

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Tuesday, May 13, 1980 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

**head: INTRODUCTION OF VISITORS**

MR. YOUNG: Mr. Speaker, it's my pleasure today to have the opportunity to introduce to you, and through you to all members of the Assembly, the Alberta Human Rights Commission. They're in your gallery, Mr. Speaker. I will introduce them in terms of their length of service on the commission: the chairman, Robert Lundrigan; Mrs. Vina Christie; Mr. Richard Hiatt; Mr. Jim Edwards; Mr. Rollie Miles; Mrs. Marlene Antonio; Mrs. Evelyn Norberg could not be with us today; Mr. Rulon Meldrum, the director of the commission; Mr. Peter Cresswell, assistant director, field services; and Miss Dorothy Richardson, assistant director, research and education.

**head: INTRODUCTION OF BILLS****Bill 56****The Individual's Rights Protection  
Amendment Act, 1980**

MR. YOUNG: Mr. Speaker, it's my pleasure today to move first reading of Bill 56, The Individual's Rights Protection Amendment Act, 1980.

Mr. Speaker, Bill 56 contains three substantive amendments. The first deals with the investigation and enforcement capacity of the commission. It emphasizes a move towards greater enforcement ability and a more even balance between enforcement and the educational function of the commission. Second is an extension of the grounds on which discrimination will be prohibited, to include physical characteristics. Third, the amendments contain the necessary legal framework to accommodate government policy in the realm of special programs, which is the area sometimes referred to as affirmative action.

Mr. Speaker, I'd like to emphasize that these are very substantive amendments. They reflect this government's strong and continuing commitment to individual rights, as we have demonstrated by the fact that The Alberta Bill of Rights and The Individual's Rights Protection Act are, and continue to be, paramount legislation.

[Leave granted; Bill 56 read a first time]

**Bill 54****The Defamation Amendment Act, 1980**

MR. CRAWFORD: Mr. Speaker, I would ask leave to introduce Bill No. 54, The Defamation Amendment Act, 1980.

Mr. Speaker, this proposed Bill restates and clarifies

the law with respect to the legal doctrine of fair comment as it applies to defence in actions with regard to defamation. It provides that the publisher of certain opinions, typically those in letters to the editor publications, may still avail himself of the defence of fair comment in the absence of malicious intent, even though the publisher does not hold that opinion himself.

[Leave granted; Bill 54 read a first time]

**Bill 57****The Public Inquiries Amendment Act, 1980**

MR. CRAWFORD: Mr. Speaker, I would ask leave to introduce Bill No. 57, The Public Inquiries Amendment Act, 1980.

Mr. Speaker, the principle of this Bill is to enlarge upon the capacity of commissioners operating under The Public Inquiries Act to retain certain types of experts and other assistants, counsel, and clerks in carrying out their duties. This amendment assures that the type of assistance that a public inquiry commissioner would require in carrying out his duties is vigorously maintained.

[Leave granted; Bill 57 read a first time]

**head: INTRODUCTION OF SPECIAL GUESTS**

MR. LITTLE: Mr. Speaker, may I introduce to you, and through you to the members of this Assembly, 80 grade 7 students from St. Martha elementary school, situated in the constituency of Calgary McCall. The students and their escorts are in both galleries. They are accompanied by teachers John Cleary, Paul Pacentrilli, Michael Brown, and parent supervisor Mary Soloski. I would ask that they now rise and receive the warm welcome of the Assembly.

MRS. LeMESSURIER: Mr. Speaker, it gives me great pleasure to introduce to you, and through you, 12 adults from the Alberta Vocational school. They are in the members gallery, and are accompanied by their teacher Ada Manning. These students come from Poland, Korea, Sweden, and Russia, and are finishing a 20-week course in studying English as their second language. I would ask them to rise and receive the warm welcome of the House.

MRS. EMBURY: Mr. Speaker, I beg the indulgence of the Assembly to introduce two guests, two constituents of mine who are in the Speaker's gallery. The first one, Mrs. Mary Nicholson, happens to be the sister of the hon. Eric Musgreave. Dr. Anita Li is a friend and colleague from the University of Calgary. She is an associate professor in the Department of Educational Psychology. However, they are in Edmonton not because of their own interests; their husbands are attending the Canadian building officials' association meeting here in Edmonton. Dr. Li's husband, Mr. Pi Lin Li, is the president of this Canadian association. I would ask that they please rise and receive the welcome of the Assembly.

**head: ORAL QUESTION PERIOD****Individual's Rights Protection Act**

MR. R. CLARK: Mr. Speaker, I'd like to direct the first

question to the Minister of Labour. With the minister's announcement today, and the fact that the Human Rights Commission is in the gallery, I'd like to ask the minister if he can assure the Assembly that the legislation introduced today includes all the major recommendations made by the Alberta Human Rights Commission to the government for changes in The Individual's Rights Protection Act.

MR. SPEAKER: With great respect to the hon. leader, I would have some misgivings if we were to devote the question period to analysing a piece of legislation which no doubt will shortly be included in a very important debate.

MR. R. CLARK: Mr. Speaker, with the greatest respect, sir, I'd like to get an assurance from the minister that — and I'm not questioning that the legislation is before the House — but to ask the minister if ... I'll put the question this way: will the government give a commitment today to implement all the recommendations the Alberta Human Rights Commission has made to the government this year on major changes in The Individual's Rights Protection Act?

MR. SPEAKER: With respect to the hon. leader, there's the same difficulty with that question, because the obvious answer ...

MR. R. CLARK: Is no.

MR. SPEAKER: ... is going to be that certain things are covered in the legislation. I would respectfully suggest that when the legislation comes up for debate, the concerns of the hon. leader can be dealt with fully and properly in the context of debate, rather than in the question period to elicit information, some of which is now public knowledge because of the first reading of the Bill.

MR. R. CLARK: Mr. Speaker, sir, the point that I'm trying to establish: has the government in fact accepted the recommendations of the Human Rights Commission? Is the government going to move on all those recommendations, or has the government in fact picked out one or two of the recommendations and is going to leave the rest on the line?

MR. SPEAKER: I regret that I am unable to agree with the point of order of the hon. leader.

#### **Research Council of Alberta**

MR. R. CLARK: Mr. Speaker, failing that particular area of questioning, I'll pose the first question to the member accountable for the Alberta Research Council. Can the hon. member indicate to the Assembly today the status of medical records of employees of the Research Council who work in areas dealing with toxic chemicals?

MR. MUSGREAVE: Mr. Speaker, as I indicated to the hon. Leader of the Opposition yesterday, we are having a review made of that situation and will report back to him as soon as we have the information available.

MR. R. CLARK: Mr. Speaker, to the would-be minister. Can the hon. member indicate to the Assembly whether any medical checkups are carried on as a condition of

employment for staff of the Research Council who work in areas dealing with toxic chemicals? Is there any provision at all? Certainly between yesterday and today the member could have at least found that out.

MR. MUSGREAVE: Mr. Speaker, we are having a review made of the questions raised by the hon. leader by our safety officer of the Research Council. The president is looking into this himself, and will be reporting to me. I will be giving the information to the members of the Assembly as soon as I have it.

MR. R. CLARK: Mr. Speaker, to the hon. member. Can the hon. member, who has now been in charge of the Research Council for the best part of a year, assure the House that there is some kind of provision for medical checkups for staff at the council? I don't hold the member to all the details, but at least some kind of medical safeguards for the staff at the Research Council.

MR. MUSGREAVE: Mr. Speaker, I probably could — perhaps it is rather difficult to deal with. I would like to repeat, as I said before to the hon. leader: I'm assessing the requirements for employment for the Research Council. We are determining what review of a medical nature is made of our staff, and we will report back to the hon. leader as soon as I have the information available.

MR. R. CLARK: Mr. Speaker, can the hon. [member] indicate to the Assembly whether the programs involving toxic chemicals which were carried on at the Research Council are continuing, or have they been cancelled until proper facilities are in place?

MR. MUSGREAVE: Mr. Speaker, those areas of endeavor at the Research Council that we determined were unsafe have ceased. The equipment and labs that we felt might not be in satisfactory condition have been closed. We are making arrangements for alternate facilities elsewhere, and engagement of the staff in other areas.

MR. R. CLARK: Mr. Speaker, to the hon. member. Can the hon. member give a commitment to the Assembly that the research programs carried out which needed above atmospheric pressure conditions have also been cancelled until adequate facilities are in place?

MR. MUSGREAVE: Mr. Speaker, all conditions that were deemed to be of a hazardous nature have been terminated. They will not continue until such time as we are assured by all government agencies and departments that it's safe to continue. That is exactly what I said in the House yesterday to the hon. leader.

MR. R. CLARK: Mr. Speaker, to the hon. member. Could the hon. member indicate to the Assembly the volumes of toxic chemicals that were removed? I raise the question because it's my understanding that initially the Research Council thought there was a small volume of toxic chemicals which had to be taken away, and that in fact it ended up being something like two truckloads of toxic chemicals which were removed from the council facilities. Where have those chemicals now been placed?

MR. MUSGREAVE: Mr. Speaker, there were several truckloads, as the hon. leader has said. He had asked me yesterday where some fume hoods had been disposed of, and I told him it was my understanding they had been

buried somewhere. That is part of the information I am trying to ascertain for the hon. leader so that he can pursue it further.

MR. R. CLARK: Mr. Speaker, a further supplementary question to the hon. member. Can the member indicate to the Assembly what circumstances led up to the indication by the insurance company that was carrying the liability insurance at the Research Council offices that they wouldn't be able to continue to offer liability [insurance] at the Research Council unless a number of steps were taken to clean up the act as far as toxic chemicals were concerned?

MR. MUSGREAVE: Mr. Speaker, I am not aware of what the insurance company did or did not say. I haven't seen the report.

But what I said yesterday was: in company with the Minister of Government Services early this year, after my tour last fall of the facilities, we appreciated the concern of overcrowding at the research centre. We engaged people from the University of Alberta and the department of occupational health and safety, along with the fire department of Edmonton and members of the Research Council, to examine the total facilities and determine what had to be done as far as making the conditions safe.

I would like to point out, Mr. Speaker, that these conditions have arisen over a period of — some people have suggested 20 years. Obviously, the situation has been going on for a very long period of time. In that period of time the housekeeping was perhaps not what it should have been. But with our new president of the Research Council, one of the first problems he addressed himself to was the safety and concern of the workers within the council.

MR. SPEAKER: Might this be the final supplementary by the hon. leader, followed by a further supplementary by the hon. Member for Spirit River-Fairview.

MR. R. CLARK: Mr. Speaker, could the hon. member indicate to the Assembly if the problems of double and triple payment of accounts and the non-payment of accounts — I understand adding up to some \$900,000 last year and some \$90,000 just last month — are why P.S. Ross has been brought in to look at the whole accounting procedure at the Research Council, and why Woods, Gordon has been brought in to look at management salaries at the Research Council? Can the minister assure us that now the University of Alberta will once again deal with the Research Council?

MR. MUSGREAVE: Mr. Speaker, there are several questions there. Dealing with the last one first, I wasn't aware that the University of Alberta wasn't dealing with us. We do have the vice-president of the University of Alberta as one of the board members of the Alberta Research Council. We just had a meeting last Friday that lasted three hours, and if they weren't dealing with us I'm sure he would have given me some indication.

MR. R. CLARK: Check the accounts.

MR. MUSGREAVE: Now, on the matter of the accounts, as the hon. leader knows, the Auditor General's report advised that there were certain deficiencies and slack accounting methods. But as soon as I received the letter, I immediately called a meeting of the executive

committee, and we hired outside accounting people to put our house in order in that regard. As a result of that initial step, it was determined to hire the two consulting firms to try to help us reorganize our entire accounting system so that we can start to implement the long-range plan on a strong financial basis that can be audited, and be responsible with the money allotted to the council, and account for our stewardship of that money.

MR. NOTLEY: Mr. Speaker, supplementary question to the hon. member. In view of the point the member made about the rather sorry state of affairs in terms of paying accounts — I gather that some suppliers are supplying only on COD terms — is the minister in a position to outline to the Assembly this afternoon, as a consequence of the government's and the hon. member's investigation, the reasons for this rather incredible situation in terms of handling accounts by the Research Council of Alberta?

MR. MUSGREAVE: Mr. Speaker, I didn't hear anybody say that we couldn't pay our bills, and that they only delivered supplies to us on a COD basis.

MR. NOTLEY: That's a fact.

MR. R. CLARK: Check the accounts.

MR. MUSGREAVE: Well, that's news to me, Mr. Speaker. [interjections] That may be.

AN HON. MEMBER: They'll get paid.

MR. MUSGREAVE: But as the hon. minister says, I'm quite sure they'll get paid.

Mr. Speaker, in fairness to the Research Council, they have a new director. We are reorganizing the entire operation. According to the general services, we are very overcrowded. I think we have the opportunity to do much better than we have in the past, and we are attempting to do that. As soon as we become aware of these problems, we are addressing ourselves to them.

MR. NOTLEY: Mr. Speaker, supplementary question to the hon. member with respect to the overcrowding which apparently is given as a reason for the non-payment of bills on time. Is the hon. member able to confirm whether \$6 million is an accurate figure with respect to the estimated cost of the renovations at the Research Council's U of A campus facilities? Is the member further able to advise the Assembly why, when these renovations were apparently about to get under way, they were all of a sudden held up?

MR. MUSGREAVE: Mr. Speaker, I can't determine the exact amount for the renovations, but they will not be at the University of Alberta. They will be at several facilities throughout the city of Edmonton, when we have been able to determine just what should be done. They will be serving the Research Council for a period of three to five years. You appreciate that designing a new research facility, like we are doing, is a very difficult process. We have to go to tender; it takes time to construct things. It's conceivable it will be three to five years before we're able to move into our new facilities.

MR. SPEAKER: A final supplementary by the hon. Member for Little Bow.

MR. R. SPEAKER: Mr. Speaker, my question is also to the hon. member. It seems as if the accounts are in a very difficult position. I'd also be concerned about the health of individuals who have worked at the Research Council for some time. Are medical checks presently being given to employees who have worked with these toxic chemicals? Are we reviewing the medical records that may or may not be in place at the present time? Is compensation or concern being shown to those employees?

MR. MUSGREAVE: Mr. Speaker, I don't think the government of Alberta or any of its agencies is not concerned about the health of its employees. I don't want the members of the opposition to try to infer they are. But as I've said now about four different times, but I don't mind repeating it, I am looking into the methods of hiring, the methods of medical review, the concerns we have for the health of our staff, and what medical reviews are necessary. If ill health has resulted from an occupation, I'm quite sure that the person concerned will be looked after.

MR. R. SPEAKER: Mr. Speaker . . .

MR. SPEAKER: Perhaps we could come back to this topic if there's time. We've now had some dozen supplementaries on it.

#### **Hog Marketing — Subsidies**

MR. LYSONS: Mr. Speaker, my question would be to the Minister of Agriculture. It's regarding the emergency stop-loss program. His ministerial statement yesterday referred to application forms and so on at a later date. I wonder if he could tell us how long that may be, and where these application forms would be picked up.

MR. SCHMIDT: Mr. Speaker, the stop-loss program announced yesterday will be administered by the Department of Agriculture. The actual form for producers to make application will be made available as soon as possible. I can assure all hon. members that the forms and the method of making application will be available to all members, and indeed the notification and method of application will also be known to all the producers.

MR. KOWALSKI: Thank you very much, Mr. Speaker. This is to the Minister of Agriculture, and it deals with the same subject. One of the key considerations of the stop-loss program announced yesterday was that producers will receive a guaranteed return above feed costs of \$35 per hog. A major factor in the feed costs is the price of barley. I'd like to know from the minister what price per bushel of barley was used in calculating the formula announced yesterday?

MR. SCHMIDT: Mr. Speaker, the price used in the basic formulation was \$2.22 a bushel for barley, and of course sets the basic feed cost. That feed cost will of course fluctuate, as does the cost of barley. To make the program workable and to maintain an average feed cost, the cost of barley and the total feed, which includes 17 bushels of barley and 150 pounds of concentrate, will be monitored weekly to arrive at the average cost factor for the feed input for a particular hog on a monthly basis. Of course, the program is based on the \$35 over and above the feed cost itself.

MR. KOWALSKI: Supplementary, Mr. Speaker, for clarification. Mr. Minister, if the price of a bushel of barley increases, will the feed cost base rise to the exact penny that the price of a bushel of barley rises, or will it be a proportional increase?

MR. SCHMIDT: It will be the actual price of barley times 17 bushels, because we've used the basis of the total feed input cost of one particular hog at 17 bushels of barley. So it will be 17 times the actual price of a bushel of barley to indicate the cost of production of the hog. That will be done on a weekly basis.

MR. KOWALSKI: If I may, Mr. Speaker, an additional supplementary. I did some research this morning: some 110,000 hogs were marketed in Alberta in April, and the average return per carcass was approximately \$73. In the program announced yesterday, what might be the approximate level of support per carcass per producer, on the basis of these 110,000 marketed in April in the province?

MR. SCHMIDT: Mr. Speaker, without checking the basic figures the hon. member is using, but from memory, in the computations in arriving at the basic program and looking at the market return for a hog during the month of April, and using the feed cost based on the price of barley at \$2.22, the return per hog would normally be somewhere in the \$65 to \$66 class. Of course the program itself will boost that return to the producer close to the \$100 level.

MR. BATIUK: A supplementary to the minister, Mr. Speaker. Could the minister advise whether he had any response from the Pork Producers' Marketing Board after his ministerial statement yesterday?

MR. SCHMIDT: Mr. Speaker, I have spoken to several producers, who of course collectively make up the board. The producers themselves are very enthusiastic about the program, but I haven't had the opportunity to talk directly to the board.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. The consulting report prepared for the Pork Producers' Marketing Board, the Stickland report, suggested a payment of \$45 over and above the feed costs. Is the minister in a position to advise the Assembly what considerations led the government to conclude that \$35 was adequate, in view of interest charges and other costs which the Stickland report computed as \$45 in order to reach a stop-loss level?

MR. SCHMIDT: Mr. Speaker, I'm sure hon. members are aware that we had the opportunity of a variety of figures that were basically to represent the costs involved, and those figures that should be placed over and above the cost to give a stop-loss return. Of all the figures in the background material which we had the opportunity to assess, we felt the \$35 achieved the basic program of being a stop-loss, and we felt it met the majority of all the figures submitted to us as a good average breakdown of the cost factor involved in production.

MR. R. CLARK: Mr. Speaker, my supplementary question to the minister deals with what's been reported to me as really a \$10 per head shortfall in the stop-loss program. Other than the Stickland report, which has been

referred to, what sources of information did the government use to arrive at the announcement the minister made yesterday? I make the point that producers who have contacted my office indicate they're grateful for the program, but they're going to lose \$10 a head. What was the source of information that led the government to cut back the Stickland recommendation by \$10 a head?

MR. SCHMIDT: Mr. Speaker, we had the opportunity to discuss with the people involved in the industry, producers themselves, who gave us the varying figures involved in the actual cost of production.

MR. R. CLARK: The board?

MR. SCHMIDT: I'm speaking of the producers, who collectively, I guess, make up the board. We also had the opportunity to discuss the board's views.

MR. R. CLARK: Mr. Speaker, just so there's no misunderstanding. Is the minister telling us that the hog marketing board recommended that the amount should be \$10 less than the cost of production?

MR. SCHMIDT: Mr. Speaker, the \$10 factor came after the program was announced. With regard to what is a return, whether it should be \$45, \$35, or \$25, I suggest to you that in drawing up the basic program itself, the production figures and the cost factors of which we had the opportunity to avail ourselves — and indeed came from producers themselves — indicated that the \$35 factor was a true representation of what the basic program was to achieve; in other words, a short-term, emergency stop-loss which wouldn't generate any overproduction, would meet the cost factors involved and of course tied to the basic feed cost, guaranteeing a return to handle all the other costs over and above feed. Indications we have from those producers we've had an opportunity to talk to both yesterday and today — meets that challenge.

MR. SPEAKER: A further supplementary by the hon. Member for Drumheller, followed by a final supplementary by the hon. Member for Bow Valley. If there's time, we can come back to this important topic. But a considerable number of members have not yet been able to ask the first question they would like to ask today.

MR. L. CLARK: Thank you, Mr. Speaker. At the guaranteed price of approximately \$100 per hog through April until the end of May, could the minister inform the Assembly approximately how much the total retroactive payment to the hog producers would be?

MR. SCHMIDT: Mr. Speaker, the figures we have are production numbers, April's of course being closer to the number that were marketed and May's being an estimate based on last year's production. But based on the figures we have for April, the return to hog producers would be in the class of \$2.8 million, and for the month of May, \$1.9 million.

MR. MANDEVILLE: A question to the hon. minister. Has the minister's department any means of checking on feeder pigs coming into Alberta from other provinces?

MR. SCHMIDT: Mr. Speaker, the program covers all hogs administered and sold in this province, and of course they're all through the marketing board itself for

slaughter. It's very difficult, I suppose, to recognize a hog, as to whether it strayed across a border or not. Knowing that farmers are honest and true blue, I don't see where there's any great problem.

MR. R. CLARK: Better change your color.

MR. SCHMIDT: It recognizes Alberta hogs, and we would leave it at that.

AN HON. MEMBER: Get a few socialist hogs.

MR. NOTLEY: You'll need a little more orange.

MR. MOORE: Saskatchewan might have a program too.

#### **Preventive Social Services**

DR. C. ANDERSON: Mr. Speaker, my question is to the Minister of Social Services and Community Health. Mr. Minister, there appears to be a fair amount of confusion among PSS directors about the present funding of PSS programs. Could the minister assure the Assembly that the PSS review presently taking place will not just jeopardize the funding of present programs?

MR. BOGLE: Yes, Mr. Speaker. Funding for the current fiscal year, which will run through March 31, 1981, was approved by the Assembly last week. Therefore projects which have been approved, or which in a number of cases are currently being negotiated among municipal authorities, provincial officials, and various project officials themselves, will receive their funding for the current fiscal year. So the review taking place in no way affects current funding practices.

MRS. CRIPPS: A supplementary, Mr. Speaker. My question is with regard to programming. With your permission, Mr. Speaker, I'd like to clarify the question. This letter went out to municipal PSS directors. One paragraph says:

During this period it is appropriate that the PSS Unit suspend the implementation of any plans or programs which would presume the outcome of the review. Since any particular change or alteration in the current program would require an immediate re-assessment again once the review is completed, it is better to avoid possible confusion or frustration from such a possibility by simply putting new developments on hold.

Is it the intention of the government to withhold decisions on PSS programming, pending the outcome of the review?

MR. BOGLE: Before answering the question, Mr. Speaker, I'd be interested to know who sent the letter.

MRS. CRIPPS: It's a Dennis Maier, director of preventive social services.

MR. BOGLE: Mr. Speaker, to clarify that issue. On February 1, 1980, I met with representatives from the 53 PSS projects in Alberta; either the chairman of the board or a board member from each of those districts, save two I believe, was present. At that time I indicated that this would not be a year for significant expansion of the program in the province because of the review and other matters, that therefore most areas could expect an 8 per

cent growth in their total budget, and that we would give some special consideration to areas of the province that have a much larger growth rate, like Grande Prairie and Red Deer, just to name two.

So with that qualifying comment — and I'm aware of some projects where there's been a shift in emphasis from one program to another, so there's been a larger growth in part of the program internally. But the overall budget itself should reflect approximately an 8 per cent growth for most of the PSS projects across the province.

MRS. CRIPPS: A supplementary, Mr. Speaker. How would this affect new areas coming into the PSS program?

MR. BOGLE: Mr. Speaker, we have tried very hard to look at communities which have recently established PSS areas, or where a PSS district has expanded or is in the process of expanding to include another or several other municipalities. Again, special consideration will be given to both of those circumstances. On the other hand, if an area wishes to establish a totally new PSS unit where there is no PSS now, we would delay those implementations or programs while the review is under way.

DR. PAPROSKI: A supplementary, Mr. Speaker, to the minister. I'm pleased to hear the Minister of Social Services and Community Health give us that assurance about PSS financing. On a very specific item, I wonder if the minister would indicate regarding West 10, a community service in the constituency of Edmonton Kingsway — which I supported initially and continue to support — which I understand is providing preventive support for citizens on a decentralized basis and co-ordinating it with the federal, provincial, municipal, and volunteer groups.

The question is this: would the minister indicate whether there'll be any PSS or financial cutback for this very important and well-received service?

