

LEGISLATIVE ASSEMBLY OF ALBERTATitle: **Tuesday, October 17, 1978 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: **NOTICES OF MOTIONS**

MR. CLARK: Mr. Speaker, I'd like to ask unanimous consent of the House to advise the Assembly that Motion 222 in the name of Mr. Notley will be the designated opposition motion for Thursday next.

HON. MEMBERS: Agreed.

head: **INTRODUCTION OF BILLS****Bill 66****The Fuel Oil Administration
Amendment Act, 1978 (No. 2)**

MR. LEITCH: Mr. Speaker, I request leave to introduce a bill, being The Fuel Oil Administration Amendment Act, 1978 (No. 2).

The basic purpose of this bill is to enable the Lieutenant Governor in Council to make regulations more precisely defining the farm operations that would be entitled to the farm fuel distribution allowance. In addition, the bill proposes a number of technical amendments relating to the certificate evidence that is used in prosecutions under the legislation. These amendments are technical in nature and do not involve any change in policy.

[Leave granted; Bill 66 read a first time]

Bill 57**The Energy Resources Conservation
Amendment Act, 1978**

MR. GETTY: Mr. Speaker, I beg leave to introduce a bill, being The Energy Resources Conservation Amendment Act, 1978. The purpose of this bill is to help ensure that a resource development project before the ERCB does not place an unjust burden on local landowners who, to protect their interests, find it necessary to appear before the board and place their position before it at some expense.

[Leave granted; Bill 57 read a first time]

Bill 46**The Election
Amendment Act, 1978 (No. 2)**

MR. McCRAE: Mr. Speaker, I beg leave to introduce Bill 46, The Election Amendment Act, 1978 (No. 2). This bill provides that if a returning officer is unable or unwilling to act in the performance of his duties,

the Chief Electoral Officer may appoint a substitute returning officer to act in his stead.

[Leave granted; Bill 46 read a first time]

Bill 65**The Election Finances and
Contributions Disclosure
Amendment Act, 1978**

MR. McCRAE: Mr. Speaker, I beg further leave to introduce Bill 65, The Election Finances and Contributions Disclosure Amendment Act, 1978.

Mr. Speaker, this is an important amendment. As the act now stands, whenever a political organization has what can be termed a fund-raising function, the financial officer for the organization is required to issue a receipt to each person attending and paying the door charge or admission, regardless of the amount. This has caused a tremendous amount of administrative and bookkeeping work on the part of our volunteer financial officers, without a corresponding public benefit. The amendment provides that if the charge or admission fee is under \$10, the financial officer is not required to issue a receipt unless the contributing party so requests. This amendment will relieve our volunteer financial officers of a lot of unnecessary work and still maintain the principles of the statute intact.

[Leave granted; Bill 65 read a first time]

head: **TABLING RETURNS AND REPORTS**

DR. WARRACK: Mr. Speaker, I have the honor to submit herewith the operating fund financial statements of the Gas Alberta division, Department of Utilities and Telephones, for the year ended March 31, 1978.

MR. GETTY: Mr. Speaker, I wish to table the report of the Department of Energy and Natural Resources for the year ended March 31, 1978.

head: **ORAL QUESTION PERIOD****Oil Development**

MR. CLARK: Mr. Speaker, I'd like to direct the first question to the Minister of Energy and Natural Resources. It flows from the concern with regard to the application now before the ERCB as far as the Cold Lake-Grand Centre area is concerned, the negotiations with Shell on the possibility of a fourth oil sands plant, and the question of the possibility of a Lloydminster heavy crude plant.

My initial question is: is the minister in a position to outline to the Assembly the stage of discussions between the government and Shell with regard to a plant at a place which on occasion has been referred to as Russellville, some 60 miles north of Fort McMurray but someplace north of Fort MacKay?

MR. GETTY: Mr. Speaker, there have been a number of meetings with representatives of Shell; as a matter of fact there is a further one today. They are meet-

ings generally passing back and forth information and progress on a project very important to this province and to Canada, should it proceed. However, we are not in a position of negotiating with Shell, which would be required to complete an application before the Energy Resources Conservation Board. The board would have to assess the Shell application and make a recommendation to Executive Council before we could even deal with it.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Is the minister in a position to indicate to the Assembly what time line Shell has discussed with the government with regard to a possible application to the ERCB?

MR. GETTY: Mr. Speaker, the discussions with Shell are that they proceed to make an application before the Energy Resources Conservation Board as quickly as possible. I'm hesitating a bit because they may have already done so, and I may not be aware of it. I'm going to be meeting with them today, and I'll confirm their timing on an application.

Because of the lead time in these projects — they require some five years before they actually start to produce oil — and because all our projections show that they are necessary for other Canadians, I think it would be in the best interest of Canada if the project could proceed as quickly as possible.

MR. CLARK: Mr. Speaker, to the minister. When might we expect the rather long-awaited oil sands policy that was referred to in previous Speeches from the Throne? I ask that question in light of the fact that some people in the conventional industry are now becoming more concerned with regard to the amount of production they're able to get at this time. When can we expect that kind of definitive statement from the government?

MR. LOUGHEED: Mr. Speaker, you can check the *Hansard* record, but I think I've made it abundantly clear to the Legislative Assembly on a number of occasions that it is not the government's intention to have an overall policy with regard to oil sands development in commercial terms, and that we would deal with each project as we faced it. Perhaps the Minister of Energy and Natural Resources wishes to expand on that.

MR. GETTY: Mr. Speaker, I know it's been discussed in the House many times along the lines the Premier has just expressed, that we will deal with each plant and project as it comes before us. The reasons given were that the energy scene in Canada, the United States, and the world is changing so dramatically that in the interests of Albertans it would be unwise to try to establish an oil sands policy when all these changes were coming so rapidly.

MR. CLARK: Mr. Speaker, then a further supplementary question to the minister, dealing with the development in the Lloydminster area — be it Lloydminster, Saskatchewan, or hopefully Lloydminster, Alberta. At what stage are the discussions between the government and the companies interested in putting together a heavy oil plant in that area?

MR. GETTY: As of now, Mr. Speaker, nobody has applied to the Alberta Energy Resources Conservation Board to construct a heavy oil plant in the province. We are aware that a group headed by Pacific Petroleum is about to place an application before the board. As a matter of fact, I'm encouraging them to do it as soon as possible. That gets the details out, has the board conduct the hearing, and allows the project to go ahead if the board believes it's in the best interest of the province.

We've also had discussions with Husky Oil and with Petro-Canada. I believe those are the only three that have seriously discussed an interest in developing a heavy oil project in Alberta. However, an attention has been paid to that resource that has raised it considerably in the interests of resource developers.

MR. CLARK: Mr. Speaker, to either the minister or the Premier. What is the view of the government with regard to the capacity of Alberta's economy to perhaps have the Shell plant along with the Lloydminster heavy oil plant under construction at the same time? I ask the question with this background, recognizing that if the plant at Cold Lake goes ahead, that would be number one in the marching order. But is it within the economy of the province to handle both Shell and Lloydminster, if the recommendations of the ERCB in all three cases are positive and if the government is able to work out agreements?

MR. GETTY: Mr. Speaker, it would take great wisdom to try to determine whether two plants could go ahead at the same time and actually be handled by the economy. As a matter of fact, a mining type of plant such as Shell is talking about, much like Syncrude, would use a different type of service and project development than would a Cold Lake type of project, which Imperial Oil is talking about. As such, I think the companies would probably be able to adjust their schedules so as not to put undue strain on their own manpower hiring and materials procurement. Therefore I think they would work out for themselves the best times to proceed with various stages of their projects.

I believe a heavy oil project such as has been discussed in the Lloydminster or Hardisty area, or in a Lloydminster type of heavy oil sands, would also use a uniquely different type of technology. The area would be separated from the other two to the extent that it also would not put an undue strain. I preceded my remarks by saying it would take a great deal of wisdom by anybody to know whether I would be right.

MR. MILLER: A supplementary, Mr. Speaker. Is not the increased production the prime factor before we talk of an upgrading plant in all these areas; that there is limited production and need for secondary recovery, and other projects have prime importance rather than an upgrading plant, which would follow after we have increased production?

MR. GETTY: Mr. Speaker, to supply the amount of heavy oil that would be necessary to the type of plant being discussed for the Lloydminster type of sand, there would have to be a very dramatic increase in production, and in secondary and tertiary development, from those areas. So the hon. member is right. The companies would have to satisfy themselves that

they are able to get more than initial production, which now runs about 5 to 8 per cent from a reservoir. Secondary production, which recovers approximately only another 8 per cent, and tertiary production, which would raise the level of recovery from these reservoirs — a heavy oil plant that we've been talking about would then be feasible.

Agricultural Marketing

MR. CLARK: Mr. Speaker, I would like to direct a second very straightforward question to the Minister of Agriculture. Does the government plan to introduce amendments to the agricultural products marketing legislation this session? I ask the question in light of the ruling by the Attorney General's Department that in fact certain commodity groups would be exempt from joining some farm organizations in the province.

MR. MOORE: Mr. Speaker, the answer to the question is no. But there is another route those commodity organizations can go to resolve the problem of membership in Unifarm or any other farm organization.

MR. CLARK: Then will the minister elaborate on the other route which, according to him, can be used?

MR. MOORE: Mr. Speaker, I should say first of all that the Agricultural Products Marketing Council was concerned that some boards and commissions in this province that are constituted under the Agricultural Products Marketing Act may have been making contributions to Unifarm, or for that matter perhaps some other farm organizations, contrary to the intent of the plan established under the marketing legislation. Mr. Clark Ferries, chairman of the marketing council, advised all boards and commissions earlier this year that they should check carefully the wording of their plan and the legality of what they were doing with funds collected by check-off. As a result, a legal opinion was expressed that indeed some of those organizations did not have properly drafted plans.

Since that time, Mr. Speaker, we have asked that all boards and commissions contributing a portion of their funds to some other farm organization or entity check carefully the legal status of their plan. If in fact there's some doubt whether they're able to contribute those funds to another organization, they should ask the Agricultural Products Marketing Council to review their plan with them and make recommendations to me, and through me to the Lieutenant Governor in Council, for changes to it. That review should take the form we suggested to them of raising the matter at their annual general meeting, or some such meeting of the members of their organization constituting a meeting that could be considered an expression of opinion of the producers either to contribute or not to contribute.

Last Wednesday morning, Mr. Speaker, I met with the president of Unifarm and advised him in that regard. I followed that matter up with a letter earlier this week suggesting to him as well that it was not the government's intent to pass judgment on whether a board or commission could contribute funds to Unifarm, rather it was the government's intention only to ensure that they were legally entitled to do so

according to their plan. My closing comments to Mr. Falkenberg were that if representations made to change the plan are a result of properly constituted public meetings involving members of the particular organization, whether it be the cattlemen's commission or the Hog Producers' Marketing Board or whatever, it would be my intention to recommend their approval to the Lieutenant Governor in Council.

Federal By-elections

MR. TAYLOR: Mr. Speaker, my question is to the hon. Premier. Does the hon. Premier expect that the stupendous results in the federal by-elections yesterday will change the face of the first ministers' conference?

MR. LOUGHEED: Mr. Speaker, I listened carefully to the way in which the hon. member phrased the question. I doubt that it will change the face of the first ministers' meeting, but I am sure it will change the expression. [laughter]

School Closure

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Education. It concerns a problem that I gather has developed in the Cadotte Lake area northeast of the town of Peace River, where there has been a blockade of the road and a closure of the Cadotte Lake school. Is the minister in a position to outline the background of what appears to be a current problem in the area that has caused the school to be at least temporarily closed?

MR. KOZIAK: No, I'm not, Mr. Speaker, but I'll look into the matter and report to the hon. member.

MR. NOTLEY: Mr. Speaker, perhaps I could ask the hon. Minister Without Portfolio responsible for Native Affairs whether he has any information pertaining both to the school closure and to the blockade of the road.

MR. BOGLE: No, Mr. Speaker.

Telephone Rates

MR. JAMISON: Mr. Speaker, I have a two-part question for the Minister of Utilities and Telephones. Mr. Minister, in view of the fact that the senior citizens of Alberta are clearly not operating businesses out of their drop-in centres and that they strongly desire to be independent in running them, why are they charged the business rate for telephones in these centres? Secondly, are the seniors correct when they believe AGT is responsible for applying the business rate? As a background for this question, one centre in the St. Albert constituency has had its phone removed as unaffordable.

