up this matter, members of the Assembly should support this bill.

[Motion carried; Bill 52 read a second time]

**Bill 55**  
**The Oil and Gas Conservation**  
**Amendment Act 1978**

MR. GETTY: Mr. Speaker, I wish to move second reading of Bill No. 55, The Oil and Gas Conservation Amendment Act, 1978. The purpose of this bill, Mr. Speaker, is to expedite the assessment of oil and gas properties by Oil and Gas Conservation Board assessors.

[Motion carried; Bill 55 read a second time]

**Bill 56**  
**The Gas Resources Preservation**  
**Amendment Act, 1978**

MR. GETTY: Mr. Speaker, I wish to move second reading of Bill No. 56, The Gas Resources Preservation Amendment Act, 1978. The purpose of this bill, Mr. Speaker, is to allow the Lieutenant Governor in Council, upon recommendation of the Energy Resources Conservation Board, to exempt for a period of time in which propane is in a large surplus much of the paperwork and monitoring that must go on under current controls over the export of propane from the province. This bill allows for a period of time in which we can exempt propane controls and also allows for the reintroduction, should that recommendation be made by the board.

[Motion carried; Bill 56 read a second time]

**Bill 58**  
**The Agricultural Development**  
**Amendment Act, 1978**

MR. MOORE: Mr. Speaker, I move second reading of Bill No. 58, The Agricultural Development Amendment Act, 1978.

Mr. Speaker, I'd like to take a brief opportunity to review the progress of the Agricultural Development Corporation during the last year and indeed present to the members of the Assembly some figures relative to what the corporation has been doing over the course of its existence since 1972.

Mr. Speaker, in the main this act increases the revolving fund from some \$150 million to \$200 million. That is necessitated simply because of the level of lending activity that the corporation has been involved in over the course of the last two and a half years, I believe, since we had an increase from \$100 to \$150 million.

Mr. Speaker, members know that The Agricultural Development Act was passed by this Assembly in 1972. That established the Agricultural Development Corporation of Alberta which, since 1972, has authorized in total some \$650 million in direct loans and guarantees under its various programs. Mr. Speaker, that \$650 million represents 62,000 loans

and guarantees to over 35,000 different Alberta farmers.

Mr. Speaker, there is no question that the corporation's lending and guaranteed lending program, financial counselling program, the entire operations of the Agricultural Development Corporation of Alberta are unequalled anywhere in the world in terms of a lending program to farmers. There is not another corporation, another government that has programs that have the flexibility and design that the Agricultural Development Corporation programs have had in this province.

I should say that in addition to the lending which has gone to individual farmers across this province directly and by way of guarantee, substantial benefit has also accrued to associated businesses and rural communities as a result of primary producers having the kind of access they need to reasonable credit.

Mr. Speaker, having given those figures with respect to the corporation's operation since 1972, I'd like to give some overview of the fiscal year ended March 31, 1978. Let me say initially to members of the Assembly that the annual financial statement of the corporation's operations for the fiscal year ended March 31, 1978, will be available, I hope, for tabling in the Legislature before this session concludes. My understanding is that it's being printed now, and I would hope to have it to members very shortly. But I would like to indicate what happened during that fiscal year, and in addition bring members up to date on some program changes introduced over the last couple of months.

First of all, with respect to the beginner farmers' program, our lending for the fiscal year ended March 31, 1978, increased over 100 per cent, to some \$4.1 million. That lending, Mr. Speaker, provided some 56 new individuals with an opportunity to enter the farming industry which would otherwise have been denied them because there was simply no other program of lending that could have met their need. Bear in mind that these figures are given after the Farm Credit Corporation of Canada had substantially altered their program so that in fact they have a beginner farmers' program as well, and that all the individuals we're talking about here had to be individuals who first had applied to the Farm Credit Corporation and had been turned down and were considered not eligible for the FCC program. In that area, as well as in all other areas of direct lending, we are truly a lender of last resort. One can consider that the individuals helped by the direct lending programs of the Agricultural Development Corporation, as opposed to the guaranteed programs, would simply not have had an opportunity in any other way to obtain financing at a reasonable rate and to continue, start, or expand their operations.

Mr. Speaker, very full advantage is being taken of the corporation's direct lending program, which increased in the fiscal year I referred to by some 50 per cent, to \$19.7 million. One of the major reasons for the increase there was an increase to some \$6.8 million in the amount lent under a new financial restructuring program, which I believe I announced in this House more than a year ago. This program is designed to assist individuals who have accumulated a variety of short-term and perhaps some long-term debts at a number of different places, being overburdened with the requirement to repay both interest

and capital. We recognized that, where good management appeared to be in place and individuals were willing to help themselves get out of those problems of a great number of short-term debts, it was useful for the Agricultural Development Corporation to provide some kind of program for refinancing those people over a longer period of time.

We've been successful. A lending of \$6.8 million, in the first full year of the program, is certainly an indication of the need for that type of loan. But I should say as well to members that the introduction of that program, its operation, and the results I've seen over the last year and a half have indicated that it was well worth while, and that many people who might otherwise have had to go into bankruptcy or receivership, or have some action taken with respect to their property and operations that would put them out of business, have now with this program been able, if they wanted, to make a good effort to get on the way to recovery.

In addition, Mr. Speaker, I want to outline the financial assistance in aggregate which was provided by the corporation over the fiscal year ended March 31, 1978, and to say first of all that financial assistance in the aggregate of \$107 million was advanced by the corporation during that fiscal year. It was advanced in the following ways: 230 direct farm loans totalling \$15.6 million; in addition, as I mentioned earlier, 56 beginner farmer loans totalling \$4.1 million; 27 agribusiness loans totalling \$6 million; and finally 9,553 guaranteed loans during the course of one fiscal year for a total of \$81.6 million.

Mr. Speaker, I've oftentimes been asked by members and others, how are those funds distributed? What portion of that total lending done by the Agricultural Development Corporation really goes to the primary producer? What portion goes to agribusiness? The primary agricultural producers in this province, during the fiscal year referred to, received 94 per cent of the new funds authorized, with the remaining 6 per cent being directed toward secondary producers in the agribusiness area. While the publicity oftentimes may be with regard to a large loan to agribusiness, the facts of the matter are that we make literally thousands of smaller loans and guarantees to individual producers, to the extent that they actually receive 94 per cent of the moneys we're talking about with respect to direct lending and guarantees.

Mr. Speaker, there is another very important aspect of the corporation's work whose value cannot be underestimated in any way, and that is the activity of the corporation in terms of the contact with farmers and businessmen throughout the province, and the kind of financial assistance they provide them. During the fiscal year I referred to, the client contact in the Agricultural Development Corporation increased rather dramatically. I'm advised that some 10,500 interviews were held by corporation staff during the course of one year. That's an increase of some 15 per cent over the previous year. In addition to that, 4,090 farm calls were made by loans officers and field staff of the corporation in one year. That's an increase of about 100 per cent from the previous fiscal year.

I mention those things, Mr. Speaker, because it is not the responsibility of the corporation just to go out and make direct loans or guaranteed loans. I tell the corporation's board of directors, management, the

chairman, and indeed all other personnel, when I have an opportunity to talk to them, that I expect them to utilize their time in giving financial advice to farmers even when they know that farm doesn't qualify for an ADC loan. Surely one of the priorities we can place on giving information advice to farmers in this province is to have our loans officers go out and work with individuals who may be getting a loan from the Farm Credit Corporation or from a chartered bank, or who in fact may decide after some study of their financial situation that they don't need a loan at all.

There are some other things we can do. What often happens, Mr. Speaker, is that the more farm calls we make, the more clients we interview, it's possible we do less lending. The corporation is not instructed simply to go out and deal with prospective borrowers of ADC, but rather to spend all the time they possibly can within their working hours — indeed, many of those who work for this corporation work a lot more hours during a week than normal — helping farmers in whatever way they can, regardless of whether or not they are borrowing from the Ag. Development Corporation.

