

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: Thursday, May 14, 1981 2:30 p.m.

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

PRAYERS

[Mr. Speaker in the Chair]

head: TABLING RETURNS AND REPORTS

MR. KOZIAK: Mr. Speaker, this afternoon it's my pleasure to table the annual report for the year ended December 31, 1980, of the Supervisor of Consumer Credit, pursuant to The Credit and Loan Agreements Act.

MR. R. SPEAKER: Mr. Speaker, I'd like to file with the Legislature a correction of one of the statements of the Minister of Housing and Public Works.

head: INTRODUCTION OF SPECIAL GUESTS

MR. WOO: Mr. Speaker, through one of its member branches, hon. members have a unique opportunity in joining with me today to accord recognition to a very important organization, the Royal Canadian Legion. The Kingsway Legion Branch, No. 175, has an outstanding record of community service. I wish to cite only three of its more recent accomplishments.

In 1980, under the leadership of its immediate past president and with the co-operation of the hon. Member for Edmonton Jasper Place in his capacity as Minister of Labour, the first wheel chair lift was installed in the province, and placed in Branch No. 175. This was done at considerable cost to the branch, in recognition of the International Year of Disabled Persons. In the same year a \$29,000 mobile home fully equipped with a dialysis machine was donated to the Edmonton chapter of the Kidney Foundation. This year, under its current president, a donation of a \$15,000 human organ transplant mobile unit will be made.

Mr. Speaker, the activities of this branch reflect similar major contributions by Legion branches in the Alberta/Northwest Territories command, and indeed in Canada. I am proud to have the distinction of serving as honorary president of Branch No. 175, following in the footsteps of a former Lieutenant-Governor of this province, the Hon. Ralph Steinhauer, who formerly held that honor.

Mr. Speaker, the Legion branches in this province comprise approximately 78,000 Canadians who are proud to be called Albertans, and who in turn totally support the hon. Member for Lethbridge West and his Bill, The Remembrance Day Act, now before the House.

Mr. Speaker, it is now my distinct pleasure to introduce to you, and through you to members of this Assembly three of those proud Albertans: President Fred Smitten, Vice-President Wilbur McMahon, and immediate Past President Bill Shackleton. I ask these distinguished gentlemen to rise and receive the warm welcome of the House.

MR. MANDEVILLE: Mr. Speaker, this afternoon it's my pleasure to introduce to you, and through you to members of the Legislature, 22 grade 9 students from Brooks. They're here viewing the city of Edmonton and to see us in performance. They're accompanied by two of their teachers, Larry Regner and Janet Gibson; three parents, Mary Stengler, June Kurtz, and Ralph Siemens; and their bus driver Vi Erion. I would like them to rise and receive the recognition of the House.

MR. COOK: Mr. Speaker, today it's a real pleasure for me to introduce to you, and through you to the members of the Assembly, 70 grade 9 students from St. Cecilia school in the Edmonton Glengarry riding. They're accompanied by three teachers: Mr. Del Fabbro, Mr. Wasylycia, and Mr. Grelli.

The students are now in the part of the grade 9 curriculum studying provincial government affairs. They're here today to view the Assembly in action, watch the government show its accountability to the Legislature, which it always is, and to receive the warm welcome of the Assembly. I'd ask them to rise and receive the welcome of the Assembly.

MR. PENGELLY: Mr. Speaker, on behalf of my colleague from the constituency of Red Deer, it is my pleasure to introduce to you and to members of the Assembly 50 students from Central junior high school in Red Deer. Accompanied by Mr. Phil Jensen, they are seated in the public gallery. I would ask them to rise and receive the welcome of the Assembly.

head: ORAL QUESTION PERIOD**Interest Rates — Agriculture**

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Agriculture. With the exorbitant interest rates farmers are facing in Alberta and western Canada, I'd like to know what proposals were made to the federal Minister of Agriculture with regard to lowering interest rates for farmers in western Canada, specifically Alberta.