MR. BOGLE: Mr. Speaker, the allocation of funding at the local level rests with the local PSS board, as I've indicated to the Member for Drayton Valley. As there will be at least an 8 per cent growth in the budget for the PSS district in Edmonton, I would not see a cutback in services or funding provided to any of the agencies, unless there's a local decision that a shift should take place. So on the surface, Mr. Speaker, very generally speaking, I would expect funding to that organization to continue as outlined.

MRS. FYFE: A supplementary question, Mr. Speaker. I wonder if the minister could advise the Assembly when he anticipates receiving the various reports from the review presently being carried out?

MR. BOGLE: Mr. Speaker, if the hon. member is referring to the general three-prong review of PSS which is taking place, the three reports have been requested for July 1, 1980, I believe. That will allow ample time for assessment of the reports, for appropriate discussions within government caucus. If possible, I would like to be in a position by October or November of the current year to discuss whatever recommendations are made with the Preventive Social Services Association of Alberta at their annual meeting.

DR. PAPROSKI: One further supplementary, Mr. Speaker, on the topic I raised earlier. West 10, I wonder

if the minister would assure the House that the department has not in any way indicated to the local municipality that West 10 should not be funded.

MR. BOGLE: That's not a decision that the department would make, Mr. Speaker. That decision would be made by the local municipality through its PSS board. Because it's a learning year for me as well, I've requested to see the various projects, and there are approximately 300 through the 53 PSS districts across the province. I'm reviewing them personally before they're finally okayed from the province's point of view. Those are being done twice weekly. I'm not aware of this particular project, but I'll certainly keep an eye out for it.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. Could the minister assure this Assembly that this review has two objectives: one, to enhance the position of local autonomy in the province of Alberta with regard to preventive social services; secondly, to assure ourselves that prevention will take a higher priority in the province of Alberta? I become a little concerned when the minister says, I'm personally reviewing all these programs. There seems to be some indication that we're going to have a cutback.

MR. BOGLE: Mr. Speaker, the terms of reference for the three committees are well known to the hon. member asking the question, as he had a copy during my estimates. There's certainly no cutback taking place in terms of global dollars committed. There's an 8 per cent increase to municipalities; plus in areas where there's exceptional growth, extra consideration will be given so that the increase will be more than 8 per cent.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Did the minister give a directive to these committees, in his own objectives in administering the department, that local autonomy and a higher priority for prevention in the department are the two objectives to be fulfilled in a review? It's not a negative review, but a positive review in that sense. Is that the kind of directive the hon. minister gave to the committees?

MR. BOGLE: Of course, Mr. Speaker, it's a positive review. The terms of reference are clearly laid out as to what we expect to learn through the review, the most important thrust being the role of the volunteer, to strengthen the role of the volunteer and in no way to impede it.

#### Moisture Conditions

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Agriculture. I understand the minister's deputy is meeting with federal counterparts to discuss their concern with regard to drought in western Canada. I was wondering what directives were given to the deputy minister. What items would be on the agenda of concern to the farmers of Alberta particularly?

MR. SCHMIDT: Mr. Speaker, the opportunity to discuss the moisture conditions in western Canada — Manitoba, Saskatchewan, and Alberta — first of all because we have some common grounds and, secondly, because the present conditions are very, very similar across the three provinces. The early spring and, indeed, shortage of moisture have placed the three provinces on the alert that

perhaps the future without any moisture may bring some problems with regard to the agricultural communities across western Canada.

We've had the opportunity to have some dialogue — recognizing of course that each province, although somewhat similar collectively, still has some individual problems because of the lack of moisture — but have banded together to make representation or at least to have the opportunity to assess those similar problems, which may be of some advantage to us as a western group, and in doing so to bring together an opportunity perhaps to tie those in one package in making representation to the federal government, which of course is aware that that assessment and evaluation is ongoing at the present time.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Would one of the considerations presently being discussed be with regard to extending crop insurance in some manner or form?

MR. SCHMIDT: Mr. Speaker, we have not had that problem in the province of Alberta. To my understanding, it will not be one of the topics of discussion. With regard to the crop insurance program in the province, the cut-off date is of course the 1st, and we've had absolutely no indication that anyone was interested in availing themselves of coverage after that date. We've had an excellent reception to crop insurance in total, and indeed have had over and above our expectations in the area of forage coverage for the four municipalities that are covered.

The areas which I think are of prime concern, which are also of concern to each province individually of course, are the immediate problems that exist, mainly in the livestock industry. Those are the lack of potable water, which in many cases is the only source of watering livestock; secondly, the amount of forage available from last year's hay crop — to assess the inventories that may be available at this particular time, province to province, to arrive at those areas where we feel that one could move if there happens to be an overabundance of feed matter in one particular part of a province or, indeed, from one province to another if the emergency should arise. It's an ongoing study of what exists and what we have as a carry-over from last year.

MR. R. SPEAKER: Mr. Speaker, I believe the minister has partially answered my third question. When I reviewed the 1977 program, the emphasis was mostly in the area of water and feed for cattle. I was wondering whether in the discussions some emphasis has been placed with regard to concerns for grain farmers, or will crop insurance be the entity to look after matters there?

MR. SCHMIDT: Mr. Speaker, as we look back over the history of the province and of agriculture, very few crops have been lost this early in the season. As we continue to sow, we're all assured that we're going to take off a bumper crop. That enthusiasm should exist. For all hon. members it is at this particular time exceptionally dry, but that position could change offhand. Within this province the indication is that crop insurance at this time certainly suffices. But one should be prepared. It's always easier to tuck away the little programs, put them in the back porch, and enjoy the three-day rain.

MR. NOTLEY: Mr. Speaker, if this might be permitted: the last time we had a discussion on this matter in the

Legislature, we had 11 inches of rain in the Peace River country a few days later. [interjections] Perhaps a discussion may bring it.

#### Postsecondary Students' Finances

MR. NOTLEY: Nevertheless, Mr. Speaker, I'd like to direct a question, if I may, to the hon. Minister of Advanced Education and Manpower. It concerns the ministerial statement last Friday dealing with the government's response to the Grantham report as well as the indication that fees are going up in universities and post-secondary institutions. What reason does the government provide the House for the decision to make the announcement last Friday, as opposed to earlier when the students were still in classes?

MR. HORSMAN: Mr. Speaker, the announcement was made as soon as the decision was arrived at by the process of government decision-making. I would say, however, that if anyone has concern about the question of the tuition fee increases, all one has to do is check the number of meetings I held with the students' organizations throughout Alberta commencing in September last year, at which time I made it clear that the government would look favorably upon recommendations from boards of governors to bring about a tuition fee increase for the '80-81 year.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister with respect to the \$2,500 grant for students which, I believe, kicks in after \$4,300 worth of loans have been acquired. Has the government any figures that can be supplied to the Assembly as to the number of full-time students in Alberta who would be eligible to qualify under this program of grants?

MR. HORSMAN: Mr. Speaker, with respect to that particular grant, first of all I would like to say that that grant arose in large part from representations received from student organizations which had requested that we refrain from increasing the loan limits, and that anything over and above the loans be by way of grants. It was in response to those requests that that grant was provided.

I'm sorry, I don't have an estimate. Perhaps that could be obtained, but it is difficult at this stage. It is estimated that in the next student year that will involve approximately \$1.2 million. Obviously that cannot be divided by \$2,500 in order to arrive at the number of students who would qualify, because it would provide them grants of from zero to \$2,500. So somewhere in the neighborhood of \$1.2 million in the forthcoming fiscal year by way of new money into the student assistance programs is what we are estimating.

MR. NOTLEY: A supplementary question to the hon. minister. Is the minister able to outline to the Assembly the reasons that the government chose to stay with the loan/remission system as opposed to the grant and loan system, in view of the concern that has been expressed by the Federation of Alberta Students, among others — but quite a number of students — concerning the uncertainties of a loan/remission system as opposed to the more firm situation of a grant and loan system, which is presently in place in most other provinces in Canada?

MR. HORSMAN: Mr. Speaker, we've received a number of representations, of course, and there were some rec-

ommendations in the Grantham report as well. We rejected the notion that there should be a grant up front, if I can use that term, except in the case of the rural student grant which, of course, would be up front after determining . . .

MR. NOTLEY: After the \$4,300?

MR. HORSMAN: Oh no, oh no. I want to clarify that. The grant for rural students comes before the loan. I want that to be clearly understood by all members of the Assembly.

But with respect to the regular loans and remissions as opposed to a grant/loan system, we believe it is important that the conditions for qualification for assistance be met. Those qualifications include the necessity of the student, if he or she can, to work and save; secondly, if the parents or spouse are able to contribute to the cost of the student's education, that they do so; and thirdly, that students complete the year of studies in which they are enrolled and for which the assistance is given. Those are the three criteria. We believe it is necessary that they continue to meet those particular criteria, and that is why we have retained the loan/remission system.

There is also another advantage, of course, which perhaps may not appear at the surface to be too important. A remission is not taxable in the hands of the student, whereas a grant is. That is another consideration, although I don't want to make that the most important consideration. It was one of the considerations.

MR. NOTLEY: Mr. Speaker, a supplementary . . .

MR. SPEAKER: We've run out of time for the question period, but if the Assembly agrees perhaps we could have another supplementary by the hon. Member for Spirit River-Fairview. I did recognize the hon. Member for Bow Valley, if the Assembly might agree to a short question and answer there.

HON. MEMBERS: Agreed.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Advanced Education and Manpower with respect to the appeal system. Is the minister in a position to assure the Assembly that the traditional approach of having students on the appeal board will in fact be maintained?

MR. HORSMAN: Yes, Mr. Speaker, and I welcome the opportunity to clarify the misinformation that was put out with respect to the composition of the student appeal boards. There is no change there at all. They will include representatives from the components or parts that have been part of the system before. Those appeal boards were appointed by the minister before, and in my ministerial statement I indicated that that would continue and of course they will contain representatives of students. I have invited student organizations in Alberta to recommend to me names of students who might serve in those capacities.

MR. MANDEVILLE: Mr. Speaker, I'll just hold my question.

## ORDERS OF THE DAY

MR. SPEAKER: May the hon. Member for Athabasca revert to Introduction of Special Guests, followed by, I believe, the hon. Minister of Transportation, who has an introduction to make?

HON. MEMBERS: Agreed.

### head: INTRODUCTION OF SPECIAL GUESTS

(reversion)

MR. APPELBY: Thank you, Mr. Speaker. It's my pleasure this afternoon to introduce to you and the other members of the Assembly a group of grade 10 students from the Westlock high school who are visiting the Legislature for the first time. They are accompanied by their teacher Elizabeth Lange and bus driver Linda Foster. This is the second group Elizabeth Lange has brought to the Legislature this year. They are in the public gallery, and I'd ask them to stand and receive the welcome of the House.

MR. KROEGER: Mr. Speaker, at the Sir Winston Churchill dinner last night I happened to notice a young lady going down the aisle after receiving an award for, I believe, public speaking. She happens to be one of our pages, Cheryl Balay, sitting down there. Would you stand, Cheryl?

### head: MOTIONS FOR RETURNS

MR. HORSMAN: Mr. Speaker, I move that Motion for a Return No. 115 stand and retain its place.

[Motion carried]

116. Mr. R. Speaker moved that an order of the Assembly do issue for a return showing copies of all tenders submitted for the most recently concluded contract to train Alberta Government Telephones drivers, and the name of the company that was awarded the contract.

[Motion carried]

118. Mr. R. Speaker moved that an order of the Assembly do issue for a return showing:
- (1) the number of former Alberta Health Care employees who transferred to the Solicitor General's Department during each fiscal year, 1977-78, 1978-79, and 1979-80;
  - (2) from (1) above, the number who transferred to the motor vehicles division in each fiscal year, 1977-78, 1978-79, and 1979-80;
  - (3) the positions now held in the Solicitor General's Department by each former Alberta Health Care employee;
  - (4) from (3) above, the positions now held in the motor vehicles division by each former Alberta Health Care employee;
  - (5) the annual turnover of employees in the motor vehicles division for each fiscal year, 1977-78, 1978-79, and 1979-80;
  - (6) the ratio of temporary to permanent positions in the

motor vehicles division for each fiscal year, 1977-78, 1978-79, and 1979-80.

[Motion carried]

MR. CRAWFORD: Mr. Speaker, I would ask for unanimous leave of the House to deal with Government Bills and Orders this afternoon. Just to note for the record, consultation with hon. members of the opposition has indicated that that would be agreeable, if second reading of certain Bills on the Order Paper would be called. That is what is proposed.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

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

**Bill 29**  
**The Alberta Heritage Savings Trust Fund**  
**Amendment Act, 1980**

MR. HYNDMAN: Mr. Speaker, I move second reading of Bill 29, The Alberta Heritage Savings Trust Fund Amendment Act, 1980.

This Bill contains three significant amendments which I suggest are timely, practical and, as well, reflect the natural evolution of the heritage fund. Firstly, there is a proposal for a new energy investment division. That division at this time would reflect the continued willingness of Albertans to use dollars from a depleting resource to assist in achieving a policy of self-sufficiency for Canada, which I would suggest is the only rational policy for this country at this time. The investments of this new division would have two criteria. Firstly, they would have to yield a reasonable return. Secondly, they would be to facilitate the development of energy resources in Alberta and/or the rest of the country, the processing of those resources in Canada, or optionally, the transportation of those energy resources in Alberta or in Canada. Perhaps one of the first entities added to this new division, if it is approved, would be the Syncrude equity and the convertible debentures relating to that company, for example.

A second new initiative contained in the Bill is the new commercial investment division. The goal of this division would be to yield a commercial return or profit. It's important to consider it in the context of the other divisions of the Heritage Savings Trust Fund. I think we should remember, Mr. Speaker, that the capital projects division, which involves projects of long-term economic or social benefit that do not yield any return, is in contrast to this one. Indeed, when working out any yields with respect to the heritage fund, the capital projects division should be excluded from any percentage calculations.

The Canada investment division, which I will refer to in a moment, relates to loans to other provinces. The Alberta investment division has as its objective the yielding of a return or profit, but has an economic diversification flavor as well, in the sense that that is the division where there are investments which can strengthen or diversify the economy of the province of Alberta. So it's very important to make the distinction between the Alberta investment division, which has parameters other than purely yielding a return or profit — that is, a

division which relates to strengthening or diversifying the economy of the province — and this new division, which does not contain those parameters and is for the purpose of yielding a commercial return or profit.

Mr. Speaker, I suggest that that goal of maintaining a good return, of getting a yield on the fund, is the key if not the primary goal of the Heritage Savings Trust Fund, as stated when it was first brought into effect. The fund, of course, is a savings account for the future. In future years when some successor of mine has to draw upon the fund, firstly the yield or the income from the fund, will have to be drawn upon to maintain existing services. That is why the yield, which is now approximating \$600 million per year, is so crucially important. I think it is indeed an obligation of this Assembly and this government to maintain that yield at a satisfactory rate.

Mr. Speaker, given the evolution of the fund to date and the great uncertainty in the world monetary scene, the very volatile picture with respect to interest rates and the rates of inflation and the growth rate of the fund, clearly what is needed are all opportunities for diversification and opportunities to increase the liquidity or absorptive capacity in the market of the heritage fund. That's what this division and the amendments with respect to it propose.

The amendments with respect to the new commercial investment division and the powers in the Bill are interesting. There are three new ones in addition to those already found in the existing Section 9 of the Act. There is a provision for an opportunity to invest in, firstly, shares of mutual funds; secondly, in securities of loan companies; and thirdly, in the shares of Canadian and/or foreign corporations within the parameters of the Canadian and British Insurance Companies Act which, as members know, are those corporations which have a record of solid performance — a dividend record — and are mature in every sense.

I would point out to the Assembly, Mr. Speaker, that without this diversification into equities or shareholdings, without having the opportunity for the heritage fund to move into the bigger arena of investment — without those two opportunities as provided by this Bill, the maintenance of the yield of the fund in future will be in question. The investments in shares of Canadian and/or foreign corporations would of course always be in the nature of a passive investment. They would not involve control of corporations. They would be investments in much the same way as pension funds in Canada, the United States, and other countries invest in equities and in shareholdings. Guidelines for these investments will be developed over the months ahead.

The third and last amendment principle in the Bill, Mr. Speaker, relates to the Canada investment division. As members know, at the moment there is a ceiling of 15 per cent. It is proposed to raise that to 20 per cent as an available ceiling, not necessarily suggesting it would move to that at any rapid pace. At the moment the loans to other provinces and to their entities as guaranteed by the provinces are coming quite close to that 15 per cent ceiling, which represents in a rough way about \$1 billion at the moment. Six provinces have loans, and as well some of their power corporations and municipal finance corporations have taken advantage of the terms of the fund to borrow moneys. I would stress that the Canada investment division provides a very good return to Albertans, as well as providing a direct recycling throughout the country of the moneys of the heritage trust fund. It very directly helps our sister provinces in the country and

strengthens the Canadian dollar as well, because the loans are made within the country. I believe Albertans support this principle, and support this modest increase in the 15 per cent ceiling.

To conclude, Mr. Speaker, I would suggest to the Assembly that with these amendments we set the stage for timely new Alberta and Canadian energy investments. We will be expanding the good-yielding loans of the Canada investment division to sister provinces. For the first time, we will be enabled by equity investments to take advantage of opportunities which will maintain and hopefully increase the yield of the Heritage Savings Trust Fund in the 1980s. I commend the Bill to members for second reading.

MR. NOTLEY: Mr. Speaker, in rising to participate in the debate on Bill 29, I would say first of all that when it comes to increasing the Canadian investment division from 15 to 20 per cent, I certainly have no quarrel with that proposal. As a matter of fact, if my memory serves me right, I know there was a recommendation from last year's watchdog committee on the heritage trust fund and, I believe, even from the one in 1978 as well. So that's certainly a step in the right direction.

On the question of an energy bank or making funds available for energy projects in other provinces, I was interested in the reports on that matter. The Treasurer indicated two examples: one was hydro development in Newfoundland; another would be a western power grid. When it comes to making investments from the heritage trust fund in energy projects of that nature, I certainly would be prepared to fully endorse and support in this House investments of that kind. Mr. Speaker, other types of energy investments would be subject to a rather different point of view on my part, but the two the minister indicated, in public reports in any event, were projects I could certainly support.

Mr. Speaker, I want to deal for a moment with the larger question of the role of the heritage trust fund. I suppose this amendment gives us an opportunity to assess the function of the fund: where it has gone, where it should be going, and what kinds of structural changes we should consider. I'd have to say that I would differ quite strongly with the view that the heritage trust fund is largely a savings account for the future. It seems to me that in 1976, as I recall the debate in the House, we really had two basic thrusts. One was, if you like, a savings account, the sock, the money under the mat for the rainy day; the other was the economic development tool to allow Alberta to move as a province from a dangerously vulnerable economy reliant on non-renewable resources and shift to a more broadly based economy. I would say the latter argument is really the strongest reason for a Heritage Savings Trust Fund. If we're going to talk about heritage, Mr. Speaker, it seems to me we have to ask ourselves: what can we do with this large supply of investment capital which is coming to us because of returns we are making from a depleting resource?

Mr. Speaker, I'm not sure whether the hon. Provincial Treasurer was active in the political field before I was; I suspect he was. The first provincial election I recall being involved in as a canvasser was in 1959. At that time the Alberta government had the accumulated cash surplus of the province of Alberta. It was a very sizable amount of money. As my memory goes, it was something in excess of the annual budget of the province of Alberta. I well remember the leader of the Conservative party at the time. Mr. Kirby, who is now an esteemed judge, the

leader of the Liberal party, who is our former Lieutenant-Governor, and the leader of the CCF all making the point that rather than all this money being piled up as a savings account, there were other things we should be doing with it.

Mr. Speaker, in 1959 most people were quite happy with the idea of having a savings account that, in context of the time, seemed to be very large. I don't raise that point to try to dwell on 1959, but rather to see how things can change quickly. In 1968 the government of Alberta had its first serious deficit; in '69 another deficit, in '70 another deficit, and in '71 a deficit. I remember the first deficit budget presented by this government in 1972; the former Provincial Treasurer, the hon. Gordon Miniely, bringing in a very substantial deficit budget. The point is that this huge surplus that had been built up during the Social Credit years very quickly faded when the economic conditions of the province changed. Over a period of five years, as we moved from a buoyant economy to one where we had difficulties meeting the costs of government, that cushion didn't disappear but at least was substantially reduced.

Mr. Speaker, that really leads me to the conclusion that at this critical time we have to focus our emphasis not on a heritage of money which, depending on what the inflation rate will be — \$600 million is a lot of money today; it's more than we had in the total cash surplus of the province back in the late '50s. The fact of the matter is that with inflation proceeding at a very rapid pace, there is no guarantee that simply piling up money in a vast mutual fund, if you like, is going to give us any certainty in the years ahead. The only certainty we can have for the people of this province is the transition from an economic base that is largely dependent on non-renewable resources to one that is more broadly based.

Mr. Speaker, that really leads me to the question of the kind of role I see for the Heritage Savings Trust Fund. Yesterday, when the Premier was asked a question by the hon. Member from Little Bow, we had an outline of some of the objectives of this government in terms of diversification. I agreed with most of them, although I must confess, in reviewing the Blues this morning, I was rather surprised that the Premier didn't mention forestry. Considering that we have 150,000 square miles of forest in Alberta, it would seem to me that one of the major directions of development in this province has to be in building up a major forest products industry. That's an area of some considerable potential for expansion.

Mr. Speaker, the question then is; if our emphasis should be the development of an economic base in the province of Alberta, what is the role for the Heritage Savings Trust Fund? In my judgment, the role of the Heritage Savings Trust Fund is very crucial. For one thing, it's a source of enormous capital in a part of the country that, over the years, has had difficulties attracting capital.

I remember sitting on the foreign investment committee with the hon. Minister of Consumer and Corporate Affairs as chairman. The concern we as committee members saw during the three years we evaluated the problem was: where are we going to get an adequate source of capital? I differed with the conclusion, but the conclusion the committee reached was that because of the difficulties in attracting capital in the province of Alberta and in western Canada generally, it was necessary to rely on future foreign investment in a very, very significant way.

Mr. Speaker, no one is suggesting, least of all me, that the amount of money we have in the Heritage Savings

Trust Fund is any panacea. The fact is that it is a sizable amount of money which can and should be used at this critical period of time to foster the diversification of the province's economy.

During the debate last year in the heritage trust fund watchdog committee, I made some recommendations that got the support of one or two members of the committee — not everybody. I repeat those recommendations today, because I think that, notwithstanding the fact that they were not accepted, they need to be said in this House.

Mr. Speaker, if we're going to use the heritage trust fund as an economic vehicle to make the transition I've just described, it seems to me that we have to borrow from the western Europeans, the Japanese, and set up some form of economic planning council. I know that when I made that suggestion, the hon. Member for Pincher Creek-Crowsnest, if I recall, suggested it was a Marxist notion. You almost would have thought the red flag was flying over the Legislature Building the very day I made that rather gentle proposal before the Heritage Savings Trust Fund watchdog committee. But I would just remind that hon. member, and other members, that Japanese society is certainly not a socialist society, and Japan has a very well-organized form of long-range economic planning. So do the western European countries, Mr. Speaker. I think one of the reasons West Germany, for example, has done so well economically in the last few years is because of the sophisticated use of long-range economic planning. I believe we're going to have to do that if we as a province are going to make the best use of the Heritage Savings Trust Fund as an economic development tool. We don't need to do that if our objective is just a savings account. If our objective is coupon clipping on a massive scale, we don't need an economic planning commission. But if our objective is to undertake the inventory of what is possible and then to deliberately use the capital resources we have at our disposal in the Heritage Saving Trust Fund, it seems to me that yes, indeed, we do have to have a planning council to give us the context in which to make investment decisions — not to make those decisions, but to give us the context. No more than the decisions in West Germany in the Schmidt government are made by the economic planners; they are made ultimately by the elected leaders. But the framework in which those discussions are made comes as a consequence of the whole concept of economic planning.

Mr. Speaker, I want to deal with one other element. Of course it's this one feature of the Bill that, frankly, I have some real concern about; that is, the decision to invest in non-Canadian corporations. It seems to me that that is really running counter to the prevailing public opinion in this country, not only in Saskatchewan, Ontario, or British Columbia but, I would argue, in Alberta itself. People are going to be saying to us at this time, what are you people doing as the trustees, if you like, of this vast source of capital? What are you doing, not to turn back the clock and buy back 100 per cent ownership of the economy but to change the investment pattern so we can gradually recover some degree of Canadian control?