Mr. Speaker, I want to move to a number of new programs introduced since the end of the last fiscal year, during the summer and early fall. I mentioned to members of the Assembly last spring that I hoped to be introducing some new programs before the conclusion of the spring session. Unfortunately the discussions of the board of directors and their discussions with me did not allow me to introduce them during the course of the spring session, but we did make some announcements in June and again in early September.

First of all, in June we announced the approval of a new program to assist people in establishing themselves or increasing their sheep herds in this province, called a sheep producers' incentive loan program, operating on special terms and conditions mainly under the Alberta farm development loan program of the Agricultural Development Corporation. This incentive program applies to loans used for the purchase or modification of equipment; the construction, alteration, or repair of buildings, fences, and corrals used in sheep production. It applies to both ewe lamb and feedlot facilities. In addition, it assists in the purchase of sound rams and ewes to be retained in the breeding flock. In this regard the maximum amount of loan eligible is \$40,000, and the individual has an opportunity to receive an interest rebate over a period of some five years.

I was talking earlier today about the prime lending rate of ADC presently being at 9 per cent. In this particular case the person who qualifies for this program has an opportunity, if he meets the farm plan and the criteria outlined, to receive an interest rebate that will bring his interest for the first five years down below that 9 per cent. In the case of the sheep program, the interest rebate is 2 per cent each year.

In early September, Mr. Speaker, I made an announcement with regard to a number of other programs. A new direct loan program called the farm booster package was introduced. The purpose of this program was to provide special assistance to those farmers who require more assistance than can normally be provided under the corporation's existing programs and wish to improve their marginal farm unit by developing productive assets — land clearing

or breaking, something of that nature. Assistance provided by this farm booster package once again receives an annual incentive rebate paid at the end of each year during the first five years of the loan. The annual rebate in this case is equal to 3 per cent of the principal owed at the end of each year, thus making their effective interest rate for the first five years of that loan 6 per cent as opposed to 9 per cent.

In addition, Mr. Speaker, we increased the maximum amount that can be borrowed under the beginner farmers' program, from \$150,000 to \$225,000, and the incentive rebate there was increased from 2 per cent to 3 per cent. So once again, for the first five years of a loan an individual borrowing under the beginner farmers' program today would receive an interest rate of 6 per cent as opposed to 9 per cent.

I must stress, however, that in all of these loans, including the vegetable producer loan program which has a similar provision, in order to qualify for the interest rebate the farmer must meet the conditions of the loan. You know, if an individual gets a loan for going into the sheep business, sells his sheep out a year later, and goes off working somewhere, he isn't going to get the incentive rebate. He has to follow up. Sure, amendments can be made to the farm plan. There's no problem there with respect to the operation, but they must be discussed with the ADC loans officer, and there must be some fair responsibility on the individual to follow through with what he intended to do.

Those programs have been widely publicized, I think, among the farming community over the course of the last couple of months. I mention them because I think they're important points that we're dealing with when we're talking about farm credit. Our review of all of the credit programs under ADC in terms of direct lending lead us to believe that the most difficult time for a producer is the first five years. We've looked back to 1972 when the corporation's lending first began and escalated quite rapidly, and in every case we find the most difficult problems during the first five years. So we had a choice with respect to where we want to apply the government subsidies, whether in reducing the overall interest rate for a 25-year period or doing something more dramatic for the first period of time. On a review of what was happening, we felt quite frankly that the tough time was the first five years and that we should try to maintain the corporation's regular interest at some level such as it is now, 9 per cent, and apply most of our resources that you might call subsidies below that 9 per cent to certain selected areas for the first five-year period of the loan.

Finally I want to address myself directly to a couple of provisions in the legislation that members would be interested in. First of all, authorization is given in the legislation for the board to appoint a committee or one or more of its board members to do anything that might be required. That, Mr. Speaker, is simply because I have a board of directors of 12 persons now, most of whom are farmers from across this province, and it was our intention in having a board that big to make sure that they could operate during busy seasons of the year. It's quite often the case that six or eight board members are in attendance, because they meet for two days every two weeks. I simply wanted to make sure that the board had the

authority to operate and act, when perhaps during spring seeding or harvest time they didn't have a full complement there. In addition, a committee should be able to take care of other routine matters.

In addition to that, Mr. Speaker, I should say there is authority in the act to give the corporation the power to buy, sell, or otherwise deal in the shares of any corporation. The corporation has, over the course of the past four years, purchased shares in about three different companies, so this is not a new concept. It is not our intention to use the corporation to purchase shares any differently than we have in the past. The only reason we've purchased them in the past is that we've been involved in direct or guaranteed loans to companies that were, quite frankly we thought, able to survive if we purchased some shares. We got into them I suppose by default rather than by design.

The reason the change is made in the act is that the legal people have different points of view as to whether the corporation had the power to buy shares, even though we've been doing it. One lawyer said, you can't; one said, you can. That's how those fellows make their living. We're making it clearer now that the corporation has the power to purchase shares. So there's going to be one of those lawyers out of a job.

In addition, Mr. Speaker, and in conclusion, the important parts of the act are in Section 12 really, where we made a decision to charge the corporation the full interest rate that should be obtained by Treasury on advances to the revolving fund. Close to \$150 million is in there now. In order that the revolving fund not be eroded year by year because of the interest subsidies, the payout on guarantees, the losses that may occur on direct loans by the corporation and so on. In simple terms, Section 12 provides to my department vote the ability to provide a sum of money which will pay interest on the corporation's advances from Treasury that's sufficient to keep the revolving fund in balance.

Of course that will be a matter dealt with more appropriately, at least in detail, during the course of the estimates in the spring of 1979. The principle enunciated there is really one of ensuring that the corporation's revolving fund is a true revolving fund and is not eroded by the corporation's losses, that the interest rate the corporation pays to the Provincial Treasurer will be the normal interest rate the Provincial Treasurer would expect to get from lending to any other corporation, and that all the subsidies involving the operations of the Alberta Agricultural Development Corporation will show up in one vote in the Department of Agriculture estimates in the spring of each year.

Mr. Speaker, that I believe concludes my remarks in moving second reading of Bill No. 58, The Agricultural Development Amendment Act, 1978.

MR. NOTLEY: Mr. Speaker, I'd like to make a few remarks with respect to the bill before us this afternoon. I certainly intend to support the principle of the bill. I'd like to make probably three or four questions more than comments today, Mr. Speaker and members of the House, questions that I hope the minister would supply answers to.

First of all, we are being asked to increase the direct lending potential from \$150 million to \$200

million. I certainly subscribe to that. As I mentioned last Thursday when the debate took place on some kind of emergency program as a result of crop conditions, we may have to look at extraordinary measures by ADC, although I should say that things have certainly improved a good deal over the last four or five days as a result of the generally fine harvesting weather. Nevertheless when we total things at the end of this month or early in November, it may well be that some kind of additional assistance will be required. Perhaps quite a number of these booster loans the minister was talking about will be required this year.

But, Mr. Speaker, the first question I would put to the minister is to ask him to advise the Assembly just how many arrears there are at present. It is my understanding that we have about 2,600 arrears for federal Farm Credit in the province of Alberta. How many Albertans are in arrears to ADC at this stage? I think that's a fairly important place to start when we assess whether we're going to advance additional money to ADC, particularly in view of the rather serious decline in grades that will occur this year. I'm not using that as an argument for not advancing the money. I would suspect that if we have a serious number of arrears, that may be an argument for moving rather than saying, no, we won't grant some money, because we all know that ADC is supposed to be a lender of last resort. They're going to be higher risk loans than would normally be the case, either with FCC for that matter or certainly the other lending institutions in the market place. But I think it would be useful if we had some indication of the number of arrears so we could put this debate in context.