DR. WARRACK: Mr. Speaker, that matter was posed to me during the cabinet tour in the company of the hon. member posing that important question. The situation is that the rate categories are residential and business. There really ought to be a third category, non-business, so there would be the opportunity for the Public Utilities Board to make that distinction

when they consider and review the rates in question. I've made the suggestion that that in fact be put in the development of further rate design, both with respect to the telephone company and to the public submissions that are welcomed by the Public Utilities Board as they review these matters.

The latter part of the question is that these rates are in fact reviewed and approved by the Public Utilities Board; therein would lie the decision on a change.

MR. JAMISON: A supplementary, Mr. Speaker. I appreciate the answer from the minister, but I wonder if he might be able to assure the House that he will advise AGT that the drop-in centres are used for pleasure and not business, and that residential rates should be applied.

DR. WARRACK: That has already been done, Mr. Speaker.

Gas Co-ops

MR. MANDEVILLE: Mr. Speaker, my question is also to the hon. Minister of Utilities and Telephones. Is it the government's intention to have all gas co-ops in the province go through Gas Alberta as far as providing gas for rural gas co-ops is concerned? I'm thinking of the gas co-ops established before the rural gas program was in place.

DR. WARRACK: Yes, Mr. Speaker. I know the hon. member is referring to the Gem Gas Co-op. As he will know, I did meet with the co-op and discuss that matter, I believe in early July — whatever day the stampede parade was, anyhow, because it was going on outside the window.

The answer is that in instances where the development and expansion of a gas co-op, even though it was in existence prior to the rural gas program, involves expansion beyond the contracted supply amounts they had in the first place, those incremental amounts will be handled through Gas Alberta. The reasoning for that, as I know the hon. member will appreciate from copies of my letter to the Gem Gas Co-op, is to utilize the utility pooling concept on the pricing of this gas in order to equalize the opportunity across all parts of Alberta.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. In the case of the Gem Co-op, they're going to have to pay another 20 cents a thousand for their gas if they leave their present supplier and go through Gas Alberta. Would the minister give consideration to letting a co-op such as this use the present contract and supplier where there are going to be such heavy losses?

DR. WARRACK: Mr. Speaker, the present contract does not provide the necessary supply to meet their requirements in the future, so that's an important distinction. Any amount less that an individual gas co-op might have to pay would have to be added on to other gas co-ops throughout the pricing system that's involved on a utility pool basis. Considering the fact that on one hand we're comparing a lower price gas situation in the area of the Gem Gas Co-op, as the hon. member will recall, with other situations already

paying much higher prices, I do not think that representation would be a reasonable one.

Smoke Detectors

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Hospitals and Medical Care. I've had some discussion with hospitals, nursing homes, and some other health institutions. They brought to my attention Alberta Regulation 129/77, with regard to smoke detectors. The regulation indicates that as of January 1, 1979, all these institutions should have smoke detecting equipment installed and in operation.

I wonder if the minister could indicate whether those facilities have been installed in hospitals across the province, and whether the government has worked with the hospitals and nursing homes to see that that has been done.

MR. MINIELY: Mr. Speaker, the regulation, passed by my colleague the Minister of Labour, applied to many facilities in Alberta, private and public. There have been substantial discussions between officials of the Department of Hospitals and Medical Care and officials of the Department of Labour, examining that regulation as it should apply to hospitals and the timing of the existing regulation. Recently decisions were made relative to the implementation of smoke detectors in the hospital and nursing home system in Alberta. For the details of that I would refer to my colleague the Minister of Labour.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Hospitals and Medical Care. Has the department the facility in its budget to make provision for installation of these smoke detectors in the health institutions of the province? Have you made provision for that?

MR. MINIELY: Well, Mr. Speaker, it's important to note — and again my colleague the Minister of Labour may wish to supplement my answer — that the fire and building codes are constantly being reviewed and upgraded. So it's a constant process and review of the capital budget, not just for hospitals but for other public construction.

As consultations are concluded and decisions made jointly by the Department of Labour and the Department of Hospitals and Medical Care, the dollars, which may not be in the capital construction budget — but again these are debentured through the Alberta Municipal Financing Corporation; from time to time revisions of the capital budget have to be made in consultation with officials of the Department of Labour.

MR. R. SPEAKER: Mr. Speaker, supplementary question to the Minister of Labour. Is it the intention of the minister to follow through with this regulation and enforce the January 1, 1979, date for those facilities to be installed?

MR. CRAWFORD: Mr. Speaker, the government is very pleased with the operation of the smoke detector regulations, and very pleased too with the extent to which the safety of numerous premises of all types in the province has been aided by bringing forward this

type of very important initiative. However, as the hon. member has noted, there has been a particular difficulty for a lot of hospitals. Many now have smoke detectors, although I couldn't give the hon. member the figures. But there have been some problems in timing.

The answer, in the sense of the hospitals getting ready and making the necessary plans to get the work done, involves a large number of institutions. The hon. member would know that if you include nursing homes and auxiliary hospitals, it would number over 200, I believe. Therefore some extension in time is going to be necessary. We expect to accommodate that by an amendment to the regulation, and to keep the program going and get the smoke detectors into those institutions within a reasonable time.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. The minister indicated there would be an extension. At this point in time is he considering a six-month or a one-year extension, or what period of time has he in mind?

MR. CRAWFORD: Mr. Speaker, that is still under consideration. After noting that the regulation passed in 1977, feeling that approximately two years might have been adequate, and finding that it was not because of the scale of work involved, we'll want to be fairly sure that any extension is adequate. So we'll be looking at perhaps a longer rather than a shorter extension.

MR. R. SPEAKER: Mr. Speaker, I appreciate the minister's answer very much.

My supplementary question is to the Minister of Hospitals and Medical Care. In the interim, because it takes a lead time to get these facilities installed, is the minister prepared to place moneys in his budget so that the hospitals and nursing homes can proceed with the necessary changes to meet the requirements of this regulation? As I understand it, the hospitals and nursing homes have made a submission to the minister, but no response has been given at this point in time with regard to finance and progress. The government well knows that it is financing the total budget, so the only source of funds is the department. Is the minister prepared to make these funds available, and when?

MR. MINIELY: Mr. Speaker, again it's important to emphasize that we always have funds for necessary renovations to meet not just upgraded fire codes but building codes as well. As my colleague the Minister of Labour has said, we're setting a time frame to install smoke detectors and meet other codes and regulations that we believe will be adequate in terms of the hospital and nursing home system having the capacity to respond and actually get the work done. As my colleague the Minister of Labour has indicated, the dollars required in addition to what is now in the budget for that purpose will be placed in each year as they are required, based on a realistic time schedule.

MR. R. SPEAKER: Mr. Speaker, I'm not satisfied with the answer; however, it is an answer.

Mr. Speaker, what will the minister do with the submissions presently sitting on his desk waiting to

be answered, so that hospitals and nursing homes can proceed with the necessary renovations?

MR. MINIELY: Mr. Speaker, I think it's certainly implied in both my answer and the answer of the Minister of Labour that once we've defined and set priorities of the different institutions for the upgrading to meet smoke detectors and other matters, then we will communicate to each institution when we anticipate the work will be done in their particular case.

MR. R. SPEAKER: Mr. Speaker, to the minister. Is the minister prepared to make some commitment of funds within the next month?

MR. MINIELY: Mr. Speaker, as soon as my colleague the Minister of Labour and I and our respective officials have made the decision as to the time frame and the institutions that will be done within it, I'll be in a position, one, to indicate the number of dollars that might be required in addition to what we now have in the budget and, two, to respond to each specific institution. Until that decision is finalized by the Minister of Labour and myself and our respective officials, I'm not in a position to do that.

MR. R. SPEAKER: Mr. Speaker, could the minister indicate to the Assembly whether he has specialized personnel or personnel who have the capability of assessing this particular need at the present time with regard to fire regulations? Or is there a vacuum in the department and we're facing a delay and avoidance?

MR. MINIELY: I think one of the comments that my colleague the Minister of Labour and officials in his department have made is that the reorganization of the department has certainly strengthened the entire hospital capital construction area — this as well as others. As a result we have been able to have close communication on this matter and on the needs, and along with the officials in the Department of Labour we are developing a very manageable plan.

MR. R. SPEAKER: Mr. Speaker, a final supplementary to the minister. Could the minister indicate whether any studies were taken on at the time the regulation was passed with regard to the potential cost to hospitals and nursing homes and what we would possibly face as a government or as taxpayers with regard to such a regulation? Was any planning done? Possibly I could relate this question to the Minister of Labour as well.

MR. MINIELY: Mr. Speaker, the whole process we have just been discussing has certainly been that the Department of Hospitals and Medical Care, the hospital community, and officials of the Department of Labour have been making estimates of the potential cost. I emphasize there that in terms of the long-term period the estimates are based over a period of years. But certainly all parties have been attempting to estimate as closely as possible what the cost of meeting these may be.

MR. CLARK: Mr. Speaker, a further supplementary to the minister. Mr. Minister, would you explain to the

House how it was possible for your department to be a part of setting a regulation which sets January 1 next year as a deadline to have these facilities in place, and today you can't tell us what it's going to cost ...

MR. SPEAKER: Would the hon. leader please revert to the ordinary parliamentary form.

MR. CLARK: Yes, I would be pleased to. The hon. minister today can't tell us what it's going to cost; he can't tell us when it's going to be done. What kind of planning was done?

DR. BUCK: His usual type: none.

MR. CLARK: None.

MR. MINIELY: Mr. Speaker, the hon. Leader of the Opposition can make any statements he likes in that sense. He operates from an obvious bias, sitting on the other side of the House.

MR. CLARK: Oh, oh.

MR. MINIELY: But basically the initial intention, when we had feedback and consultation with the hospital community — as my colleague the Minister of Labour has said, more time is required to meet the substantial upgrading. I think my colleague the Minister of Labour has also indicated that in Alberta we have upgraded very substantially. It was our hope to have it completed by January 1, 1979. But in fact the hospital community will require more time, and I think it's realistic that we provide additional time.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Would the minister care to tell the House how many hospital boards have had plans in his department for some weeks now — months — and are simply waiting for the minister to make a decision: yes, we'll approve this project, here's the money? That's what the hospital boards are waiting for now. Why haven't you been able to get the money in their hands so they can meet your own regulations?

MR. MINIELY: Mr. Speaker, the hon. Leader of the Opposition leaves an incorrect impression when he indicates only that particular. It's true that some boards have had requests in. But until such time as the policy is jointly arrived at by the Department of Labour and the Department of Hospitals and Medical Care, as I've indicated earlier, we're not in a position to give them a definite time frame on this.

In addition, the hon. Leader of the Opposition leaves an incorrect impression, Mr. Speaker, because many of the hospital boards and nursing homes have asked both the Department of Hospitals and Medical Care and the Department of Labour regarding the application of the codes within a realistic time frame. That's exactly why we're dealing with it in the manner we are.

MR. SPEAKER: Might this be the final supplementary, except for a supplementary by the hon. Member for Calgary Buffalo.

MR. CLARK: Mr. Speaker, then are we to believe from what the minister has just said that the government had no policy when it passed these regulations? Because he's now trying to tell us the government has to establish a policy. Obviously they must have had a policy, or should have had one, when these regulations were first established. Now which is it, Mr. Minister? Don't you have a policy? Didn't you have a policy when these regulations were approved some months ago?

MR. MINIELY: Mr. Speaker, again perhaps my colleague the Minister of Labour might like to answer that question, because it is a regulation of the Department of Labour. But I'm sure part of his answer will be that regulations are also reviewed if we find it more realistic to set a different time frame. On this side of the House we don't pass things that are necessarily carved in stone. We review them from time to time.

MR. CLARK: Well, you put it in the regulations.

MR. CRAWFORD: Mr. Speaker, maybe I could add just a little bit to what my colleague has outlined following his references to the considerations of financing the required changes. The questions of the hon. Leader of the Opposition in regard to the regulations are certainly very pointed and, I suppose, potentially provocative.

It is the responsibility of the Minister of Labour to recommend those, and I did so. The work done prior to the regulations coming into force was extensive. The Building Standards Council established under The Alberta Uniform Building Standards Act provided advice to the government in regard to the whole program on a general policy basis. Regulations were then drafted.

I don't think it is overly complex to say to the hon. Leader of the Opposition that at the time that was done — with much useful technical input, but bearing in mind that we were in the forefront of this type of development in Canada — the early assessments of the time frame, made in good faith, were too ambitious.