Mr. Speaker, nowhere in this Bill do I see reference to the question of control. I'm not suggesting to the members of this House that the Heritage Savings Trust Fund should become the only source of capital, that everything should be under government ownership. I'm sure that argument will be trotted out as other members debate in the Legislature. I'm not suggesting it. But I am suggesting that just as total government ownership, control, and

regulation and ignoring the important role of the private sector would be wrong, so on the other hand it is wrong not to recognize that equity investments must be linked to the kind of accountability we get by having a meaningful share in the decision-making process.

The kind of passive investment the government is contemplating — not that they need necessarily follow with this Bill, because I've read over the Bill and we certainly can go some distance beyond passive investments. Small wonder that some of the right-wing members of the Conservative Party are a little concerned. But the pronounced position of the government at this stage is passive investment only. I would say to members of the Assembly that that really begs the more important issue of ownership and control of the economy.

How can we do that? Well, Mr. Speaker, I think we have to take a very flexible approach to public investment. There are some areas where I think there should be public ownership — in the case of utilities. I've made that point before, and I reassert it again. There are other areas where there should be joint ventures. I would specify one example that I think is interesting: the heavy oil project in Saskatchewan, the Gulf project. One-third of it is owned by Petro-Canada, one-third by Saskoil, and one-third by Gulf. Here you have a harnessing of the expertise of a large international corporation with Canadian companies so that the ultimate control is in Canadian hands.

There are other areas, Mr. Speaker — and here, frankly, we have to be quite flexible in the approach of loans from the Heritage Savings Trust Fund — where I think we should be making loans available at very reasonable interest rates to Canadian corporations. Let's take a look at the hog industry, for example. We'll be getting into that in the estimates of the Department of Agriculture in a more detailed way. One of the real problems in the hog industry and one of the concerns of producers, and I'm sure the concern of the minister, is what's going to happen to the packing industry in western Canada. There are all kinds of machinations by the major packers as to what their long-term investment plans are. But you've got smaller Canadian firms like Fletchers, or the Grande Prairie Packers, and you've even got suggestions by people on the board that they would like the funds to develop their own packing plant. This is the kind of area where under Canadian private ownership we should be making funds available.

Mr. Speaker, as a member of the New Democratic Party, I have no difficulty with that kind of investment. Where I do have some difficulty is in passive investment as a minority shareholder, in most cases a relatively insignificant minority shareholder in large, internationally based corporations. If the argument is maximizing the return and that's the basic motive, I wouldn't argue. If the heritage trust fund was essentially a mutual fund or a pension fund and only that, I wouldn't argue. But I think the Heritage Savings Trust Fund must be much more than that if it is to serve the long-term interests of the people of this province.

I would just conclude my remarks on this issue, Mr. Speaker, by saying to members that Bill 29 is indeed a rather important Bill. A number of provisions in it are steps in the right direction. But what concerns me at this juncture is that, one, we still haven't committed ourselves clearly to emphasize the need to broaden the base — the base that is now too dependent on non-renewable resources and vulnerable to economic decisions made elsewhere — and, two, we must move toward control in the decision-making process of that industrial base. This gov-

ernment has said a lot and has indeed received the support of the people of Alberta on a strong position with respect to ownership and control of the resources. Fair ball. But what is equally important is that we use this tool to ensure at least a reasonable degree of control over that economic base. And in my judgment that doesn't lead us to passive investments in foreign controlled companies. Rather it leads me to the conclusion that we should be using the Heritage Savings Trust Fund as really one of the most exciting vehicles in Canada today, not to repatriate overnight ownership of the economy but in a part of the country to begin to do the job in a meaningful way. I suggest that history will judge us rather more in the long run by how successful we are in meeting that objective than the question of how much money we pile up in terms of a yield to the fund, as the minister has suggested.

That being the case, Mr. Speaker, I would simply conclude by arguing again that while this Bill has a number of favorable features, it is a matter of no small concern to me that at a time when we should be using our available capital to increase Canadian ownership, we seem to be doing exactly the reverse. I find that rather hard to follow.

MR. LOUGHEED: Mr. Speaker, I want briefly to respond to the hon. Member for Spirit River-Fairview, because I've been waiting now for four years to get some evidence that he really did not believe in the Heritage Savings Trust Fund. I thought today we finally heard the evidence presented before the Legislature, so I thought it might be useful to say a few words about the Heritage Savings Trust Fund Bill, as I was rather involved in its basic introduction, and to reflect upon the amendments before the House on second reading of this Bill, which is perhaps one of the most important pieces of legislation we've been involved in as a government. It's not my intention to respond to all the comments by the hon. Member for Spirit River-Fairview, but to respond to a basic thrust of his remarks.

If I understand the view expressed by the hon. Member for Spirit River-Fairview, the primary purpose of the Heritage Savings Trust Fund should be as a vehicle for economic development and economic diversification within the province. That, of course, is a laudable goal in the sense of the objective of diversification, which I commented upon in this Legislature yesterday. However, it is not the objective of the Alberta Heritage Savings Trust Fund.

I do not know if hon. members have the preamble in front of them, Mr. Speaker, but since we're talking about important amendments to this Bill, I believe it's necessary for hon. members to keep in mind that this is one of the few items of legislation where we're amending the Act and there is a preamble. We're amending the Act, therefore, in relationship to the preamble. The preamble is absolutely clear in the basic Bill. For that reason, I would like to read it to refresh the members of the Assembly:

WHEREAS substantial revenues are being received by the Province from the sale of non-renewable resources owned by the people of Alberta; and

WHEREAS there is a limited supply of non-renewable resources and therefore revenues from the sale of those resources will ultimately be reduced; and

WHEREAS it would be improvident to spend all such revenues as they are received: and

WHEREAS the Legislature of Alberta considers it appropriate that a substantial portion of those revenues be set aside and invested for the benefit of the people of Alberta in future years:

Mr. Speaker, there is no doubt that the basic intention of the Alberta Heritage Savings Trust Fund is simply that: it is a savings trust fund. It is the obligation of this government and this Legislature in fact to maximize, with certain limitations I wish to describe, the return from that investment, because what is the purpose of the fund?

It deals with the whole question of government revenues and the budget speeches we have had. It involves the matter of setting aside a fund so that when the revenues from resources decline, we first of all have the income from that fund to carry us through a period of transition; and after a period of time, as the resource revenues decline further, to move to the capital of that fund to permit a further transition. Interwoven into the entire fiscal management of this government is the Alberta Heritage Savings Trust Fund concept, because it is our view, when I believe 55 per cent—subject to checking—of our budgetary revenue is coming from the resource side, that we are in a position that unless we provide for a Heritage Savings Trust Fund, the transition which will inevitably occur will be too dramatic and too difficult for the Legislature, the government, and the peoples of Alberta—and it will inevitably occur—because it will mean too substantial a shift in terms of increased taxation. It will mean a situation where we have developed an economy on essentially a low-taxation basis that will require both individuals and enterprises to begin to pay a much larger share of provincial services by way of customary taxation. That is the objective of the Alberta Heritage Savings Trust Fund: a savings trust fund to permit us, over the decade or so ahead, to make that transition. That is its purpose.

Now, if that's the primary purpose, the objective of these amendments is—contrary to the view of the Member for Spirit River-Fairview—to maximize our investment. We have that obligation. Certainly that is subject to other provisions within the fund. We have agreed to set aside 20 per cent of the fund for a capital projects division. I suggest that in evaluating the performance of the fund, it would be important to evaluate the fund, as some have recently been doing, by looking at the yield of the fund, net the capital projects division. It's recognized that there is a longer term investment concept both in social education and economic terms in the capital projects division, and that's why we have it there. In due course it will facilitate the objective of the government with regard to its economic strategy in a number of different areas that I needn't go into at this time.

But it is important for us to remember that the operative words in the preamble refer to the word "revenues". What is our revenue position at the moment? We have the largest spending budget per capita of any province in Canada. On the capital side, we have some flexibilities. We can move with highway construction programs in certain years and move back from them on the capital side. I use highways because it's the easiest; it doesn't have the longer term cost factors, and in fact reduces some of the operating costs by way of reduced maintenance. For hospitals we've yet to see that happen on the capital side. It seems that new hospitals do in fact bring with them some pretty sizable operating costs.

As the leader of government in this province, I always look at our financial position, at our operating budget. I say to myself in evaluating governments and perfor-

mances of governments that we don't have very many of what we call X budgets, in that once we build in an operating program, there are very few times when that program is either abandoned or rescinded or withdrawn. It continues on and on. That's a reality we face in government today, and I know we should do better about that. If we in this province in 1980, '81, or '82 build in an operating cost factor that cannot be sustained as the revenues decline, as they will decline dramatically in terms of the conventional and light oil supplies we have, this province is going to be in a very difficult position without the Heritage Savings Trust Fund.

The thrust of the Member for Spirit River-Fairview is to a large degree, over a number of other issues, to increase our operating budget at almost every turn by higher salaries in terms of public sector, more programming here, higher and higher operating budget. Fair enough. That's a policy position he puts to this Legislature, and it's fair enough to present it on that basis. We don't agree with it. We believe it's important to restrain our operating expenditures, and to assure that even though they're the highest in Canada, we keep some limits of restraint upon them. That's a reasonable difference of view that is presented.

But the thought that this fund should be used for the economic stimulation of the province is the matter that concerns me, because what we do have in the province of Alberta — and frankly, in my judgment, because of the stability of government, the tax policies of government, and the attitude of this whole province toward the entrepreneurial spirit — is a very high level of private investment. If we were not getting that high level of private investment, it would fall more and more upon the shoulders of government — true — to come through with some answers and some support in areas of economic diversification. But in the last three or four years we're finding the exact reverse of that. There is no shortage of capital in this province from the private side. It is coming in in a very substantial way.

Now we have developed a number of agencies and entities, which are tied in with the Heritage Savings Trust Fund, whose funding is involved in terms of the economic activity of the province. I mention the Alberta Energy Company, the Syncrude project, the Alberta Opportunity Company, the Agricultural Development Corporation, the Alberta Home Mortgage Corporation, the Alberta Housing Corporation, the recent foundation for medical research, and a multitude of others. Yes, they're there, and they play a supportive role in terms of economic diversification. But it's a supportive role; it is not the prime function of the Heritage Savings Trust Fund. There may be times and there may be projects ahead in which we will need to become involved on a joint-venture basis with project developers. That, we've shown in the past, as we did with Syncrude, is a valid approach for both the Heritage Savings Trust Fund and the government.

We've looked in terms of some of the projects involving transportation, which is at the very top of my personal list of where I can see some commitments we can make, commitments through the Heritage Savings Trust Fund that are sound investments. But the operative words there are "sound investments". Because it's my judgment that if we reach a situation where funding is required [for] an economic purpose, other than in the capital projects division, that is not sound and it's an investment way, either in the shorter or in longer term, we should look to the General Revenue Fund of the province and not to the

Heritage Savings Trust Fund.

I just want to make a final observation about the matter of economic planning. We're perhaps the only provincial government in Canada that has a clearly defined and well understood economic strategy for our province. We have consistently communicated that to the community at large in this province. It has had enough elements of flexibility to respond to changing conditions, but — and I won't go over some of the aspects I mentioned last night — it is certainly an economic strategy well understood by our citizens, the business community, and the investment community. Economic strategy has been very important for us. With both advisors and consultants, we are constantly in the process of reassessing our economic strategy and direction.

I accept the comment by the Member for Spirit River-Fairview with regard to the forest products industry, which I should have mentioned last night. I refer him to page 9 of the Speech from the Throne, where that matter was given some emphasis and should have been given by me last night.

I would say that our approach to this is through the organization of the elected people — the discussion and debate we're having right now in the Legislative Assembly, our view that these decisions should be made by the elected representatives. And from government's point of view, we have established within our caucus an economic affairs committee which is actively involved in looking at the various aspects of our economic planning, diversification, direction, and policy. We also have an economic planning committee of cabinet, chaired by the Provincial Treasurer. That is our approach and, in our judgment, much preferred over a formalized or rigid economic council or planning council. That has been our approach.

I want to conclude merely by saying that it is and it intentionally was always to be exactly what the name of the Act purports it to be: a savings trust fund for the future of this province.

Thank you.

MR. R. SPEAKER: Mr. Speaker, I would like to make three or four comments with regard to Bill 29. But first of all, in speaking generally to the Heritage Savings Trust Fund and its concept, I want to say that one of the concerns I have had — and I know members on our side of the House have had — is with regard to the interference or the effect the Heritage Savings Trust Fund could have not only on the private sector of Alberta but on social programs and volunteerism occurring across the province.

We had a discussion this morning with one hon. member of the Assembly with regard to preventive social services. The hon. member reviewed the matter historically. We both expressed concern about what was happening to volunteerism when the funds of government were funnelled into the communities and people were looking at the programs and saying, well, if we run this program, we can get more government funds; we don't have to do the work anymore because government can pay people to do the jobs. That means we'll have less participation by volunteers. With the funding and 55 per cent of our budget coming from resource revenue, that concern is certainly there.

With regard to the private sector, philosophically I want to say again that intervention within the private sector is very tempting when a government has a large amount of funds such as this at its fingertips. I think managing the funds must be handled very, very carefully,

so we don't have adverse effect on the private sector.

Looking at this Bill specifically, there are four comments. Number one is with regard to the Canada investment division. I would certainly support the idea of using more funds in that area, being able to invest and also take equity positions in various investments across Canada. I think two purposes can be fulfilled there. Certainly one is money at a reasonable rate to the other provinces in Canada to enhance their economy. Secondly, I think we should go beyond that particular purpose to looking at the money and the funding as a means of bringing about better Canadian unity.

I think it certainly lies with the leadership of the government in this province to look at means, methods, and devices by which we can bring about better association with the other provinces of Canada, bring about a feeling that we are not just the Texans of Canada, that we have funds and we'll give them to you if you need them. But we also have concerns about the human beings of other provinces, their social concerns, their economic future, and that we all belong to this one large entity called Canada. I think that is a difficult function. If we as Albertans at our time of opportunity can fulfil even a portion of that objective, we will have done some great things in Canada at the present time. I know all members of this Assembly most likely agree with that second objective I lay before us at this moment.

The second item I'd like to comment on is more specifically with regard to the Bill. The two new divisions being established: we would have some concern about the fact that no limits are being placed on the size. I'd appreciate if the Provincial Treasurer would comment on that. With regard to the energy division: we note in the Bill that they must list the investments there, but that in the commercial investment area, there is only a requirement for a summary of investments. We want to question why there is not a greater need for more detailed recording.

The overall objective of the fund is the fourth area on which I would like to comment. The Premier has touched on that with regard to diversification versus the concept of profit making. We have felt that the fund itself has a greater purpose than just maximizing the profit from the dollars being invested or the dollars being used not only in Alberta but in other parts of Canada. With this Bill, certainly there's a new image, a new thrust, in that there's higher risk in the areas of investment. There's possibly more profit from those kinds of investments. They are investments that may move away from individual Albertans into larger companies, companies that don't identify with the grass roots of the province of Alberta. Some of them were mentioned earlier by the Provincial Treasurer in the area of government securities, chartered banks, mortgages, and shares in investment trusts, mutual funds, merchant banks, and so on. That rather takes away the personal touch that can go along with the Heritage Savings Trust Fund in its goals, purposes, and utilization in the province of Alberta.

So we would certainly fear the profit motive becoming the number one priority, and certainly do not want to lose sight of the original concept and intent of diversification of the economy of Alberta. If we look back in *Hansard* of April 23, 1976, I think it's laid out there by the Premier that that was the most significant goal. I'd just like to quote one of the sections from the Premier's remarks, where he said:

... most significantly, the fund also has as a goal and an objective the very important need to strengthen and diversify the economy of this prov-

ince, as I have been saying publicly since 1965.

That doesn't only say it is a savings program, but it is a program of diversification. That objective is one that is paramount and should continue to be paramount.

So, Mr. Speaker, I guess we would only extend caution to the Provincial Treasurer that the profit motive within the fund does not become the main objective. We shouldn't lose sight of diversification, assisting the private sector of the province of Alberta, assisting the individual needs of Albertans, and showing concern for individual growth not only economically, but socially for other Canadians at the same time.

MR. KNAACK: Mr. Speaker, it's my pleasure to participate in second reading of Bill 29. Prior to commenting on specific amendments, I too have some comments on the remarks by the Member for Spirit River-Fairview and the hon. Member for Little Bow.

First of all, with respect to the comments of the Member for Spirit River-Fairview, I listened carefully in trying to get the gist of his comments. He mentioned that some members had sort of kidded him about his proposal being a somewhat extreme socialistic point of view. I tried to listen even more carefully to see if those members might have been right. The comments were that we should try to use the Heritage Savings Trust Fund to diversify the Alberta economy. I listened very carefully to see if there were any suggestions on how to diversify the Alberta economy. Shortly thereafter, the suggestion was made that we buy control and ownership of what, I suppose, are foreign-controlled corporations in Alberta and, in addition, directly enter into the ownership and control of corporations that exploit our resources. I understand that is the philosophy of the member's party, but I certainly can't support that. I don't think it's the answer to expanding and maintaining the prosperity of this province.

With respect to the question of diversification, I too have in front of me the preamble the Premier has already read, and I don't need to repeat it. I think the real point that's being missed is that the Heritage Savings Trust Fund has various components. One of the components is the Alberta investment division, which specifically sets out as a condition for investments that those investments, now with the amendment, strengthen or diversify the Alberta economy. But they must also have a reasonable return. So with respect to that division, there is no conflict.

I would imagine that if all the remarks in *Hansard* were read, the comments I made just now wouldn't be inconsistent with the Premier's remark in 1976. So the main purpose of the Heritage Savings Trust Fund is to be a savings fund, the income of which can be used to fund programs of the Alberta government when resource royalty revenues decline, and later on to use the capital for that purpose.

I'm very pleased with the amendments suggested today by the hon. Provincial Treasurer, particularly since they combine both a commitment to the private enterprise philosophy this government is noted for, and I think has become famous for throughout Canada, and responsible financial management. It has been the commitment of the Provincial Treasurer, recorded in *Hansard* today, that the intent of the fund when investing in equities is only to be a passive investor, much like a pension fund. Although the number wasn't mentioned, I hope it doesn't exceed 5 per cent in most cases, unless there are special circumstances involving the investment under the commercial

division.

The other aspect of investments in equities: even though the investments are in blue-chip stock, so to speak, the very fact that investments will take place — in equities there's a spinoff effect, and in fact it will provide as a pool a greater use of fund for the development of industry in Canada. With respect to the ability to invest in foreign equities, and here we're talking about only the ability to invest, there's no commitment or necessity to invest in foreign equities. I suspect that this opportunity must be available if we are committed, which we are, to maximizing the return of the fund. It's not always prudent to continually invest in the same place, especially when the fund is as large — it'll become a lot larger when we conclude our energy price negotiations — to be confined to one place. In fact we will miss our objective of maximizing our return if we confine our equity investments to only the Canadian market, since the impact of such a large fund will have almost a dominating influence on the equity and possibly the bond markets. So I think it's necessary, it's prudent, and it will be used in a prudent way.

Thank you.

MR. PAHL: Mr. Speaker, I just want to rise in support of the Provincial Treasurer's introduction of the amendments in Bill 29. I think the increase in the Canada investment division, as quite properly pointed out by the Member for Little Bow, will have a positive effect with respect to the question of national unity.

The provision for equity investment by the Heritage Savings Trust Fund is welcome, because I feel it no longer hobbles this important investment savings vehicle with the problems inherent in holding solely debt instruments in the uncertain economic climates we face today.

The comments by the hon. Premier with respect to focussing on operating budgets and the restraint necessary would be well summed up in Edmonton Mill Woods, I guess, by saying there's no point in planning a Cadillac future if you can afford to run only a Volkswagen. Hopefully we won't be at a Volkswagen, but I don't think we'll be at the Cadillac.

I would also support the concern of the hon. Member for Edmonton Whitemud about the amount of the equity in any one organization. I think it has to be passive to let market forces work and let decisions remain with the private sector with respect to return on investment. That's not to say that I think the government of Alberta, both now and in the future, cannot have a very important supportive role. I think we have some very exciting opportunities before us in joint ventures, particularly in the developing brain industry and the technology we're building in such areas as heavy oil and enhanced recovery.

In summation, I would be very supportive of these amendments, and I compliment the Provincial Treasurer for his initiative.

MR. D. ANDERSON: Mr. Speaker, I would like to speak very briefly in favor of the principle of this particular Bill. Before doing so, I would like to comment on some of the observations made by members in this Assembly prior to my rising.

The hon. Premier dealt very aptly, and much more eloquently than I'm capable of, with the comments of the hon. Member for Spirit River-Fairview. However, I would just like to underline one aspect of his presentation, and that is his suggestion, at least by implication,

that this government has not moved toward encouraging diversification through the Heritage Savings Trust Fund. As the hon. Premier mentioned, we have the capital projects division of the fund which has provided in a very significant way a facilitating force for developing alternative industries in the future.

In particular, the Premier initiated in this Assembly last year what I thought was one of the boldest and most innovative long-term moves by this government, or any, when he introduced the Alberta foundation for medical research. It's my personal belief that that kind of investment, underlined by investments in Kananaskis Provincial Park, in the cancer research facility, in the children's hospitals, and other investment forms taken by the capital projects division, will supply in a long-term kind of way the forces needed to develop a brain trust in the province of Alberta and, potentially, industries such as pharmaceuticals from the medical research foundation or the tourist industry from the Kananaskis Provincial Park which will eventually provide us with alternatives to our current dependence on the oil and gas industry.

I would like to say again that I see the goals of that particular fund as being dual: indeed, as the hon. Premier determined, the primary one being to save money and to have income for that day when, as a result of a decline of the natural resource area, we as a province will be unable to continue with the kinds of expenditures we're currently making; secondly, to provide that kind of diversification, or tool for diversification — and that's an important distinction, tool for diversification — rather than doing that which the private sector should be primarily involved with.

Mr. Speaker, with respect to this particular Bill, I'd like to congratulate the hon. Provincial Treasurer and the government for expanding the parameters of the fund at a time when it's grown to a point where we will require investments that will allow it to reach its maximum potential. In particular, I support very strongly the energy investment division which will help other parts of Canada as well as the province of Alberta to look at alternatives for the future and to develop that very important vehicle, energy, by which our society operates. As well, I very, very strongly support, to some extent for the same reasons the hon. Member for Little Bow outlined, the expansion of the Canadian investment division, where we moved from 15 to 20 per cent, in showing to our fellow provinces and our fellow citizens in this country that we are willing to assist, with the proviso that there's a reasonable return on investment, in the development of their provinces, and at a time when perhaps they have a need for investment which we may have had in the past or might have in the future.

The commercial investment division, too, I think is a responsible move, inasmuch as we now need to underscore that investment is required in areas which will give us a reasonable return on the money we have. The only proviso I would place there is with respect to the question of equity investments. I think that is perhaps one of the most fundamental decisions that's ever been made in this Legislature. I would just like to suggest that in coming months when the government is considering regulations with respect to the criteria and parameters with regard to how those funds will be invested, we very carefully consider the impact that the fund being used in that way will have on industry and on the long-term relationship between government and industry, which always has to be balanced in a very careful way so as not to interrupt the private market place.

I will speak in a bit more detail with regard to the specifics of the commercial investment division when we reach Committee of the Whole, Mr. Speaker. Today I would just like to stand in favor of the principle of the Bill as defined and again congratulate the hon. Provincial Treasurer on bringing this to the Assembly.

MR. MACK: Mr. Speaker, I too would like to comment briefly on Bill 29, perhaps from a somewhat different point of view, and that is directly related to the concept of stewardship and the mandate which the citizens of Alberta gave to us, largely because of the manner in which their interests had been attended to. I think it's important for us to address the awesome responsibility that flows with the large sum of money which, through good planning — very bold planning, I might say; planning for the future in establishing the Heritage Savings Trust Fund. I believe it weighs heavily to all elected members with regard to how we might address those ongoing responsibilities which flow with the matter of investing and achieving accrued interest for the citizens of Alberta in their maximum form.