MR. SCHMIDT: Mr. Speaker, on behalf of the province of Alberta we had the opportunity on Tuesday to join with agriculture ministers across Canada in making representations on behalf of their producers to the federal minister, Mr. Whelan. The meeting was called basically at the request of Mr. Whelan and dealt with three basic areas: high interest rates as they pertain to the beginning farmer; the responsibility of stabilization, mainly in the hog industry and touching somewhat on the future of the beef industry; and the last topic was the availability of farm funding and interest rates as they pertain to the Farm Credit Corporation and its role, province to province.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the hon. Minister of Agriculture. In a television interview this morning, the federal Minister of Agriculture said that banks are responsible for the high interest rates. He said he is going to make representation to the banks. Does the Minister of Agriculture in Alberta agree with that kind of philosophy?

MR. SCHMIDT: Mr. Speaker, the federal minister, Mr. Whelan, announced at that meeting on Tuesday that

consultation had been held with the chartered banks on behalf of Agriculture Canada, had discussed the interest rates and of course the problems faced by farm producers, and suggested that perhaps the banks at that time would hold some of the solution of interest rates as they pertained to agriculture.

On behalf of all visiting ministers who were called, I think it was pointed out that we can see little or no relief in the approach through the bank system, recognizing that they are lending institutions, as are others. The only outcome one could have in dealing directly with chartered banks was perhaps a stay of some of the loans that would be called and would carry them for a longer period of time, but could see little or no relief in the interest rate through a chartered bank.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. In light of the possibility of staying some of the foreclosures by banks, is the Minister of Agriculture planning to make representation to the Alberta chartered banks to assure himself that that policy would be in effect for farmers in Alberta?

MR. SCHMIDT: Mr. Speaker, the opening statement on behalf of Agriculture Canada was that the problem that exists from a survey across Canada indicated that bankruptcies were appearing in the provinces of Ontario and Quebec and were mainly in the area of hog producers. Perhaps that was one of the concerns that generated the meeting we had the opportunity to attend. The basic chartered bank approach has been made on behalf of the federal government. We have a good working relationship with the banks here in the province, pertaining to the operation we carry through both the Agricultural Development Corporation and collectively with those loans carried through the Farm Credit Corporation.

MR. NOTLEY: Mr. Speaker, a supplementary question. Did the discussions centre on the federal Farm Credit, and did the Minister of Agriculture for Canada give any indication that there would be substantial additional funding for federal Farm Credit?

MR. SCHMIDT: Mr. Speaker, the federal corporation and its lending powers, the future of high interest rates and how they would affect agriculture, and the Farm Credit Corporation as to what role it would play certainly came into the discussion. At the time the question was that its role would be limited, recognizing that less funds were available to the Farm Credit Corporation this year than in the past and recognizing that high interest rates would place a greater demand on their lending capability this year.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister.

MR. SPEAKER: Followed by a supplementary by the hon. Member for Athabasca.

MR. NOTLEY: What representation was made by the other ministers of agriculture to the federal minister to indicate the need for the federal government to increase funding to federal Farm Credit rather than decrease it?

MR. SCHMIDT: Mr. Speaker, all those comments made by the hon. member and certainly all those you could think of were made at that meeting, recognizing that if

total relief were to come from the Farm Credit Corporation, the amount of funding necessary for it to have at its disposal would be rather large compared to what its normal operation would be.

I would just like to touch on two points in the opening remarks. First, the Hon. Eugene Whelan stated: "Agriculture is a joint federal provincial responsibility". We agreed to that and asked how provinces could best help in the high interest rate situation, recognizing that there are differences in programs from province to province throughout Canada. I would like to quote one other aspect from the opening remarks:

Some provinces have done more than others to try to ease the burden of heavy credit costs. While I can appreciate the desire of the provinces to help their producers, in the long run I hope we can get away from unequal treatment that makes it more advantageous to farm in one province than another.

Recognizing that there are differences, it was indicated that if those inequities exist it is a federal responsibility to handle both credit, in this particular case, and stabilization, because it was the other topic of discussion.