MR. GHITTER: Mr. Speaker, a supplementary to the hon. Minister of Labour. I wonder if the minister is reconsidering his policy relative to the placement of fire detector testing devices in apartments, considering the inordinate number of false fire alarms that have been experienced by fire authorities in our cities and their expressed concern in that regard.

MR. CRAWFORD: Mr. Speaker, I'm not aware of an inordinate number of false alarms caused by fire detection equipment. I think the hon. member is speaking of the city of Calgary, and I have no reason to believe the experience there would be much different than in Edmonton. The Edmonton smoke detectors have been in place for some time because of the initiatives of the city of Edmonton in bringing in a smoke detector by-law before the provincial standards.

Now, this equipment is improved from time to time. There are ways of accidentally setting it off. For example, I have the admission of the Solicitor General, who told me one day that his cooking caused one

to go off in an apartment building. That is understandable if one has been present when the hon. minister is cooking. [laughter]

But these instruments are not foolproof. We have every confidence that equipment will be improved over the years, and that whatever failings they have are probably not significant in reference to the degree of protection that is actually provided to human lives in apartment buildings.

MR. GHITTER: Mr. Speaker, further supplementary to the hon. Minister of Labour. Possibly the air is a little warmer in the city of Calgary than in Edmonton, and that might be one of the reasons. [interjections]

In light of the hon. minister's comments relating to the extension of the time limit relative to hospitals, I wonder if the government is also contemplating the extension of the time limit beyond January 1 relative to the placement of fire detecting devices in apartments in cities and elsewhere.

MR. CRAWFORD: Mr. Speaker, that's an excellent question. I regret that I'm not able to give the hon. member a full answer to it today, because whether there should be any distinction between institutional and residential requirements in any extension there might be is still under consideration.

MR. GHITTER: One final supplementary, Mr. Speaker. In light of that comment and the possible uncertainty that is created with the rush to install fire devices of this nature, will the minister be making a comment in this regard in the near future so that those thinking about it will know their position?

MR. CRAWFORD: Mr. Speaker, I regard as very fair the suggestion made by the hon. member that if there is to be an extension, people should learn of it as soon as possible. I'll undertake to make some statement in that regard in the near future.

Flood Control — Vermilion River

DR. BUCK: Mr. Speaker, my question is to the hon. Minister of the Environment. It relates to the dredging project commenced by the provincial government along the Vermilion River in the Two Hills area about five years ago. In the meantime, the Premier had his little juggling act and juggled all the ministers around. It seems that the project, which was scheduled for completion in 1976, is not finished. Can the minister indicate to the Legislature and the farmers in that area if the project will be completed?

MR. RUSSELL: The project has been proceeding over the years on a unit basis, hiring out . . . [interjections] Well, if you're not interested, I won't finish. [interjections] These guys are really funny, Mr. Speaker. They ask a question, and then they get really excited if you try to answer it. [interjections] If you'll just hold your shirt for a minute, I'll answer it.

The work has been proceeding each year on a unit basis by hiring pieces of equipment in the local communities. Certain elements, such as weather, unavailability of equipment, and some dissension among some of the contractors involved have delayed the project beyond the completion dates I would like to have seen. If the hon. member has a question

about a specific reach of the river, I'll be glad to get that information for him.

DR. BUCK: Mr. Speaker, to the hon. Minister of the Environment. The concern is in the Two Hills area, where large acreages of land were flooded by the Vermilion River. Can the minister indicate if the department is looking at some type of compensation for the farmers in that area affected by their livestock feed loss?

MR. RUSSELL: Mr. Speaker, that issue was put before me, and I don't think we have any program in Environment that would compensate the farmers for that kind of loss. The expenditure of our funds is to try to provide a permanent cure for that kind of problem, which has been inherent in the region as long as I know. But they may want to put that request before Alberta Disaster Services.

DR. BUCK: Mr. Speaker, a supplementary question to the Deputy Premier. Can the Deputy Premier indicate if there may be some assistance for the farmers in that area through Disaster Services?

DR. HORNER: Mr. Speaker, in the past this government has looked at any of these matters, and we'd be quite pleased to look at it.

Alberta Opportunity Company

MR. GOGO: Thank you, Mr. Speaker. I have a question for the hon. Minister of Business Development and Tourism relating to the Alberta Opportunity Company. I'm sure all members were gratified by the introduction of Bill 53 to expand the lending power of the agency. Has the minister had representation from the Lethbridge area about the unusually long delays in processing applications for loans from AOC, probably due to the success of the program?

MR. DOWLING: Mr. Speaker, I recently did have representation made in that regard. There were so many applications to participate in the funds the Opportunity Company has to loan that we are a little behind. Those representations will be made, of course, to Mr. Clarke to see whether staff numbers can be expanded to expedite the loan applications.

MR. GOGO: A supplementary, Mr. Speaker. As I understand it, recently an Alberta Opportunity office was opened in the Medicine Hat area. Could the minister indicate whether the success of that office has been similar to that in the Lethbridge area?

MR. DOWLING: Mr. Speaker, they have all had considerable success and were established primarily because of the number of applications coming from a particular area. The last one established was Edson, and it was put in place because of an unusual number of applicants from west-central Alberta.

Rental Housing Cost Allowance

MR. YURKO: Mr. Speaker, I would like to direct a question to the Minister of Housing and Public Works. My understanding is that the capital cost allowance for rental accommodation will be terminating Decem-

ber 31, 1978. At the January meeting of the provinces with the federal government, the provinces made a very strong recommendation that the federal government continue the capital cost allowance beyond December 31, 1978. The federal minister had indicated he would take this matter up with the Finance Minister and indeed provide the appropriate recommendation to extend this capital cost allowance.

I would like to ask the minister if he has heard in any way, either by telephone or by letter, first of all whether the federal housing minister has recommended to the Finance Minister that the capital cost allowance be extended or, secondly, whether indeed it will be extended.

DR. BUCK: Do you write his speeches, too, Yurko?

MR. CHAMBERS: Mr. Speaker, I guess the answer to the question is really that I have not heard anything different. In other words, so far as I know the intent is that the capital cost allowance will terminate at the end of this year. It's been at 5 per cent since January for both wood framing and masonry. So far as I know it will end at the end of this year, which is very unfortunate, I might add, because there's no question in my mind that the capital cost allowance is a great benefactor in terms of providing motivation for the construction of rental housing.

MR. YURKO: A supplementary, Mr. Speaker, to the Provincial Treasurer. In his meeting at the end of this month with the federal Finance Minister, will he very specifically recommend that the capital cost allowance be extended, in that it has a considerable effect upon the rate of rental construction in the province of Alberta as well as throughout Canada?

MR. R. SPEAKER: Mr. Speaker, on a point of order. I think that question has already been answered. The former minister just wants more publicity for Ottawa. If he wants it he should go out and find a by-election somewhere. [interjections]

MR. LEITCH: Yes, Mr. Speaker.

MR. YURKO: A supplementary question, Mr. Speaker, to the Minister of Housing and Public Works. The provincial ministers also recommended to the federal minister . . .

MR. SPEAKER: Order please. Possibly the hon. member could come to his questions without prefacing them with ministerial announcements.

MR. YURKO: Mr. Speaker, the English language is so complex that one needs an explanation before he can put the question. Indeed, I was using the English language appropriately to describe the question before putting it. If I might continue . . .

MR. SPEAKER: If the hon. member is correct, the more he uses the language the greater the complexity. [laughter]

MR. YURKO: Mr. Speaker, it's obvious that you are a lawyer.

May I now direct the question to the minister?

[interjections] The question is whether or not the minister has recommended as a result of last January's recommendation that in the coming federal budget the deductibility of property taxes be included as an item for the calculation of income tax.

MR. CHAMBERS: Mr. Speaker, I would think that should more appropriately be directed toward the Provincial Treasurer. If you'll allow me to give a personal opinion, I'll be happy to do that, sir, but otherwise I would refer the question.

MR. YURKO: Mr. Speaker, can I therefore direct the question to the Provincial Treasurer and ask if he will be very specifically making a recommendation to the federal Finance Minister in regard to the deductibility of property taxes from income tax calculations as was recommended — and consensus was reached on it — by the provinces in relation to their recommendation to the federal minister in January 1978.

MR. LEITCH: No, Mr. Speaker.

MR. SPEAKER: The time for the question period has run out, but since I've already recognized the hon. Member for Drumheller, would hon. members agree that we might proceed with his question?

HON. MEMBERS: Agreed.

Hospital Renovations

MR. TAYLOR: Thank you, Mr. Speaker and hon. members. My question is to the hon. Minister of Hospitals and Medical Care. Is there a freeze or any withholding of funds required to correct any item in a hospital that poses a danger to the lives of patients?

MR. MINIELY: Mr. Speaker, certainly not. Whenever we have received a request from hospitals or any other indication that that may be a situation, it is immediately examined and funds are released immediately for any necessary renovations to ensure safe conditions. In that sense, we must distinguish that issue from the review and upgrading of regulations and codes.

ORDERS OF THE DAY

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

211. Moved by Mr. Cookson:

Be it resolved that the provincial government give consideration to amending legislation which at present limits to 30 per cent the natural resources revenue flowing to the heritage savings trust fund. Such an amendment would permit transfer of budgetary surpluses to the heritage trust fund.

MR. COOKSON: Mr. Speaker, it's a pleasure this afternoon to lead off debate on Motion No. 211. At the outset I would like to stress to my fellow colleagues, and to Albertans in general, how fortunate we are here in Alberta. If one takes the time to review the budgets across Canada, the expenditures

for Albertans are second to none. It's a fact that our government continues to do more for its people than any other province, and in addition it is done with less taxation.

One can argue the reason for this. One might say we're geographically fortunate that we live where we do. But I don't think that's the total case. We have the resources; there's no question about it. But many other provinces also have resources. I would like to underline that resources alone do not produce prosperity. One has to have stable government. One has to have a government that passes as little legislation as possible, that encourages investment and thereby encourages private enterprise. One also needs legislation that hopefully keeps to a minimum the problems of labor and management.

I keep hearing from the opposition that we're mismanaging the affairs of the province. It seems quite a common approach by the opposition, and I don't know what other tack they can take. I listened to the hon. Leader of the Opposition, I think it was, not too long ago when he attacked the heritage trust fund as accumulating a great bundle of funds piled up on a table somewhere, someone greedily supervising it and not making use of the funds for many of the services required by the people of Alberta. I think my hon. colleagues have all heard this argument: the problems of hospitals, lack of hospital facilities, lack of school facilities, and one can go on and on.

Then it was interesting, Mr. Speaker, to hear the hon. Leader of the Opposition when the federal government asked for a deferral in the increase per barrel of fuel. He immediately attacked the federal government as interfering in the affairs of Albertans and interfering in the accumulation of the heritage trust fund. So on the one hand they seem to have a lot of ideas and suggestions to deplete the fund, and on the other hand they are concerned if anybody interferes with the accumulation of the fund.

I suppose it's safe to say that one of the reasons for the introduction of a plan in '76 — that is, the heritage savings trust fund, and it's unique — was that we were acquiring funds from depleting resources far in excess of what we could capably handle and still be a responsible government.

The heritage savings trust fund is unique. I don't think there is any other country in the world — certainly no other province, with the exception of a small fund that Saskatchewan is managing to accumulate, and I think the feds have taken care of that problem too. It's unique in the world. I think it's unique in this respect: that very few governments tend to look upon taxation as being a way of cutting down their costs or of restricting themselves. Generally speaking, governments in both the western world and the east usually fall because of pressures by the public to accumulate as much possible and then spend it.

So I think it takes a lot of political courage for a province and a government, under our democratic system, to say to the public in general: yes, we want to provide services for our people; but at the same time, because of our unique position here in Alberta, we want to provide reserve funds for those people who will be here after we're gone. I would suggest, Mr. Speaker, that not only have we been able to do that, but we've been able to spend more per capita on our people than probably any other province in the

country.

In doing my research I thought that one might be interested in what has happened in some of the other countries of the world. I did a little research into OPEC, the oil-producing countries of the world, and selected two that you might be specifically interested in, in that in terms of population they tend to relate a little bit to the province of Alberta.

It was interesting that Saudi Arabia, one of the wealthiest oil countries in the world, which has approximately 5.6 million people — that's double the population of Alberta — derives 90 per cent of its revenue from oil. Saudi Arabia, it is estimated, will have over \$100 billion in reserve by 1980. It is also interesting, Mr. Speaker, that despite this great oil wealth, despite the fact that Saudi Arabia has had this great resource for a longer period of time than Alberta, life expectancy is 45 years, which would eliminate practically all of us in the Legislature I guess, with perhaps the Member for Edmonton Highlands or the Member for Pincher Creek-Crowsnest, and perhaps the Member for Rocky Mountain House . . .