The second question I would raise, Mr. Speaker, is with respect to the agribusiness interest rates compared to interest rates charged by the Alberta Opportunity Company. I should say, Mr. Minister, that some of the interest rates with respect to farmers are very attractive. The 9 per cent with a 2 or 3 per cent interest rebate over the first five years is, in my view, an excellent program and one that I support.

But when we get to the question of agribusiness loans, while some of us have had debates over certain agribusiness loans and will again in the future, I think there is a matter of principle here that I'd like to raise in the form of a question to the minister. As I understand it, the present agribusiness loans are on the basis of prime plus 1 per cent. So we're looking at an interest rate of 11.25 for agribusiness loans. I'm not talking about the shielded loans to farmers themselves. On the other hand, in rural areas the Alberta Opportunity Company has a program where you have very definite interest shielding. As a matter of fact, in small communities the interest rate is very attractive: 7.75 when the interest rebate is taken into account.

Now I want to just paint the picture of a problem that arose in the case of one of my constituents. The particular proposal this individual was looking at was an agribusiness type of operation. Using ADC he has to pay 11.25 per cent, because that's the agribusiness loan program. On the other hand, if it wasn't related to agriculture and didn't come under the program of ADC, that individual could go to the Alberta Opportunity Company and take advantage of the 7.75 per cent interest rate.

Mr. Speaker, one of the things I would like the

minister to answer is: it seems to me that there is an anomaly, a disparity, between the two programs. The 75 per cent program for AOC is fine. But it seems to me that if we're looking at agribusiness, one of the things we should examine, quite frankly, is increasing the subsidy. Let's face facts here: 7.75 per cent is a subsidized interest rate from AOC, so we shouldn't play games about the interest being anything other than shielded. It seems to me that if it can be shielded by the AOC for rural loans to set up a country store, or what have you, then we should take a pretty close look at doing exactly the same thing with respect to abattoirs or enterprises that would come under the agribusiness lending program of the government.

The third question, Mr. Speaker, is with respect to escalating land prices in the province. I see that in September we increased the maximum available from the program for beginning farmers from \$150,000 to \$225,000. That's a substantial 50 per cent increase, as a matter of fact. Increasing the interest shield from 2 to 3 per cent is certainly something I support. However we're still looking at a maximum loan of \$225,000 for beginning farmers.

Now in some places in the province, Mr. Speaker, \$225,000 allows a young person to set up a pretty reasonable operation. On the other hand, we have seen an escalation of land prices in Alberta which in the last several years has been amazing — land prices that seemed to be more related to the price of urban land than to the productive agricultural potential of the land. We had a case in point in my constituency in June where land that was essentially gray-wooded land sold for \$600 an acre. You know, with \$600-an-acre land, it doesn't take too long before \$225,000 is all used up.

We have the other problem too, Mr. Speaker, of what is happening in our major centres. My parents farmed for many years in the Olds district, and that whole district now sees a land value which is really quite artificially changed because of what is happening around Calgary. People will go out from the city of Calgary 10 or 15 miles, buy somebody out, and pay really unbelievably high prices. That's very good if you happen to be the seller. If you can sell land for \$3,000 or \$4,000 an acre, that's good. But in turn you then have people moving north, and they can afford to buy land at substantially more than people in the area.

It has, if you like, a ripple effect: the urban pressure on land right around the cities; then as these people sell out because they've got to roll over their capital gains, they buy additional land. Instead of being prepared to pay perhaps \$500 to \$600 an acre at Olds, it suddenly becomes \$800, \$900, or \$1,000 an acre. In turn, if the person who sells out there moves to purchase again in another area, it might be \$500 instead of \$300. It has a ripple effect.

What I'm saying to the members of the House, Mr. Speaker, is that that's great for the many people who are now in a position where they want to sell land. But for the beginning farmer, \$225,000 is not really going to buy you an awful lot of land in many regions in this province when you are competing against the price of urban speculation. I would ask the minister, when he closes, to share with the House the reasoning behind the increase from \$150,000 to \$225,000. Was this an artificial figure drawn, or should we

perhaps be looking at larger loans?

Now admittedly you get people paying even a shielded rate of 6 per cent on \$300,000 or \$400,000, and it represents a tremendous interest payment to make each year. But it's part of the larger problem of how we're going to make that transition from an older generation of people who want to leave farming and get a good price for the land — a price situation that in many areas of the province has been completely altered by the fact that we have urban land prices having a tremendous impact on the value of rural land. And, Mr. Speaker, with off-board barley now just a little over \$1 a bushel, it takes an awful lot of bushels to pay \$1,000 an acre for the purchase of prime agricultural land.

Mr. Speaker, the other point I would make in closing is that I've had a number of complaints from various people on ADC appeal committees. Of course the appeal committee function is a very important one for the Agricultural Development Corporation with respect to loans that have been turned down by Camrose or by the regional office or, for that matter, with respect to the disposition of public land. The complaint that has been brought to my attention — in more than one place, I should say — is that appeal committees just aren't given the information soon enough. If they're going to have an opportunity to really act as a legitimate appeal agency, they have to have more time in order to investigate the background of the people who are making the appeals. While I realize this is essentially a bureaucratic problem within the ADC at this stage, the fact of the matter is that there is at least some concern on the part of people who are sitting on these appeal boards that there really isn't much point in having a meeting of the appeal board if you don't even know who's appealing until you walk into the meeting. At that stage of the game it becomes essentially a rubber stamp proposition, and the people I've talked to don't like the idea of being rubber stamps. They would want this information well ahead of time. I'm not sure whether that's a problem throughout the province, but it's certainly a problem that has been brought to me in several areas of the province.

In general though, Mr. Speaker, I'm sure we're all going to support the principle contained in Bill 58. But I would close by asking the minister when he concludes debate to deal with those specific questions: first of all, the anomaly between ADC interest rates for agribusiness on one hand and AOC on the other; secondly, to share with us the approximate number of farmers or businesses presently in arrears; thirdly, to outline the reasoning behind the \$75,000 increase for the beginning farmer program; and, finally, to deal with the question of whether or not some steps could be taken to improve the relationship of the administration of the corporation itself and the appeal committees. In my judgment the appeal committee is one of the best ways of maintaining a strong grass roots role in the program, and I would hope that those difficulties, where they exist, could be ironed out.

MR. TAYLOR: Mr. Speaker, I'd like to say a few words on three items contained in the bill. I'm also going to support the bill. I think it's doing some very splendid things.

The first item that does concern me is the value of

land. The increase for young beginners, as the hon. Member for Spirit River-Fairview just mentioned, has been increased. That will certainly help to some extent. However, what has been happening in many of our farming areas, certainly in mine and certainly prior to the legislation that stopped foreign buying, was that foreign people or corporations would come in and buy the land at a very exorbitant price, a price the farmer couldn't possibly refuse, far beyond the actual agricultural value of the land, and then immediately ask the farmer to stay on and farm it for them. This has happened a number of times. What is actually taking place is that a price is being paid for the land that the land itself, as agricultural land, can never produce.

Now where a young farmer buys land that is far in excess of the actual agricultural value of that land, he puts himself in a position where he can never repay, never actually get title to the land. Unless the land produces enough to pay off that mortgage and give him his living, he'll never get clear title to the land. This is a great concern to many fathers of young farmers and certainly many young farmers. The question that's asked of me is: are we doing any good for a young man by enabling him to buy land for which he can never pay back the value he paid?

When the ADC chairman was before the Public Accounts Committee, I believe he made a statement that the ADC took a very keen interest in making sure that when they were getting a young farmer started on the land, that young farmer would have an opportunity of eventually owning that land, paying off the mortgage, and that they were not too keen on advancing money where the amount of the land is going to be far in excess of what the land could ever produce. I'm wondering if the hon. minister could deal with this question, and the criteria used in regard to what the land will or will not produce over the next few years.