MR. APPLEBY: Mr. Speaker, a supplementary question to the Minister of Agriculture. In view of the recent increases in lending rates of the Bank of Canada and subsequent increases by the chartered banks, I wonder if there is any plan by the Agricultural Development Corporation to increase the very favorable lending rates that are available to Alberta's beginning farmers.

MR. SCHMIDT: Mr. Speaker, we review the interest rates through the Agricultural Development Corporation twice a year. For the next period before a review is held, our basic rate is 12 per cent and will remain in force until such time as the review takes place toward the latter part of September, recognizing of course that we are very, very fortunate in having had that opportunity of one year of operation in the beginning farmer program. Within this province it places the opportunity for our beginning farmers to have that shelter. Of course the high interest rates are challenging beginning farmers throughout Canada. But in this province they can look forward to that shelter as a subsidy in regard to interest rates for the first of their five-year period.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. My conclusion with regard to interest rates in this meeting of Tuesday is that no progress has been made; high interest rates will continue. The minister indicated that his office and the government have a good working relationship with chartered banks. When are we going to have some action by discussion with those chartered banks to deal with the question of interest rates for farmers in the province of Alberta? Has the minister scheduled meetings with the chartered banks not only in Alberta but in Toronto and Montreal to discuss this question and bring some solution to the matter?

MR. SCHMIDT: Mr. Speaker, the system of interest rates is a federal responsibility. We could have discussions on behalf of producers within our own province on how chartered banks wish to handle the accounts they have. If there's to be any change in interest rates through chartered banks throughout Canada, it will have to come from the federal government, not from the province.

MR. NOTLEY: Mr. Speaker, a supplementary question. The minister indicated that his federal counterpart was going to take the initiative and discuss with the chartered banks what steps might be taken by those chartered banks. What specifics did the Minister of Agriculture advise his provincial colleagues he would be undertaking in his discussions with the banks? Would it be expansion in the farm improvement loan system? What kind of sheltering, or would there be any sheltering? You're dealing with chartered banks that are not noted for philanthropy. What kind of initiatives is Mr. Whelan going to take on behalf of Canadian farmers?

MR. SCHMIDT: Mr. Speaker, Mr. Whelan didn't indicate to us the approach, the direction, or how far he or his colleagues were going to continue in their discussions with the chartered banks, indicating first of all that they had had some preliminary discussions and felt that perhaps further discussions on behalf of the federal government and chartered banks were necessary to solve some of the problems of high interest rates.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Has the federal minister indicated to the provincial ministers that the federal minister will report back with regard to his discussions with the chartered banks of Canada? When will the provincial minister demand some kind of results from the federal agriculture minister? That's his job, on our behalf.

MR. SCHMIDT: Mr. Speaker, the plan of action, both short and long term — of course the short-term responsibility is entirely that of the federal minister and the direction he wishes to take. The longer term — and I say "longer term" for the immediate month ahead, recognizing that all the ministers of agriculture will meet again in July and with their federal counterpart the second day of the meeting. The end result was that all the ministers of agriculture agreed to monitor the area of farm financing in their own provinces as it affected not only the programs which they administer themselves but through the Farm Credit Corporation and the chartered banks, to bring to the federal minister an update on the position of individual loans as they exist with regard to areas of difficulty and, in some cases, the foreclosures.

MR. NOTLEY: Mr. Speaker, if I may, a supplementary question to the hon. minister. From reading his communique, the minister has indicated that the federal government would like to see a consistent approach across the country. I think most of us would agree with that. Bearing that in mind, and the fact that discussions with the various chartered banks for some kind of preferential rates will be, I think most of us would agree, hopeful at best, what reasons did the federal Minister of Agriculture supply to his provincial counterparts for the cutback in federal Farm Credit funding? That's where there should be an expansion of money. Some reasons must have been given. Is it that the federal minister can't sell it to his other cabinet colleagues? What were the reasons we have a cutback in FCC funding when we should have an expansion?