This is simply to indicate, Mr. Speaker, that in view of a statistic like this I wonder what is being done in Saudi Arabia, for example, with regard to health care services. I can't find a specific per capita. I don't know whether they have that statistical information.

It's also interesting to note that in Saudi Arabia the literacy rate is only 25 per cent. Seventy-five per cent of the people are unable to communicate in written form, which indicates to me the kind of expenditure that's going into the development of education in their country. I don't say this disparagingly. I know they are making progress. I simply refer to this in terms of a comparison.

The other one I selected was Libya, which has 2.2 million people, approximately the same population as Alberta. Libya receives 90 per cent of its revenue from oil, which makes it a pretty wealthy oil country. It is estimated that it will have about \$41 billion in reserves by 1973. I haven't the up-to-date statistics, but one can add considerably to that figure. The life expectancy of the people of Libya is 37 years, and the literacy rate 25 per cent.

When you compare those two with Alberta, Alberta has a population of about 2.2 million and approximately 50 per cent of our revenue comes from oil. Our life expectancy, fortunately for us, is over 70, and our literacy is 100 per cent. On the basis of these figures — and the case is often made by the opposition — I don't think we're simply hoarding this money or not doing something for the people of Alberta. They are not being faulted at the expense of the heritage trust fund.

At the present time, by law, 30 per cent of our depletable resource revenue is going into the trust fund. This is spelled out in Section 5 of the Heritage Savings Trust Fund Act. Mr. Speaker, perhaps I can explain to the Assembly what is essentially happening because we're faced with the fixed figure of 30 per cent. I'll go back to 1975-76. At that time the total revenue in the province — that is, the revenue from all our sources of taxation plus the revenue from the royalties on the sale of our depleting resources — was \$2.6468 billion. Of that total, \$998.7 million was non-renewable revenue. Almost 37.7 per cent of the total budget in '75-76 came from non-renewable

resources after 30 per cent had been transferred, by law, into the heritage trust fund.

Let me take the other three years I've included in my calculations. In 1976-77 our total revenue was \$3.2263 billion, and our non-renewable portion was \$1.4505 billion. Then, 44.9 per cent of our total non-renewable resource money went into the general revenue of the province. In 1977-78 our total revenue was \$4.1732 billion, and \$2.184 billion or 52.3 per cent of the non-renewable resource revenue went to the province. In '78-79, the most recent statistics, our total revenue — again including all the various forms of tax that we have — was \$4.5576 billion, of which \$2.4409 billion was from non-renewable resources, or approximately 53.5 per cent of the total revenue. This is again after removing the 30 per cent.

One can see that the proportion of our total revenue for expenditure purposes is receiving an ever-increasing percentage of non-renewable revenue.

Because we are a responsible government, we have agreed to co-operate with Canada with regard to the problems of inflation. One of the things we have agreed is to restrict or control our own expenditure, to control the amount of funding we turn loose in the province. We have confined this to the area of 6 to 7 per cent.

Mr. Speaker, this has really placed Alberta in what I would consider a dilemma. On one hand we have kept our expenditures down; on the other hand our revenue from depleting resources has continued to increase, even after eliminating a number of the taxes. So what we're doing is attempting to control our expenditure while our non-renewable resource revenue is increasing. In addition, we are trying to control revenue from other sources in order to keep our budgets within the guidelines set down by Canada.

I'd just like to refer to some of the things we have done in order to keep our revenue from other than non-renewable resources to a minimum. At 38.5 per cent, our personal income tax in Alberta is the lowest in Canada. In addition, along with a lot of the provinces, we've eliminated succession duties as a source of revenue. We have recently eliminated all tax on gasoline, and we're the only province in Canada that has made that possible. The tax on gasoline at the pumps goes as high as 27 cents in Newfoundland. In order to keep our revenue down, we have never initiated retail sales tax. It might be interesting to the Assembly to know that the retail sales tax goes as high as 11 cents in the province of Newfoundland, and scales down from 8 cents in some provinces to as low as 5 in the provinces on either side of us. We have no sales tax. In addition — I don't know whether I'm proud of this or not, Mr. Speaker — we have the lowest tax on cigarettes of any province in Canada. Our tax is 8 cents, and it ranges to 33 cents.

MR. GHITTER: What about cigars?

MR. COOKSON: That's what worries me, Mr. Speaker, the low tax on cigars. I think we could solve a lot of problems if we could raise that a little bit. That's for the benefit of the hon. Member for Calgary Buffalo.

Mr. Speaker, in concluding the presentation this

afternoon and pointing out some of the problems that have been created because of the 30 per cent, despite the dropping of these taxes we have been faced with this continual escalation in non-renewable resource money. The figures I have indicate that in 1974-75 our general budget of the province had a surplus of \$853.2 million; in 1975-76 it had a general surplus of \$602.2 million. In 1976-77, \$306.2 million. At that point, Mr. Speaker, under our new legislation we transferred 30 per cent into the heritage trust fund. Keeping that in mind, in 1977-78 we were faced with a \$691 million surplus, and in 1978-79 we're faced with a surplus of \$768.5 million. This is after removing the 30 per cent.

Mr. Speaker, in conclusion I believe in the heritage trust fund, as do most Albertans, I think. I also believe in controlled expenditures, particularly in the times of inflation we face. I recognize the pressures on governments and ministers in making up their budgets; to suggest, you know, what's \$1 million or \$10 million? I bring forth this resolution in the hope that we can continue to control our expenditures and preserve our great resources for future Albertans.

MR. MUSGREAVE: Mr. Speaker, in rising to join in this debate I have some of the concerns of the hon. Member for Lacombe, but I'd like to look at it in a slightly different way.

I agree that the build-up in the fund right now is extreme, and that it's really our good fortune that it's extreme. We didn't calculate how successful the oil and gas industry was going to be. We didn't realize how rich we were going to be from increased business activity, which has generated a higher corporate tax. Also, as a result of our low unemployment rate we are getting higher personal income taxes. I think we shouldn't forget that some of the capital works programs we had anticipated would be completed haven't been completed. As a result, less operating revenues had to be expended than we had otherwise budgeted for.

Mr. Speaker, all of us, particularly those of us on the heritage fund committee, are constantly reminded of ways and means of spending heritage fund money and of the fact that perhaps we're not spending enough. I notice the Member for Lacombe mentioned the life span of the people in Saudi Arabia. People in our country are saying, why should I worry about the future or the heritage; I'm concerned about today. You get this comment all the time, particularly from those on the other side of 50. They're not impressed with the fact that we're saving it for the future. I'm not suggesting that I support their view, but I am saying we have a difficult task to keep the fund intact.

You could take the view that rather than support this motion, perhaps we should be reducing personal income tax. Granted we are taking approximately \$100 million less from the citizens by way of gasoline tax. But at our recent meeting of the Provincial-Municipal Finance Council, local politicians wanted to put the tax back. I think the mayor of Calgary suggested this would be an excellent way to pay for his rapid transit system. You know, they added up the bill the other day; it was \$500 million. They want the province to pay half of it. They don't sit down and think about ways and means of paying it themselves, which I think they should do. We see that the deficit for the operating system of the city of Edmonton

transit was supposed to be \$7.5 million, and it turns out to be \$15 million. This is just one year; it's 100 per cent higher than anticipated.

So you could soon get rid of the heritage fund with no difficulty, particularly if you listened to local municipalities and allowed them to build these massive rapid transit systems all over the province. We could also increase benefits to senior citizens, pensioners, and welfare recipients. One of the members of the heritage fund committee suggested that we give loans to municipalities at 1 per cent. Now 1 per cent is practically giving money away when the prime rate is 10.25. As I say, Mr. Speaker, there are lots of ways of getting rid of the money.

AN HON. MEMBER: Patronage dividends.

MR. MUSGREAVE: Yes, patronage dividends.

Mr. Speaker, what does concern me, though, is that we can make a point that perhaps we didn't budget wisely. Maybe our calculations were way off, because obviously we are ending up with more money. You might take a unique approach and say, all right, we have \$700 million or \$800 million in excess this year, as the hon. Member for Lacombe said; let's put it into next year's budget and lower our taxes accordingly. This would be a novel approach, but I'm quite sure citizens today would appreciate having lower taxes and more money in their pockets.

One area of concern that I think we all should be aware of is that members on both sides of the House were concerned that 65 per cent of the heritage money is invested under the control of Executive Council. They look after the investment and then report to the House through the heritage fund committee. I think the hon. Member for Calgary Buffalo said that one of the historical positions we've got to is that the purse strings, which control the power of the province, are controlled in the Legislative Assembly. It took us hundreds of years to get that control away from the king and his nobles and, with the greatest of respect, we don't want to give it up to Executive Council. So if you took more money and put it into the heritage fund, in effect you are weakening the ability of the Legislative Assembly to control expending people's money.

Mr. Speaker, I sympathize with the motion, but I think we could go at changing this in two ways. Instead of allocating 30 per cent to the fund, I suggest we allocate 40 per cent of revenues from oil and gas and from other resource industries down the road — perhaps power, timber resources, things of this nature. We should also consider means of reducing government spending. If we could lower personal income tax — I don't think it would hurt any of us to take more wage earners off the tax rolls. If we could lower the corporate tax and encourage more small businesses to set up in the province — and I know there are many thousands; the Premier mentioned that 17,000 were incorporated in the last year. I think we should be looking at strengthening our own province and, through that, the rest of the country. Perhaps we could take a novel approach and charge less on liquor and tobacco. If we're trying to prevent people from smoking or obviously drinking, it's not working. So if we don't need the money, let's take the tax off.

Mr. Speaker, in conclusion the thought I'd like to

leave with members of the Assembly is: why do we have this surplus? Is it truly capital resources, or is part of it current revenues that have been generated because of increased business activity? Obviously if it's capital funds, then more of it should go to the heritage fund. But if it's revenue, then perhaps we should be considering lower government spending.

Thank you, Mr. Speaker.

MR. YURKO: Mr. Speaker, as this is my first opportunity to speak today, apart from the question period, let me first state that I rejoice with all 700 million followers of the Catholic faith in the election of Pope John Paul II, the former Polish cardinal, Cardinal Wojtyla. His direction in human brotherhood is very much needed today in this turbulent world.

Secondly, Mr. Speaker, I would like to offer congratulations to the Progressive Conservative Party of Canada; its leader Mr. Joe Clark, the next prime minister of Canada; and all the winning Progressive Conservative candidates for their electoral victories yesterday.

DR. BUCK: Wait till John Turner gets you Conservatives.

MR. KING: John who?

MR. YURKO: It is becoming increasingly obvious that the country needs a change in leadership, a change in government, and a change in direction.

Mr. Speaker, I consider it a privilege to speak on this resolution brought forth by my neighbor on this side of the House. I would like to put the matter in perspective, first of all, by indicating not only the amount of revenue that's been generating annually, but the amount that will be increasing and the amount of funds that will accrue to the province of Alberta in future.

As I gather the situation, today in the province of Alberta there is a total revenue of something like \$8.75 billion per year from oil and gas. It's just a little higher than that, about \$3.2 billion per year for gas and \$5.7 billion for oil. Now how is this terribly large amount of money split up? As I gather it today, about \$3.75 billion comes to the provincial government and \$5 billion goes to the industry. On that \$5 billion, the industry has to pay federal tax, which is in the order of \$2 billion a year. The \$3.75 billion per year coming to the province is split two ways: right now with the existing legislation, about \$1.25 billion goes to the heritage savings trust fund; the other \$2.5 billion goes to general revenue and is expended through the budgetary process approved by this House. A surplus accrues from the \$2.5 billion and has varied throughout the years. The Provincial Treasurer has given me some figures today which coincide with the figures used by my desk mate. Right now that surplus is accumulating at the rate of something like \$0.75 billion per year, \$770 million estimated during the current fiscal year.

On top of this, energy prices have been going up and will continue to go up somewhere in the order of 8 to 10 per cent per year. Of this increase the industry will be receiving approximately 25 per cent; that is, for every dollar of increase, the industry will be getting about 25 cents. The other 75 cents will be split between governments.

At the same time, interest on the fund is accumulating at varying rates, depending on the investments. The short-term, 90-day certificates bring a lower rate than the longer term investments, but I have indicated that interest generally accumulates in the region of 9 per cent per year. Therefore the growth of the fund, even at the 30 per cent today, is compound and quite dramatic, from its own interest rate build-up as well the rising prices of energy.