A young farmer who was refused said to me, maybe the price of wheat will be \$5 a bushel in the next few years, then I'd be able to pay back this large sum. I replied to him, yes, I suppose that is so, but maybe the value of wheat will also drop down to \$1 a bushel or, as it did in the early part of this century, 18 and 20 cents a bushel, which actually ruined many, many farmers who had borrowed when the price of wheat was \$2.50 and \$3 a bushel. They then had to pay it back at the rate of 16 cents a bushel, which meant that they had to pay 16 or 20 bushels back for every bushel they borrowed. It's a matter of concern, and I would appreciate having the minister's comments on that item.

The next point I'd like to deal with is this matter of interest. The hon. Member for Spirit River-Fairview mentioned the ag. type of development, and that has come to my attention also. Several years ago when the Alberta Opportunity Company bill was being debated, I was concerned about the amount of interest being charged to a business in a small town, and advanced the suggestion to the then minister, the hon. Fred Peacock, that consideration be given to having the highest interest rate for our major cities, the second highest for our smaller cities or very large towns, the third highest for our medium-sized towns and, lastly, the lowest for our villages. The hon. Mr. Peacock put that into effect, which meant that a village was able to borrow money from the Alberta

Opportunity Company, and actually did, at a very reasonable rate. But had that rate been the same rate as was dominant in our major cities, it would have been a disastrous rate.

I have in mind a village where the butcher and both grocers, who had been there for many years, all wanted to retire. They were beyond the retirement age, but they didn't want to leave the people high and dry. So through the Alberta Opportunity Company they were able to purchase these three businesses and establish one really good co-operative store, which I believe is now doing very, very well — an excellent store comparable to what you have in the cities. But had the interest rate been that charged in the cities, they could never have done it. I think that's an excellent thing found in The Alberta Opportunity Fund Act, where we can charge a lower interest rate where the opportunities to sell are not as great, where the opportunities to flourish are not as great, where there's practically nothing comparable to a business establishment in a large city where there are 200,000 or 400,000 people to deal with it.

Carrying that over into an area where, say, an agribusiness is developed in a village the size of Hussar and they had to pay the interest rate that's presently charged in the ADC act, it'd be very, very unfair in my view because they don't have the same opportunity as that business would have if it developed in Calgary or Edmonton. In a way, it's discriminating against the smaller centres and forcing people to go to the larger centres where they'd have more opportunity, better opportunity for sale, and many more people to buy from them. I would like to see the ADC people and the Alberta Opportunity people get together where there's an agribusiness, that that business receive the best interest rate, based on the area in which it's developing. I think that would have a very definite effect on making it possible for some of these agribusinesses to develop in towns like Hussar, Standard, and Strathmore and in smaller cities like Drumheller and Wetaskiwin.

The outline given by the minister of what has been happening through the Agricultural Development Corporation was very interesting and worth while. With a few changes I think we can continue to provide an even greater service either to those who want to develop a business based on agriculture or for young people who want to spend their lives producing food in one form or another for a very hungry world.

MR. R. SPEAKER: Mr. Speaker, I'd like to make one or two remarks on this particular amendment and say first of all to the minister that I certainly appreciate the changes and emphasis that he has made with regard to his field workers and loans officers working with the client. I made some remarks approximately eight to 12 months ago, when I found that the loans officers were attempting to sit about their desks and make decisions with regard to the future of young farmers and farmers in this province, that it just wasn't working right. Since then I'd like to say, Mr. Minister, that there has been some good co-operation, and I've noticed a good change in attitude. I certainly want to commend you for your administration in that area. That is a good improvement, as I see it.

I would like to make one comment with regard to

interest rates. In question period we have already raised the question of the possible high interest rates with the new rates that are being established by the Bank of Canada. As I look very quickly at the figures, the cost to a farmer can increase, on the average, up to \$1,000 just because of this change in interest rate. I think it would be wise, at this time, for us to have a look at the guaranteed loan program and the effect it's having on the loans that have been made available, not only for the purchase of land but also for the program that is worked in co-operation with the Housing Corporation on loans for farm homes. They are affected in the very same way in that the interest rate is 1 per cent above the prime and floats according to whatever the prime rate of the bank is.

One of the things to be affected is, certainly, the immediate planning of the farmer on his farm. There was no way that when he took out the loan he projected the high interest rate that we have at the present time. We recognize very well the income that is coming from produce, some of the problems that are being faced by some of our farmers, that it's just another added cost. But it is possibly one way that, as a government, we can maybe hold the interest rate and in an indirect way subsidize the farmer and keep him viable during this period of economic crisis.

So I'd certainly support the minister reviewing that particular program as it relates to ADC. But I would also like to suggest to government that I think it is time that some committee of ministers, some appointed group of senior civil servants examine the interest rates across government as they relate to different programs, because it is very inconsistent that each is going its own way. We must remember as a government that we're dealing with the people of Alberta, and consistency and equity are very, very important.

So I'd certainly recommend to the Minister of Agriculture that he take leadership in this area and bring about a more consistent policy across the government at the present time. I'm certain that, as it's dealing with individual Albertans — not only farmers but businessmen, home-owners, or whatever — Albertans know they're being dealt with in an equitable fashion and that one group isn't getting extra benefits over another group here in this province.

So, Mr. Speaker, those are the two comments I have with regard to this bill. I think it is good in principle that the amount is being increased significantly, and I'm certain that any money invested in future family farms or young farmers in this province will always be of great benefit.

MR. SPEAKER: May the hon. minister conclude the debate?

HON. MEMBERS: Agreed.

MR. MOORE: Mr. Speaker, the hon. Member for Spirit River-Fairview asked if I would comment on a number of questions. First of all I would advise that the last figures I have, which I believe are for the fiscal year ended March 31, 1978, a short time ago, \$116.7 million dollars was outstanding in what might be considered active direct loans. That represented 4,200 accounts. Of that \$116.7 million, Mr. Speaker, 3.5 per cent of the moneys were overdue in being repaid to the corporation.

However, the figure with respect to the number of accounts in arrears is considerably higher, and one has to take into consideration the length of time or how much they're in arrears. For example, an individual might have a payment of \$2,000 plus interest for one year. If that total amount is \$2,500, he may pay \$2,200 and still be listed as in arrears. It's been difficult for us to get an exact figure on that except to say that certain accounts are 30 days, 60 days, 90 days, six months, or more than a year in arrears. But in total, of the 4,200 accounts in ADC, about 800, or close to 20 per cent, have some form of arrears, whether it be 30 days, 60 days, or 90 days; only 10 per cent of what they were supposed to pay, or whatever. It's difficult or almost impossible for me to give the total figures, because there are so many categories.

I don't find that alarming. In fact, that figure is about the same as it's been for the last three or four years. I don't find it alarming, because we're dealing with individuals who came to ADC as a last resort and because, in general circumstances, the Agricultural Development Corporation is probably the last one on the scale to get paid. It's the lowest interest rate and probably not as tough a collector as some others.

In addition to that, where good management appears to be in place and the events of non-payment or only partial payment are the result of not having yet been able to sell cattle or grain, or prices are depressed momentarily or something, we've encouraged the corporation to go along with the account and not go into foreclosure.

However, I'm glad the hon. member raised it, because it's something we do have to keep a watch on, and if it gets too high determine why and what might be done about it.

The second matter that the hon. member raised, and the hon. Member for Drumheller raised as well, is the difference between the Alberta Opportunity Company's direct lending rate and the Agricultural Development Corporation's guaranteed lending program to agribusiness. I have to go back a little way and explain first of all the reasons the Agricultural Development Corporation and AOC are both involved in agribusiness loans or guarantees.