MR. SCHMIDT: Mr. Speaker, I'm not too sure just how the cutbacks take place in regard to the Farm Credit Corporation, other than to say that the indication on behalf of all the provinces to the federal minister was that if the Farm Credit Corporation were to accept part of its

role in the high interest rates that exist today — because it was suggested that was perhaps one of the areas that could relieve some of the situation that exists — funding far in excess of what is there at the present time would be needed. How those funds would enter into the Farm Credit Corporation is of course a federal responsibility.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister.

MR. SPEAKER: Followed by a final supplementary by the hon. Leader of the Opposition.

MR. NOTLEY: I appreciate the minister's answer and the representation made. However, notwithstanding the fact that it's federal jurisdiction, it affects every farmer in this country. What reasons did the Minister of Agriculture give to his provincial colleagues for a cutback in an area where — I'm sure every single member of this House, notwithstanding our political differences, could agree — there should be an expansion?

MR. SCHMIDT: Mr. Speaker, no answer was given as to why funds were not available at the present time. Nor were any answers given to some of the input costs that have appeared overnight that producers throughout Canada are faced with in the agricultural industry. We feel they are one of the factors, in some cases, that high interest rates make it difficult from an operating point of view.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Agriculture. I think this is what Alberta farmers want to know. What actions will be taken by the minister in the next month or two with regard to facing this question of interest rates in Alberta? What are the planned actions the minister has on behalf of the government of Alberta?

MR. SCHMIDT: Mr. Speaker, to date within our own province we have no indications that — other than high interest rates which plague all aspects of Albertans, and farmers are no different. Some individual changes have been made on practices as they pertain farm to farm. The Agricultural Development Corporation will continue to take care of those who make application to it, in both the beginning farmer stage and those who qualify under the last resort aspect in the other two areas of commitments that are ongoing. We will have the opportunity to monitor Farm Credit's response and the role it plays within the province, and have always had the opportunity to share with banks any problems that have existed on an individual base throughout the province, to give us some indication that more than the average are finding it difficult. That program will be ongoing. Of course if we find any major change in any one of those particular areas — I'm speaking now of the Farm Credit Corporation — or through the chartered banks, we will be able to keep the federal minister updated as to what we find within the province.

Other than that, Mr. Speaker, input costs are things we as a province can look at and will continue to. Some of the comments made collectively on behalf of all the agriculture ministers seemed to look towards farmers in the province of Alberta as being a sort of choice few. When you look at the overall packages that exist throughout Canada, it places Alberta producers in a rather preferred position.

MR. R. SPEAKER: Mr. Speaker, I think keeping the federal minister updated certainly isn't going to solve the problem for our farmers here in Alberta. The Minister of Agriculture should look at that.

Livestock Industry Stabilization

MR. R. SPEAKER: My second question, Mr. Speaker, to the Minister of Agriculture as well, relates to the comment of the minister and the discussion point in the meeting with regard to Canadian stabilization, supposedly of the hog industry and possibly the beef industry. At this point I'd like to know from the minister, number one, is there a possibility of a Canadian stabilization program being put place and, number two, does the government of Alberta support that stabilization, not only for hogs but for beef?

MR. SCHMIDT: Mr. Speaker, I'd like to confine my remarks to hog stabilization because it was the topic of discussion. I think there was total acceptance by all provinces and they all agreed that if stabilization is to have some stability in Canada, it should be a federal responsibility. That was accepted by all. As to whether that will be achieved, I would say the chances are rather slim. From a federal point of view stabilization goes much further than many of the producers wish to accept, because they also include supply management in stabilization. Of course that is the sticker in its degree of acceptance by producers across Canada. The philosophy of stabilization, of some semblance of uniformity, is still acceptable. I'm very pleased to say that, despite the lack of action from a federal point of view, we have managed to have an ongoing discussion and monitoring of the policies that exist between Manitoba, Saskatchewan, Alberta, and British Columbia, trying to keep some semblance of uniformity in forms of stabilization as it pertains to the hog industry.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. In light of the fact that Ottawa has not made a decision with regard to stabilization — I think that's the conclusion I gathered — could the minister indicate what action he or the government will now take with regard to the commitment of the Alberta government to stabilization in the hog industry?