I would like to suggest that at this time my understanding is that the general revenue surplus is of the order of \$2.1 billion. There is of course the question of what should be done with this surplus accumulating in the order of \$0.75 billion per year, irrespective of the fact that 30 per cent of the royalties are being transferred to the heritage savings trust fund.

I expect that with the present transfer to the fund of 30 per cent of the royalties from oil and gas, the fund, including the interest growth of the fund itself without any more than the 30 per cent transfer, will be of the order of \$5 billion by June 1979, \$6.75 billion by June 1980, \$9 billion by June 1981, and \$12 billion by June 1982. These are my calculations; the Provincial Treasurer, of course, can and does make his own.

However, if the surplus of \$0.75 billion plus interest, plus its escalating nature, is transferred from general revenue to the heritage savings trust fund, the fund itself will grow considerably more rapidly. Indeed, my calculations, which are subject to correction and variation, show that if this transfer of the \$2.1 billion surplus now in general revenue were made, the fund would be of the order of \$7 billion by June 1979, \$10 billion by June 1980, and \$14 billion by June 1981. And that's considering the normal increases in the price of energy as we approach world energy prices.

The real question then, Mr. Speaker, is what can or should be done with this very large amount of money.

DR. BUCK: As Leitch says, what's a billion?

AN HON. MEMBER: Better than C.D. Howe's million.

MR. YURKO: Now, Mr. Speaker, a number of things can be done with this large amount of money. It is rather interesting that if the \$2.1 billion stays in the general revenue fund and increases at the rate of some \$0.75 billion plus — because it does collect interest I believe on 90-day notes in the chartered banks. If you just had to deal with the \$2.1 billion itself, what could be done with it? Of course it can be kept in short-term bank securities and allowed to accumulate. It can be redistributed to the people of Alberta. Indeed, some would favor the approach that the people of Alberta might deserve a dividend. It is interesting to speculate that the \$2.1 billion would provide a dividend of \$1,000 per capita to all Albertans today. But is that a wise way of investing — and it's an investment — the surplus, and not even touching the heritage savings trust fund as it now exists?

Others will say that the surplus itself should be used for additional grants to municipalities; indeed, to reduce the debt of municipalities. I'm going to have something to say shortly about the growth of provincial and municipal debt in relationship to moneys borrowed on the international money markets. Others suggest increased provincial spending in the

annual budget. Instead of a \$3.8 billion budget per year, per capita the highest budget in the nation, the opposition simply screams for more money, more expenditure on the current annual budget of the provincial government of Alberta, and they can find as many ways to put it in as literally anybody else in this House. It is easy to suggest that additional money should be directed in this or that area of expenditure, even though the province is expending more money per capita than anywhere else in Canada.

Others are suggesting, as this resolution suggests, that this money be transferred to the heritage savings trust fund, this unique instrument that has been set up by this Assembly to deal with the money from non-renewable resources to provide a future for the next generation and the generation after that and the coming generations. That's sound fiscal management, a first in the history of democratic governments — the establishment of a heritage savings trust fund by the people of Alberta through their government.

I'm always at a loss for words to cope with the continuous harping on the fact that there is not sufficient control of that money by this House. Indeed, the capital projects under that fund are only in the order of \$100 to \$200 million a year. It is hardly 1 or 2 per cent of the fund. Those capital projects receive the greatest scrutiny, much greater scrutiny through the heritage savings trust fund, in my estimation, than if they were handled by Public Works. The Public Works budget goes through this House in a matter of minutes with no real questioning by the opposition, yet they spend hours questioning the expenditure through the capital works division of the heritage savings trust fund. That money is guarded and questioned by this House to a much greater extent than if it went through the Department of Public Works. So I don't understand the criticism of the opposition in that regard.

Of the heritage savings trust fund, 15 per cent is ticketed toward the Canada investment division and 65 per cent toward the Alberta investment division. Now, Mr. Speaker, I suggest to you that the realization is rapidly coming forth that the Alberta economy is now expanding at such a rate because of the additional capital accruing to the industry itself — I gave some figures — and the additional capital used in the capital funds division of the heritage savings trust fund, and the additional capital utilized within the existing budget of this government. With a heavy oil sands plant, and an oil sands plant, and a series of oil sands plants down the way, it is becoming questionable whether the Alberta economy can in any way utilize 65 per cent of the heritage savings trust fund.

Indeed, I just indicated that the amount of money accruing to the heritage savings trust fund if this surplus were transferred would reach very large figures. Again, it is possible that my numbers are not exactly correct, and that some people can calculate interest rates, energy price increases, and indeed the various accumulations and come out with less than \$14 billion by June 1981. But I suggest to you that they are not going to come out very much different from my figures. Knowing the rates of oil and gas production in this province, knowing the royalty rate on the additional price increase of energy, they will come pretty close to the figures that I have stated.

So we have not a problem but an opportunity, the same kind of opportunity as Saudi Arabia had. The oil

price in the world today is not a market price; it's not a price set by the free market. It's a price dictated by a cartel recognizing something that should have been recognized for centuries, literally centuries; that is, that the profit potential on manufactured goods should at times be shifted back to a profit potential on the basic resource owned by the people of a nation or by the people of an area. That's what's happening in the world, Mr. Speaker: the profit potential of the whole spectrum from resource to manufacturing and from manufacturing down the way is being shifted down the line to the resource end. It's timely. It is a method by which wealth is being redistributed throughout the world. Money is flowing back to some of the third world countries, which indeed now have the opportunity to upgrade their standard of living through their resources.

So, Mr. Speaker, I am trying to suggest that if my figures are anywhere correct, the 65 per cent of the fund now directed toward the Alberta investment division can't be accommodated at this time with respect to its investment in Alberta, because the growth of Alberta is now rapid enough indeed, on the basis of the fact that the industry gets a lot of this money and is using it for additional exploration, expansion, and diversification in the province of Alberta. So where can the money be invested? It is the same problem Saudi Arabia had; that is, we must learn to recycle dollars. In Alberta, we don't have too much choice but to undertake at the earliest opportunity to recycle dollars back to the rest of the nation, with the appropriate guarantees of course, in such a way that the interest from this money will guarantee the future of the next generation of Albertans, and the generation after that, and the generation after that. There's no need to get anybody's guarantee on these loans. In my estimation, these loans will be made to other provincial governments, and we should be encouraging, with everything at our disposal, other provinces to borrow money from the fund. In fact, if we change the legislation, it should be changed to decrease the 65 per cent for investment in Alberta and increase the 15 per cent for investment in Canada.

I want to indicate to you, Mr. Speaker, that the accumulation and the improper investment of this money will generate a political problem in this nation that will be extreme before very long. This money can't be tied up in short-term, 90-day notes; it has to go into long-term investment which generates jobs throughout the nation. Short-term, highly liquid investment doesn't necessarily generate the same type and nature of job creation as long-term investment.

Mr. Speaker, I want to give you an idea of the growing debt in Canada of the provinces and their local governments. It's just the international debt I want to talk about. I'm not talking about the domestic debt; I'm talking about borrowings outside the country. In 1972, the combined total of provincial and municipal debt in the nation was about \$3.7 billion to the United States of America and about \$1 billion outside the United States, probably most of it in Europe, on which we in Canada are now paying very high premiums. Because of the adjustments of currencies, all European debt is now commanding premiums of very large proportions. Indeed, the dropping dollar is causing us to pay massive premiums to the United States. Now this foreign debt of the prov-

inces and the municipalities has risen progressively — the last figures I have are the 1975 figures, because the girls couldn't find the '76, '77, and '78 figures; but they're working on them — to \$6.3 billion direct debt to the United States and \$1.02 billion to other countries. Now that means that in 1975 the nation, through its provinces and its local municipalities, was carrying in the order of \$7.5 billion worth of debt, long-term debt at high interest rates.

This is a drain on Canada that will continue for some time. And the really worrisome part of this equation is that this debt is accumulating rapidly. Therefore I simply suggest that some money, additional money within this nation must be recirculated in such a way as to reduce this debt, terminate some of it.

As Minister of Housing and Public Works, I had the occasion in 1976 to deal with a loan from Germany, and I was adamant that at the earliest opportunity I was going to pay off that debt, and we did. The Provincial Treasurer and I discussed it, sent some officials to Germany, and worked out an equitable solution to pay the debt off, and we did. We have saved the province of Alberta several millions of dollars on that debt that was made through the Alberta Housing Corporation.

Some of this debt, Canadian debt, should be paid off. The heritage savings trust fund could be used quite effectively in this manner. I would encourage every province to beat a track to Alberta to borrow some of this money from the heritage savings trust fund, because it is available. We have negotiated two loans thus far, one to New Brunswick and one to Newfoundland. There is no reason that additional loans can't be negotiated and that other provinces shouldn't be seeking funding from the heritage savings trust fund. Now that might put the requirement on the Provincial Treasurer that at the earliest opportunity he'd have to change the legislation and increase the allocation to the Canada investment division from 15 per cent to a higher figure. I fully consider that before very long he will be giving serious consideration to increasing that figure to 50 or 65 per cent and just reverting between the Canada investment division and the Alberta investment division.

Now, Mr. Speaker, it may be true that the province of Alberta would require some form of guarantees on these loans to other provinces, but that's hardly necessary. There are some who even question whether the Alberta government is not engaging in interprovincial commerce with these loans in such a way that it's constitutionally questionable.

But I suggest that it is simple and easy enough to get federal government approval on any of these loans if it were necessary. Indeed, I would go even farther. I would suggest that it would be possible to get federal government guarantees of the liquidity of some of these long-term loans, such that if the province of Alberta needed a large amount of cash at any time to invest in an oil sands plant and a province couldn't repay or the securities weren't marketable — the Provincial Treasurer, I know, has indicated that these long-term loans to the provinces are securities which are marketable. Indeed they might be marketable at a considerable reduction depending on the nature of the investment climate. I suggest that it wouldn't be out of the ordinary for the federal gov-

eminent to guarantee the liquidity of some of these loans at the interest rate at which they were negotiated.

So, Mr. Speaker, in conclusion I want to say this. I think this resolution is timely. I think it suggests that we have to think seriously about what we are going to do with the accumulating capital in the heritage savings trust fund. I think it also suggests that in considering the investment of this large amount of money, we encourage other provinces to take the opportunity to increase their access to the fund.

Even more appropriately, Mr. Speaker, I think this fund can be used very effectively not only to guarantee the future of Albertans, almost in perpetuity, but also to act as a tremendous lever for the growth of the western Canada economy — not only Alberta, because the fall-out, the spill-over, is large. Indeed it can act as a real lever for the growth of the entire western Canada economy so that the second half of the nation, which now commands financially about 30 per cent of the gross national product of Canada — and I'm talking about Manitoba, Saskatchewan, Alberta, and British Columbia — so that this percentage of the gross national product can be increased substantively in years to come, and so that the western half of the nation can truly commend its rightful role in the growth, strength, and vitality of this nation in the future.

Thank you, Mr. Speaker.

MR. TAYLOR: Mr. Speaker, I believe it would be wise to define our terms so we know what we're talking about in connection with the terms used in transferring the budgetary surpluses. I'm going to define "budgetary surplus" as any amount of money that has not been spent at the end of the fiscal year. The other term that I think needs defining is "would permit". This resolution doesn't say the budgetary surplus "has" to be put into the fund; it says "it would permit" it to be put into the fund.

Now with those definitions out of the way, I would like to say that before the members get too enthusiastic about making the Alberta heritage savings trust fund larger than it is today and larger than it's growing through the mechanisms already in place, we should find out from the people at large exactly how they feel about it. I'm concerned, Mr. Speaker, about the growing undercurrent among the people of this province about the Alberta heritage savings trust fund. I support that fund; I supported it from its initiation. I was prepared to stand or fall, win or lose an election based on support of that bill. The people at large throughout the province supported the Alberta heritage savings trust fund, and I believe they still do.

But many people are becoming very concerned with the amount of money in that fund. There's actually an undercurrent that the fund is getting too big now. I have been in home after home where people have expressed concern about the amount of the fund. When they ask how much of each of the divisions have been spent, you have to realize today that we haven't spent a very large portion of any one of those three divisions. The money is invested; it's getting interest. But it's not invested in new industries or in other provinces or in Canada. It's sitting there drawing interest.