So I too would like to commend the hon. Treasurer for not necessarily being satisfied to sit back and allow the thing to take its normal course without adequate and certainly innovative approaches to investment, and to capitalize on proven investment agencies and areas whereby in fact the fund can achieve the maximum growth and accrue maximum interest for the benefit of the purpose for which it is established; that is, for future Albertans.

Flowing with it as well is the necessity to have the sensitivity while the government is doing this so that we do not upset the strong equilibrium in the private sector that in fact has been the strength and backbone of the growth of our nation. I think that's imperative. Although the government should be sensitive to industries in those areas where the private sector cannot carry the burden of financing on its own, also it should be very, very sensitive in monitoring that it not upset the entrepreneurial areas of the private sector that have, I think, established a track record that certainly ought to be applauded.

With those few remarks, I support and commend the minister. I support the Bill and its concepts. I think it's very bold. I think it's very timely, Mr. Speaker, in that certainly we have reached a point in this fund where we need some new approaches, some very positive and innovative approaches, so that we are not in a minus position as time goes on and the fund grows, but we are very positive in approaching the responsibilities and the stewardship we have undertaken in a way that would enhance for Albertans these future benefits as well as the current broadening and diversifying of the economy within our province and, ultimately, in Canada.

Thank you.

MR. R. CLARK: Mr. Speaker, I would like to make some rather general comments with regard to the Bill presently before the committee. I apologize to the Provincial Treasurer for being out in the course of introduction of the Bill in second reading; such is the nature of the job on occasion. Certainly I agree with the comments by my colleague the Member for Little Bow, but would like to add three or four other points.

I stand in my place today, not questioning the sincerity of the Provincial Treasurer or the government when it talks in rather glowing terms about how it wants to protect the private sector or look after the legitimate

interests of the private sector in this province, because members on both sides of the House, at least almost all members on both sides of the House, are firmly committed to that particular concept. But I say to hon. members that despite the assurances we already have from the Provincial Treasurer, if this piece of legislation was taken by a government that didn't have the confidence I think most members in the Assembly have in the Provincial Treasurer, this piece of legislation could be used to buy out any corporation in Alberta or in Canada whose stock trades on the Canadian market.

The Provincial Treasurer shakes his head. But from reading the legislation . . . I'm sure we will have an opportunity to get into this in committee, but reference has been made by the Provincial Treasurer outside the House that the government will be bringing in regulations later on. Mr. Speaker, once again we find this Assembly in what I think is the ridiculous situation of giving tremendously broad, wide-sweeping investment powers to the Treasurer and Cabinet and then saying the framework will be worked out by regulation later on. I make it very clear to the Assembly that I don't question the Treasurer's sincerity, but frankly I question the wisdom of this Assembly in giving such a wide mandate to any government, regardless of who that government would be. A government could change in this province, come into office with a totally different philosophy, wouldn't have to introduce one more piece of legislation, and then pick off any business in this province it wanted to that traded on the market. Coming from this government, I find that kind of *carte blanche* legislation very surprising.

I'm not suggesting that two days after this legislation is passed the government is going to do that, but I must say that I become increasingly concerned when the Legislative Assembly itself continues to give tremendously wide powers to the executive arm of government. Wherever one sits in this Assembly, that must become an increasing concern to all of us. The more we pass this kind of tremendously broad legislation, so that as far as investments are concerned in this area the government will never have to come back to the Assembly again — Mr. Speaker, I want to go on record as saying I don't think that's the way a responsible Legislature should be conducting its affairs. To make it very clear, I'm not questioning the motivation of making the kinds of investments this Bill makes possible. But I ask a very basic question: if the government is only going to go to 5 per cent, which the Member for Edmonton Whitemud indicated, then let's put 5 per cent in the legislation. Let's not say the Cabinet is going to bring in some regulations several months from now. That isn't the way one drafts legislation in a reasoned manner.

I recognize this is a new area, but let's include the safeguards in the legislation; let's not, as a Legislature, regardless of where we sit, say we'll pass it on to the executive arm of government. As I say, if a government with a totally different philosophy came to office here in Alberta, they wouldn't have to change one piece of this legislation. They may have to change the regulations. I can feature Albertans wringing their hands, Conservative Albertans especially, if that kind of thing were to happen. Because the question would be asked: who were the characters involved who passed this legislation initially? I think some people would have to do some rather major accounting. Mr. Speaker, that was the first point I wanted to raise.

The second point I wanted to raise deals with the question of the function of the fund. There have been a

number of interpretations of the function of the fund, but I'd ask members this afternoon to think back for just a few moments to the development of the Department of Economic Development, when the former Deputy Premier headed that department right after the last election; with considerable fanfare, I would say. There was a great deal of flurry and expectation by a number of people that the second major function of the heritage fund was going to get a real move forward; that part dealing with strengthening and diversifying the economy of the province.

Since that period of time we've had a strange thing happen; that is, now the Premier and the government argue that oil sands plants, *in situ* plants, and petrochemicals are all diversification. The most charitable thing one can say is that we have an honest difference of opinion as to what diversification is. Frankly, I don't see that diversification. That's a difference of opinion we've explored many times in this Assembly. But the kind of difficulty many Albertans have — let me use a very down-home example. Within the last month the Alberta Opportunity Company has decided, for what I'm sure the company considers to be good financial reasons, to close out the Boyle alfalfa pelletizing plant, at a time when the plant appeared to have signs of getting its act together and being successful.

On one hand Albertans see that kind of thing happening and they say, look, that would be an investment, albeit a small investment, in diversification, strengthening the economy of Alberta. We're going to have hundreds of those kinds of examples across the province in areas that are difficult, and we're going to lose money in some areas. But if our agricultural processing portion of this province is to move ahead, I see the very down-home Boyle example as the kind of thing people in that community expect the Heritage Savings Trust Fund, in whatever form, to play a role in. In the Premier's comments today, and on other occasions in the House, I detect that the government's commitment to a broad strengthening and diversification of the Alberta economy, outside areas related to the resource industries, is waning somewhat, and I see that as a concern.

Mr. Speaker, the third and last point I want to make deals with the area of the Bill before us. I say to the government that I think the comments by my colleague the Member for Little Bow about making a contribution to Canada are extremely valid and very important. He put it far better than I can. But suffice it for me to make this suggestion to the Provincial Treasurer, because it falls upon the Provincial Treasurer and other senior ministers of government from time to time to speak outside of Alberta, not only about Alberta's legitimate grievances within Canada but also Alberta's aspirations as a province within Canada.

If I could be so bold to say to the Provincial Treasurer at second reading, I would suggest the government's speech writers do a kind of rewrite of the traditional Alberta speech that's given outside the province. As I see it the traditional Alberta speech really has two components. One is initially some broad, general comments about national unity and the role Alberta sees itself playing in that. I'd say that takes about 10 to 15 per cent of the time. The other 85 to 90 per cent of the time is spent emphasizing the grievances Alberta has within Confederation. Basically, I don't think there's any great argument as to what those grievances are. But, Mr. Treasurer, it seems to me we should condense that portion of the typical Alberta speech outside Alberta, give

that portion of the speech first, and attempt to emphasize far more what Alberta sees as the role Alberta is playing within Canada, and the kind of economic leadership role Alberta is prepared to give to the rest of Canada. I don't want to remake speeches made in the Assembly before, but I think it's an opportune time to see Alberta give economic leadership to the rest of Canada. We have the financial ability. I hope we're getting to the stage where we have the maturity to be able to do that, in a manner that's seeing us as giving economic leadership, not simply lending money to other provinces in Canada.

The real point I want to make — and I suggested it in a somewhat joking manner, but I'm very serious about it — is that I think we should place far more emphasis in the future on key speeches outside Alberta in talking about the kind of Canada that the government of Alberta and Albertans see, the kind of contribution that we as the energy basket for Canada can make in the Canada of the '80s and the '90s — not to de-emphasize the Alberta grievances within Confederation, but to play a much more positive and aggressive role in this question of economic leadership, because we have the economic capacity to do that.

Mr. Provincial Treasurer, I see a start in that direction in the energy division of this piece of legislation before us. I see that as being one of the positive aspects of the Bill. I hope that's an area where logically Alberta can take the initiative in making the kinds of investments outlined and made possible in the Bill, so that from the standpoint of self-sufficiency, energy-wise, as a nation — unfortunately I think we've missed the opportunity of reaching that goal of self-sufficiency by the end of the '80s. Perhaps we can still reach that, depending on how the discussions are going at this particular time. If we are to reach that goal of oil self-sufficiency by the end of the '80s, there are going to have to be some herculean accomplishments during the next short period of time, not only from the standpoint of agreements but getting projects onstream. To me, that seems to be a part not of Alberta giving anything away, but Alberta playing and being seen to be playing a far more positive role in the kind of long-term economic development of Canada.

My colleague from Little Bow made the comment earlier that it was Sir John A. Macdonald, way back when he was the first Prime Minister of Canada, who talked about a national policy for Canada. There never really has been an adequate statement of that, taking into consideration the western and maritime facts. I think Alberta has a chance to give that kind of leadership to the rest of Canada.

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

HON. MEMBERS: Agreed.

MR. HYNDMAN: Thanks very much, Mr. Speaker. My remarks in closing the debate will be brief. I want to thank all those members who have taken part in the debate. I will weigh carefully the observations made, and doubtless we will see a number of them explored in greater depth during committee study of the Bill.

I'd like to deal with three items brought forward that have not been dealt with in one way or another. A question was raised as to why there are no limits on the size of the energy investment division and the commercial investment division. Realizing that at the moment there are two divisions of the fund, the capital projects division

and the Canada investment division, which do have or will have, if this Bill goes through, 20 per cent limits each, I think we run the risk of putting the fund and the investment flexibility in a strait jacket if there are too many percentage parameters put around too many of the divisions in the fund. I think the extent to which there will be investments in the Alberta investment division, in the newly suggested energy investment division and commercial investment division, is at the moment very uncertain. Market conditions are uncertain; opportunities for Alberta and Canada in the months and years ahead are uncertain. So at best I would think that a suggestion of percentage limits is premature at this time.

The second comment I'd like to deal with is one which suggested the legislation should require a very detailed list of the investments made in any given year in the new commercial investment division. Mr. Speaker, I suggest that is impractical, because in effect that would reveal the investment strategy of the commercial investment division. That would inevitably lead to a lower yield by that division and by the fund as a whole.

There are very close-kept secrets in the investment community: the questions as to the internal strategy with respect to the amounts of various funds that will be invested in debt instruments versus equity or short-term versus long-term, the extent to which there will be investments in Canadian versus offshore corporations, the extent to which there is perhaps a mix between investments in basic resource industries, business companies, agricultural processing companies, or aerospace companies. If a detailed list of those investments were made available annually, others competing in the same market would be able to take advantage of that. The result would be a lower yield for the fund.

AN HON. MEMBER: It would be a year late.

MR. HYNDMAN: Well, the strategy is still very obvious to anyone who has sharpened his pencil in the investment community if he or she can, over a year or two or three years, see the mix of various investments that have been made under these sections. So we would be condemning the fund to a lower yield if that approach were taken.

On the latter question raised by the Leader of the Opposition with respect to the share purchase powers, I think it should be noted that it would not be possible to do what he suggested was a real danger; that is, the possibility of having a majority interest of all the companies in the province suddenly purchased by the government. It should be noted in the Act that purchases of the securities or shares of companies are limited only to those authorized under the Canadian and British Insurance Companies Act. In fact that act is quite restrictive when it comes to setting forth the parameters of investments that can be made. Requirements with respect to a list of dividends having been paid over a certain number of years and things like that mean that, in effect, there's a very significant number of restrictions. It would not be possible suddenly to have shares on a massive scale in a controlling way of large numbers of private and public companies in Alberta being purchased.

MR. R. CLARK: If you meet those criteria?

MR. HYNDMAN: If the criteria were met, that would be possible. But if the hon. gentleman looked at all the private and public companies of the province, he would find the vast majority do not yet — they may at some

future time — fit within the category of the Canada and British Insurance Companies Act. However, I expect that's an issue which should properly be explored further in committee.

Those are the comments I have at the moment, Mr. Speaker. I would commend the Bill to the Assembly for second reading, and look forward to further discussion of these and related issues in committee study.

[Motion carried; Bill 29 read a second time]

### **Bill 31 The Financial Administration Amendment Act, 1980**

MR. HYNDMAN: Mr. Speaker, I move second reading of Bill 31, The Financial Administration Amendment Act, 1980. The basic purpose of this Bill is to permit a wider range of investments by the constituent elements of the General Revenue Fund, by diversifying and thereby keeping the yield or return of these invested moneys as high as possible. In that sense, the proposals here parallel those amendments which have just been discussed with respect to Bill 29, with the exception of course of power to invest in equities, which has been with the General Revenue Fund for many years. The changes here really expand the investment powers of the General Revenue Fund into the areas of direct mortgage lending, the possible purchase of units of mutual funds, and the purchase of treasury bills of selected foreign governments and loan companies. Those are similar to the items in the Heritage Savings Trust Fund Bill. The government has an obligation to maintain a good return. This will mean that is possible.

As well as that, there are two amendments of note. One deletes the Auditor General's responsibility for the audit of housing authorities. Housing authorities are defined under The Alberta Housing Act. He has requested that amendment. The government agrees. Therefore, in the future the audits will be carried forward as they have been in the past, by private auditing firms. One other amendment deletes the section which, in the past, has given the Treasurer the power to dictate the investment activity of a depositor in the Consolidated Cash Investment Trust Fund. It's felt that that overriding power is not necessary any longer. Other parts of the Bill simplify, clarify, and streamline the Act.

[Motion carried; Bill 31 read a second time]

### **Bill 41 The Alberta Corporate Income Tax Act**

MR. HYNDMAN: Mr. Speaker, I move second reading of Bill 41, The Alberta Corporate Income Tax Act.

Mr. Speaker, this Bill in effect brings into being the new Alberta business incentive tax system. The elements of that tax system were made public on March 7 in a news release in which I indicated and outlined the rationale for the approach, which has been undergoing development over the course of the last four years. I see no need to restate those basic elements, other than to say that as has been the case with Ontario and the province of Quebec for a number of decades, by this Bill we would in effect acquire control over our own provincial corporate destiny. We would be able to have as one of the basic levers for economic diversification this very crucial tool of control over our own corporate tax Act.

Mr. Speaker, I would stress that although the Bill is on first view somewhat thick, it in fact does not contain very much new material. Fully 99 per cent of this Bill simply brings to Alberta the administration and collection of the existing Alberta corporate tax, without changes, effective January 1, 1981. We felt it was important to let the fact of the Bill becoming domiciled here in Alberta — to have it settle in for a year, as it were, before making any changes; to therefore bring the Bill here simply in its present form. Accordingly, the provisions of the Bill and 99 per cent of the parts of it simply transfer to Alberta, without change, the corporate tax system in respect of which all the corporations in the province have been dealing in their essence over the past 5, 10, 15 years.

There will be two stages, therefore, with respect to the implementation of this Bill. Stage one, as I have just described, brings it here with virtually no change. Stage two will occur in 1982 and later years when special tax incentives and measures will be brought forward. During the summer and fall of this year the caucus committee on business taxation and tax incentives, under the chairmanship of the Member for Edmonton Whitemud, will be seeking and hopefully securing ideas from businessmen and others in the province for special incentives. Those will be considered by the government over the forthcoming winter, and may be proposed to the Assembly in 1982 and later years as special incentives.

One of the goals with respect to this Act and its administration will be to simplify as much as possible the preparation and filing of returns. We want to bring it forward on the basis of maintaining a basic harmony with the national taxation system at all times. However, the modifications which should be brought to the attention of the Assembly, which are different than the existing corporate tax regime, are twofold. Firstly, in Part 6 technical amendments to the administration of the Alberta royalty tax credit will be found. The amendments there again relate not to the essential tax system we've seen, but to the administration of the Alberta royalty tax credit. They are changes, but with respect to administration only.

Secondly, Part 5, Division 4, puts into effect the Alberta rental investment incentive tax program, which was announced on April 30 in the House as part of a package of eight housing proposals. That is brought forward as a corporate tax credit.

I suggest, Mr. Speaker, on the basis of those comments, that if there were ever any doubts about the necessity or the need for this tax Act to be brought home to Alberta, events have certainly shown that they were fully justified. Because when we first brought forward the Alberta rental investment incentive tax program, which in a way is an attempt to emulate the very successful federal program of the capital cost allowance with respect to multiple unit residential buildings that was cancelled some months ago, we asked the federal government whether they would administer this new corporate tax provincially for us. They have now confirmed, as of late last week, that they will not do so. Accordingly, we would have been left with no opportunity and no way to put into effect a corporate tax credit of the kind proposed — which will put into the Alberta investment stream \$35 million of benefits this year, which could stimulate up to \$700 million worth of construction — if we did not have an Act of this kind. Therefore, I think that's one example of the policies reflecting Alberta's needs and future which we can now make with this Act back in the province of Alberta.

As a final comment, Mr. Speaker, I would mention

that I did send a memo to the members of the Assembly about a week ago indicating that if they had any special questions or comments regarding this very, very complex income tax Bill, in order to assist them in committee study, which will be a few days down the road, I'd be happy to look forward to receiving some of those questions in advance so that I can answer them intelligently. I urge second reading of the Bill.

MR. R. CLARK: Mr. Speaker, in taking part in second reading of the Bill, it is the intention of my colleagues and I to support the Bill in second reading. I think the point made by the Provincial Treasurer as far as giving Alberta the taxing flexibility to meet the needs of the province during the 1980s is valid, and reasoned ground to support the legislation.

After having said that, Mr. Speaker, to the Provincial Treasurer, it seems to me that it becomes incumbent upon the government of Alberta to see that a number of situations do not develop. I would say that the first of those situations is to look at the question of the overall paperwork burden on the community we're trying to help. I noted that the Provincial Treasurer used the term "to simplify". In my judgment, there's going to have to be a great deal of simplification to convince people in the small business community that filling out two forms is simpler than one.

The best information I've been able to get is that it will take a maximum of \$200 worth of accounting services to prepare a corporate tax return for a small business. Having to do two sets of returns will double the paperwork for small business. To offset the \$200 cost of this double paperwork, the government will have to reduce the small business taxable income by some \$4,000. If the deductions are not forthcoming, the imposition of a separate corporate tax system will end up costing small business more than they currently have to pay in preparing the one set of forms.

Let's recognize that clearly from the outset. That's what we're talking about. Members who have sat down with representatives of the various small business groups that meet with MLAs on both sides of the House — one of the items raised most often with us is the question of the tremendous overburden of paperwork that small business faces. Mr. Minister, I've written down the words "to simplify". I think it will be a great challenge to the Provincial Treasurer, his accounting colleague the Minister of Federal and Intergovernmental Affairs, and the chairman of the committee to convince small business people in the province that in fact it's going to be simpler to complete two forms than to complete one. I raise the matter because I think it's just another problem the small business community must face. So I assume from the fact that the government is moving ahead with this legislation that in the future we will see changes of sufficient magnitude to make it possible for small business people to at least stay even, let alone fall behind.

Secondly, Mr. Speaker, I'd like to raise the question of returning to the tax jungle situation we had in Canada years ago. I said at the outset that I plan to support the legislation. But in saying that, we will now have three provinces that will be collecting their own provincial income tax corporately. The moves being taken by various provinces in this direction should be of some very real concern to the federal government. Because if my recollection of history is accurate, after World War 11 steps were made to get out of the tax jungle we had on a national basis at that time. I raise this matter because

we'll be the third province — but I'm sure other provinces, especially western provinces, will carefully watch the success we have in this particular area.

The third point I want to raise is more of a question to the Provincial Treasurer than a point to be made. That is, when one reads through the legislation, to understand it with any degree of assurance at all one has to have the federal Act at hand, the regulations, and also the interpretations the federal income tax people have. My question to the Treasurer would be this: have there been assurances from the federal government again that when they are to make changes in their federal corporate income tax legislation there can be a reasonable expectation on Alberta's behalf that there will be prior consultation? Then a second interesting area becomes this whole area of interpretations the federal income tax people have on a rather ongoing basis, as I understand it. Will it be the position of Alberta that in fact those basic federal interpretations will apply for the collection of the corporate income tax in Alberta, or will we start a whole new area of not federal interpretations as it applies to provincial income tax, but provincial interpretations of the whole question of corporate income tax collection and a precedent being established here in the province of Alberta?

Mr. Minister, that logically leads to the next question. Is that why we're going to need four floors in the Administration Building up the hill here — to house the number of people. The other day in estimates the Minister of Housing and Public Works indicated that about half the Administration Building will be needed to house the people the province will be taking on in this particular area.

The last question I have for the minister in second reading, Mr. Speaker. I note in Section 55(1) of the Bill that from the standpoint of administration:

The Treasurer shall administer and enforce this Act and control and supervise all persons employed to carry out or enforce this Act.

Why is this piece of legislation not subject to the provision of The Public Service Act, and why is it not designated as a division of the Treasury Department, as opposed to the terminology used in that particular section of the Act?

MR. KNAAK: Mr. Speaker, it's my pleasure to rise to speak on second reading of Bill 41. As chairman of the tax and tax incentive committee, I could just point out for clarification that we now have and are in the process of placing advertisements to request submissions from the public on suggestions to achieve the particular goals the tax incentive system is supposed to accomplish. These suggestions are requested to be in by September 1, in writing, and if clarification is necessary the committee will request a formal presentation at a hearing either in Edmonton or in Calgary. In fact the committee will be in both cities in September.

The second matter I want to raise concerns the question — and the reason I ask the question of the hon. Provincial Treasurer is that the question of incentives to business, especially when we talk about venture capital incentive, is the fact that tax deductions against personal income can be one of the largest incentives to take risks. The problem that was just enunciated, with the federal government not being prepared to administer the capital cost allowance deduction against personal income, has created a problem. The intent was to create a personal tax credit to stimulate multiple residential housing. Mr.

Speaker, the question is whether the minister has considered bringing the personal income tax under the administration of the Alberta government, and if so, whether to date an assessment has been made of the cost and the practicality of such a move.

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

HON. MEMBERS: Agreed.

MR. HYNDMAN: Mr. Speaker, very briefly. I'd prefer to answer the questions posed by the Leader of the Opposition, which I think are legitimate ones, during committee study because they give rise to thoughtful questions. I have to do some research on one in particular.

With regard to the question just posed by the Member for Edmonton Whitemud, I can say that at the moment there's certainly no intention of bringing the personal income tax regime to the province of Alberta. We have not given any thought to that, so I don't have any figures, suggestions, or ballpark estimates with respect to cost. There's certainly no intention of doing that at this time. The corporate income tax system, which is evidenced by the need to have a vehicle to put into effect the Alberta incentive investment credit, is where we're moving at the moment. On that basis, I would recommend second reading of the Bill to the Assembly.

[Motion carried; Bill 41 read a second time]

#### **Bill 42 The Alberta Income Tax Amendment Act, 1980**

MR. HYNDMAN: Mr. Speaker, this is the fourth and last of the quartet of Bills it has been my pleasure to inflict upon the Assembly this afternoon. I move second reading of Bill 42, The Alberta Income Tax Amendment Act, 1980.

I point out that in substance this Bill is consequential to Bill 41, The Alberta Corporate Income Tax Act, in respect of which debate has just ensued. The provisions of Bill 42 reflect the transition essentially from the existing situation, where both the corporate tax regime and the personal tax regime are administered by the federal government, through the new system where, effective January 1, 1981, Alberta will administer its own corporate income tax, leaving the federal government with the Alberta personal income tax regime for the foreseeable future.

As well, I would bring to the attention of the Assembly that Bill 42 responds to a recent federal government amendment which had the effect of raising the tax for Alberta professional corporations for 1980 over what they paid in 1979. This Bill maintains that past tax rate, which was 5 per cent, for 1980, and in effect cancels the federal increase in tax which recently took place by an initiative of the federal government. Therefore, the effect of this Bill will be to maintain for professional corporations in the province a tax rate which will be the same in 1980 as it was in 1979.

I would point out to the Assembly that an amendment will be introduced in committee to delete totally from Bill 42 Section 6, on pages 3, 4, and 5. That is necessary because of the federal government's refusal to administer the Alberta rental investment program. We do not have a

tax credit vehicle. Therefore, in order to make that program available to individuals, and accordingly for individuals, because we feel they should have the opportunity to participate in the Alberta rental investment incentive program, an individual rebate approach administered through Housing and Public Works will be devised and announced very shortly. In respect of benefits, it will parallel the same opportunities available for corporations under the corporate tax Act. I commend this Bill to the Assembly for second reading.