MR. SCHMIDT: Mr. Speaker, recognizing that of course we would prefer a uniform, universal, federal program, we have never stopped looking and working toward a program, waiting hopefully for the federal program. We will continue to assess the programs before us, recognizing those that exist in our neighboring provinces and the responsibility we have to those.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Has the minister met with cattle producers recently with regard to their concern with establishing the hog marketing stabilization program? Is the minister going to take another look at the stabilization program announced in the Speech from the Throne for the hog producers of the province?

MR. SCHMIDT: Mr. Speaker, we've had the opportunity to discuss the proposal with both the pork producers and the cattlemen, and of course some differences of opinion as to the proposal, even amongst some of the producers. We will continue to have representation and

have met with the cattle industry. It's my understanding we'll be meeting with them again, early in the new week.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Could the minister indicate when a final decision will be made as to whether the hog stabilization program will be going in place, and when it will be in place?

MR. SCHMIDT: I can't give a definite answer, Mr. Speaker, but recognizing that the industry is waiting for some type of reply to their request for a system of stability as exists in other provinces, we're certainly ongoing and studying the proposals as rapidly as possible.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Agriculture. Could the minister indicate the position of the government with regard to the position of the Western Stock Growers, who indicate that they are not in support of stabilization for the cattle or the hog industry. Does the government support that position, or is there a difference in policy position?

MR. SCHMIDT: Mr. Speaker, it certainly would be one of the areas that one would enjoy if the market system were such that programs of support were unnecessary, not only in the province of Alberta but in other provinces as well. It becomes rather difficult in looking and assessing the hog industry as it exists in Canada with a production of about 12 million hogs a year. The province of Alberta, which represents about 1.6 million of the 12 million hogs raised in Canada, would be the only province that had no form of stabilization or assurance on behalf of the hog industry.

Agricultural Development Corporation

MR. MANDEVILLE: Mr. Speaker, my question is also to the hon. Minister of Agriculture, as soon as he has his little sip of water. The minister indicated that he had a meeting approximately a week ago with the board of directors of ADC. Was whether the board of directors would be involved in administration or just in setting policy discussed? At the present time, I understand the board is approving loans. Was this portion discussed in their meeting?

MR. SCHMIDT: Mr. Speaker, we had the opportunity to discuss with the board members the programs they've administered over the period of years. We've also had the opportunity to discuss with them individually whether they saw any changes that could come about. The implementation would perhaps provide a speed-up in the process, and an opportunity to review some of the actual paper itself as to whether the end result of the documentation they have is serving the total need, and if some of it could be shortened or, in some cases, maybe not be part of an application. So we had the opportunity to delve into and do a total review of perhaps all the areas the hon. member has discussed both in the House and with the department over the period of years.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Would the minister consider the suggestion that the board of directors be involved only in administration and not in the approval of loans — leave that to the administration?

MR. SCHMIDT: Mr. Speaker, it was part of the discussion. We would have to be back again for the opportunity to bring together all the thoughts we left. Perhaps that is one area that would require some work. I believe that will be ongoing. At a later date we'll have the opportunity to assess some of the suggestions.

MR. MANDEVILLE: A further supplementary question, Mr. Speaker. At the present time, the loans are all pretty well approved at the head office. Was there any consideration of approving some of these loans at the regional level, or even at the local level?

MR. SCHMIDT: It was one of the topics of discussion, Mr. Speaker, recognizing that there are also some problems that would appear in the areas if we went that route. Of course, it would certainly be a departure from the normal operation and would require a fair amount of research to see to what extent, and if, it's feasible.

MR. MANDEVILLE: One final supplementary question, Mr. Speaker. I get a lot of reports on the appeal committees not having the power. They'll approve a loan, and then come to the board and they turn them down. As far as the local appeal committees are concerned, are there any suggested changes in the policy so that when they make a decision, their decision is final, or at least have more input in the loans when they come to the head office?