So before we get too enthusiastic about building the fund even larger, I think we better have some

concern about how the people, whose money it really is, look upon this growing fund. This growing fund could become a very, very dangerous thing, because people become concerned when they see large sums of money like that. It's way beyond their greatest expectations. Today it's growing; it's still getting its share of the resource fund, the resources that are being depleted. That was the idea of the fund, that we're depleting a resource that's not going to be here for future generations.

Now we're changing that principle, and we're going to put some of the taxpayers' money into this heritage savings trust fund. That wasn't the initial purpose of this fund at all; it was to make sure that the money from resources being depleted, part of which belong to future generations — that they would have a reasonable share of the money from that depleting resource. I think that's a very sound basis. I think the large portion of our people will go along with that particular item. Up to 30 per cent of the money from our natural resources goes into that fund, and that's a pretty reasonable share.

There's a danger, Mr. Speaker, of our trying to do too much for the future generation. I've seen parents who made sure their boy or girl was not going to go through the hardships they had experienced in their youth, and I've seen some pretty spoiled youngsters grow up from that. They became so protected they were not able to cope with the world when they got out and had to face realities, because their parents were so certain they didn't want them to go through any tough experiences.

Let's not build all the bridges for the future generation. Let's leave a challenge for them too. Let's give them a share of the resources that we're using today, but let's not say to them that we're going to let you lose the pleasure of struggling, fighting, persevering, and sometimes going hungry, because those things bring the very best out of a man or woman. If the tree on the side of the hill didn't have the winter and the winds along with the sunshine, we wouldn't have much of a timber crop, and we won't have much of a human race if we try to make everything too easy for the future generation.

I'd like to raise another point. This undercurrent among the people is concerning me, but I have another concern about putting a surplus into the Alberta heritage savings trust fund. I've seen years when one-quarter to one-third of the highway budget was not spent. It was wet; the weather prevented that money from being expended. I always had grave concern that that money wasn't carried over into the next budget — at least it wasn't in my day. It meant that the following year the first moneys out of your highway budget were to finish the jobs you started the year before, and sometimes it cut your program down by one-third. Now if that surplus is simply going to be transferred out of the general revenues entirely into another fund, it's hardly fair to the programs of any department that have not been completed with the money already voted by the Legislature.

Perhaps that's why the mover of the resolution put in the words "would permit", but I have some concerns about that type of thing. I think the surpluses go back into general revenue. If there isn't provision in legislation to carry them over into the same program, the government certainly has the opportunity of

increasing the budget that amount the following year without increased taxation. That's one concern I have about it.

There's another item, though. Some people say, why don't you spend it? Spend it, spend it; that's an easy way to get rid of your surplus. Some people say that's an easy way to get rid of the heritage trust fund, too. I rue the day if we ever get a government that is not fully responsible, because they could sure have one wonderful party that might last a year and use up everything that's been saved for the future generations. I think we have to watch that. I don't think the people of Alberta are ever going to elect a government like that, but that danger is always in the back of one's mind.

In connection with the surplus, I believe in a balanced budget and that a surplus is better than a deficit, but so many things still have to be done. Right now our budget doesn't do all the things the people want done, by any means. I think every minister could say, I would like to do other things if we had the money. I suppose it will always be like that.

I'm going to suggest a number of things. If we have to spend it — I don't think we have to spend it, but for those who advocate that type of thing, I would think an increase in the shelter for utilities would be very, very helpful to people on low incomes and those with large families. Many homes I go to are concerned about the amount of their utility bills today, in spite of the shelter we're giving to them. They're struggling. A little struggle maybe isn't too bad, but I tell you some are having a hard time meeting their bills.

If you want to spend the money on something that might be considered federal, I could take you down to an Indian reserve in my constituency where 21 people are living in a three-bedroom house. They don't like it any better than you and I would, but finances will not permit them to have it. We're appealing to the federal government to do something about it. It's a terrible situation when 21 people have to live in a house with three bedrooms. Oh, there are lots of things still to be done.

What about giving private industry an opportunity of doing greater things, too, by providing venture capital, with a forgiveness clause, so there'll be some incentive to go out and create industries that are going to employ more people? They're all really worth-while things.

What about those who are on welfare and those who are working with very low income? I have no use for the people who abuse welfare, but I have every sympathy in the world for a family that's having tough luck. And, I tell you, honest people who are trying to get by have a hard time on welfare. Those on low incomes are having a tough time too, and any help we give them is greatly appreciated.

What about incentives for agriculture production, incentives for young people to get out and work on the land the way farmers have to? Again, that's no easy task. Just getting labor on farms today is very, very difficult. Farmers in my area had to bring help over from Holland and Denmark. They can't find Canadians who will go out and work the hours required at harvest time or on a cattle farm. Unemployment insurance has become a racket. You can make more on unemployment insurance than you can by working. It's a known fact now that people say, why should I work when I can sleep in in the

morning; do you think I'm crazy, to get up at 6 o'clock and go to work when I can get just as much from unemployment insurance? I know of motels in this province that couldn't accommodate everyone because they couldn't get help, while there's still an unemployment problem in Calgary and Edmonton, people unemployed and drawing unemployment insurance. There's a lot of cleaning up to be done there. We need some incentive for people to get out and work. That whole thing, incentive to work, would be a tremendous thing, because some people are losing that, and that's a pretty dangerous thing for our country.

Now that brings me to the last point I want to make. If we have a surplus and we see we are collecting more money than we can properly use in a good budget, maybe the best thing to do is let the people who earned it invest it. Leave it in their pockets. A number of people in this province are concerned about the amount of income tax they have to pay. They grovel in trying to find ways of saving a few dollars from the amount of income tax they have to pay, both provincially and federally. If that money is left in the pockets of the workers who earn it, or in the industry that earns it, they know how to invest it. They can invest it just as well as any government can invest it.

As a matter of fact I believe governments should not be doing everything for people. Governments should only be doing for people what they can't do for themselves. If we leave this money in the pockets of the people, you'll see the economy become buoyant.

That's one of the bad things the Trudeau government has done in this country. They think they can do everything for the people better than the people can do it for themselves. The people are getting fed up with that type of government philosophy. If we have too much money, leave it in the pockets of the people. Let's not tax it from them. Leave it right there.

Mr. Speaker, to come pointedly back to the meat of the resolution, I think we'd better be real careful before we start finding ways and means of building this heritage savings trust fund larger than it's growing today. It's growing at a good rate. It is a sound thing. Let's not overdo it. Let's not try to get the whole golden egg at once and kill the goose that's laying it.

MR. KIDD: Mr. Speaker, I appreciate the opportunity to make a few brief remarks on this important subject today. My views are so simplistic I don't know whether they will be in context with the wide-ranging, global eloquence we've heard.

I particularly appreciate, however, the last comments of the hon. Member for Drumheller. He always makes good sense, and I thought he made particularly good sense in his last remarks.

I do congratulate the mover both for his excellent presentation of this resolution and for initiating the resolution. Surely everyone here recognizes the foresight of this government and its political courage in establishing the heritage trust fund; a fund which is unique, as has been mentioned. I think it represents an intelligent effort in this rapidly changing province to adjust to realities as they exist. We will run out of oil. It is a non-renewable resource. We should provide a heritage for our children to fill the gap.

However, you've heard all that expressed much more eloquently by the Premier and by previous speakers. So let's get down to the specific resolution. Mr. Speaker, I'm sure the seventy-thirty split of natural resources — 70 per cent going to general revenues and 30 per cent to the heritage trust fund — was not arrived at by a super-scientific formula that is unalterable. It was a split that appeared fair and reasonable at the time. However, as with most things it has received pretty general public acceptance and as such needs considerable thought before being changed.

Mr. Speaker, it is pretty generally accepted that a government doing a good and efficient job, as has this government, should not generally have a budgetary surplus. However, if such a surplus occurs and forward estimates indicate the surplus will continue to occur, a government traditionally has two choices. These are: first, reduce taxes; second, increase services. With the existence of the heritage trust fund, this government has a third choice; namely, increase the amount going into that fund.

Mr. Speaker, let's first examine the effect of reducing taxes; and I assume that a fair proportion of the tax reduction would be applied to the non-renewable resource industry from which it came. That industry could be stimulated to drill deeper, to invest in high-cost tar sands plants, to apply more sophisticated exploration methods, to produce oil and gas which is now marginal; in effect, to take greater risks and, in so doing, increase total reserves of oil and gas and stimulate the production of coal.

Some say the greatest effect would simply be to increase profits and that the greatest benefit would accrue to multinationals. However, critical analysis of what has happened in the past concerning that industry clearly shows that the industry has used the additional funds to look for more resources and not for a major dividend flowback to shareholders. That can be established with anybody who's taken a look at the industry. Secondly, Mr. Speaker, through the years in Alberta literally hundreds of small Albertan and Canadian-owned companies have been established, often being the ones that find the resources, not the multinationals.

Mr. Speaker, the second choice for use of a budgetary surplus is to increase government services. While there may be a few areas where this could be done, I believe the per capita level of government expenditure in this province should not be appreciably increased.

The third choice is to increase input to the heritage trust fund. Mr. Speaker, we must all realize that the probable increases in petroleum prices will in themselves provide substantial and continuing increases to that fund in any event. An increase in the percentage of the resource revenue will add further and further to that increase. So if we increase the percentage split, we're talking about a quantum increase in the amount going into the heritage trust fund.

Mr. Speaker, I believe that the greatest heritage we can provide to our coming generations is to assure a supply of oil and gas for as long as possible. Surely the best way that can be done is to keep the non-renewable resource industry strong and, most importantly, allow them the choice of where to invest so that they may invest their funds in the best potential areas.

Mr. Speaker, with all due respect, I think that at the present time the stimulation which has so helped the industry has one detrimental effect: it directs increased expenditures to Alberta and perhaps not to the best potential industries. So let's face it, the areas the additional funds will be directed in will be in places in Canada other than Alberta and that will recirculate funds, as the hon. Member for Edmonton Gold Bar has suggested is desirable.

Mr. Speaker, I don't believe it's at all revolutionary to propose tax cuts where those tax cuts will, in my view, achieve the very objectives of the heritage trust fund. Therefore, on balance I do not support a percentage increase in funds to the heritage trust fund. I do urge this government to analyse carefully and give consideration to the probable beneficial effects of tax reductions as I have outlined.

Mr. Speaker, I'm not so naive that I do not realize the possible and probable ramifications of this proposal, regarding the interaction of the provincial and federal governments; in other words, if we reduce the take they'll increase theirs. However, I do have great faith in the skill of this government to achieve the desired objective through proper tax measures.

Thank you very much, Mr. Speaker.

MR. PLANCHE: Mr. Speaker, I'd like to commend the Member for Lacombe for bringing forth this timely motion. It's very difficult to be the sixth or eighth member to enter this debate, because pretty well everything that can be said has been said.

Sitting on the heritage fund watchdog committee has been a very interesting and useful experience for me. In doing some of my mental doodling, I've found that if you have \$5 billion invested at 8 per cent it will earn about \$45,000 an hour. As we see the money coming in from our non-renewable and renewable resources and our tax base, we're lucky indeed to live in Alberta. But there is no question that it is going to present a management problem in terms of how to place these funds properly.

Mr. Speaker, every year when we wrestle with the budget for the province, some considerations that override everything else are, in my view, that there must be a serious involvement by the taxpayers related in one way or another to their ability to pay. The more we move into subsidizing all the services they get, the more abuses there will be and the less respect they'll have for what we're offering.

Secondly, the budget from time to time can't fluctuate based on the fluctuations in our non-renewable resource income, but in fact must be generally consistent with the trends developed in years backward, and for forward forecasting, so that we can pretty well tell where we're going to be in terms of employment and planning.

Thirdly, it's clear to me that because it is a capital resource fund the integrity of that fund must be maintained, and wherever possible the money should be placed so that in time it returns to the fund. That's the one side of the problem. The other side of the problem as we sit here is that it's getting very difficult to forecast economic levels, both in Canada and worldwide. There's some serious difficulty in forecasting domestic, foreign, and even provincial activity levels. In my view, petroleum pricing is becoming less and less certain in terms of long-range trends.

Fourthly, we have some horrendous land sales

from time to time that bring in sudden prices depending on the success of discoveries in the non-renewable resource industry.

Mr. Speaker, I dug out of the files some quick numbers that indicate that in 1975 there was a budget deficit of \$93 million-plus; in 1976 there was a surplus of \$286 million; in 1977 there was an accounting change-over from the old surplus of \$226 million, converted into a surplus of \$690 million; forecasted this year is \$768 million.