MR. ZAOZIRNY: Mr. Speaker, in addressing second reading of this Bill, I'd appreciate if the minister could elaborate on the treatment of professional corporations subsequent to 1980. As I understand his earlier comments, the Bill deals with a treatment in 1980 comparable to that which occurred in 1979, but if the minister could advise as to the government's intention in successive years after 1980, I'd be most appreciative of his remarks.

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

HON. MEMBERS: Agreed.

MR. HYNDMAN: Mr. Speaker, in respect of the point just made. I guess the future is difficult to predict, particularly with regard to what the federal government might do in the latter parts of this year or the latter parts of this decade. In recent months the federal government acted in effect to increase the tax on professional corporations for the 1980 taxation year from 5 per cent to 11 per cent. By a provision of this Bill, we have moved to have that tax situation remain the same as it was in 1979. I think we would endeavor to see that that philosophy continues. However, if the federal government moves in ways in respect of which it's impossible to introduce a counterbalance, we may have difficulties. But we would like to see the same continuing benefit for professional corporations available in 1980 and continuing years, as was available in 1979, and we'd take all reasonable steps in future to ensure that that goal is achieved.

[Motion carried; Bill 42 read a second time]

**Bill 28**  
**The Alberta Health Facilities**  
**Review Committee Amendment Act, 1980**

MRS. CHICHAK: Mr. Speaker, I beg leave to move second reading of Bill 28, The Alberta Health Facilities Review Committee Amendment Act, 1980.

The purpose of the Bill and its amendments is to provide the committee with such legislative tools as are necessary for the committee to carry out an expansion of visits to health care facilities, and to enable it to carry out in an efficient and effective manner its investigations with respect to complaints. The changes in the Bill provide the ability for the committee properly and effectively to form itself into subcommittees to carry out the various investigative roles. It expands the legislation to enable the minister to provide the committee with such additional personnel as may be necessary to effectively assist the committee in carrying out its investigative role.

As well, a couple of sections of the current legislation are being repealed and replaced by legislation that will remove the existing impediments which create difficulty for the committee to deal effectively and expeditiously

with respect to the investigation of complaints. The amendments provide as well a clarification of the areas where the committee may have access to records and the nature of records within the facilities, whether it is carrying out its role in an investigative manner following complaints, or simply in general visitation and inspection to see whether the health care services provided are at a level and in a manner consistent with the policies of the government.

Another feature of the Bill of course, as I have indicated, is that it simplifies the investigation procedures the committee previously had to follow. They were rather cumbersome, more time consuming, somewhat inefficient, and created some difficulties. If passed, the legislation will simplify all those procedures to carry out the intent of the committee's role. The other feature is that the Act will now bind the Crown, which was not in the previous legislation.

MR. NOTLEY: Mr. Speaker, I would put several questions to the hon. member sponsoring the Bill. I just got in a few moments ago, and if she has covered this in second reading, I'll certainly apologize and read it in *Hansard*. Nevertheless, I'll just summarize those questions.

First of all, Mr. Speaker, these questions relate to the principle of the Bill. I would just reaffirm my view that there should be appeal to the Ombudsman's office. But setting that argument aside for a moment, what is the position of the legislation now and the operation of the review committee with respect to financial records of the companies concerned? Is it the intention of the government to make any change with respect to financial records? I think that's important, because when the committee reviews health facilities, it's not unreasonable that they should have an opportunity to have access to the records.

Mr. Speaker, the question also of the general secrecy of information provided to the committee. We have reports by the committee periodically, but as I understand it, the information from the review of the health facilities in question is kept confidential to the committee. It seems to me that one of the things we have to examine in addressing this question of the review of health facilities in the province is to be able to ensure the public that the investigation has in fact been carried on comprehensively and properly enough and that the complaint has been fully investigated. It seems to me that in the absence of at least some information relating to it, we're not going to be able to get that assurance.

Mr. Speaker, the other question of course is the one I really raised when I rose to speak. In fairness to the member, perhaps she'll be able to answer in time to get this Bill through second reading before the time elapses. But that is the question of appeal to the Ombudsman. That's just basically a statement. I think that regardless of whether it's this committee or the other Bill we dealt with already in second reading, there should be appeal to the Ombudsman's office.

DR. PAPROSKI: Mr. Speaker, I'd just like to make one or two comments on this particular Bill and still give the member an opportunity to close debate, I'm sure, if no other members are speaking. I think it's a very important committee. It certainly coincides with the social services health review committee, as I understand this committee is the health care review committee. The question I'd like to ask, and maybe the hon. member could refresh our memories in the Legislature and the citizens out there:

what ultimate action can this committee take if a correction is not made after the review is made?

Thank you, Mr. Speaker.

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

HON. MEMBERS: Agreed.

MRS. CHICHAK: Mr. Speaker, within the time allotted I'll attempt very briefly to answer all three questions posed. With respect to the question of the hon. Member for Spirit River-Fairview on the Ombudsman, I think the position of the government has been made known. At this time in any event, to my knowledge it is not the intention of the government to expand the role of the Ombudsman into the area of contract nursing homes and areas that are now within its jurisdiction.

With regard to financial records and the access the committee may have, the role of the committee is not to look into the private business financial records of a contract facility. However, the financial records of residents within a facility on the authority of such a resident are available to the committee if that is a matter of question and complaint. The financial business records of a contract facility are a matter of policy and are not currently under the legislation, nor has that direction been indicated to me at this time.

With regard to the hon. Member for Edmonton Kingsway and his question on what the committee may do when it carries out its investigating role, I would just like to say that the committee has found in its experience in investigating complaints that in a majority of cases there has been co-operation in the resolution of the problems. Where the committee has found that co-operation was lacking or the nature of the problem was such that it required some other agency to have attention to it, the committee refers such matters to the minister for his action.

On another date, in committee stage perhaps, I could expand a little on the questions that were posed, if the members will agree to that, so we might have second reading today. I can expand on these matters when we are in committee.

MR. SPEAKER: Do hon. members wish to paralyze the clock so I may put this question?

HON. MEMBERS: Agreed.

[Motion carried; Bill 28 read a second time]

MR. CRAWFORD: Mr. Speaker, I think it only remains to declare that we'll resume at 8 o'clock in Committee of Supply.

MR. SPEAKER: Do hon. members agree that when they reassemble at 8 o'clock they will be in Committee of Supply?

HON. MEMBERS: Agreed.

[The House recessed at 5:31 p.m.]

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

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

[Mr. Appleby in the Chair]

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

### **Executive Council**

#### **Vote 6 — Natural Sciences and Engineering Research**

MR. CHAIRMAN: Would the hon. Member for Calgary McKnight wish to make some remarks?

MR. MUSGREAVE: Thank you, Mr. Chairman. I'd like to make a few very brief remarks. In requesting approval for the budget of \$11,561,000, I'd like to point out to hon. members of the Assembly that we've introduced a new budget system this year. Our past accounting system required that we run two types of accounting systems. One was to look after the estimates that are approved yearly; the other system was to look after our contract revenues and expenses. In the past it was most difficult for us to move funds from one category to another without going through the hoops that were provided for us by Treasury.

I should point out to hon. members that the expenditures of the Research Council were approximately double the money in the estimates. The extra revenues come from contract work for other government departments and agencies, and private industry. The growth in the amount of contract research as well as client requirements for special expense information have created a need for a different system of financing for the council. Members will know that approval was given by the priorities committee of the Executive Council, on the recommendation of Treasury, that funding of research should be on a grant basis. Our estimated budget for 1980-81 is \$11,561,000; our estimated contract work is \$12,465,000. So our budget in effect will amount to \$24,000,000.

Our budget is established on a zero-base system where each research project is the basic planning unit. For budget purposes within the Research Council, the provincial grant is combined with contract revenues. Expense control is focused on the project research activity rather than on individual expense projections.

Mr. Chairman, this new budget is based on the first year of the five-year plan, which was approved by cabinet and distributed to all members of the Legislature. This budget reflects the main objectives of the plan, which are: oil sands and heavy oils research, coal research, increased service to industry, and new programs in frontier sciences. It will see the support staff of the ARC growing from the present 444 people to 555 by the end of March 1981. Our forming acting director is in charge of developing our interim facilities. As the members know, we've acquired our new site. We are now working on a conceptual plan for the area. We hope that engineers and architects — while we certainly need input from other parts of Canada, it's our hope that the talent in developing this new centre will be Alberta-grown and Alberta companies.

Mr. Chairman, if any members have questions, I would be pleased to answer them.

MR. NOTLEY: Mr. Chairman, by way of opening remarks. I'd like to make a couple of observations about projects and ask for the member's comments. Then I'd

like to deal with a number of questions on the issue of safety for the scientists working at the Alberta Research Council.

Mr. Chairman, last week members of the House were given an opportunity to visit the Clover Bar facility, and I think one can honestly say it's quite an impressive operation. I would raise a question not with respect to some of the major oil sands research, that has been given a good deal of prominence, but ask the member in charge of the Research Council perhaps to bring the people of Alberta, through this committee, as publicly up to date as he can on research into the Clear Hills iron ore deposits. I raise that, Mr. Chairman, because it seems to me that one of the quite exciting long-term possibilities for northwestern Alberta is the development of a viable steel industry that's not only important from the vantage point of supplying the rest of the province and picking up what has been essentially a market for scrap metal, but is expanding.

With major pipeline construction in the north of the continent, it would seem to me that we might in fact be at the point where we have a coming together of technical breakthroughs as a consequence of work undertaken by the Research Council on one hand and the economics on the other. I know certain information was given to the MLAs, Mr. Chairman, but I think this committee would be the place where additional public information that the member in charge of the Research Council could make available should in fact be made available this evening.

Mr. Chairman, yesterday and today in question period, there were questions on the issue of the safety of employees at the Alberta Research Council. I look back over the Blues from yesterday, and the member indicated he was going to look into this matter. Again today in the question period, he indicated he was going to get a full report. It would seem to me, Mr. Chairman, looking over the questions yesterday, particularly with respect to any files we have on the five people who have been identified — not by name, but as having possible medical problems as a consequence of the work — that perhaps we might have some information tonight from the hon. member in charge of the Research Council, on what steps have been taken to ascertain the extent of any hazards, as a consequence of work, to people employed at the Research Council.

Mr. Chairman, yesterday as well, the Leader of the Opposition asked the hon. Minister responsible for Workers' Health, Safety and Compensation general questions with respect to steps by that department. I suggest to the hon. member and the Research Council that it would strike me that one of the obligations of the Research Council would not only be at least to equal the standards of other people in the industry as defined by the Department of Workers' Health, Safety and Compensation, but in fact to set as good an example as possible about not only adequate standards but the highest possible standards when it comes to the safety of people employed at the Research Council. So it seems to me, Mr. Chairman, that it's not just a question of are we complying with laws that have recently been enacted, but to what extent are we going to move forward and lead, if you like, as the Alberta Research Council in terms of setting out standards and conditions for people working in that facility which can set an example for the private sector.

The hon. member is well aware of the concern that is widespread throughout certain types of industry. The petrochemical industry is an excellent example of the impact of toxic chemicals, and what have you, on the long-term

health of workers. Yesterday in the estimates we talked about shifting workers' compensation from an emphasis on looking after the casualties to one of prevention. Well, Mr. Chairman, it seems to me the Research Council has a very important responsibility in setting a pace, if you like, for the private sector on that question.

Mr. Chairman, it's come to my attention that there have been some problems with respect to the operation of various difficult and dangerous types of assignments at the Research Council. All of us are well aware that when you're working with chemicals, you're often working under difficult conditions. I certainly am no chemist, but it does seem to me that some of the information I have had brought to my attention — and I'd just outline these for the hon. member and ask him to advise specifically whether this information is correct. For example, about a month ago, when the toxic chemicals were removed by truck, in fact, the bomb squad had to be brought in. It was a serious enough situation that there was indeed some serious risk in the removal of these chemicals. My understanding is that we were looking at perchlorates, which have a very, very explosive quantity. While experiments conducted by the Research Council are obviously going to deal in dangerous and toxic chemicals, in my judgment it adds up to ensuring that we not only have the physical conditions which will allow those experiments to be carried on safely, but that we also have in place an adequate program to ensure that the people doing the experiments have their health and safety protected.

Mr. Chairman, it has also come to my attention that over the years, the Research Council has had some difficulties with its general accounting department, and I raised this in question period today. But rather than the improvement the hon. member indicated today in the question period, it's my advice that things have in fact gotten worse; that in the last six or eight months, instead of improving what was a rather lamentable situation, we've gone from bad to worse. I would be interested in any response the minister has on that particular question.

It's also my understanding, Mr. Chairman, that the present facility at the University of Alberta is going to be scheduled for demolition in approximately five years, but that it is seriously inadequate at its present level of use, that consideration had been given some time ago to major renovations at a cost of some \$6 million, but at this stage the renovations are not proceeding. I put that to the hon. member, because it seems to me that before we vote the estimates, we have to have a pretty clear indication that we're going to be making funds available to have adequate facilities for a safe workplace.

Mr. Chairman, I have just one other question, with respect to a former chief draftsman of the Alberta Research Council, considered one of the finest cartographers in the province, who has resigned and gone into a private consulting business as a consequence of morale in the department, which I understand is not very high at the moment. That's fair enough. This is no criticism of that individual gentleman. But the criticism is whether, from a management point of view, through the budget of the Research Council, we are not paying a good deal more in employing this particular gentleman's talents through his consulting firm, which I gather we are doing on a regular basis at a somewhat higher cost.

Mr. Chairman, that leads me to raise the question of whether the morale difficulties at the Research Council and the obvious need to find better physical facilities, can be laid totally at the doorstep of the administration. I

would say to the member in charge of the Research Council that it would not be entirely fair at all to blame the new president, Dr. Cloutier, for the situation. I realize it's an inherited situation. I also understand that steps are now under way to improve the situation. But while we can't lay the responsibility for some of the problems exclusively at the doorstep of Dr. Cloutier, it seems to me we can quite properly lay most of those difficulties at the doorstep of this government.

Through the former minister Mr. Dowling, and before him the former minister in charge of the Research Council between 1971 and 1975, we've now had nine years of leadership by this government. It would appear to me, from the information I have received, that the Alberta Research Council is not operating at full capacity for a number of multifaceted reasons, essentially coming down to bad morale as a consequence of poor facilities and, I think, the feeling among some of the people working there that there hasn't been adequate funding of the Research Council, even though I would certainly admit that we have a substantial increase this year.

Mr. Chairman, those are some of the general points and questions I would put to the hon. member, and I invite his response.

MR. R. SPEAKER: Mr. Chairman, to the hon. member responsible for the Research Council. I'd like to focus as well on the issues raised in the Legislature today, specifically with regard to our concern about the health conditions and health checks of individuals in the Research Council who have dealt with toxic chemicals. The member was not able to clarify what checks have been made. Will these individuals be given special attention? Will there be a check of their records? Will there be a check of their present health? Will all concern be shown to them at the present time? That's the first point I think the hon. member should answer for this Assembly and to our satisfaction.

The second thing that concerned us — and the hon. Member for Spirit River-Fairview has raised it very well — is the accounting procedures. In observing this, we have said that the Research Council has been the responsibility of this government for a number of years. We find that nine companies have decided to stop doing business with the Research Council because of non-payment or overpayments and other kinds of mismanagement going on. We find that a large sum of money has not been accounted for. We're concerned about that, and I think the hon. member should answer that in the House.

I'd like to relate those two specific items to a different subject than has been raised to this point in time; that is, the member's responsibility for the Research Council. What does he see as his role as the member responsible for the Research Council? How he is answerable? How does he relate to the policy formation of the council? How does he relate to the administration of the council — day to day, month to month, year to year — in his responsibility? How much time does he spend with the council? Is he performing other functions in government besides this, or is his whole focus of attention on the Research Council when he is acting outside his legislative responsibilities in this Assembly or his constituency responsibilities?

Mr. Chairman. I think it's vital that we know what that role is in the member's mind, so we can assess whether the role as he comprehends it can take the responsibility — and, I feel, should be taking the responsibility — for

what's going on in the Research Council, day to day, year to year, or whatever.

MR. PAHL: Thank you, Mr. Chairman. I felt it worth while to rise in my place, because it seems it's sort of the day to knock the Research Council. I think that's an injustice to the very hard working and capable people there. It's pretty easy to forget that over the years that organization has done and is continuing to do outstanding geological and geophysical work in terms of surficial geology. They have outstanding river engineering technology. They have world-scale service to the oil industry, in testing oil sands from across the world. They have ground water technology comparable to none. I think it's also worth bearing in mind that they were the people who unlocked the key to our oil sands, and are continuing to do outstanding research in that field. It would be an injustice if that record was not brought to the fore in the current climate of knocking the Research Council.

I would ask the member responsible for the Research Council if he has any information to indicate that the safety record — and I assume the Research Council makes some contribution or assessment to workers' compensation payments — would be any different or would be comparable to any others in the field. If there is a variance, I think we could then say there's some reason for concern.

The other point I would like to raise, Mr. Chairman, is with respect to the problems the Research Council may have with accounting. I wonder if the member responsible for the Research Council could provide us with some insight into the number of contracts the Research Council has, the variety of organizations and the variety of different accounting requirements the Research Council would have with a very extensive variety of research agreements, some being turnkey, some being joint ventures, some using the resources and equipment of their clients. I would like to have some comment on whether this might account for some of the criticisms of the council currently in vogue. I also wonder if the member responsible for the Research Council might assure this Assembly that in their new facilities, which will be adjacent to the Edmonton Research and Development Park, concerns with respect to safe working conditions will be factored into the conceptual plans at an early date.

Thank you.

MR. MUSGREAVE: Mr. Chairman, I'll try to answer the questions of the members of the opposition. First of all, the Clear Hills iron ore deposit. We are engaged right now in a program of evaluation of this particular reservoir of iron ore with an engineering company that is evaluating the process and the type of project that could be developed in that area. We have a joint contract with them. It is partly American and partly Canadian, with Canadian control, and we have the right to purchase the entire process and operation if we wish. I cannot give you more information than that at the present time, because we are evaluating whether an ongoing large-scale pilot plant or proposal should be proceeded with.

Dealing with some of the other questions that came up. They talk about five people who were identified as having health problems. It would be very helpful if these five people were known to the chairman. Perhaps I would then be able to investigate more fully. I know about five people only by innuendo. I would point out that we have 444 people on staff. And while five people may be suffering ill effects of working there, it would be helpful if I was

conscious of their names.

As far as bringing to the Chamber information that was asked of me in the last two days, I am meeting with my officials tomorrow morning, and I anticipate having a comprehensive answer to all the questions raised in the last couple of days.

The hon. Member for Spirit River-Fairview suggests that we should be the leaders. I don't quarrel with that. I wouldn't want him to go away with the impression that we're making a minimum compliance with the standards. That's not the case at all. Whether we should set the pace, I don't know. I think our facilities should be safe and adequate, the kind of environment that's going to attract good people. One of the problems is that research and development is very topical these days. Everybody thinks we should spend huge amounts of money. Talk to any president of any university in the country, talk to any president of any oil company in the country — just this evening we were talking to some people from Shell Oil — and one of the greatest difficulties facing the western world, particularly us in Alberta, is getting good people. So obviously we have to have good conditions for them to work in, or they won't come to work for us.

I'm glad the member mentioned the perchlorates. This was a build-up over several years. We've adopted a comprehensive safety program. We endorsed this program only a few weeks ago at a full meeting of the Research Council. The particular individual was allocated his task two years ago. During that period, he has worked out a comprehensive program which will be ongoing and will, we hope, answer many of the questions raised in the last couple of days.

As far as the accounting department, I was able to read the Auditor General's report, and I note a lot of accounting deficiencies, not only in the Research Council but in several areas. However, we did move on it. Since we received our report early this year, we've hired a chartered accountant to head our accounting system. We have two registered industrial accountants working with him. We have five additional accounting clerks, and right now we're advertising for four more. I'm not suggesting we're going to turn the whole system around in a few weeks' time, but to suggest we're doing nothing, I find hard to accept.

On the matter of the \$6 million expenditure on the campus building, I don't know where that figure came from. I would be pleased if the hon. Member for Spirit River-Fairview would be more definitive in using that, because while I've been on the Council, I'm not aware of our spending anything like \$6 million on the campus building.

On the matter of the draftsman. Yes, one left; yes, he is doing work for us; obviously he wouldn't be doing work for us if he wasn't competent. My understanding — and I must confess that I come from a background of working for a large corporation. I worked in a building where we had about 1,200 people. Most of the time at coffee breaks, particularly if you've been with a large company 10 or 15 years, you're always saying that you think you're going to go out on the street and have your own business. I understand that's exactly what this person did. He obviously must be good or we wouldn't be using him. We lost another person in the same area, though. In our new management arrangements, we decided he should be reporting to somebody. After many years of not having to report to anybody, he didn't want that sort of a stricture, so he decided to leave.

I'm glad to see we still have support of Dr. Cloutier,

who comes to us well recommended and has a tremendous background. In addition to Dr. Cloutier, we have hired various other individuals. One I would like to mention is Dr. Eastman, who was with the city of Edmonton and is responsible for our administration.

As for working conditions, I think I'd like to point out that the council has been operating for 60 years. I don't think we should lose sight of that fact. We are now addressing ourselves to a tremendous change in the council. There are going to be problems, no question about that. But to suggest we are not looking diligently into these various changes and trying to achieve them in the best manner, with minimum upset to our people, I find unacceptable.

As far as nine companies not wanting to deal with us because we won't pay our bills, or a large sum of money alleged to be missing, Mr. Chairman, I find these kinds of vague suggestions of wrongdoing very difficult to defend because, first of all, I'm not accepting that anything was wrongly done in the first place. If you're suggesting that we have an employee who stole a lot of money, I'd like to have his name. We do have a court system; we have police. Let's be sure that if we have thieves in our midst, they are taken to court. Don't make sort of general remarks here that somebody made off with a large sum of money. I like to know what your allegations are.

The hon. Member for Little Bow asked me if I could define my role as chairman of the Research Council. I suggest to him that I see my role as one of liaison between the council, which is made up of two senior vice-presidents, from the University of Calgary and the University of Alberta, the presidents of Calgary Power, Foremost Industries in Calgary, Brooker Engineering in Edmonton, and of Stanley & Associates in Edmonton. On our board we have a retired businessman from Wetaskiwin, a metallurgical expert from Fort Saskatchewan, also one other engineer as a consultant. These are all what I would consider tough-minded people, and they see the Research Council taking an effective role in the development of technology in our province and doing positive things in the future.

I am also a member of the executive committee, which meets frequently. By frequently, I mean two or three times a month and sometimes two or three times a week. The full Research Council meets about every three months. Previously, it didn't meet as frequently. I am also chairman of the science policy committee of cabinet. On that committee are the Minister of Energy and Natural Resources, the Minister of Advanced Education, the Minister of Environment, and the Minister of Economic Development. I see that committee as one whose role is to try to project to Executive Council what we see as opportunities for doing new things in our province, not just at the Research Council but in our universities, in private laboratories, or by private inventors.

The last comment is about safe working conditions. I think it was brought up by the hon. Member from Mill Woods. I hope that — well, I don't hope; they will be. Working conditions in our new facility will meet all standards that exist. As the Member for Spirit River-Fairview suggested, I hope they will be a leader in laboratories in our country.

As for the number of contracts, that the hon. Member for Edmonton Mill Woods asked for, I can't give him that figure at this time. They are extensive. I can supply that information to him at a later date.

Mr. Chairman, if there are any questions I have omitted answering, I'd be pleased to try to do so.

MR. R. SPEAKER: The hon. member didn't answer the question with regard to checks on the health of workers who have worked with toxic chemicals for some time. As the hon. member indicated in the Legislature this afternoon, several truckloads of harmful toxic chemicals were taken from the building. Certainly there must have been a large number of people working in that area. What is the member doing about that particular concern?

The second question is a little different, but relates to the role of the member. Does the member see his role, in terms of accountability, similar to that of a government minister who heads up a department — accountability to the Legislature, accountability for the funds being expended by the Research Council?

MR. NOTLEY: Mr. Chairman, I wonder if I could supplement that question. One question I did put to the member: my understanding is that about a month ago, and I believe it was when trucks were used to remove the chemicals, in fact the bomb squad had to be called out, and there was very serious danger of a major explosion. That specific matter has been brought to my attention. I would like to know whether it is correct.