MR. SCHMIDT: Mr. Speaker, the role of the local development committees was discussed to some length, recognizing that the role they play is a must as far as the Ag. Development Corporation is concerned. We in government have made use of the local committees to a great extent. I can remember that in the disposition of Crown lands, they play a very valuable role in their communities, because they are on site and, in most cases, know the applicants or the parents of the applicants. So the information they can provide is certainly of value to us.

We are looking at the question of how far we can go in utilizing the knowledge they have. Hopefully, there may be some input at the beginning of the loan application, as well as their original function of handling appeals, which they were designed to handle.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Agriculture. My concern is the sort of non-answers we're getting with regard to these questions about the important area of financing agriculture in the province of Alberta and high interest rates. Since the meeting on Tuesday with the federal Minister of Agriculture, which discussed interest rates, has the minister reconsidered the government's position with regard to changing guaranteed loans into direct loans from ADC? Has the minister made a decision with regard to that one change in policy that would help a significant number of Alberta beginning farmers right now?

MR. SCHMIDT: Mr. Speaker, we have not changed the basic policy of ADC, and that's what the hon. member is asking. Loans are available through ADC that affect both direct money and guarantees. That program will continue.

Hazardous Chemical Spills

MR. NOTLEY: Mr. Speaker, I'd like to direct this ques-

tion to the Minister responsible for Workers' Health, Safety and Compensation. It flows from reports that a Grande Prairie woman involved in the 1974 PCB clean-up has claimed some after-effects from her work on that clean-up. On Tuesday the minister indicated that he was going to ask his department to evaluate the work they've done in checking the people involved in the 1974 clean-up. I would ask the minister if he's in a position to advise the Assembly what steps have been taken to test the people involved in the 1974 clean-up.

MR. DIACHUK: Mr. Speaker, I would only like to respond that I've asked my officials for a report. As of today, I haven't received it. I'm unable to respond more fully.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. In view of the fact that there's at least some potential danger to the health of people involved, and apparently the company has lost its own report, will the minister assure the House that the department of Workers' Health, Safety and Compensation will take the initiative in attempting to find these people involved in the 1974 clean-up so there can be proper medical testing for their own health and safety?

MR. DIACHUK: Mr. Speaker, can I suggest that if the company has lost the report, it sounds like the hon. member may have it? I would welcome a copy of that report.

MR. NOTLEY: Mr. Speaker, I always enjoy a good reply, but in this case we are talking about the health and safety of people. Will the minister give this House an assurance — and I hope it's a little better assurance than we got from the Minister of Agriculture on interest rates — that we're going to have the department of Workers' Health, Safety and Compensation work closely with P&G to get the names of the people who were involved in the 1974 clean-up so they can be properly tested medically to ensure that there is no danger to their health as a consequence of action they took in the public interest to help clean up a PCB spill?

MR. DIACHUK: Mr. Speaker, I believe the record shows that I indicated that my officials at all times co-operate with the workers in making sure that any spills are safely recovered. However, as of today and this Tuesday I rose and responded that I don't have the information before me, but I would welcome any citizen from that constituency or from any part of Alberta, including any member of the Legislature, who is concerned about his or her health to respond, report, contact either my officials or my office directly. If they have any concern about the safety or health of any worker in this province, I would welcome that information. To date I haven't received any.

MR. NOTLEY: Mr. Speaker, a supplementary question. Surely the minister is not going to wait until people come to him or until he hears about it third hand. I'm asking the Minister responsible for Workers' Health, Safety and Compensation whether that department, in conjunction with the company, will review the company's employee records of 1974, obtain the names of the people who participated in the clean-up without satisfactory clothing, and then contact them so there can be proper medical

testing of the people who took part in that clean-up. Very directly, is the minister going to take the initiative?

MR. DIACHUK: The representation made by the hon. member will be noted. I can only assure the hon. member that his representation will be looked after, as any other representation made by workers. But sincerely, Mr. Speaker, my office has not received any requests for such an examination or review, from the workers individually, the union, or the hon. member himself.