Initially the Alberta Opportunity Company had the ability only to provide direct funds from the revolving fund; and they do not guarantee loans. So the Alberta Opportunity Company was providing loans to agribusiness, and they're still able to and still do. There's no criterion suggesting that an agribusiness operation must come to the Agricultural Development Corporation for its capital, for capital assets. The AOC is generally providing that. They provide it by way of a direct loan over a long period of time, usually 25 years I presume, at the interest rate they've established. The Ag. Development Corporation has a good number of loans to clients who are also clients of AOC. But ADC provides a guaranteed loan for money acquired from a lending institution of the borrower's choice for operating capital. Most of the ADC agribusiness loans went for operating capital.

Now, granted, we've got involved in some where we provided operating capital and took security of their buildings, assets, and whatever. Then down the road they got into some problems where they required further funding, and we wound up making,

in three or four cases, direct loans to agribusiness. There's nothing in The Agricultural Development Act or the regulations or the policies of the corporation that absolutely prevents direct loans to agribusiness. But I've always said, as did my predecessor the Deputy Premier, that we wanted to reserve the direct lending portfolio of ADC for direct loans to farmers, because I'm sure that if we threw it wide open and started making loans to all agribusiness, I'd have Canada Packers and the others wanting some pretty massive loans. Quite frankly, we felt that the \$150 million revolving fund, or \$200 million as it will be after this change, should be provided in the main, as it has been — 94 per cent — to primary producers.

Finally, on another matter, Mr. Speaker, I believe that I misled the hon. Member for Spirit River-Fairview in talking about beginner farmer loans. I believe I said they had been increased from \$150,000 to \$225,000. In fact that is not the case. The increase to \$225,000 had to do with the loan-plus-asset limit. In other words, the loan amount plus the assets of the individual could not total more than \$225,000 or you couldn't be considered under the beginner farmer program. You would be considered to be above that and in the direct lending program. That loan-plus-asset limit was \$175,000. So we increased it by \$50,000. The maximum loan, in fact, is \$150,000, and we did increase that as well; if my memory serves me right, it was by \$25,000. I wanted to just clear that up because I believe I was in error. I believe I said earlier in the debate that it was \$225,000.

Nevertheless, the point made by the hon. member is still a valid one; that is, what is happening to land prices and why you have to increase either the loan and the asset limit combined, or the loan limit alone.

I might address as well a matter raised by the hon. Member for Drumheller, and that is what criteria we use for the assessment of the value of farmland. We look at the productive value first of all, and then we look at real estate values in the area that we feel are not influenced by any outside factors other than the purchase of farmland for farming. Obviously, when you get near the major urban centres or the smaller urban centres, if they're cities now, you pay an inflated price. We look at all those real estate values and say it's not reasonable to assume this young person or whoever can buy agricultural land for less than that anywhere within the area he may wish to locate in. It's strictly a judgment decision. Our staff have to do it every day, and I encourage them to do it, because I don't want to be accused of inflating the price of land with our government lending program because finances are easy to get. So we turn down quite a few loan applications simply because the judgment of the corporation, considering all the factors, is that the land is \$100 per acre more than the individual should really be paying, and he's paying a speculative value.

Those are tough decisions to make. I don't know any magic answer as to how you're always right and never wrong. From time to time we can be wrong, quite obviously, when we're assessing those kinds of things. But I'm confident the corporation is doing as good a job as they could.

Aside from the legislation put into effect in this province with respect to foreign ownership of land, administered now by the Associate Minister respon-

sible for Public Lands, I don't know of any solution to rising land prices except to allow ourselves to let the matter flow as it usually does. That is that there's an escalation of land prices as grain prices go up and things get better, then as quotas go down and grain prices tail off there's generally some levelling off and sometimes perhaps even a fall in land prices. They call that the market, I guess. It's working again now, because during the course of the last year the escalation of land prices which had occurred for the three or four years before that was noticeably less, and still is. That doesn't help when you're around the major built-up urban centres and people are buying farmland for speculative reasons. I suppose the only area there in which the matter might be attacked is one of taxation by way of value, but I for one prefer to consider the farm home and the buildings and some other things a little sacred from the swift pen of the Minister of Municipal Affairs. But enough on that subject.

Mr. Speaker, I think I answered some of the questions directed toward me. If there are some others that I haven't, I'd be pleased to have any other questions directed toward me when we're in committee study of this particular bill. I would hope all members would support second reading and the principle of The Agricultural Development Amendment Act, 1978.

[Motion carried; Bill 58 read a second time]

#### **Bill 59**

#### **The Freehold Mineral Taxation Amendment Act, 1978**

MR. GETTY: Mr. Speaker, I move second reading of Bill No. 59, The Freehold Mineral Taxation Amendment Act, 1978. This bill is a companion to the bill which I moved earlier today, Bill No. 55, in that it allows the assessment of freehold minerals to be expedited by allowing the Oil and Gas Conservation Board assessors to obtain information from third parties, and to require that the information be provided as quickly as possible.

I urge hon. members to support second reading of this bill.

[Motion carried; Bill 59 read a second time]

#### **Bill 53**

#### **The Alberta Opportunity Fund Amendment Act, 1978**

MR. DOWLING: Mr. Speaker, I move second reading of Bill No. 53, The Alberta Opportunity Fund Amendment Act, 1978.

Mr. Speaker, the principle of this amendment is to continue the strong move by the provincial government to decentralize and effectively expand the economic base of rural Alberta. We have, as you know, a system where entrepreneurs wanting to expand their operation or develop new ones can apply for loans through the Opportunity Company and obtain, if the entrepreneur lives in a community of 10,000 or less in rural Alberta, an interest rate 1 per cent less than the normal base rate. That percentage rate can be reduced another percentage point if the applicant is proposing a development which is unique and provides additional opportunity for young people

or people in Alberta to be employed.

There were some questions with regard to the interest rate during the question period today. Our base rate is really established one percentage point above the prime interest rate for borrowing in Canada. However, we do not tie it to that except in that sense, we just do that automatically. What we really tie it to, by regulation of the Opportunity Company, is the amount of interest we have to pay the provincial government since they supply our funds. The initial \$50 million was supplied to set up the fund in 1972. In '74 the act was amended to provide an additional \$50 million to the Opportunity Company. At that time, an interest rate was established for that borrowing.

We are now asking for an additional \$50 million, and the interest rate for that amount will be established by the provincial Treasury. So we are told to re-examine our interest rates every so often, bearing in mind the amount of money we have to pay the provincial Treasury for our borrowings. They are tied to a provincial operation rather than anything beyond that.

I would like to mention just a few things about the Opportunity Company, Mr. Speaker. We are now in a situation where if borrowing by Alberta entrepreneurs continues at the present rate, by March 31, 1980, we will probably have loaned about \$102 million. We will be exposed by \$102 million. We therefore require additional funds in order that the program might be continued. As you know, we have loaned a total of \$103.8 million to Alberta entrepreneurs; 1,084 loans have been given. The average interest rate over that period — and it bears checking — would be about 9.3 to 9.4 per cent. The repayment term varies from time to time. Some loans are repaid in a matter of two or three years, some within a year. The maximum length of time is approximately 15 years.

We know for certain, Mr. Speaker, that the Opportunity Company has had a considerable effect on the business community of Alberta. It's provided that large amount of money without really being in competition with the regular loaning institutes. We are not in a position where we want to compete with them, Mr. Speaker. We simply want to stimulate the regular loaning institutes to get into the risk area a little more than they have in the past, and we think that has substantially happened.

One of the interesting things about the Opportunity Company is that the interest that has accumulated to the fund as a result of loans that have been made really pays for all the write-offs plus all the costs of operating the Opportunity Company administratively, and a small portion is still left over as profit.