MR. MUSGREAVE: Mr. Chairman, first on the health checks. Certainly we are assessing our present procedures. If we don't feel they are adequate, we're certainly going to improve them. There's no question about that. Dr. Cloutier was most concerned about this. We are determining exactly what our procedures are right now, then we will make recommended changes.

As far as removing the truckloads of chemicals is concerned, if you determine you have an unsafe condition and you want to change it, correct it, or improve it as fast as you can, with a minimum of problem, delay, and hazard, you then bring in all the experts you can. If the bomb squad was called out, I'm pleased. Probably the reason they were called out was to make darned sure that that material was removed with a minimum of hazard to those who were removing it.

On the matter of accountability, yes, I would see my role somewhat as the Member for Little Bow suggested. While my background is mainly in contract negotiation work at Imperial Oil, originally I worked for several years in an accounting office in an audit capacity. When I got the letter from the Auditor General about accounting for our fixed assets, which is in the public document, I was very concerned. I immediately called the president, and we immediately called the executive committee together. We hired people and got on that problem right away. So I see my role as certainly being a good steward of the people's money in this province. In any way I can ensure that that's carried out, I will do so.

MR. NOTLEY: I certainly appreciate that if you have a hazardous condition and have to deal with it quickly, you take whatever steps are reasonable. If that means calling in the bomb squad, you call in the bomb squad. What concerns me, Mr. Chairman, to the member, is that it would appear to me that this was not something that just developed over a matter of days; it's developed over a period of time. I guess the question I would put to the member is: how could this happen? Where are the controls within the system, that we would allow a set of conditions to develop to the point where we almost have to manage it on a crisis basis, as opposed to dealing with it as it develops?

MR. MUSGREAVE: Mr. Chairman, I don't accept that we're dealing with it on a crisis basis. When we realize we have a problem, we act on it immediately. If you call that a crisis, then I guess you can call it a crisis.

As far as how this developed, I can only guess. But I imagine that people were using, say, two or three gallons of gasoline in a particular experiment. They might have used half, and possibly stored half in a cupboard. Imagine repeating that throughout a facility, and suddenly you have an unsafe condition. Obviously somebody isn't checking safety standards like they should be. That's one of the reasons we adopted this comprehensive safety program. We appointed a person and we expect him to be responsible for it.

Going back again to my experiences at Imperial Oil, we had to have lectures, talks, surveys, and everything else, done every six months. You have to keep reminding your staff that unsafe conditions are created by staff, and you have to keep policing it all the time. I worked in a relatively safe area. I was not working in a refinery; I was working in an office building. But we still had safety standards to adhere to. So I can't accept the suggestion that we are not operating the best way we should be. I'm saying we have the pressures of tremendous change. We have the pressures of new staff and new jobs that we have to do. We are looking for new facilities — and you just don't create laboratories overnight; they're very difficult to put together and use. While in total it may look as though the situation was not as well controlled as it should be, I think it was not as bad as the members of the opposition are trying to paint because, fortunately, we haven't had any explosions, severe injuries, or things of this nature.

MR. NOTLEY: I appreciate that we haven't had a major disaster, and we are all happy about that. But I look back, Mr. Chairman and Mr. Member, to yesterday's Blues. The minister indicated that the new safety program has been set up.

We've appointed a new director, and at a recent meeting of the full council of the Research Council we adopted a policy as to the care and working conditions of our people.

I realize, Mr. Member, that safety in the workplace is not just a management function; it's also a function of the people working there. But it's a question of procedures that have to be in place. It seems to me that we have an obligation in this committee to assure ourselves, at least, that we have not only appointed a person in charge of safety, but that a program of safety is in place which is going to involve the people working at the centre — not just a person who has a title; we've got all sorts of safety directors. One thing I learned on the select committee on workers' compensation is that some companies have absolutely first-rate safety plans, because they realize it involves give and take. They've got worksite safety committees, and what have you. Others have people who have the title of safety director, but heaven help us when it comes to the safety program in the plant. The statistics from the Workers' Compensation Board can bear that out.

But might I just mention — and this is a point the Member for Edmonton Mill Woods attempted to make — figures from the Workers' Compensation Board. I can't tell members right off whether the Research Council would come under the compensation Act or not, but it would seem to me that any figure you might get from the compensation board would be largely irrelevant when it

comes to occupational health and safety, because the whole question of industrial health is one area that we're just beginning to understand. It's an area where the Europeans are quite frankly somewhat ahead of us. Without getting into the debate we had yesterday in the discussion of the estimates of the Department of Workers' Health, Safety and Compensation, I don't think any preliminary figures one might get from the Workers' Compensation Board would be terribly relevant, because we're not talking about the kind of accident where somebody slices a finger off, or what have you. We're talking about industrial disease, which is a much more complex and difficult ailment and problem to assess.

The question I would put to the member, Mr. Chairman: when the member says a safety program is under way and a person is now entrusted with that responsibility, I would be interested in the member indicating for the committee what the components of that safety program are. Will there be worksite committees at each of the various facilities of the Alberta Research Council? What kind of ongoing safety training is envisaged by the program? Has any program been developed at this stage, or is it still in the process of being formulated?

MR. MUSGREAVE: Mr. Chairman, unfortunately I can't give the member the specifics of the program, but I can assure him it is not — and I'm with him on these safety directors who sit in their office off in the corner and you only see them at the Christmas party; I know the type. We have a lot of young, professional managers in our organization who are quite conscious of all the hazards of industrial work. While we have a responsible person in charge, the whole concept behind our program is that it's his responsibility to see that the various managers and unit work forces throughout the council do their jobs. If they don't, he is to report back to the president to make sure their job is done. There is a monitoring process, and an educational process, and there are work safety committees: the whole gamut, far beyond what is sort of standard, the man in the office passing out a few pamphlets and things of this nature.

MR. R. SPEAKER: Mr. Chairman, with regard to the member's responsibility . . . I'm sorry, I've waited so long that I forgot my question.

MR. NOTLEY: Is there a difference between administration and policy?

MR. R. SPEAKER: Yes, that's right.

In the member's responsibility and in getting involved in day to day activities, how much time does the member see that responsibility in his liaison with government and reporting back to the Legislature?

MR. MUSGREAVE: I couldn't put a time on it, Mr. Chairman. I know we are getting more requests all the time. This afternoon I had to leave the House to go down and talk to some people who flew in from Toronto today to talk to us for an hour on a proposed heavy ion accelerator that the university and the cancer institute in Edmonton are proposing. I'm spending more time in this job all the time. But some of the items I've been involved with, I would say, fall more under my responsibility as chairman of the science policy committee of cabinet, than under my responsibilities as chairman of the Research Council. Various people in our university establishments are making proposals to us, everything from telescopes

that would be spread from one end of Canada to the other, to our sponsoring the Canadian *Science Forum* magazine, which just went bankrupt here a few months ago but is an excellent magazine.

So I can see my role expanding considerably. Tomorrow I have to meet with the city of Edmonton, to see what kind of conceptual plan we could develop on our park in concert with theirs. Now some of these are perhaps administrative, but I see my role more as a person trying to develop policy in the Research Council and from them to the science policy committee, to Executive Council, and back to here. Because while we have a 26 per cent increase in budget this year, I imagine next year it'll be much more, and I would like to see us come forward with wider programs such as aid to inventors, programs of laboratory assistance for small companies, university fellowship programs for scientific innovators, and being involved in science fairs on a much more positive basis that we have in the past.

MR. R. SPEAKER: A question to the member with regard to persons dealing with toxic chemicals. From the information the member has, how many persons would have been involved in dealing with toxic or hazardous chemicals at the Research Council, say, in the last year, and has any concern been brought to the attention of the member by any member of the staff who has dealt with them?

MR. MUSGREAVE: Mr. Chairman, no one has brought any concern to me as chairman of the Research Council.

I cannot answer the other question. I don't know how many people are involved, but hopefully I will know in the next day or so.

MR. R. SPEAKER: Mr. Chairman, whether there has been any reported concern about the health of these individuals, would it be the member's reaction to give some type of directive from this Legislature and say, look, we'll do health checks on anyone who was dealing with them to assure ourselves that their health hasn't been endangered in any way? Will that be the directive from the chairman?

I want to relate this to our discussion last evening with regard to ministerial responsibility, and the definition given to us by the Premier. The Premier indicated that a member — and he used a minister in this particular instance — responsible for a department or function in government is, one, mainly responsible for policy but, secondly, if someone in the administration does something wrong or something is wrong in the administration, that member — the word "minister" was used in the definition — should react quickly. The feeling I'm getting here — and the hon. Leader of the Opposition raised this issue last week — is that we're waiting until tomorrow or the next day before we get information as to whether there is some concern about the health.

I think the new terminology we could use here is: is there member accountability in this whole instance? If there was concern about health, I think I would have said to the board and to the director, look, if those people have worked with it and we've found out about it, and there's been knowledge for some time — those hazardous chemicals and dangerous things were taken out of the Research Council some time ago — this is an obvious question: let's be concerned about the health of those employees and do something. I feel that's been a lack of initiative.

So I think member accountability must be present in this Legislature. If the member is responsible, we expect action, not waiting until tomorrow or the next day. You're expecting us to pass \$11 million in votes, and we've been waiting a week just for that little answer.

MR. MUSGREAVE: Mr. Chairman, that reminds me of a remark of Stephen Leacock: he jumped on his horse and galloped off in all directions. Now, if that's what you want us to do, you've got the wrong person.

MR. R. SPEAKER: Well, Mr. Chairman, it's very simple. One, there are some people who had their health jeopardized. I'm saying, did the hon. member take any action immediately, and will he? That's all. I'm going in one way; maybe the member's going two different ways.

MR. MUSGREAVE: Mr. Chairman, there was an allegation that the health of some employees of the Alberta Research Council was endangered. As I pointed out earlier tonight, there are 444 employees. We would like to know who the employees are, then we can report back. It's just that simple. We are not condoning unsafe working conditions. We are concerned if people are unhealthy as a result of the job they have been working at for several years. We would certainly look after them if they could not work in the future; there's no hesitation about that at all. But we would like to take the innuendoes or allegations and confirm them; it's just that simple. We want to know the facts of the situation, then we'll report back.

As far as the responsibility of the chairman of an agency with a board of directors which sets their policy, versus a member of Executive Council, I imagine we could debate that on philosophical grounds for a great length of time. Perhaps I'm wrong, but if I felt the president of the Research Council was not performing as I thought he should, I don't feel I would have the power to dismiss him. But I imagine a cabinet minister would have powers of dismissal in some areas. If the hon. member is trying to get me to delineate my areas of responsibilities and authority, versus those of a member of Executive Council, I think we should probably do that at another place and another time. But I'd be quite happy to engage in that debate.

MR. NOTLEY: First of all, I have to take a little exception to the suggestion that reports have been made outside the House that there were five people whose health was at least jeopardized, and that somehow that is innuendo. Really, Mr. Chairman, we're dealing with the health of people. Whenever someone expresses a concern that may force this government to be accountable, let's not label that innuendo.

I have four of five names that have been brought to my attention. I'd be glad to send them to the hon. member if he's not aware of it, but I'm really quite surprised it's such a secret. I ran into somebody in a restaurant downtown tonight who was fully conversant [about] the five people, and that person didn't even work there. So the idea that this is somehow a mysterious thing is . . . I must confess quite frankly, Mr. Chairman, that I was surprised. I would have thought those names would have been available. If they aren't, I'll certainly be glad to supply the names from my office, and I'm sure the official opposition will as well.

But the point is that the concern was expressed some time ago. We had two truckloads of material removed

from the Research Council. Now, this is still — I wouldn't exactly say an open society, Mr. Chairman, nevertheless not sufficiently closed that if you removed two truckloads of chemicals from the headquarters of the Alberta Research Council, sooner or later the opposition's going to find out about it. We may not be the swiftest, but we'll find out sooner or later. The member shouldn't be going on the assumption that somehow we're going to be totally asleep, the switch is not going to come on. Mr. Chairman, I would have thought that when this occurred — and it occurred some time ago — the member would have been fully conversant about it, because it's a little bit of a hot potato and he knows it's going to come up, and he'd be in a position that when it was raised in the House, he wouldn't have to take everything under advisement.

I must take exception to one other thing. Frankly I find it just a little heavy, Mr. Chairman — let me put it gently — just a little heavy, that we are asked today to approve \$11,561,000, and the member tells us he's going to come back with this information tomorrow. Tomorrow he has the meeting. Isn't that interesting? The day after we presumably pass the estimates.

Mr. Chairman, it strikes me that if the hon. member wants the estimates of the Research Council passed in the nice, gentlemanly, quiet, happy, convivial atmosphere, as is usual in this committee, we would have had that meeting today, so that the member could have given a comprehensive report to the committee. This is the place where it should be discussed. We were told by the Speaker that it's not correct to debate in oral question period; it's perfectly in form to debate in the estimates, in the discussion of supply. This is the place we should have had this information, so we could discuss the response.

Mr. Chairman, at this stage we're being asked to vote, on blind faith, a blank cheque to the member, on the assumption that tomorrow we'll have the information. But by tomorrow we will have passed this appropriation. I just say that as the member responsible to this committee for the Alberta Research Council, you, Mr. Member, had a responsibility to get that information and be fully conversant with it. It's not something that took you by surprise; it shouldn't have taken you by surprise. You should have known perfectly well it was going to come up. It has come up, and it seems to me that as committee members we have a right to the information before we pass the estimates to the Alberta Research Council.

MR. R. SPEAKER: Mr. Chairman, I can only add to that: member accountability means the person responsible for these funds knows what's going on in the expenditure of the funds, and what's going on not only in administration but in policy. Mr. Chairman, I asked the hon. member how many persons worked with toxic chemicals. When that situation was there — and that's a grave concern — the first question I would have [asked is], did we endanger someone's life? One, two, 10? The hon. Member for Spirit River-Fairview mentioned five. We don't have to give the hon. member names. He knows who works there, and their responsibilities. Maybe we can name five, maybe 10 who worked with toxic chemicals. If he had been on top of his job, he would've known that tonight. That's member responsibility.

A week is too long for a minister to react. For a member who is only sitting on a science committee and looking after the Research Council, which is a minimal responsibility for high pay, the answers should have been back here just like that. If the member's ever going to get

to the front bench, he has to answer like that and look very interested in the responsibility that's been handed to him. Tomorrow we're going to have a study; later we're going to delay; tomorrow we'll answer, maybe in question period; well, I have to check this; I'm sending a note up there.

Not good enough, Mr. Chairman. How can we approve this money under those circumstances? The Premier said he is trying to give responsibilities to his MLAs, to delegate authority. That's a good concept. But when an MLA gets a responsibility, he'd better take it, be sincere about it, and find out the details of these kinds of things, so we know where the money is going, so we have the best research going on in Alberta, so our employees are looked after. There's human concern in this issue. But I'll tell you, Mr. Chairman, we haven't found that out yet. That's member responsibility, no matter whether the responsibility is big or little. It happens to be a rather little responsibility. I don't have to give the names and numbers. If the member was on top of his job, he should've given me the answer half an hour ago.

MR. MUSGREAVE: Mr. Chairman, the hon. Member from Little Bow and I have crossed swords in the political arena before. I don't think I have to accept from him that I'm not sincere and that I'm not doing my job, because two can play that game. I'd just like to point out to the hon. member that when allegations of a serious nature are made, they're carefully looked into. It's very well to wave your arms, stand in front of the TV cameras, and make wild statements. But you're talking about people's lives, about the concerns of their families.

When I worked in Imperial Oil, the man in the office next to me died of cancer. He was my age. Taking your line of reasoning, you'd say the conditions were unsafe in that company because he died of cancer. That's what you're saying.

I was aware of this problem, the five people, only yesterday afternoon, not even 48 hours ago. If you want us to run around and make wild accusations back, you've got the wrong organization. We have a responsible organization. We have responsible, dedicated people, and we're trying to do a good job.

MR. R. SPEAKER: Mr. Chairman, I accept that. I'm not arguing with the Research Council executive. I'm not arguing about the staff or Dr. Cloutier. That's not my argument. I'm talking about reporting back to the Legislature: member responsibility, paralleling ministerial responsibility. That's what I'm talking about, Mr. Chairman. That's the concept I'm trying to get across. I'm not trying to make wild accusations. I'm just saying some people at the Research Council dealt with toxic chemicals, and the member has told us in the Legislature that a number of weeks ago — I'm sorry I don't have the date when the several truckloads were taken away from the Research Council. Prior to that time, a lot of research must have been carried out by some people. I haven't investigated who they are, but I know somebody must have been doing it. My question was very innocent to begin with some moments ago: how many people were they, and will we be doing some health checks? Now it's gotten to a point where the whole focus of argument is different: why the delay, and why isn't the member isn't taking his responsibility on that kind of thing? So the member shouldn't distract us from our focus of concern.

MR. NOTLEY: Mr. Chairman, the question at the present time — and we can be deadly serious here — is that we as a committee are asked to approve the budget. We're asked to approve the budget. Now, the meeting is taking place tomorrow. It seems to me that the member in charge of the Research Council could well have consulted with the Government House Leader, who could have consulted with the opposition, so that this matter could have been deferred. There is no reason why Vote 6 has to go tonight. You know, it's not going to shake the future of Alberta if the vote is held over. It may be inconvenient for the member, but frankly it is the government that presents to this House the order of government business. If the member is in a position where he can clarify some of these questions tomorrow, then I would say to the member and to the Government House Leader: let's hold this over until tomorrow; go on with the rest of Executive Council and come back to it tomorrow.

MR. CHAIRMAN: Does the committee wish to hold the vote?

MR. R. SPEAKER: Mr. Chairman, I would certainly agree with that. The hon. member who is responsible has really said to us in this Legislature that we're not too important, because I don't need the information tonight; I'll give them some offhand answers, and we'll let it go at that. So let's hold.

MR. MUSGREAVE: Mr. Chairman, I don't accept that. The hon. member is trying to suggest I'm not doing my job because I don't know how many people are working with toxic chemicals. I suggest that very many of our employees are working with toxic chemicals every day of the week. They are working under controlled conditions, but they're still working with toxic chemicals. As far as the fact that I should have been concerned that two trucks were at the Research Council removing hazardous materials is concerned, I'd point out that there are 11 locations, 440 people, and trucks are running all over the place. Does he want me to run around town watching all the trucks from the ARC? Well, that's what you're suggesting. Because I don't know what two trucks were doing, then I'm not doing my job. I never heard of such nonsense.

MR. NOTLEY: We're going to go ahead with the next vote? The member is having a meeting tomorrow. I think that will give us something to deal with. Let's go on to the next vote.

MR. CHAIRMAN: We'll move to Vote 7, the Energy Resources Conservation Board.

SOME HON. MEMBERS: No.

MR. NOTLEY: Yes.

MR. CHAIRMAN: The hon. Government House Leader called for Vote 7.

Agreed to:

Vote 7 — Energy Resources  
Conservation

\$11,320,000

Vote 8 — Women's Information

\$129,100

**Vote 9 — Multi-Media Education Services**

MR. MAGEE: Mr. Chairman, I would like to comment for a moment to the Minister of Advanced Education and Manpower that I support this form of multi-media education services in the area of radio and television. Certainly communications by these media reach a large number of people in our province who do not have the time or do not buy newspapers. In many cases, they do not have opportunities to watch television. But through the medium of radio, they are able to keep abreast of many of the things that go on in this province daily. It's a very important communication.

[Mr. Purdy in the Chair]

I'd like to commend the members of ACCESS in this particular vote who, in the annual report in 1979, received the Maeda award, one of the world's top prizes in educational programming. This award comes forward every two years for a radio or TV program which is markedly conducive to the promotion of better understanding and closer co-operation among the nations of the world. It's great to have a communications medium of that calibre operating in our province. From that point of view, I feel we are providing a service through our government that is unexcelled.

ACCESS radio, CKUA, is heard continuously in the city of Red Deer in my constituency, with such programs as question period from the Legislature, regular newscasts, national and international affairs, stock market reports, sports, musical shows, and so on. If you look at the annual report, you'd see many, many programs of a worth-while nature. This station competes with other radio stations for listeners' attention. This is as it should be.

However, some concerns are being expressed to me in the community of Red Deer that saturation advertising to promote these programs is taking place in our newspapers. This saturation is of quite high order. For instance, I brought three ads along with me tonight. These three ads appeared in one issue. They're of considerable size. The local newspaper in Red Deer is a 40-page production, and these ads take up considerable space. It's pretty worth while, in that it gets over to people the message that they should listen to ACCESS radio. That of course is all to the good. But when businessmen see this sort of advertising blasted at them, not only in one issue but in numerous issues, they become concerned because in this competitive world they feel they have to provide similar advertising. Of course this is a very costly situation. I suggest that these ads cost a few hundred dollars. On a repeated basis, it could go to a few thousand.

Consequently, I would like to ask the minister if he would clarify for me, and for other members who are of course interested in this educational radio and television program we're all so proud of, the situation regarding advertising in other media in the market place to promote radio and television programs. What is the government policy regarding their advertising budget for competing with the private sector for time in the other radio and television programs?

MR. HORSMAN: Mr. Chairman, perhaps I could answer the question on that particular vote. First of all, I'd like to point out that ACCESS is governed by a board of directors, which is appointed by the government and has representatives from various government departments. By

and large, it has been the policy of my co-member of the authority to ensure that ACCESS is operated as free from governmental interference as possible, and under the direction of the board of directors, much the same way as we would like to see university and college boards of governors operating. With respect to the advertising budgets they may have, that decision is made by the administration and board without government involvement.

I think it is fair to say that this government has expressed concern about the possibility of competition with the private sector with respect to production of materials, and so on, over the past few years. Therefore, I think it's important to point out that there has been a considerable decline in the lack of participation by ACCESS in actual production. Much more is being parcelled out to the private sector.

One thing about ACCESS, of course, is that it does not in fact compete with any private broadcaster, either in radio or television, with respect to the advertising dollar. I think that's a very important factor as far as broadcasters in the province are concerned. With respect to the individual advertisements that have appeared in Alberta, particularly with regard to the question period, I want to make clear that CKUA, in particular, is in its third year of carrying the question period live. It's the only medium in Alberta that does that. And since CKUA radio is now available to almost 95 per cent of the listening audience in the province, it is performing a very useful service to people interested in the affairs of this Assembly. Therefore, the board has embarked upon a fairly extensive advertising program.

With respect to the advertising in the Red Deer area, I think the explanation there is that ACCESS has just put its Red Deer operation in place, which covers central Alberta with FM coverage. Therefore that major installation in the Alberta network at Red Deer has brought about a good deal more advertising in the print media in Red Deer than would normally have been the case. It really hasn't appeared in such volume elsewhere in the province. Hopefully, once the people of the Red Deer area are familiar with the service being provided by CKUA radio, that will no longer be necessary. I certainly welcome this emphasis on the question period, because it is the only way the people of Alberta can hear the whole question period from beginning to end without editing. In that respect I believe CKUA is performing a valuable service for the people of Alberta.

Agreed to:

9.1 — Program Support	\$2,317,525
9.2 — Development and Production	\$4,521,335
9.3 — Media Utilization	\$3,465,067
Total Vote 9 — Multi-Media Education Services	\$10,303,927

**Vote 10 — Disaster Preparedness and Emergency Response**

MR. MOORE: Mr. Chairman, I want to make a few comments relative to the Disaster Services Agency, particularly because it's the first opportunity I've had as minister to see the estimates of Disaster Services through committee. As members would know, this is one of the unique organizations that is only on its second minister in the 10 years we've been in government.

I want to say first of all that I've enjoyed the opportu-

nity over the last few months to learn from Mr. Tyler and his staff of the work they are doing, in perhaps a much broader way than I had previously understood, and to say as well that it's my belief, having watched the operations of what could be considered in government as a relatively small group, that they are extremely effective, and that within the municipal structure, between our municipalities, police forces, fire departments, and within industry, we probably have developed a more advanced response to disaster, certainly civil disaster, than might exist elsewhere in Canada.

However, there are a number of matters of concern. While we have concentrated heavily on the short educational programs for municipal officials and their work force, that I spoke of earlier, over the course of the last several years, I suppose we have not responded in a public way in terms of advertising the services available from Disaster Services, or letting the public know just what preparedness there is with respect to civil emergencies. In that regard this budget, although certainly not large, reflects some ability to move in that direction, not because the staff or myself necessarily want to advertise what's happening over there in terms of preparedness, solely for the benefit of letting the public know how good the group is, but rather to give an opportunity to the public, who are not as well informed as they should be, to be able to utilize the available services.