It has all been said before. But it seems to me that the trend is not yet really clear. It seems to me, Mr. Speaker, that moving on this motion, while it's worth while, maybe isn't necessary in the short term. What I'd like to do is defer a decision on this very useful resolution for maybe two or three years. I don't see that any harm can be done, and we may be better able to forecast what we really want to do as legislators rather than getting constraints we may not be able to handle in the future.

Thank you, Mr. Speaker.

MR. McCRAE: Mr. Speaker, I look forward to the opportunity of participating in this debate. I think it's one of the most important we will deal with during this session of the House. Certainly resource management and the heritage trust fund, which is a result of a resource management, are a keystone of the constitutional debate and should have the attention of all members here.

Mr. Speaker, I think evidence of the importance of the debate is the attendance by all members here. I personally look forward to the participation of the members of the opposition. I'm sure they'll have a lot of thoughts as to the size of the heritage trust fund and what we should do with it. Certainly we see in the newspapers a lot of quotes on this subject from members opposite.

Mr. Speaker, in defining the resolution — and I would congratulate the Member for Lacombe for bringing the motion forward — I would like to think of it in terms of his considering the 30 per cent to relate to a share of the revenues from our depleting natural resources. There was some suggestion that he may have been referring to the surplus itself, which involves taxes and other things, but I really believe he was talking about the resource revenues. Certainly my remarks will be restricted to that area.

Mr. Speaker, whether the fund grows by 10 or 20 per cent per year, whatever amount it grows by, it is most assuredly going to grow, and by a large amount. It is just a question of time, whether two or five years, that it will become \$10 billion, and then a substantially greater sum beyond that. I think there's no doubt at all. It would be my submission that the fund and its growth is a testimonial to this government in its determination to seek world prices and to encourage the oil and gas sector.

If you'll think back to the dark days of 1974 when the industry was reeling because of overtaxation and non-deductibility of royalty, at that time this government moved with ALPEP. That was the incentive program to industry, which has encouraged it. We now see the results in new discoveries in the West Pembina and Elmworth areas, and other projects moving ahead which will assure future returns to the Treasury and certainly to the heritage trust fund. Also we see encouragement that the Cold Lake proj-

ect and the Shell-Syncrude project may go ahead, and other oil sands projects are anticipated in the next several years. This will ensure that the fund will grow. Regardless of how many billions and in what years it accumulates it, it certainly will grow.

How have we accomplished that? Mr. Speaker, we've accomplished that and at the same time have developed social programs that are the envy and admiration of the rest of Canada. We have the highest level of social benefit, the lowest taxes and things like that which certainly improve the life style of our citizens. I think what we have to be concerned about is improving that life style to the point where we attract people here because of the social benefits rather than because they are doers, achievers, or persons who want to take advantage of the business opportunities that are here to create jobs.

I think, Mr. Speaker, of the restraint program we developed in Alberta some three years back. We were the first in Canada to recognize that the share of gross national product governments were spending was outstripping what was fair and reasonable. We hear numbers, the reference to about 40 per cent of gross national product in Canada that governments are spending. We see the sad state of the national economy, the huge number of unemployed, and the deficits we have, all of which to a substantial degree reflect the amount taken out of the productive cycle by government. This government in Alberta recognized that we had gone far enough in that area and applied restraint on spending. That was picked up, although it might have been somewhat late, by other governments in Canada at the federal and provincial level.

What I'm getting at, Mr. Speaker, is that we could take the heritage trust fund and expand our programs here beyond the base or level at which they are now, but that could be counterproductive, because it involves taking a greater and greater share of gross national product. Surely, Mr. Speaker, we should be expanding our programs, but only after careful consideration, not only as to the impact and need but as to the future operating cost that will accrue to the new program.

There are a number of alternatives to increasing the trust fund. One would be to leave the resources in the ground or wherever they are. Mr. Speaker, I don't think that's an appropriate remedy, for a number of reasons. Number one is that people need the energy, be it here, in eastern Canada, or in the United States. The energy resources are needed and should not therefore be husbanded in the ground but should rather be produced for the people who need them.

Secondly, of course, there's the balance of payments problem. If we're able to export raw materials, our natural resources, and are paid whatever is fair value for them, then certainly our trade deficit will be reduced. Surely that should be good for Canadians and should offer us more job opportunities.

Additionally, Mr. Speaker, if we export or sell more oil and gas, that should encourage new development, new programs, and new expenditures, all of which should have an impact on the Canadian economy, offering new jobs and new business opportunities. Also it would offer benefit to governments by way of extra tax revenues from the people who get the new jobs and from the corporate tax that accrues from the extra programs undertaken. So, Mr. Speaker, the

suggestion that we should leave the resources in the ground, which was suggested by one of the members opposite a week or two back, is not an acceptable alternative.

A second alternative might be to leave the producers a higher return. I've heard that suggestion in a number of areas. Certainly the producers, the explorers, would espouse that cause. Frankly, Mr. Speaker, I think we are at about the right level of taxation at this time. Industry is taking roughly a third of the revenues that accrue. Our government takes something in excess of that, and the federal government is taking a slightly smaller share than we are. Out of our share, of course, a considerable amount flows back to industry by way of the ALPEP that I mentioned. That is a direct reduction in our share of the fund, but it pays long-term dividends to us in that it encourages new effort, new jobs, and new discoveries, which in turn will have an impact by way of royalties and revenues to our treasury. So at this time I would not suggest that an alternative to a growing heritage trust fund should be a greater share to the producers.

Another alternative — and this has been suggested by the federal government — is that we let them take a greater share. They got into this area a couple of years back when they denied deductibility of royalty and certain other actions that were extremely harmful to the industry. Fortunately they have retreated from that position somewhat, so the industry is not suffering as greatly as it was from the federal government actions. But there is room in areas of federal responsibility for more encouragement of industry. I'm thinking of the offshore area, which does not relate to the heritage trust fund. But certainly there are things they could do in their area of responsibility to encourage industry initiative.

Another alternative to growth in the heritage trust fund is to leave more moneys in the general revenue account. Again, Mr. Speaker, I have trouble with that, because I think the attitude of the people of Alberta is that if they have a surplus account they probably should spend that money. The concept of the heritage trust fund is that we should take the moneys and set them aside as a savings account, as an investment account. I think to leave the moneys in general revenue would encourage spending rather than investment.

Indeed, I find at this time there is a considerable lack of understanding among average Albertans as to what the trust fund is all about. I know that in the last election this was part of the Conservative government platform. It was roundly and heartily endorsed by the electorate as being a concept they fully supported. But in talking to Albertans right now, I find there's still some lack of understanding as to what it's all about. If you ask the average citizen if he supports the fund, he says he certainly does. But just a moment later he'll be offering you some suggestions — and they're all worthy — as to how he can spend the fund.

Spending and investment are two very separate and distinct things. I would like to come back to that later, Mr. Speaker. Just one more word on the subject right now. I found the remarks of the hon. Member for Drumheller extremely interesting, as I always do. But a number of times he used the term "spend" rather than "invest". To me that is the

shortcoming of the people of Alberta in frankly and fully understanding the concept. We think of it as a spending fund or a fund available for spending rather than a fund that should be invested for the future.

So, Mr. Speaker, those are some of the alternatives to an increasing heritage trust fund. I don't think any of them alone are an acceptable alternative. I would support the resolution in general; that is, to the extent that in discussion with Albertans we should fully consider whether or not 30 per cent is a sufficient share of the resource revenue to be putting aside in the fund. We are now spending 70 per cent. Of course out of the 70 per cent we are also building up a significant, if not alarming, surplus fund.

Mr. Speaker, I spoke a moment back about a lack of understanding of what the fund is all about. I want to relate a personal experience I had the week before last at a constituency meeting. As usual we had several dozen people out, a great deal of interest in the area. One of the things we talked about was the heritage trust fund. I found, Mr. Speaker, that a lot of people among those in attendance did not fully appreciate the significance of the fund. We discussed it; I asked them if they supported the concept, and they assured me they all did. Then we went right back to suggestions as to how we might spend it. None of these suggestions really related to investments; they related to ways of spending the money, getting rid of it right now. They were all good suggestions.

I might also say that in addition to constituency groups all sorts of community organizations have good suggestions as to how we might spend it. Our municipal people, again, have all sorts of suggestions, not the least of which — and this is something the opposition often suggests too — is that we should turn over a share of the resource revenues to municipalities. I take that as meaning a share of the resource revenues over and beyond the needs of the municipalities.

Mr. Speaker, aside from the other very meritorious arguments against revenue sharing as a concept, rather than meeting the needs of the municipalities by way of conditional or unconditional grants which we have made, this concept would suggest to me that if the municipalities exercise fiscal responsibility, each of them would build up their own heritage trust fund. Can you imagine the confusion on the streets of Alberta? When they have difficulty accepting the principles of our heritage trust fund, how would they support and agree to support municipal heritage trust funds? I'm sure the pressures and onslaughts would be so great that municipal officials might well yield to them, that would help push government expenditures in Alberta beyond an acceptable level. We've seen what that does elsewhere. We know what a negative impact it has on our economy. Surely we should be repressing the kind of politicking that suggests we should put that kind of money into areas where it would not do any productive good.

Mr. Speaker, what are some of the things we have spent the heritage trust fund on? I'm looking right now at a brochure on Kananaskis Park. I think that's one of the most imaginative things any government could have come up with. Of course we couldn't have come up with it without a heritage trust fund. It is something that all Albertans will enjoy, particularly those from southern Alberta. Some of the other proj-

ects: we have the Edmonton Capital City Park, which is a real boon for the people of Edmonton; in Calgary, southern Alberta, we have Fish Creek Park; again something for the people, something that will be widely appreciated, something that lets the people know what one part of the fund is, and gets their support. Certainly very worth-while investments. Another area where we have promised investments is in medical research, certainly another very appropriate means of investing the fund.

Mr. Speaker, the heritage trust fund is one of the most unique things in the world of finance. I know Alaskans wish their government had had the foresight at the time they received the many billions of dollars in oil sales — and their politicians will tell you this — to take some of that money and set it aside in an investment fund for the future, rather than simply spending it on immediate programs, as happened. Now they have the programs and not the wherewithal to continue supporting those programs. We see an attempt by the Saskatchewan government to set up a facsimile of our heritage trust fund, and I wish them well in that program. I think it's something they should do.

I notice also that in spite of the fact that their government is an NDP government, they have recognized the error of their ways in overtaxing the energy industry some two or three years back. They have retreated from that position and offered the industry incentives to do more exploration there, recognizing that it will pay off in the long run in terms of new discoveries, jobs, balance of payments, and recycling those revenues back into the industry and then a return by way of extra royalties on the new discoveries. I was pleased to see that action taken by the government of Saskatchewan.

Mr. Speaker, I do support at least a serious consideration of the motion. I think it has a lot of merit. As I said earlier in my remarks, it is one of the most important debates, discussions, we will have here in the Legislature.

I'd like to make three recommendations for the statute itself, The Alberta Heritage Savings Trust Fund Act. Number one, Mr. Speaker, I think the fact that we refer to the act as a savings trust account leads people to believe that, being a savings account, it is something they can turn to on a rainy day. Perhaps it's been the weather this past summer, but it seems to me Albertans have had too many rainy days and are looking to that reserve fund, the savings account, as a place to get dollars for immediate spending. I think that's a fallacy with the way the document is entitled. I would suggest that if we inserted the word "investment" somewhere into the title of the act, it might drive home more meaningfully to Albertans the message that it is in fact an investment fund and not a spending fund. I suggest to you that the simple use of the word "savings" encourages them in the belief that whenever they have a good idea where to spend some dollars we should reach into the fund, and I don't think we should.

I have a second concern, Mr. Speaker. The fund is divided into three categories, the first being the type of

investments in projects which will provide long term economic or social benefits to the people of Alberta but which will not by their nature yield a return to the Trust Fund.

That part of the fund is at 20 per cent. The second part, the capital division portion, is at 15 per cent, and that portion is for loaning to other governments in Canada. I note that the Member for Edmonton Gold Bar suggested we should increase that amount and loan further moneys to the other governments of Canada. That's a worth-while suggestion, but to date we have not really utilized that fund to its full capacity.