MR. NOTLEY: Mr. Speaker, I put the question to the minister again. Will this government take the initiative? It's well and fine to wait for responses, but we're talking about potential danger to the health of people who participated in a clean-up in 1974, in the public interest. We owe them a debt of gratitude for that. Very directly to the minister, will there be an effort on the part of the department to contact P&G in the next few days at the latest and get the employee list of people who participated in the clean-up, so they can at least go and have a medical test?

MR. DIACHUK: Mr. Speaker, I think the hon. member is just repeating his question. I've assured him that his representation is noted and will be looked into.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Environment. Is the minister able to advise the Assembly categorically, as a result of the examination by the Department of Environment, that the waste material from the 1974 PCB spill is not in a position where it could potentially drain into the Wapiti River; not only the 1978 spill, but more particularly the 1974 spill?

MR. COOKSON: Mr. Speaker, I think the hon. member is getting his spills all mixed up. The '74 spill involved approximately one gallon of material, which was suspected to be PCB. It was subsequently cleaned up by a contractor who dealt in handling hazardous wastes. The 1978 spill, on which I made some comments earlier and on which a detailed report is in my hands, is public information. I'd be happy to make that available to the member.

Import Tariffs

MRS. CRIPPS: Thank you, Mr. Speaker. My question is to the Minister of Economic Development. Can the minister indicate to the House if he's had discussions with the federal government regarding its proposed Buy Canadian policy?

MR. PLANCHE: Not precisely, Mr. Speaker, other than the question of oil.

MRS. CRIPPS: More directly, I understand the federal government may be thinking in terms of adding a tariff to products brought into this country. Is that a possibility which may affect Alberta companies and Alberta growth?

MR. PLANCHE: Mr. Speaker, we've done some serious looking at what's called the Blair report, where they suggested a 3 per cent preferential may be given to the purchase of Canadian goods. That's simply a tariff.

In its industrial development permitting system, this government has consistently requested that maximizing

Alberta and Canadian manpower and material is an essential ingredient for getting a permit, provided that the purchaser doesn't have to pay a premium for like goods and services. The reason for that is that, in the long term, to add unnecessary capital costs to ongoing enterprises isn't going to help anybody who builds around them or is employed by them.

MRS. CRIPPS: A supplementary, Mr. Speaker. Is that tariff over and above the tariffs already in existence?

MR. PLANCHE: Mr. Speaker, I can't answer that precisely, but I presume it is. Almost everything Albertans buy outside of agriculturally oriented products is tariffed. So it would follow that a 3 per cent surcharge or preferential purchasing policy would simply add 3 per cent onto duty paid goods.

ORDERS OF THE DAY

DR. PAPROSKI: Mr. Speaker, I'd like to rise on a point of privilege, to make a correction in *Hansard* of May 11, 1981, page 649, when I was speaking on AADAC. At that time I said: "I'd like to congratulate the staff of the Alcoholism and Drug Abuse Commission, primarily Mr. Wilf Totten on his retirement."

Mr. Speaker, of course I meant to say that I'd like to congratulate the staff of AADAC, particularly Mr. Wilf Totten for his excellent job, and furthermore I'd like to wish Mr. Totten best wishes on his retirement.*

Thank you, Mr. Speaker.

MR. OMAN: Mr. Speaker, last Monday when I introduced what should have been Bill Pr. 2, I mistakenly introduced it as Pr. 5, which was a later Bill. I'd like to have that noted in *Hansard* as well.

head: MOTIONS FOR RETURNS

MR. HORSMAN: Mr. Speaker, I move that motions for returns 113, 125A, 126, and 127 stand on the Order Paper.

MR. SPEAKER: Is the Assembly sufficiently aware of the numbers?

HON. MEMBERS: Agreed.

[Motion carried]

129. Mr. R. Speaker moved that an order of the Assembly do issue for a return showing:

- (1) copies of all correspondence between the Alberta government and Baker Lovick Advertising Ltd. regarding the design and promotion of the Alberta Heritage Savings Trust Fund logo,
- (2) the total amount paid by the government of Alberta to Baker Lovick Advertising Ltd. for their part in the design and promotion of that logo.