One other point I'd like to make before I sit down, Mr. Speaker, is a sort of breakdown of where the loans have gone. In the year 1978, 13.9 per cent of the fund is devoted to land, 43.8 to buildings, 31.6 to machinery and vehicles, 5.6 to working capital, and 5.1 to miscellaneous. Of the loans that have been granted, there are several methods by which a loan is made. First of all, it can be made by the individual managers of the branch offices of the Opportunity Company, and there are now several located throughout Alberta: in Edson, in Edmonton of course, in Calgary, Grande Prairie, St. Paul, and Medicine Hat. Approximately 110 loans were granted by those

individuals, or were recommended for approval by those individual branch managers. That amounted to some \$3.5 million over a six-month period ended September 30, 1978.

Thirty-one loans were granted by the loan committee for a total of \$6.8 million. This is a committee of four or five Opportunity Company officials. The board itself made 21 loans, approximately 42 per cent of the total money, totalling \$12.039 million, and the cabinet dealt with the balance of the loans, two loans during that period of time.

Mr. Speaker, with those brief comments I move second reading of Bill No. 53, The Alberta Opportunity [Fund] Amendment Act, 1978.

DR. PAPROSKI: I would like to add very briefly to the comments of the minister, and it's very difficult because they are so important and so profound. But I think it bears a moment to underline the importance of the amendments, also the importance of the Alberta Opportunity Company in light of the activity of the province of Alberta at this time to improve and expand new businesses which are at a higher risk than the usual business we find in our community. In other words, Mr. Speaker, it's unique in Canada and it's important to underline that. It provides an opportunity for the smaller business, for the business in the rural community, and for those who by and large are younger in business.

That statistics would show the effect of such loans across this province, for small businesses in rural Alberta and in smaller communities, is obvious and should again be underlined. It's extremely important that everybody should know this.

It's undoubtedly played a very important role in stimulating activity in Alberta, Mr. Speaker, and again members of the Legislature and citizens out there are very grateful. In my constituency of Edmonton Kingsway, the minister would be pleased to know that a number of businesses have been funded by these loans. I can assure you they are extremely grateful, because they have gone to a number of lending institutions in the usual fashion and, recognizing that they're not prepared to take the usual risk, the Alberta Opportunity Company came across very well indeed. In other words, Mr. Speaker, the government has filled a very important gap where the usual institutions have not in fact been able to fill that role, although they're playing an important role. As the minister has indicated, it's a supportive role, in addition, as an adjunct to the usual financial institutions.

Ninety-five per cent of these businesses are still operating, Mr. Speaker, since this particular fund came into force over the past five years, and they're operating well and successfully. It's important to outline again, as the Premier has indicated, that over the past five years some 880 Alberta businesses in 236 communities continue to be very viable with this type of loaning from the Alberta Opportunity Company.

Mr. Speaker, these are my very brief comments on this fund and amendment. I think it's very, very important. The citizens out there are very grateful for it. I'm pleased that the amount in the fund is being extended.

Thank you.

DR. BUCK: Mr. Speaker, I'd like to make one or two remarks. I don't believe I'll be quite so kind to the minister as some of his backbench friends are in telling everybody how great it is. I don't think it's my responsibility to tell a minister how great it is, because I don't think some areas are so great.

I've stood in this Assembly many times, Mr. Speaker, and said I voted in good conscience when this fund was set up, because I thought we'd be helping the small businessman. I'm not that convinced. The minister hasn't indicated to us the average loans. When we're talking about helping the small businessman, I consider the small businessman the person who is looking for \$20,000 or \$30,000. The minister and the government is indicating to me that they're not really interested in the small businessman, because we're being asked to increase the size of loan that can be made without executive direction from \$500,000 to \$750,000. So really we're moving in the direction of helping the bigger and bigger businessman. This government seems to have forgotten that the little businessman needs the help. Of course this government is becoming more and more indifferent to the small man in the street, and this is just a further indicator.

I wish to say that it's not all bad, because the minister says that in the smaller communities there's a preferential interest rate. That's good. But I think at the same time, Mr. Speaker, we can move into other areas to try to help the small businessman. What has the department or the government done about looking at tax holidays, or modifications thereof, for the businessman who goes into a smaller community, where we'd like him to go and where a service is required? Let's look at some form of help other than just the loan.

While we're speaking of trying to help the small businessman, the minister has indicated that only 5 to 6 per cent goes toward working capital. Mr. Speaker, I'd like to indicate to government members who don't seem to know what's going on — but they all think it's so great, especially the backbenchers — that the loaning agency, in its great benevolence, says okay, we will lend you the money for this project. But what they don't seem to understand, because too many of the men on that board of directors seem to be ex-big businessmen, is that you just can't operate on a shoestring. You can set up the physical facilities, but you need some working capital.

I would like to say that the hon. minister can take back to his board of directors that that's the problem many small businessmen have. They do not have sufficient working capital to tide them over some of the rough spots. It's not all that great, hon. Member for Edmonton Kingsway, but it's your responsibility to tell your minister what a great job he's doing. You know, you may get to be a cabinet minister by doing that. But it's not what you should be doing here; you should be trying to make sure it's better legislation.

I'd like to know what the minister is doing for the small plastics manufacturer in this province. I'm sure he wouldn't be too proud of his record in that direction. The Opportunity Company wouldn't be too proud of its lack of help for the small businessman who's trying to get into the battle with the big fellows. Maybe he can tell us.

Another point I would like to make to the minister — and I am sure the minister is a reasonable man; he

is a small businessman — is the courses offered to the small businessman by members of the department or associated agencies, be they provincial or federal. One of the members of the minister's department was in Fort Saskatchewan at our chamber meeting recently. There is a seminar going on in Barrhead now, or fairly soon. If you take the full day or two days off, you're going to take part in a great course. This is fine. This is great. But as I told the hon. gentleman, this is exactly what happens in the Department of Agriculture where the district agriculturist sets out courses to help the farmer. Who shows up at these courses? The successful farmer. Who's going to show up at the business seminar in Barrhead? The successful businessman. But the little fellow, who we can't seem to get to because he can't take a day or two off from his business, is the man we really want to help.

My humble representation to the hon. minister is: let's see if the bureaucrats can take a little time off — maybe the minister can give them a day off — so they can come out to the small communities and put these courses on in the evening, so the small businessman can take a few hours off. Because a one- or two-man operation — or a man and his wife, who is maybe doing some of the work, some of the accounting — can't close that business or get somebody to run it for them for those two days the courses are on. I would like to say to the minister that I think the department can play a role in providing these courses for the small businessman in the evening, even if they have to be stretched over a whole week.

The hon. gentleman telling us about the courses said, we are busy people also; we have jobs to do. I said, fine, ask your boss to give you a week off and work five evenings. There certainly can be sufficient flexibility there. I know all these courses are nice if we can have them in the day, because it's nice for the bureaucrats. I'm not interested in the bureaucrats. They are there to serve us. So let's have a look at putting on some of these courses in the evening.

Mr. Speaker, my main concern is: are we really helping the small businessman? I want the minister to try to convince me again that that's who we're really getting to. Are we helping, trying to encourage some of these smaller, high-risk, new industries?

I'd also like to know if the minister can indicate to us the numbers of defaults on loans and the number of failures. Maybe I missed that, but I'm sure the minister will have it. Also, is the government giving some strong consideration to some type of mechanism to help that small businessman getting started in, say, the first five-year period, because that's his most difficult time?

With those few words, Mr. Speaker, I intend to support the bill; I intend to support the increase of funds. But I will do it under the judgment that we really do something for the small businessman. That's what the Opportunity Company was set up for.

Thank you, Mr. Speaker.

MR. TAYLOR: Mr. Speaker, I want to support the bill, because I have had considerable experience with the Alberta Opportunity Company. I'm not going to speak with my head in the clouds or in theory; I'll just outline a few things that actually happened. That is why I'm rather enthusiastic about this bill in the way it is helping the small businessman. I don't think I've

ever made representations for what you'd call the big businessman, multinational corporations, or something like that. All the representations I've made — and they've been considerable — have been for everyday people of my constituency, and one or two not in the constituency.