In that respect, I spoke last fall, I think, of some of the programs involved in Disaster Services that will continue. There are some misconceptions on a couple of programs that I'd like to speak about. They generally involve the cost sharing that occurs with municipal governments in certain areas and is identified in Vote 10.2. We've set up a system wherein municipalities that conform with certain requirements in terms of forming their own disaster services response group, could apply to Disaster Services for a \$2,500 grant to assist in buying equipment that would assist them in emergency operations. The initial choice is the municipality's, in terms of what kind of application they want to make and, of course, that's subject to approval by Disaster Services.

In some cases, municipalities have opted for mobile radio equipment or good communications equipment throughout their municipality, perhaps tied in with the fire department, their own municipal offices, and so on. To do that they've used this maximum amount of \$2,500, which is matched dollar for dollar. In other cases, they may have said to their fire department, how can you best utilize some of these funds to buy certain equipment? One often remarked on is a tool called "jaws for life", used to pry people out of automobile accidents and that kind of thing. So they put into that.

I suppose that has resulted in fire chiefs and the staff of various fire departments getting together and saying, you know we didn't have that tool; Disaster Services bought it for us. Then, quite naturally, I get inquiries from MLAs and others saying, why don't they buy it for us? Within certain limits, how they want to spend these particular dollars is really a municipal choice. And I only mentioned a couple of areas. That is continuing unchanged, I guess, in 1980-81, except that we will be funding different municipalities than we were last year. I think there are sufficient requests to utilize the funds that are put aside.

I want to mention one other important thing; that is, how we're prepared in various areas. I guess it would be very difficult to say you're fully prepared for disasters, because you don't know where the next one will be, what its nature will be, or what time of day. I believe Disaster

Services is an organization that will always continue to learn. Every time there's a different kind of disaster, you fine tune the response there might be to that disaster. And it may be a brand new one. We're pretty well acquainted with floods. I remember back in the early 1970s, with floods occurring in several parts of this province, we had absolutely no warning. That doesn't happen nearly to that extent anymore, not totally because of Disaster Services either, but because there's co-ordination between authorities, wherein the Department of Environment provides us with information with regard to snowpack and levels and everything, that's fed through the municipal system, and allows us, I think, better ability to be well prepared a few days in advance of a prospective flood.

The area where I'd have to say we're weak, and that I certainly hope we won't be a year from now, is in the transportation of hazardous goods. We're weak there because we simply took the approach, as did other provinces — which I think was appropriate at the time — that it was a matter that had to be dealt with at a national level. For example, all kinds of chemicals recently in the news with respect to upset trucks, and so on, are produced in Edmonton, out at the Dow plant, or something, and go to the Sask pool in Regina or the Manitoba pool. They go virtually all over the country by various modes of transportation. In fairness to the transportation industry, I guess it would be extremely difficult if you had a new set of regulations every time you crossed a provincial border.

Just to bring members up to date, what's happening now is that the transportation of hazardous goods federal Bill has received second reading in the House of Commons. It's now in committee. The Bill itself is not all-extensive, but the regulations that will be attached to it are. As I indicated in question period the other day, those regulations are being studied by Alberta Disaster Services. In fact Ernie Tyler, the director of Disaster Services, is chairman of an interdepartmental committee of some six or seven people, representing various departments in our government, who are studying those regulations and have made numerous recommendations to the federal transportation authorities involved in it. It's our hope that during the next few months we'll have put in place not only the federal Bill but the regulations and, in addition to that, an agreement between ourselves and Ottawa with respect to the administration and policing of those regulations.

While it will not in any way suggest we won't have continuous problems with respect to transportation of hazardous goods, I think it should give us the ability to lay down some guidelines with respect to how they're hauled and where, also give us better ability to respond to accidents that inevitably will occur even with more careful transportation than we now have.

MR. CHAIRMAN, those are some brief comments about some of my concerns, about my feelings with respect to what I refer to — and I don't even know if they know I do that — as "Ernie's Army", which runs a pretty good organization that responds, in my view, extremely well to the problems that arise from time to time.

MR. R. SPEAKER: Mr. Chairman, I just want to say that I certainly appreciate the remarks of the minister in this whole area of Disaster Services. I think they've served a good function over the years. I certainly appreciate the enthusiasm of the minister toward his responsibility there.

One item the minister mentioned — and I believe my colleague raised it earlier under the Municipal Affairs estimates — is with regard to equipment for fire-fighting or for fire departments, and so on, in local towns. The minister mentioned the \$2,500 towards equipment such as sirens — I'm not sure what types of things they can use it for; he mentioned jaws. I have had requests from some of my villages of 250 people, maybe 50 residences, where they need about \$10,000 to equip their fire department, but just haven't got it. And to put that amount on the tax roll creates certain problems. I was wondering if the minister or Disaster Services has been looking at that particular problem, or even through the Department of Municipal Affairs.

MR. MOORE: Mr. Chairman, if we're talking about assistance in funding fire departments — and I think that's what the hon. member was getting to — there have been a number of requests in that regard. I really think that's something the Minister of Labour, who has certain responsibilities with respect to fire protection and fire control, and I as Minister of Municipal Affairs, ought to consider in a future budget year as a program separate from Disaster Services. I say that because Disaster Services is not designed to be a department providing a lot of grants. It's not designed as an action department which actually goes out to the scene all the time in response to disasters, but as a co-ordinating group.

When a disaster occurs, Disaster Services' job is to know whom to contact and whom you can reach in the private and the public sectors, get them on the scene as quickly as possible, and co-ordinate that effort. If we were going to move in and be involved, we'd obviously need a lot more people, and from time to time they'd be sitting around doing nothing. The people best equipped to deal with a train derailment are CN, CP Rail, NAR, or whoever is in the railway business. But depending on the location, we can assist them in providing fire-fighting services, telling them where they're at, and a variety of other things they might need.

I'd be prepared to consider assistance to fire departments, particularly in smaller communities, in another budget year. But I think that should be done under my department responsibilities. I should say that while I have the responsibility for Disaster Services, and in some ways it fits rather well with Municipal Affairs, it is definitely a distinct and separate group of people. It just happens that they have a minister responsible who's also Minister of Municipal Affairs.

While I'm on my feet, Mr. Chairman, I had intended to say, but neglected to do so in my opening remarks, that there's a need from time to time to update the policy with respect to disaster assistance paid to individuals, municipalities, companies, and whatever, in the event of a disaster. That need is there because times change and we learn more about what is insurable or not insurable, and these kinds of things. So over the last several weeks, I've undertaken to update that policy. I have some copies of it. Mr. Chairman, and I'll provide copies in the mail to hon. members within the next day or two. I'd like to file with you some copies that can be passed on to the Legislature Library.

I'd just say to members that there are no extensive changes in it, but there are some important ones. We've increased from \$80,000 to \$100,000 the maximum amount payable to any single individual or entity, aside from a municipality, whether it be a company or not. We've also looked at the minimum payment concept,

which really arose partly out of a matter brought to my attention by the hon. Member for Little Bow, wherein after some due consideration we feel that in order to suggest that an individual has suffered a disaster, it must in my view mean a fairly substantial portion of loss of income or property. So we'll be implementing a \$250 deductible after other factors are taken into consideration. If an individual has a claim, after all the exclusions similar to the earlier ones, and 80 per cent of coverage, and so on, are considered, if the claim is \$500, we'll pay \$250. If it's \$250, we pay nothing. If it's \$2,500, we'll pay \$2,250. In my view, this allows us to respond to serious problems without dealing with the sort of frivolous problems we've gotten into on an occasion or two, which I didn't think were appropriate. I will provide copies of those, Mr. Chairman, to the hon. members.

Agreed to:

101 — Program Support	\$499,350
102 — Disaster Preparedness	\$1,141,150
103 — Emergency Response	\$50,000
Total Vote 10 — Disaster Preparedness and Emergency Response	\$1,690,500

Total Vote 11 — Public Service Employee Relations	\$286,561
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Vote 12 — Ministers Without Portfolio —

#### Department of the Solicitor General

MR. NOTLEY: Mr. Chairman, I had just begun posing several questions to the Solicitor General. As I recall, the questions dealt with the Remand Centre in Edmonton. One question related to the staffing of the centre. My understanding is that we have increased the component of correctional officers. But one of the concerns that had been brought to my attention was training. Mr. Chairman, when he summarizes the initial comments and deals with those questions, I wonder if the minister would perhaps outline whether the government has any proposals at this stage to improve training of correctional officers. I certainly realize we are doing something, but it has been brought to my attention by people in that field that the something we're doing is not comparable to other provincial correction systems. One person was familiar with Ontario, where they had a regular program of in-service training, which I think improved not only the ability of correctional officers to do the job, but their morale as well.

The other point I believe I raised last time, Mr. Chairman, I'll say again for the benefit of the minister: I really don't believe we're going to be able to attract correctional officers when a CO 1 at this stage starts at \$13,800 per year, and a CO 3 at \$17,454 per year. Mr. Chairman, being a correctional officer is no picnic by any means. If we're going to retain people in the service, we have to pay them adequately.

Mr. Chairman, the other question I would raise is with respect to how far we go on contracting out food services. This came up in oral question period a while back. I asked the minister whether we would get some assurance from the government that there wouldn't necessarily be contracting out across the board. It's my understanding, in talking to the people at the Peace River Correctional Institution, for example, that they're quite happy with the arrangement there. In fact they're providing the service, and it's working very well. On the other hand, in meeting

with representatives of the correctional officers at the Remand Centre, I've received quite a number of complaints about the operations of Versafood. Again I put to the minister the question that was posed in oral question period: are we going to take a hard and fast position on phasing out food services from these correctional institutions and contracting them out, or are we basically going to look at institution by institution? Having said that, some of the complaints I received about the handling of food at the Remand Centre would lead me to conclude that one of the problems at that particular centre, in addition to low staff morale, high staff turnover, inadequate staff, not enough training, and low pay, are some concerns with the quality of the food.

Mr. Chairman, I have just one additional question I'd like to put to the minister. His predecessor — I'm just trying to recall the year; I think it was 1976, if memory serves me right — talked about a new program in dealing with corrections, of the restitution option, where when we're dealing with petty offences, rather than seeing people go to a correctional institution, there is provision for a system of restitution. That was to be undertaken on an experimental basis. Several times subsequent to the initial announcement, the former minister indicated something less than total confidence in the program. I wonder if the minister would bring us up to date on where that matter now stands.

MR. HARLE: Mr. Chairman, the members contributed a fair number of comments and questions when we last dealt with the estimates of the department. I would like to respond to those comments, and try to respond specifically to some of the questions raised. Unfortunately the Leader of the Opposition is not in his seat this evening. I will try to deal with the items he dealt with, and I'm sure they will come to his attention.

The matter he raised particularly relating to young offenders is one with which I think all people involved in and familiar with the system of institutions on this continent become very much aware. One only has to enter an institution to become rather visibly impressed with the young age of most of the inmates in our institutions. In fact, the Moyer report — and it is a rather thick and useful document, because it spells out and gives us some information about the characteristics of our institutions in this province. It appears that about 37 per cent of the people who become inmates in our institutions are under the age of 20. I'm not sure what the hon. Leader of the Opposition had in mind when he talked about the young offender. Certainly people enter our provincial system at age 16. To me, the young offender would be someone between the ages of 16 and 20. In my original comments when discussing the estimates, I did mention that we had in fact opened the new centre at St. Paul. I was out there just in the last week to open that particular centre. It is specifically designed for the young offender between the ages of 16 and about 22.

I think the hon. member was trying to suggest that many of the young people who are incarcerated find themselves in with a very great range of offenders once they get into the institutional system, and that is true. Our classification systems are based on the security of the inmate, not on the age of the inmate. The fact is, however, as indicated by the Moyer report, that as high as 89 per cent of those who enter the corrections system have been arrested before. So we're not talking about people who, by any shape of imagination, are innocent by the time they reach our corrections system. The reason

for that is there are very adequate diversionary programs which keep the young offender out of the jail system, particularly the fine-option program, some of the community work orders that can be dealt with by the courts, the probation system itself. So when we do get people into the institutional system, they've usually had a series of brushes with the law and certainly couldn't be considered very innocent at that time.

I mention that because when we talk about the young offender, aged 16 to 20 or 22, we do have in the provincial system a number of programs specifically designed for that age group. The Nordegg facility is one. We've just opened the St. Paul facility, which will be providing vocational training in various types of skills such as brick-laying, masonry, carpentry, painting, plastering, plumbing, electrical wiring, and garden and grounds landscaping, as well as other tasks associated with the operation of a facility, as with all our facilities — kitchen work and other skills, which will provide them better job opportunities when they leave the system.

One of the points made by the Moyer report is that many of the inmates in the system are there only for a relatively short time. The statement is made that 80 per cent of the inmates in the system are released within three months or less, and 70 per cent have been sentenced to a term of imprisonment of 12 months or less. It is somewhat difficult to do much in the way of training people who are incarcerated for a relatively short time. Therefore the St. Paul facility will deal with people who are in long enough to be able to take some advantage of the trades I just described.

In addition to the vocational trades, we're also developing an educational program, and working with the local school boards in the areas where the institutions are located, to provide qualified teachers and programs which are adapted to the short-term stay in our institutions, so that they can pick up some remedial education which will, hopefully, serve them in good stead when they are released.

So basically I think the young offender is very well looked after by our system. The Moyer report certainly recommends greater emphasis on vocational trades, and of course the St. Paul facility will do that. The new Lethbridge facility, which is now under construction, will also provide more vocational opportunities than has previously been possible in the old Lethbridge facility. So along with the programs that have been developed to divert the young offender before the young offender gets into the system — and I think that is a very worth-while objective and obviously, from the statistics the Moyer report produces, are in fact effective. I believe the figure is that 89 per cent of the inmates in our system have had a previous arrest, indicating that the young offender, the offender who is there for the first time, is not arriving in our system. We're really getting many young offenders who have received a pretty good training in criminality before they arrive in the institutions. Hopefully, these other programs will in fact benefit them, give them some upgrading in education, give them some vocational skills, so that when they are eventually released they will be able to find employment.

The hon. Leader of the Opposition also referred to the police commissions, and particularly to a meeting I had in Calgary, I believe in February, with both the police commissions that operate a police force in the 11 communities that have their own police forces and police commissions in communities served by the RCMP. The fact is that when we designed that seminar, we asked the

police commissions what subjects they would like to discuss. We got suggestions from the 11 communities with their own police forces, which were entirely different from the suggestions from the communities served by the RCMP.

It was interesting the second day, when dealing with the communities served by the RCMP, because while some of the communities in the constituency of the hon. Leader of the Opposition did come forward with the concerns of those who feel the law should be tougher with offenders, that people should be put in jail, I suppose, and that the courts should get tougher with people who are offending against the law, particularly young offenders; a very opposite case was presented by other communities represented at that seminar. To those who attended the seminar and heard the balance, it was very interesting.

Some certainly could perceive the role of the police commissions: the need for the police commission to work with the community, to work with all the resources in the community, to understand the court system, to work with the RCMP, to work with the various juvenile groups available to help. Those communities were able to solve their role, to go ahead, and get at the problems. There were other communities where the police commissions were obviously trying to find themselves and find their roles.

I was very glad to note a suggestion that the police commissions should form an association so they could discuss common problems. I was also very pleased that they suggested we should have additional seminars in future years to discuss the very topics that perhaps should have been discussed at that first meeting, but which did not come forward at the time we asked for agenda suggestions. Hopefully, an association of police commissions being served by the RCMP will be formed. It will provide a useful mechanism to discuss common problems. After all, policing is in fact a local matter in this province. It depends upon the interest of local citizens through the police commissions, which are not tied to the political base of the community — in other words, to the town council — but which is made up of representatives of the town council and others in the community who have an interest in police work.

As this was the first meeting of police commissions since the legislation came into effect in 1973, certainly it was evident that there was a need for further meetings of this nature. I hope that organization will be formed. The former chairman of the police commission in Calgary offered his services to get it going. Once formed, I believe the police commissions will have a sounding board and will then be able to attempt to develop mechanisms to solve common problems.

Obviously, one area was the young offender, those under the age of 16, who come into our system and for some reason or other are just terrorizing a particular community. Various mechanisms have to be developed to deal with that juvenile offender. The other problems communities get into as these juveniles mature — eventually they disperse, of course the problem disappears, and the community settles back to normal. But there is a time when communities go through some very difficult times, and a number of things have to be tried. Hopefully the communities can come up with some joint effort involving the schools, involving all the resources of a community, in order to solve some of these problems that recur and are not present in communities at all times.

The hon. Leader of the Opposition also talked about prevention. Of course a fair amount of work is done on

the prevention side. In the past, I think we've tended to get away from prevention in police work. We got imbued with the technology available to police forces; that radios, cars, and various types of equipment could solve our problem. Of course this isn't so. The original police force in London, on which all police forces are patterned today, had the prevention of crime as one of its primary aims. I think all police forces have to get back to that very basic objective, and there are ways in which that can be done. Over a period of time, I hope that the department will be able to provide assistance to various police forces in this province to develop preventative policing. We're already doing a number of things.

On the questions of availability of the RCMP, I think those matters were dealt with quite adequately in responding to the hon. leader and to the chairman when he was sitting in his seat in the Legislature. I don't really think I can add much more, except on the suggestion of expanding the highway patrol as being a possibility. I believe New Brunswick has in fact tried that experience. We'll be interested to see how that progresses.

One defect of that type of operation, whether to relieve the RCMP or to develop a provincial police force, is the problem of dual policing. I think the citizen should be served by one police force within the jurisdiction where that police force operates. When you start to get more than one police force operating within a geographic area, the problem of dual policing becomes very great and leads to all sorts of difficulties for the citizen and for the operation of that police force.

With regard to the Moyer report, it is my opinion that this report is excellent, and it's going to be used [as] the basis of many decisions, many future directions, and policy changes for the department. I submit it's utter nonsense to say the report was laundered. It is a consultant's report. The report is going to be the basis for future planning. It contains some 90 recommendations, and I believe that Moyer perhaps wanted to give the department a great deal more credit than appears in the report.

It's true there was a name change. It started out as the Master Plan. But the orientation of the report in fact did not change. I have here the preplanning analysis, and I'd like to file that with the Legislature Library. That report, dated March 31, 1978, contains this paragraph on page 1:

In response to needs which have been identified by the Correctional Services Division of Alberta Solicitor General and by Alberta Housing and Public Works, attention has been given to the development of an Alberta Corrections Review.

I understand that on March 27, 1979, the question of the title of this report was mooted, as it was felt that the expression "Master Plan" did not truly reflect what was intended to be done and what the objective was in the preplanning analysis of March 1978. As a result, the name of the report was changed on September 24, 1979, to Alberta Corrections Review.

Mr. Chairman, it was done this way. Moyer Associates developed its preplanning analysis, which was to be used to examine the corrections system in this province. On page 8 of the preplanning analysis you'll find that Moyer Associates set up a project review team to ensure overall excellence of the review, concurrence on issues, completeness of each phase of the planning effort, and quality of presentation. That team was to meet twice each month to assist in the preparation of briefs, which were to be presented to the advisory committee at its scheduled meetings, and to review all work accomplished to date.

The members of that review team were Mr. Moyer

himself, the president of Moyer Associates; Bob King, of the correctional services division of this province; Lloyd McLean, the Alberta Housing and Public Works representative; Joseph Maxey, vice-president of Moyer Associates; Larry Carpenter of Moyer Associates; and Richard Kiel, director of health services of the North Carolina Department of Corrections. It was that group which decided upon the change of name from Master Plan to Alberta Corrections Review. All the work and all the preparation was done by that committee. As far as I'm concerned, they have produced an excellent report on the corrections system in this province.

The Member for Calgary McCall raised some questions about the cost per inmate in our corrections system. The member will find the cost per inmate for the year ended March 31, 1979, in the annual report. However, I have the cost per inmate for the year ended March 31, 1980, and would like to cover those figures at this time. I'll cover only the main facilities. At the Calgary corrections facility at Spy Hill, the cost per inmate-year is \$16,741 or \$45.74 per day. The cost of the [Calgary] Remand Centre per inmate-year is \$17,425 or \$47.61 per day. The cost of the Edmonton Remand Centre per inmate-year is \$35,581, or \$97.22 per day. That expenditure for the Edmonton Remand Centre includes initial start-up costs that are of a non-recurring nature; for example, inventory build-up, purchase of unusually large quantities of assets, and some staff training costs. We anticipate that that probably should come down in the future, but certainly is rather high for this initial year. Fort Saskatchewan: \$18,505 per inmate year, or \$50.56 per day.

One point the Member for Calgary McCall made was the question of people he described as derelicts, in effect, the public drunk. With the development of the Calgary detoxification centre — as I've indicated in this Assembly, it is the intention to develop detoxification centres that do not result in the public drunks coming into the remand system. It's interesting that the Moyer report, in the analysis of all the types of charges for which people are incarcerated in our correctional system — only 12 per cent are in there for liquor offences; in other words, 13 out of a 1,088, which was the sample studied in detail and reported on in the Moyer report. So in effect, the number in the system for liquor offences is relatively small and will become smaller as we provide detoxification facilities.

Unfortunately the Member for Calgary Forest Lawn is not in his seat. He raised the question of law enforcement grants. I answered those questions in the question period on May 9. When I answered the question, I think I covered all the points the member raised.

The Member for Spirit River-Fairview mentioned a number of matters on the Footner Lake camp. The trailers were inspected in August 1979. As a result of that inspection, trailers were ordered. I understand that at this time three trailers are hooked up and a double-wide trailer for the staff should be hooked up by now. The plans for the replacement of the kitchen trailer are proceeding. It will probably be replaced in the 1981-82 fiscal year.

The facilities of the various forestry camps, of course, are moveable trailers. Certainly there is a natural deterioration of the facilities over time. The question of the condition of the trailers was raised by the local union representative at the employment/management advisory committee meetings in December. As far as I can make out, it was only raised on the one occasion. Management provided the information about the trailers, that in fact the new ones would be coming in shortly and would be

hooked up.

When the problem developed with the suspected propane gas leak, of course, it proved to the satisfaction of the union representative that in fact there was not a leak. The only explanation was that the part below the floor was not vented, which allowed the smell of propane to accumulate, and in some weather conditions it apparently became noticeable. It was that noticeable odor which caused the staff some concern. Rather than take a risk, they did in fact return to the Peace River Correctional Institution. Inspections were carried out; no leaks were found. As I say, the only explanation is the one I've given. As far as I know, the Footner Lake camp is presently operating and will be carried on.

With regard to the Remand Centre and comments made by the Member for Spirit River-Fairview, I'd like to talk particularly about the level of staffing in the new Remand Centre when it was set up. The initial staffing was based on an estimate of the number of inmates to be housed in the facility. Before the institution opened, we were planning on 275 inmates. The staffing was naturally designed to start at that point, then to be increased as the number of inmates increased.

I don't think anybody anticipated the number of inmates who came into the Remand Centre in the months immediately following the opening of that institution, approximately in October. In November, 276 inmates were in there on a daily basis. In December that had jumped to 355. In January it had jumped again to 387, and in February to 392. In that short period of time, it's somewhat difficult to solve immediately staffing problems with that kind of jump in intake level at centres such as correctional facilities.

I guess one has to say, well, why did that occur? Certainly the impression is held by the corrections staff that it resulted from a somewhat different attitude on bail in the courts, and presumably was produced by the events in Edmonton relating to serious offences committed by those out on parole. I think that general problem resulted from a somewhat different attitude on bail in this local area, and produced a greater intake of inmates. Also, there was some suggestion that when we eventually took over the Edmonton city police detention cells, the city police began to execute more warrants. There was some feeling that perhaps the combination of those two events resulted in the rapidly increasing numbers, which obviously could not be predicted, and in fact should really not have occurred for some considerable time after the opening of that institution.

With regard to the question of training, there will in fact be more improvements for corrections staff. Training has been lengthened to seven weeks. This is supplemented by specialized training in first aid, physical fitness, tactical squad work, and supervisory training. It will certainly be the objective of the corrections management staff to do everything possible to increase the in-service training because of the impact on morale and ability to handle very tough situations. As I pointed out in my opening comments, particularly in the Remand Centre with remanded inmates, the situation is very tense until the courts have decided what should be done with the particular individual.