I'd like to make a different suggestion there. The third part of the fund is up to 65 per cent which can be invested in areas which "will yield a reasonable return or profit" to the fund and "will tend to strengthen and diversify the economy of Alberta". I'm concerned, Mr. Speaker, about the capacity of Alberta to absorb the many, many millions of dollars in the fund that represent that 65 per cent. If the fund is \$10 billion and we take 65 per cent of it; that is, \$6 billion plus the growth in the fund — if the fund grows beyond that again, it is too substantial an amount to try to invest in Alberta without disrupting the private enterprise sector out there right now. I don't really know in dollars and cents what the capacity of Alberta is to absorb moneys of that nature, but I suggest to you it is probably beyond the capacity of our provincial economy to absorb.

My suggestion would be, Mr. Speaker, that we give consideration to amending the fund to permit us to invest this particular 65 per cent division beyond the province of Alberta in areas that would yield a reasonable return to the investment but not necessarily and directly strengthen and diversify our economy. That may be too narrow a definition of the parameters within which we invest in Alberta. I would like to suggest that we give consideration to investing perhaps in the New York stock market. I don't think we should be out there picking up 10 shares of this or 10,000 shares of that. But I think we have to give consideration to the size of the fund and how it might be invested in equity, not on an individual corporation basis but on a much broader base so that you get a good return to it.

That isn't necessarily a final recommendation. I'm simply saying that we should look at investments beyond Alberta and outside the capital division. For instance, I think of the northern pipeline. There may be an opportunity to invest in the Alaska portion of the Yukon pipeline. There may be an opportunity to invest beyond the boundaries of Alberta in pipeline activity, not out of the capital division because that fund may not be sufficient to encourage or permit investment there, but in the 65 per cent share.

By confining ourselves to Alberta, I think two things are happening: number one, we may not be able to invest without seriously disrupting the Alberta economy; number two, by restricting it to Alberta and not going beyond Alberta we may not be taking advantage of opportunities that exist to invest the money — in pipelines, transportation facilities, or otherwise — that would indirectly help the Alberta economy but perhaps not within the definition of the present statute.

Mr. Speaker, those are but a few of the comments I wanted to make on this very important bill. I know there will be a lot of other contributions. As I said, I'm particularly looking forward to the input the members opposite might want to make in the Chamber here. I've heard a good deal of their comments

outside the House and would look forward to some of their comments inside the House.

Thank you, Mr. Speaker.

DR. BUCK: Mr. Speaker, just very briefly I would like to enter into the debate. I feel the government is doing nothing more than trying to whitewash the fact that the Legislature does not control the Alberta heritage trust fund. It's fine to bring in a resolution such as this, and I'll read it:

Be it resolved that the provincial government give consideration to amending legislation which at present limits to 30 per cent the natural resources revenue flowing to the heritage savings trust fund. Such an amendment would permit transfer of budgetary surpluses to the heritage trust fund.

Mr. Speaker, the problem really goes a little deeper than should we be putting in 20 per cent, should we be putting in 30 per cent. The fund is getting so large that it won't be long before my learned friend, the Minister of Municipal Affairs, who is an accountant, will probably have to help the Provincial Treasurer look after so much money. Having just returned from the parliamentary conference in Quebec City, it's a peculiar situation when you're almost the butt of many jokes because you have nearly \$7 billion kicking around and you have \$2.5 billion sort of kicking around in loose change. It's a difficult problem to have. People from the other provinces are saying, things must be really tough, you're trying decide what you're going to do with all that money. When you speak to a man on the street, the ordinary citizen, as my hon. colleague the Member for Drumheller mentioned, the ordinary man on the street wants to know what the heritage savings trust fund is.

I would like to say to the hon. member opposite on the government side who said that the reason there's such a large majority in this House is that everybody in Alberta who supported the present government was so enamored with the concept of the heritage trust fund that they had no choice but to vote for the government — I would like to say to the sleepy members of the backbench opposite that that's not why they got such a large mandate. The reason they got such a large mandate is that they did an excellent job of snowing the people in this province, convincing them they had to have support so we could fight Ottawa. That's why they got the support, not because they set up the heritage savings trust fund. [interjections] That's why they got the large mandate.

And now they're resting on their laurels. Ask the farmer who doesn't have a road to drive on, ask the man who can't get his child into a hospital, ask the people responsible for the education of the children in this province what they think about what we're doing with the heritage savings trust fund.

MR. DIACHUK: How about the dentists?

DR. BUCK: So let's not try to muddy the waters with a resolution such as this. All it's trying to do is just muddy the waters. We used to hear from the Premier about the priorities this government was going to have. All of a sudden this government has lost any direction of priorities.

In speaking to our colleagues across the country in different levels of government, be they Members of

Parliament or members of the legislatures, they could not believe the cabinet controlled 80 per cent of the heritage savings trust fund. I would like to say to the hon. members opposite: the day may come, and it may not be too far away, when there will be a new government in power. So the guidelines should be set out by this Legislature that the investment of these funds is answerable to this Legislature.

I would like to say to the hon. government members opposite, and I said this to the leader of my party, Mr. Clark, that I will not sit on a review committee after the funds have already been committed. I cannot prostitute myself to sit on that kind of committee, because I want to . . . [interjections] Fine, fine. Okay, okay. The government members can sit back in their little social club called a review committee and tell each other what a great job their cabinet ministers did in investing the people's money — after the money was invested. The Legislature, right here, is the body that should be deciding how the money's going to be invested.

My fellow legislators could not believe, and I don't think the people of this province know, that it works that way. But I think it's our responsibility as the opposition, and the responsibility of the media, to tell the people how it works: that 80 per cent of this enormous fund, that is getting larger and larger by the day — not because this government was so brilliant, but because of world situations, because even to this day we are not getting world price for our oil.

And most importantly, when we came back from Ottawa the Premier said, we got what we wanted. We got what we wanted right in the ear, is what we got. We did not even get any leverage. We have not used the leverage that we have to do something about the freight rates. And is this government going to take it lying down? We are not going to use the leverage we presently have to do something about the freight rates? Where's this government been the last seven years since the money started rolling in? We're going to go down there and negotiate. Well, we've been negotiated out of our boots, because nothing, but nothing, has happened about the freight rates. And I say to the Minister of Federal and Intergovernmental Affairs: if he goes with the Premier to the first ministers' conference, let's see this government come back with some firm commitment from the federal government that something is going to be done about the freight rates, and let's have this government come back and make the federal government live up to its commitment of what is going to happen as to the price of oil going up on January 1.

Now let's talk about how great we're treating our municipalities, our cities and our villages. This government says, no revenue sharing with the municipalities. Fine. That's great for a government that believes in the centralization of power the way this government centralizes power. It's a great system when this government goes down to Ottawa and says, we want consultation before any of these decisions are made. That's great when we go down to Ottawa. But then we turn around and say to the municipalities, we know better than you do about the funds we want to give you so that you can spend at the local level.

Mr. Speaker, that is not the way the system should operate. The same people who elect us to this Legislature elect people as aldermen to the cities, as

councillors to the towns and villages. The same people elect those representatives as elect us to this august Assembly. We are no smarter. As a matter of fact we know the local needs less.

Then we had the statement from an assistant deputy minister of Transportation. Before the assistant deputy minister left . . .

MR. R. SPEAKER: He's still in their employ.

DR. BUCK: Oh, maybe he's still an employee of the province — telling the cities how irresponsible they were with the taxpayers' money. He couldn't stand it any longer, so he had to get out. Fine, maybe he should get out. Most likely, possibly, he may be running for this Assembly.

MR. PURDY: What ticket?

DR. BUCK: Well, that's the kind of people we want. What ticket, the hon. Member for Stony Plain says. That is up to the hon. gentleman to decide. It just depends if he wants to be in the silent herd or if he wants to sit over here where his voice can be heard.

But the important thing is that local autonomy is having a difficult time surviving under this present government. It's a beautiful system when we in our wisdom here hand out conditional grants, because then we have the strings attached to how those grants are going to be spent. I say it's just about time this government took its blinders off and really looked seriously at revenue sharing with the municipalities of this province. I know they'll lose some power, and I know this government is power hungry. But let's give the money to the people it belongs to. Let's give it to the municipalities. They know how the funds should be spent. You know, my hon. friend the Deputy Premier knows better how the money should be spent in Barrhead than the council of Barrhead knows, I am sure. But he's a very wise man.

SOME HON. MEMBERS: Agreed.

DR. BUCK: But maybe the people who have to look after the affairs of the hon. Deputy Premier's municipality have a better idea of the way those funds should be spent.

I believe in local autonomy. A government was thrown out in 1971 because that same government took away the tie-down to natural resources as a fixed percentage, and I think that is a retrogressive step. I am just warning this present government that if they don't restore some local autonomy to our towns, villages, cities, municipalities, those elected people at the local level are going to start telling their people that, you know, big brother up there in Edmonton is telling us what funds we have and how they're going to be spent.

Mr. Speaker, something has to be said about priorities of this government. I have great difficulty explaining to my people, people I speak to, how we can spend \$3.5 million on a golf course. I'm glad I'm a golfer. I may be one of the elitists who get to golf on that golf course — \$3.5 million on a golf course. [interjections] Give you 10 strokes a side. [laughter]

We're building [Government House] South. I don't know if we're going to name it Lougheed House or McCrae House. I suppose we can have a contest, just

like a poster contest. You know, this government is great for building monuments unto itself: Capital City Park, Fish Creek Park — great ideas that got this government a lot of votes last time. But now the municipalities are finding out they have to run these parks. There's going to be upkeep. There's going to be maintenance. They're suddenly finding out that some of these great gifts that have been bestowed upon them may not be quite as great as they first thought.

Now I have nothing against parks. But I do have something against a lack of direction as far as priorities go, as far as spending habits of this government go. Really that is the basic issue. The basic issue is not: should we leave it at 20 per cent or move it up to 30 per cent. I say this is nothing more than a mechanism to cloud the issue of what is really going on with this government. And I know a government that has 69 members on that side, four official opposition spokesmen, one representative of the New Democratic Party, and one member who supports government — most of the time. [interjections] Well, I guess if he's going to run for the federal Conservatives, you've got to get along with your relatives.

MR. DIACHUK: You missed your chance, Walt.

DR. BUCK: But, Mr. Speaker, there are questions that the people of this province are starting to ask. They are starting to ask questions about where we as a government are going. Now some of the funding from the heritage savings trust fund is excellent, because we are looking down the road — AOSTRA, the Alberta Oil Sands Technology and Research Authority: excellent, because there will have to be breakthroughs in technology if we are going to expand our production, increase our recovery from the oil sands. These things are excellent, and funding should be put in. The irrigation projects in the south — fine, great, more funding should be put in.

On the other hand, where's the initiative of this government in providing the price of housing that young married couples can afford? It's fine that the hon. former Minister of Housing told us what a great job he's doing. But I would challenge that former minister to tell some of my young people who have to pay 11 to 12 per cent, up to 18 per cent for a second mortgage, that this government is looking after them.

MR. YURKO: Next meeting in your constituency on the same stage.

DR. BUCK: On the same stage, my hon. friend said. I would welcome the hon. member, the former minister, at any campaign anytime. I wish he would even do me the favor of coming out to campaign against me, because the people of Fort Saskatchewan still remember him. They still remember him. That kind of opposition I welcome, Mr. Minister. [interjections] As a matter of fact I know that the rumblings by the PCs are already out in the constituency of Clover Bar: get rid of Buck at any cost. [interjections] Fine. Get rid of Buck at any cost.

AN HON. MEMBER: We'd miss you, Walter, we'd miss you.

DR. BUCK: I wish them well. They tried hard last time. And when the Premier comes out there to his rally I, as the official representative of the area, will also be there again to welcome him, as I did the last time.

Mr. Speaker, because of the time . . .

MR. DIACHUK: Aw, shucks, we'll extend it. We'll stop the clock.

DR. BUCK: . . . I will be adjourning the debate. But I would like to say that this fund is going to be the Achilles tendon of this government.

SOME HON. MEMBERS: Heel. [laughter]

DR. BUCK: The Achilles heel. The Achilles heel of this government. [interjections]

AN HON. MEMBER: That's the trouble with you dentists.

DR. BUCK: For you lawyers who are not used to anatomy, there is a tendon, heel . . .

MR. R. SPEAKER: It's close.

DR. BUCK: You know, the heel is attached to the tendon.

Mr. Speaker, this government has lost direction, this government has lost initiative, and the people are losing confidence in this government.

Mr. Speaker, I would like to adjourn the debate. [applause]

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

HON. MEMBERS: Agreed.

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

HON. MEMBERS: Agreed.

[At 5:27 p.m., on motion, the House adjourned to Tuesday at 2:30 p.m.]