As a matter of fact, on Thanksgiving weekend I visited a Canadian of Chinese origin in another constituency. While talking to him, he said: this country is full of opportunity; I'm delighted that the Alberta Opportunity Company enabled me to go into business, and in our first year I've made money. He made money in the first year. Normally you don't make money in the first year. He was overenthusiastic because the Alberta Opportunity Company had given him an opportunity to go into business. He was working long hours at it, because he was so thankful and anxious to make it go. You see that over and over again.

I've asked the Alberta Opportunity Company to go to some small businesses that were in financial straits — far more than one — and not once has either the minister or Mr. Clarke refused. As a matter of fact, Mr. Clarke even went out of his way one day to meet a group several miles from Ponoka in order to discuss their business proposition. The counselling done by the people in the Alberta Opportunity Company should be commended, and I commend them. I've had one or two businesses that were in very grave difficulty. As a matter of fact I had to shake my head about it, but I still asked the Alberta Opportunity Company to go and see what they could do. One such business has been helped substantially. The other one has not yet been helped, but the matter is still under discussion, and I'm hoping that some way can be found to get that company out of its difficulties.

Another difficulty I had was where a company had too much business and didn't have working capital and really didn't have the know-how to deal with this particular situation. Remember a few years ago The Edmonton Bulletin went out of business. The reason they gave was they had too much business, and they couldn't cope with it. I don't know whether that was ever substantiated or not, but I suppose it can happen. Well, I asked Mr. Clarke if he'd send someone down to discuss the whole matter with the proprietor of that business, which he did. As a matter of fact, on no occasion has either the minister or Mr. Clarke refused to send counsellors to help these small businesses when they're in difficulties. So I appreciate that. I want to say to the Member for Clover Bar that these aren't theoretical cases; these are actual cases that have happened. Consequently I think I know some of the excellent work these people are doing.

I'd like to mention two other points. We have two ordinary businessmen starting a new project in part of my constituency. It's a unique idea. It's something they developed themselves to make use of coal waste material. They worked on it for two years, to see if it was feasible and sensible before they even asked for help. They came to the conclusion that it was, that it had an opportunity to do something. Then they came and asked if they could get some counselling from the Alberta Opportunity Company and from the Department of the Environment. Both departments have had men down and, from my reports from the two businessmen themselves, even those men appear

very enthusiastic. This may well develop into a small business that will employ seven or eight people.

But every small business is the thing that makes the country run. I'd rather have 10 small businesses in my constituency than one big one, because it's a diversification. It's not the danger that Seattle had when practically everybody in their city was employed by the aircraft industry. I was down there one time with Wardair when he bought his first million dollar plane, his first jet. I was congratulating the mayor of the [city] on this wonderful business, and I was enthused about it. He said, well, I'm enthused a little, but I'm afraid. If something happens to this industry we're finished. We have one industry that we all depend on.

So I'm glad to see these smaller industries developing. I'd also like to see the coal mining industry develop as a big industry in the Drumheller valley once again, but we still need the smaller industries as well.

Then I come to one other place where I'd like to make a suggestion to the hon. minister. The hon. minister knows the business I'm talking about. It was a long-time agricultural business, which was in business for 50 years. They saw the opportunity of enlarging and going into something a little different. So they wanted to have men such as those in the Alberta Opportunity Company, in the department, and in the federal department analyse this and see what could be done. Well, they have a good business. It's a going concern. They're making money at it. They're making a good living. To go to this next risk would mean they'd have to borrow \$1 million. The business looks awfully good to me, but they had to make the decision whether or not they would risk their family business that they were now depending on by going into a new venture that could develop into employment maybe for 30 or 40 people. The federal government had no program. The hon. Minister of Industry, Trade and Commerce, Mr. Jack Horner, was enthused about it, I understand, but they had no program. The DREE program would have been excellent, but it doesn't operate in that part of the country; it operates only in the north. So while there is an opportunity of employing 30 or 40 people in the next four or five years, there's no incentive for them to invest what they had already made through a period of 40 or 50 years experience.

I think Canada and Alberta need some type of incentive program where a business like that can have an incentive to borrow the money to take the risk, more than just the incentive of profit. We have some programs today, for instance in RRAP, where many, many people improve their homes because there's a forgiveness clause, and those people would never even consider it if there was not that forgiveness clause of some of the moneys they borrow.

I would like to see something similar for business ventures that would employ several people, where they don't have to take all the risk themselves. I know free enterprise is taking a risk, but when you've already taken that risk and you've been in business for 30 or 40 years, then to take that risk all over again and jeopardize everything you've built up over that 40 to 50 years is asking quite a bit. I think a government program that would provide some incentive for that type of thing — not a great big incentive, but enough incentive to make it worth while — could see new

businesses grow in this province and provide diversification in many of our smaller areas.

Altogether I'm enthusiastic about the Alberta Opportunity Company, and I want to thank the minister and Mr. Clarke and their officials for the excellent work they have done in counselling people who are in difficulty, in arranging for financing when they found this would keep the business operating, and for being helpful in every possible way they could over the past year. I appreciate that very, very much indeed, and I propose to support the bill.

MR. YOUNG: Mr. Speaker, I might express a few comments in support of the bill, especially in view of some of the negative comments which have emanated from the hon. Member for Clover Bar, whose business experience in the sense of operating a business operation, I might say, I'm not aware of.

DR. BUCK: Another cabinet minister.

MR. YOUNG: Mr. Speaker, I'd like to remind the hon. member that the strategy of this government, as he well knows and as was explained to the House in his absence just last week, was and is that we should build on the renewable resources of this province and enunciate our base-line program on those resources; namely, agriculture, our timber resources, and our water resources. Those are renewable resources and, combined with the tremendous quality of our people, have great opportunity for us. We are attempting to develop a base from those resources while using our non-renewable resources, which are providing us with the income we're enjoying in a very major way at the present time.

I could remind the hon. member that since 1972, with the aid of the Alberta Opportunity Company, there are approximately 88 new processing plants in the area of agriculture alone, in the processing of agricultural products. Those plants, hon. member, are not all located in the cities, or Edmonton and Calgary. In fact they are well diversified across the province and have provided both income and jobs to many of the smaller towns and centres in Alberta. There is a total of approximately 15,000 jobs involved as a consequence of those developments, Mr. Speaker.

As another facet of our program we have the requirement on all major industrial projects that there should be a reporting and an attempt to maintain the highest possible amount of Alberta and Canadian content. As anyone familiar with the Syncrude project and some of the other projects under consideration knows, this will be very high indeed, and it has a tremendous spinoff effect. As matter of fact, I can tell you that one of the suppliers of the very large bucket wheels in the Syncrude oil sands mining project, in an attempt to qualify under these requirements, purchased a plant in the city of Edmonton and has turned that operation into one of the better machinery fabrication shops and greatly improved the millwright and machine capacity in the whole city. It will have spinoffs well beyond Syncrude and value well beyond that in terms of our ability to undertake work which would otherwise have to be imported from other parts of Canada or from outside the country.

Mr. Speaker, I can appreciate the hon. Member for Drumheller when he mentions coal. My understand-

ing and reading of the energy situation at the present time is that coal has been gradually coming back into its own. With that development, as we begin to realize more and more the possibilities the tremendous coal reserves of the province hold, I'm sure we're going to move into more sophisticated handling and processing of coal. With that sophisticated development, I think there will be all kinds of opportunities to supply parts to gasification processes and this kind of processing.

So, Mr. Speaker, I think the hon. member, while he may wish to have more and to have it now, has to face some of the realities of the situation: that this evolution has to be over a period of time, that we have problems to overcome, and that we have to overcome significant transportation differentials. We cannot immediately undertake certain types of manufacturing, because there simply isn't a sufficient market available to us on a basis which can be economically met by manufacturing in Alberta.