With regard to restitution, the Calgary project operated for a brief time. The basic problem was the small numbers directed to the project by the courts. The feeling is that perhaps the Criminal Code must be amended to provide specifically for restitution. Restitution is at times a condition of a probation order. So are the community

service orders we're using at the present time. I think there has been a considerable amount of improvement on the restitution side. But restitution is provided by the Criminal Code, and changes in the Criminal Code just don't occur that quickly. Certainly, it's something I'll be talking to the Attorney General about. It may well be that down the road there could be some improvement. But it is greatly affected by the provisions in the Criminal Code.

With regard to contracting out food services, we will do that and continue to do that, as I indicated in the question period. There is a basis for the decision to contract services out. A number of institutions have now contracted out services for food: Fort Saskatchewan, Calgary Remand, Edmonton Remand, and St. Paul. There are a number of distinct advantages. I suppose one of the most important is the availability of properly qualified cooks. If it is left to the institution or to our service to find these people, the experience in the past has been that we have vacant positions. Somebody starts, is an excellent cook, decides that opportunities are elsewhere, and leaves. Then we have to scramble to find a replacement. The people providing these types of food services have a large staff to call on, and know who is available really across the country, and for that reason are able to find replacements relatively quickly. Certainly, I think continuity of service in these institutions is important.

One of the other major benefits of the system is the training which is now given to inmates in our institutions. That of course leads to inmate job opportunities after they have served their period in the institution, get released, and are on the job market. We've had some great success with that type of approach, because it provides immediate contact with employers precisely in the type of work being done. This in itself has been a great plus as far as the privatization, if you like, of that type of service is concerned.

Another major factor, and one we simply can't ignore, is — for example, taking Fort Saskatchewan, we were running the food side for \$5.07 per inmate-day, whereas the contractor could supply it for \$4.11 per day. So on the basis of cost alone, it's certainly worth the effort. As far as the other institutions are concerned, there are no present plans to expand it, but obviously the option is there. And as I indicated in question period, that option should be retained.

MR. R. SPEAKER: Mr. Chairman, I'd like to raise a situation with regard to the age of a female juvenile. At present in Alberta, as the minister mentioned earlier in his remarks, it's 16. I've had representation to encourage the government to consider the age of 17 for a female. As an MLA, I've dealt with two situations in the past month with persons from my constituency, one through a solicitor and the other with the parents. In both situations, the young girl just turned 16 and left home with an older male companion; in one situation, left and went to British Columbia for a weekend or a longer period and the parents couldn't legally do anything about it. The other situation was somewhat similar. I know the parents in both situations sort of went through hell and said to me as an MLA: isn't there something legal we can do to bring our daughter back? Both homes were very good homes, and kind of unusual situations that occurred.

In talking to people, particularly a couple of solicitors in their responsibilities, they indicate to me that this is quite a common occurrence and quite a common concern not only in their profession but with many parents. So I

was wondering whether the minister has considered that change. I know it's been on the agenda for a long time. I remember that the item was up for discussion 10 or 11 years ago, and I wonder whether any progress or any new attitudes are prevailing at the present time.

MR. HARLE: Mr. Chairman, I haven't heard of any developments in that area. The age — of course there was a difference in this province. As a result of some court actions, I believe, it was changed. Now both males and females are treated the same at age 16. I believe it relates to the juvenile act and how that is applied. Certainly, it may be something that should be looked at again. Undoubtedly, when youngsters leave home it's a very difficult time for parents, and I'm not sure there is any easy solution. I'm not sure what thrust the hon. member is trying to put across, because I understand it really relates more to the juvenile provisions than to the area of adults.

MR. R. SPEAKER: Mr. Chairman, to the minister. I understand that in British Columbia they're considered juveniles to the age of 17. I wonder if the minister has had any discussions with the government of British Columbia as to the effects there and the successes they may have had. In both situations I have related to the minister in very skimmy detail, in discussing it with the parents and with the solicitors, they felt that at age 17 there was a little more maturity, and maybe the females in question could have dealt with the situations a little better and understood some of the ramifications.

MR. HARLE: Mr. Chairman, I'll certainly take a look at it and review the comments today.

#### Agreed to:

1.01 — Minister's Office	\$125,031
1.02 — Deputy Minister's Office	\$95,966
1.03 — Finance and Administration	\$1,063,076
1.04 — Personnel	\$762,799
1.05 — Computing Services	\$643,341
1.06 — Research, Planning and Evaluation	\$221,625
Total Vote 1 — Departmental Support Services	\$2,911,838
2.1 — Program Support	\$792,777
2.2 — Institutional Services	\$33,124,681
2.3 — Community Corrections	\$8,564,631
2.4 — Native Court Workers	\$1,097,250
Total Vote 2 — Correctional Services	\$43,579,339
3.1 — Program Support	\$783,700
3.2 — Financial Support for Policing	\$51,360,450
3.3 — Highway Motor Patrol	\$2,613,624
3.4 — Federal Gun Control	\$403,640
Total Vote 3 — Law Enforcement	\$55,161,414
4.1 — Program Support	\$2,634,070
4.2 — Licensing Services	\$4,638,709
4.3 — Systems and Operations	\$13,701,107
Total Vote 4 — Motor Vehicle Registration and Driver Licensing	\$20,973,886
Total Vote 5 — Control and Development of Horse Racing	\$2,042,937
Department Total	\$124,669,414

MR. HARLE: Mr. Chairman, I move the vote be reported.

[Motion carried]

#### Department of Labour

Agreed to:

1.01 — Minister's Office	\$130,490
1.02 — Administration	\$994,480
Total Vote 1 — Departmental Support Services	\$1,124,970
Total Vote 2 — Labour Relations	\$3,923,420
Total Vote 3 — General Safety Services	\$10,223,800
Total Vote 4 — Industrial Relations Adjudication and Regulation	\$667,290
Total Vote 5 — Individual's Rights Protection	\$870,950
Department Total	\$16,810,430

MR. YOUNG: Mr. Chairman, I move the vote be reported.

[Motion carried]

#### Department of Agriculture

MR. SCHMIDT: Mr. Chairman, I would like to make a few opening remarks before we consider the estimates for the Department of Agriculture, and indeed to take this opportunity to thank the department for the preparation of the documentation for the estimates and the support they've shown over the last year.

Mr. Chairman, the Department of Agriculture, perhaps after the last year, has gone in two basic directions. The first responsibility that was accepted, and of course reflected in the basic budget itself, was the opportunity to sell agriculture across this province to all Albertans, to the degree that we feel as an ongoing responsibility, an opportunity for us in Agriculture to bring to those perhaps not that far removed, maybe one generation from agriculture in total, the opportunity to understand better the agricultural industry, those involved in it, and indeed the goals of each facet of agriculture in the pursuits of the various aspects that cover the total industry; the opportunity to increase the basic services the department provides to the various aspects of the agricultural industry and in those pursuits of increasing the services needed by the various areas that Agriculture administers.

Some increases in dollars and cents in the basic areas of the livestock industry for the provision of the services we provide, the poultry branches, increases in both crop protection and field crops, and in a very demanding area which plays a very great role throughout this province; that is, tree production as it pertains to shelter belts — an increase in that particular vote. Increases in commodity development, in very general services that cover engineering and are involved in the 4-H branch itself; the commodity development and that aspect of marketing that covers both Agriculture and Economic Development, is the expertise that the Department of Agriculture had provided in marketing throughout not only Canada, but the United States, Asia, and Europe, and continues to

be the sole marketer for agricultural products in conjunction with the Department of Economic Development. Some increases in the actual funding for that department, because of the increased activity in southeast Asia. An increase in field crops food marketing and a fair increase in dollars and cents and, indeed, in the activities in the areas that cover research throughout the province; research tied to Farming for the Future, which has established the \$10 million research which took on some 56 projects during the year 1979-1980, and of course since April 1 this year has taken on another 30 research projects, adding to the 56 that already existed.

The opportunity to extend also research in weather modification, hail suppression, snow pack: that basic area of advance and continuation of what was the weather modification program and hail suppression.

The last item I would like to touch on: an interest and indeed some funding for the planning of a food processing development centre. Basically, the responsibility of Agriculture in the area of processing in total, and the complete absence of a facility that is available to either the department or various areas of industry — a research centre in which one could carry out effective processing methods that would give us the total aspect of touching on those areas in processing which at the present time have been very, very limited, piece-meal in some areas, and so necessary to the agricultural industry of the future.

At the present time, we're planning a food research centre, which basically will centre about 70 per cent of its activities to start with on meat processing, including poultry. It would work its way into dairy and vegetable oils, in product development. We could go into cereals, baked goods, honeys, sauces, syrups, various products that deal with eggs, ethnic foods, prepared mustards, and snack foods. It would also give us the opportunity to look at heat preservation, vacuum packaging, both cooling and freezing, and an opportunity to touch on mixing, forming, emulsifying, extruding, size reduction, controlled temperatures, atmospheric chambers, microwave technology. It sounds technical, but is indeed the backbone of the processing industry.

The philosophy behind it would be that if we could design and build the capital asset, it would then be available to areas of research. Various aspects of industry would have the opportunity to use the facility for a particular product on which they wished to work. On the completion of whatever area of research and activities they wish to carry for a reasonable time, it would then be free on an ongoing basis for all the other aspects of industry, and indeed research, to carry out all or parts of the emphases I mentioned. Of course, we have the backing of those industries.

Parts of centres have set aside and spent some time on singular aspects. The Alberta Horticultural Research Centre at Brooks, of course, has done extensive work, but in one particular area, rather limited to the facilities that are available. The Research Council has no pilot plant, but has the staff which could support the proposal itself. We have the Lethbridge station, which has some horticultural capabilities, but of late has not carried out any extensive research in that area because of the lack of the facility itself.

Food science, and food and nutrition departments at the university are indeed interested in the proposal itself. It would also give them the opportunity to make use of the facility. Of course, the end result of all those aspects would be a direct benefit to the agricultural industry.

Over a period of years, we have supported financially

the pilot plant at Saskatoon, which is a federal/provincial supported corporation. It's limited, of course, in the areas in which research has been ongoing in food processing. [They] have spent most of their time dealing directly with cereal grains, oil seeds, and some legumes.

In summary, when fully operable the food processing development centre would provide the opportunity for all facets that represent agriculture in those areas, because of the very nature of their interests, to carry out aspects of research. Hopefully, that research work being done in processing would provide for all aspects of agriculture, outlets of a process nature which at the present time are tied strictly to the raw material aspect.

In total, the basic amount shown in Agriculture, both for last year and this year, shows very little change in actual numbers. The increases in the areas I've mentioned have been taken up by the basic change in the amount of funding that appeared in last year's estimates for capital expenditure for ag. societies that have now been completed. They were on a one-shot deal, have received their capital funding and, of course, are now not shown in the estimates.

Mr. Chairman, with those few remarks, I'd be quite pleased to answer any questions [on] the estimates for Agriculture.

MR. NOTLEY: Mr. Chairman, I'd like to make a few general comments. When we get into the specific estimates, there will be a number of questions.

First of all, I think it would be useful tonight if we had some fairly frank discussion over the events leading to the decision to appoint the Foster committee. Mr. Chairman, it seems to me that the government really had two alternatives when that decision was made. The first was to consider the appointment of a judicial inquiry, as I understand was recommended by the Pork Producers' Marketing Board. I suggest to the minister that that kind of approach would be preferable. If we're going to deal with the court case, which is proceeding, heaven knows how long it's going to take. When one considers the time consumed by a case of that nature, going through the various court procedures in this country, it could be two years or more before the rather serious allegations made by the Pork Producers' Marketing Board concerning their view that there was price manipulation in the market place, can finally be adjudicated. One of the advantages of a judicial inquiry is that while it would take time — there's no question about that — it would not necessarily take as much time as the protracted legal procedures now under way.

I well recall a judicial inquiry appointed in this House at the beginning of the 1973 spring session. One of the members of the Legislature from this side had made certain assertions in the House, and within a few hours we had a judicial inquiry announced. Whiz, bang, away it went, and before the conclusion of the spring session, the report was in and the Legislature was in a position to deal with it.

I'm not suggesting that we go quite that fast, Mr. Minister and Mr. Chairman, in dealing with the rather more detailed case of the Pork Producers' Marketing Board. But I am saying quite bluntly to the minister: we could go a great deal faster in getting at the truth — either there is or is not truth to those allegations — by going the route of a judicial inquiry than by allowing the thing to go through the protracted court process. As I said before, we have no way of knowing when and if that will ever be concluded. How much better it would be if

we could deal with it promptly and quickly.

Now, Mr. Chairman, I want to deal with this question of — and I think that just going over the chronology of events, I have to say I appreciate the fact that the minister made certain policy changes when it became obvious that they were required. We had the decision by the marketing council, which was a pre-emptive strike if I ever saw one, containing unnecessary power. I give the minister credit that when he had an opportunity to determine just how much power Mr. Ferries and his colleagues had in fact taken to themselves, we first had the decision to hold it in abeyance, and finally the decision to drop it. I say here and now, Mr. Minister, that that's something I respect you for. I think it was a wrong decision in the first place, but at least when the view of producers in this province became obvious — and their view couldn't be any clearer — the government beat a retreat. Sometimes one is bigger by doing that. In this case, I think you took the right move.

I think most of us would applaud a second move; I don't think it goes quite far enough. We dealt in the question period today with this issue of what the amount of assistance over the feed price should be, whether it should be \$45, as recommended by the Stickland report, or \$35. I'd be interested in a little more detailed explanation of how the government came up with the \$35, but at least it's a program in place. I don't think it goes at all far enough — no question about that in my mind — but at least it's a program in place. That's a step in the right direction.

Mr. Chairman, this afternoon in the question period I was interested to hear the minister reply, both to me and the Leader of the Opposition, by saying he had discussed this matter with producers, obviously not formally with Pork Producers' Marketing Board. I would ask the minister whether there was any specific report. The Pork Producers' Marketing Board has the Stickland report, and it says \$45. Was any other report prepared to help the government arrive at this figure of \$35 over the feed costs? Was there any feedback from the Foster committee, for example, in coming up with the information that led the government to the conclusion that it should be \$35 rather than \$45?

I realize that one has to arrive at some kind of arbitrary figure, but that range of \$10 has certainly been brought to my attention by a number of producers, that we're really not meeting the problem of stop-loss. The basic proposal in the Stickland report, as you're well aware, Mr. Minister, was a stop-loss program. It wasn't similar to some schemes in other provinces. British Columbia's, for example, is a rather different program; the income insurance program of British Columbia is based not on stop-loss but in fact on guaranteeing a profit. We have a similar kind of program in the province of Quebec at the moment.

Mr. Chairman, I think it's proper for us to take some time during these estimates to assess the extent of our commitment to assist pork producers. I know that members in this House are not in favor of supply management generally, although the minister has to head a department where you've got egg producers, poultry producers, turkey producers, who are very happy to supply management. And if you try to phase back supply management, they'd be as upset as the oil companies would have been in the 1950s, had we done away with pro-rationing, which was a little application to the oil industry of the Wheat Board principle, when we had surplus oil production and not enough markets, so we

divided up the markets.

Mr. Chairman, the minister has to deal with people who range all the way from complete opposition to supply management, to people who are producers solidly committed to supply management.

But the point I want to make is that sooner or later, as we move towards a federal program, there is a very real possibility we're going to be dealing with a form of quota. I would hate to see that right now, because our pork production has dropped so drastically that our share would be unreasonably low. Frankly, a supply management program in the pork industry now would be bad for Alberta because we've got such low production, and it's dropped. The minister may or may not agree with me, but one of the things we have to examine — because I think the bottom line particularly with the present federal Minister of Agriculture, whose views the minister knows as well as I do, are very strongly in the direction of supply management programs. Since that is a real possibility, it seems to me that before a national program is organized, we have to look seriously at steps that can be undertaken to increase that production in the province of Alberta.

One of the concerns I have — and I also get this from the board — is that if we have a program that's going to terminate in a year, what kind of incentive is that going to be for people to get into the business? The hope that maybe at the end of the year we're going to have a program? We've had this hope for years — the old adage Tommy Douglas use to say: when there's pigs there's no price, and when there's price there's no pigs. But unfortunately in Alberta at the moment we've got the worst of all worlds: we don't supply our own market and there still isn't any price.

Mr. Chairman, it seems to me that we have to look very clearly at what kinds of incentives are necessary to increase the level of production. When I look at the figures in 1972 to 1973 and contrast them with pork production today, it's obvious that over the last few years our pork production has slipped; it's gone down. It seems to me that one of the things the minister is going to have to look at is what steps we can take to increase it.

The other aspect of this issue is the question of the viability of the packing industry. Here I conjecture, but I think it's probably not too far off base, because I've read the Harries report and the Fredeen report, and I've discussed the matter in some detail with people who sit on the hog producers' marketing board. It seems to me that in western Canada we have a packing industry that really hasn't been modernized and improved to keep pace with changing conditions. This certainly was the point Dr. Harries made a few years ago. As a consequence, we're now in a position where, in a sense, the producer has to subsidize that industry. For the industry to make any money at all, it has to back up its costs to the producer. The producer is the person at the end of the line who has to take the prices, which last week were almost a record spread between Toronto and Alberta. I understand that moves are afoot right now to shift the packing industry even further out of Alberta.

Now, Mr. Chairman, it seems to me that we really have a couple of alternatives at this juncture. If we have an inefficient packing industry, where over the years, Canada Packers, Swift, Burns, the major plants, have not been modernized and improved as they should be — and that's a job of management; as Dr. Harries pointed out a few years ago, management really hasn't been doing its job — we have the choice of continuing a process where management backs up its mistakes to the farm gate. That's

one option. It seems to me the other option is to look at what steps this government can take to say to the packing plants: we're going to insist upon competitive bidding, we'll have the judicial inquiry and determine whether the producers' claims are accurate; we'll find that out. And if the producers' claim is correct, we're going to insist on competitive bidding. If that's going to cause problems for the industry, we have to be prepared to act in two ways: one, we have to be ready to make funds available to some of the smaller plants that have been co-operating very well with the Pork Producers' Marketing Board. In the heritage trust fund discussion today, I mentioned Fletchers in central Alberta. When we had the problem in 1977, Grande Prairie Packers was quite prepared to meet the request of the board at that time, which was \$56 a hundredweight, if memory serves me right.

It seems to me, Mr. Chairman, that we have to be in a position to strengthen the hand of the indigenous packing industry, the smaller firms. Frequently these smaller firms have been more flexible in their marketing techniques and in improving their approach and selling products. It seems to me that's one part of it. The other part of it is to look at the question of freight rates.

When the hon. Member for Calgary Buffalo raised the question of freight rates on Friday, we had one of the most remarkable demonstrations of buck-passing and side-stepping by a number of ministers that I've seen for some time; not just the Minister of Agriculture, but a number of ministers. It's obvious to most of us in the House, at least on this side, that the government really hasn't decided what it's going to do on the issue of the Crow rates. It seems to me there are a couple of options. One is to withdraw, if you like, from the Crow rate, as the Western Stock Growers have been promoting. I don't happen to agree with that, but that's an option.

But the problem you get when you follow that option is that, as the minister well knows, there won't be any unity among the western provinces, because the government of Saskatchewan, at least, is very much committed to continuation of the Crow rate. That kind of continued co-operation in other items, especially for the next three or four months I suspect, is something any prudent government is going to want to keep in mind.

It seems to me the other alternative is to make the case for western Canada that we should extend the principle of the Crow rate. There are very few things that we really have established in western Canada. But it seems to me that one of them is the Crow rate for grain. We should extend the principle of the Crow rate to all products produced from grain, including red meat products, so it would allow us to develop not only an indigenous packing industry that would be able to meet the needs of western Canada, but allow us to get the product into market at competitive rates. I know the government of Saskatchewan has argued this point as well, and Mr. Justice Hall made the point several years ago that we should pay the difference between the Crow rates and compensatory rates, the actual cost of hauling the products.

Mr. Chairman, I frankly don't see why it isn't possible for us to take a fresh look at this question of freight rates in 1980, particularly as it applies to agricultural processing. Last night the Premier made reference to certain anomalies. Well, we know there are certain anomalies. You can ship carcasses from Toronto to Vancouver for less than you can from Calgary to Vancouver. There are anomalies in the freight rate system. But it seems to me those anomalies are not going to be solved by a little bit

of adjustment here and little bit of adjustment there, and the same pace we've undertaken since 1973. It seems to me that they're only going to be solved if we say the Crow should be extended in principle, that the difference should be paid out of federal funds, and that that has to be one of the necessary trade-offs, if you like, if we're going to reach some degree of national unity in 1980.

Mr. Chairman, even this government is not asking for 100 per cent of the world price of oil; I think they're talking about 85 per cent of the Chicago composite price. That's 85 per cent. If, even as a long-term goal, we are going to commit ourselves to a significant shielding of energy prices — and 85 per cent of the commodity price in Chicago is still significant shielding — then it doesn't seem to me unreasonable that we look seriously at a *quid pro quo* on the other 15 per cent, that would allow our agricultural processing industry to deepen its roots and in fact meet the competition.

It seems to me that if we don't make some rather significant moves, the bottom line is that the packing industry is eventually going to move their operations to where the people are, or at the very least, that's where they're going to improve and expand their facilities. And it seems to me that over the next two or three years, the decisions this Legislature makes are going to have a rather profound impact on whether our oldest industry apart from coal mining, certainly our foremost agricultural processing industry, is going to survive. In my introductory comments, I would say to the minister that in my view a strong commitment by the government on this matter is extremely important.

I want to conclude by saying to the minister that I've had some strong differences with this government over its approach in a number of areas, but I've said before outside the House and I'll say it inside the House: I think the minister is the best of the members on the government side to be the Minister of Agriculture. I think he's shown some flexibility, and I appreciate that. I think that kind of flexibility is going to be important.

May I just conclude by suggesting to the minister that between 1971 and 1975, under Dr. Horner, we had a minister who was an activist; no question about that. He got the government into a lot of political hot water, a lot of trouble; no question about that. But in the process, even though I didn't agree with all the things he did, he did a tremendous amount of good. He was probably the most successful Minister of Agriculture we've ever had. He was an activist. He was a doer. Sometimes you wondered what he was doing, but you always knew he was doing. You always knew there was a new project. Every second day in the House, we'd have the Minister of Agriculture standing up and saying, we're going to do this. I remember when he first got us into massive hog expansion. You know, he was right, basically, in what he was trying to do. But the point I want to leave with the minister is that it seems to me that in 1975 we saw a rather serious shift in strategy. In 1975 we had some of the excesses, shall I say, of Horner enthusiasm catching up with the government. We had the Purnell inquiry, Agriplast, and a number of other issues.

But I think that what happened as a result of some of these issues in 1975 is that the department retreated.

Instead of continuing the strong activist role of Dr. Horner, what we saw over the next four years was essentially a very conservative role, a consolidation, but no new programs. All right, one can argue that. Sometimes reform has to be followed by consolidation. Sometimes change has to be followed by a time to catch our breath and get the procedures and the administration down pat. But what I'm saying to you now, Mr. Minister, is that frankly I think we've come to the point where we need a more activist role. If the minister is looking for a role model, while he may not have the flamboyance of Dr. Horner, it seems to me he still has the flexibility of mind, which is, the important thing. And part of that, in my view, is going to have to lead this government to take much more initiative and a far more activist position on matters than we've seen since 1975.

MR. CRAWFORD: Mr. Chairman, out of regard for the possibility that the minister's response might approach the recent remarks in length, I move the committee rise, report progress, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. PURDY: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, and reports as follows:

Be it resolved that there be granted to Her Majesty for the fiscal year ending March 31, 1981, sums not exceeding the following:

For the Department of the Solicitor General: \$2,911,838 for departmental support services; \$43,579,339 for correctional services; \$55,161,414 for law enforcement; \$20,973,886 for motor vehicle registration and driver licensing; \$2,042,937 for control and development of horse racing.

For the Department of Labour: \$1,124,970 for departmental support services; \$3,923,420 for labor relations; \$10,223,800 for general safety services; \$667,290 for industrial relations adjudication and regulation; \$870,950 for individual's rights protection.

The Committee of Supply has had under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

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

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, the House will continue in Committee of Supply tomorrow afternoon. Should the Department of Agriculture be finished, it would probably be followed by the remaining item in Executive Council and Treasury, in that order.

I might add that it is proposed that the House sit Thursday night.

[At 11:08 p.m., on motion, the House adjourned to Wednesday at 2:30 p.m.]