Just for his additional information, if he checks I believe he'll find the department has a program of evaluating the imports of goods and services into the province. When the opportunities are evaluated, if there are people interested in them they are assisted by being provided with certain types of information.

Mr. Speaker, this afternoon much was said about managerial ability and training. In our meeting with the chamber of commerce recently, when they made their presentation to the cabinet, I think this was one of the items stressed: the fact that we will have challenges in the development of sufficient managerial capacity in the province, because we've had a very rapid development of small companies. That is a challenge to the owners and managers of those companies. Many of these people have great technological skills and are well experienced, but it's another challenge to them to gain the managerial skill. I'm pleased to see the department has embarked on a program of training courses for these new managers and owners.

Finally, Mr. Speaker, I know there has been some criticism at times of the Alberta Opportunity Company from individuals who did not get loans. Of course, that is a matter of judgment. I have to remind all hon. members that evaluating a business sometimes is not unlike evaluating one's prospective mate. Beauty may be seen to be in the eye of the beholder, and if one has put together a very pet project it looks pretty beautiful when you're close up to it. As one who's dabbled a little bit in business, not very often but once in a while, I've become overwhelmed with the beauty of the project I've been working on. It's taken some pretty stern doses of cold water from an objective viewpoint from others looking on at the project and evaluating it to bring me back to reality.

I know that we may not be judging all projects as objectively as we could be; nevertheless, I commend the Alberta Opportunity Company for what they're doing. It may well be that as time goes we have to keep reassessing the amount of loss we're sustaining. Maybe it's too low; maybe we should take riskier projects. But I can well remember the hon. Member for Clover Bar becoming very eloquent and somewhat excited in this House over the last three years as some of these risks have been shown to have been risks, that were not sustainable into profitable businesses.

Mr. Speaker, I commend the minister for this initiative and urge all members to support the bill.

MR. SPEAKER: May the hon. minister conclude the debate?

HON. MEMBERS: Agreed.

MR. DOWLING: Thank you, Mr. Speaker.

Just very briefly I'll attempt to respond to some of the comments that were made. To my hon. friend from Clover Bar: first of all the loans that are made to the entrepreneurs of Alberta are 95 per cent successful. Five per cent are failures, and as my hon. friend from Jasper Place indicated, we have to expect them. If we're in the high-risk area, we have to expect that there are going to be some failures. We have meetings a number of times with the Opportunity Company officials and with the board. At each of those I've questioned whether we are taking a high enough risk and whether we should get further into the risk area to make certain that we're doing our job as we're really destined to do with this Opportunity Company. I left them with a feeling, I hope, that 5 per cent may not be an adequate loss ratio. You all know, I sure, that the loss ratio in the regular loaning institutes is less than 1 per cent.

A couple of other comments, Mr. Speaker. On the average loan amount, like the hon. Member for Clover Bar I too am interested in keeping it down at a reasonable level. He should be reminded that in 1975 \$133,000 was average, in 1976, \$132,000; in 1977, \$65,000; and this year slightly above that at \$78,000.

The other thing he mentioned was that too many were being made at the high level. Last year none was over \$500,000, and this year there was one in the first six months. But the very large percentage — 52 per cent — in the first six months of this fiscal year was made to entrepreneurs who wanted less than \$50,000. Last year 59 per cent were made under the \$50,000 level. Also, Mr. Speaker, 70 per cent of those loans were made to entrepreneurs in rural Alberta, which is truly significant.

The hon. Member for Clover Bar mentioned also the fact that we were really concerned about that \$500,000 level. Our concern is only that cabinet committees, cabinets, and people involved at other levels in politics are extremely busy. In my view they shouldn't be bothered with things that are being well handled by the private sector, and I mean a volunteer board of the AOC. In 1972 \$500,000 was \$500,000; in 1978 \$500,000 is more like \$834,000 in terms of inflationary trends.

The other thing the hon. member mentioned was that too many big businessmen were on the board. I'm sure the members of the board will be pleased to be considered as big businessmen: they run clothing stores in Edson, insurance agencies in Vermilion, a small lumber operation in High Prairie, and so on. I will inform them that you think they are all big businessmen and I'm sure they'll be delighted.

DR. BUCK: Did the minister say they are volunteer members? Does that mean unpaid?

MR. DOWLING: Oh no, Mr. Speaker, they are paid. They get a stipend and an amount of money that pays

them for their travelling expenses, meals, and accommodation when they are away. But the amount they get paid most assuredly doesn't pay them for the time they devote to the Opportunity Company, bearing in mind that there are at least two meetings a month and sometimes two meetings a week. So most assuredly they're not paid in accordance with the amount of time and effort they devote to the Opportunity Company.

Another point the hon. member mentioned was that the management courses offered are all offered during the daytime. I'm not sure if I'm in a position to direct the private sector to change their rules. We contract that management course with a private sector firm, and they offer it during a time of day when they can give it. I suppose I could suggest that the private sector do something differently from what they're now doing. I'm also not sure they'd accept my suggestion. But the course, as established, is 95 per cent effective. That number comes to me on the basis of a clear examination of what took place, who was helped, and how much. Ninety-five per cent of the people who attend those management assistance programs are in fact helped.

The other thing on the Opportunity Company and its ability to provide this management assistance, it's there. It can be provided by contractual arrangement, if that's the desire of the entrepreneur. It can be provided by the AOC board of directors or the officials of the Opportunity Company without any contractual arrangement. In addition to that, we do have the option of supplying an amount of money to the entrepreneur in a research sense. We can provide up to \$10,000 or 50 per cent of any research project that's preliminary to an industry or a business being established.

One other point I should mention, Mr. Speaker, with regard to the contribution by the hon. Member for Clover Bar: he mentioned something about the plastics industry and the fact that it should be helped. We are in a position where, in the Opportunity Company, we want to help anyone who has a reasonable proposal to make, and I will not, and have not in any case, intervened with regard to board decisions of any kind, or committee decisions or the officials of the Opportunity Company. If any one of those groups makes a recommendation, that's their business. They are autonomous, and I'm not about to make any political interventions to change their minds or do something to make sure a particular person gets a loan. That cannot be done.

There's only one time when I'm involved, and that's when an Opportunity Company applicant makes an application for a loan — at the moment for \$500,000. We're now proposing to change that to \$750,000. Anything over that, the matter must be dealt with, first of all, by the board and the Opportunity Company officials. They then make a recommendation to the minister that the matter be sent to cabinet for its approval. After a really detailed examination of the proposal I then take it forward, as long as I'm satisfied that the loan application is reasonable. I obviously have to rely on some strong input by the officials of the Opportunity Company, and sometimes by our department. But that's the only time when I have any direct contact with any loan application. If someone comes in to make an application for a loan or wants to see me about the Opportunity Company, the first

thing I tell the applicant is that I'll give him all the information relative to what the Opportunity Company is, what the rules are, but once that's done, no further contact needs to be had with me because I cannot influence a loan one way or the other.

I thank the hon. Member for Drumheller for his usual great contribution, and I do know of what he speaks. We discussed it only briefly a short time ago, and it will obviously proceed to Mr. Clarke and the officials of the Opportunity Company as well as the board.

Finally, for my hon. friend from Jasper Place, I thank him for mentioning again that we are in a high-risk area. I think we will further involve us in high risks for certain, and we will have those inevita-

ble failures.

I should say finally, Mr. Speaker, that for the first six months of this fiscal year there have been 162 authorizations, which is up 5 per cent from last year, which was 154.

I move second reading of Bill No. 53.

[Motion carried; Bill 53 read a second time]

MR. HYNDMAN: Mr. Speaker, the Assembly will not sit this evening.

[At 5:22 p.m., on motion, the House adjourned to Tuesday at 2:30 p.m.]