MR. McCRAE: Mr. Speaker, I'd like to make a comment regarding subparagraph 1, which asks for copies of all correspondence. I'd simply like to point out to the Assembly that the normal practice in the House is not to table correspondence without the acquiescence or concur-

*See page 649, right column, first paragraph

rence of the writer. In this case there is no correspondence; otherwise I would move an amendment to the motion. As it is, with that caution, it would be perfectly acceptable.

[Motion carried]

130. Mr. R. Speaker moved that an order of the Assembly do issue for a return showing an accounting of all advertising work done for the provincial government by McVean Advertising Ltd. of Calgary, including a description of the work, the amounts paid for each project, and whether each contract to McVean Advertising was awarded as a result of open, competitive bidding.

[Motion carried]

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

207. Moved by Mr. Cook:

Be it resolved that the Assembly urge the government to initiate a study of the present statute law, regulations, and public policies of the government with respect to energy conservation, with the objective of identifying provisions which may have the effect of discouraging conservation, identifying possible areas of change to maximize conservation, and to develop a province-wide policy, both with respect to the activities of the public service and an appropriate role for government, to encourage energy conservation and discourage energy waste in the province.

MR. COOK: Mr. Speaker, it's a real pleasure to be here in the Assembly today. Thursday, May 14, in effect became energy conservation day in the Alberta Legislature. The Bill later this afternoon will deal with energy conservation as well. I think it's appropriate that we deal with both topics: a general policy statement which reviews the whole question of the need for energy conservation as a policy standard, a goal for the province, and then focusing on one aspect of that — what we can do to improve our residential stock for Albertans. Basically Motion 207 asks that the government of Alberta consider the development of a policy statement that will become a performance test for departments as they plan programming and activities, and also review past actions in statute law. Having accomplished that, I presume the government of Alberta would try to make our economy, our society, and our province leaner and more efficient in energy conservation.

Mr. Speaker, it might be necessary at the outset to ask ourselves: why is energy conservation necessary? I'll deal with three good reasons: one, we're in a period of international uncertainty. A lot of Canada's supplies are brought from offshore countries which are politically unstable. The House of Saud in Saudi Arabia has had one attempted coup in the last two years, and they supply a significant percentage of Canada's foreign crude requirements.

MR. SCHMID: Forty-seven per cent.

MR. COOK: The hon. Minister of State for Economic Development — International Trade states 47 per cent. That royal family has some internal problems; no clear line of succession is established. There could well be some very serious problems with crude oil we depend on from

Saudi Arabian oil fields. When we think of international uncertainty, we only have to think of Iran, and that could be a real problem.

Secondly, while we're in a period of a temporary glut of oil on the world market, we've traditionally had a shortage over the past few years. It's interesting that a study published two days ago by the International Energy [Agency] points out that we should have an energy glut for about two years, followed by some very serious problems. Third, if we have an international problem, Alberta and Canada would have to share our oil and petroleum supplies with our partners in worldwide industrialized democracies. We have that commitment, again established by the International Energy Agency by treaty. We would have our consumption and supplies cut. So those are some good reasons.

I'd like to make a couple of other quick points. Energy conservation is a desirable goal, because it makes our industrial and physical plant efficient. I think a good Progressive Conservative government would like to see that kind of development. With an efficient industrial or residential plant, profits are available for use in other areas: more investment, greater income is available for companies to provide more employment, and greater income is available to provide greater social services. That's a desirable goal: an efficient, lean industrial plant.

Secondly, Alberta is growing very, very rapidly right now. We're building an industrial plant that will have its energy consumption set for the next 20 or 25 years. It's much easier to try to have a lean industrial plant under construction than to go back and try to retrofit it. It's much better that we try to develop a climate for economic efficiency now, rather than wait until international situations catch up with us. That's why I think energy conservation is necessary. It's economically attractive to try to conserve energy for the long run. It's conservative in the best sense of the word; we're protecting a valuable and limited natural resource. Having made those points, I think we should turn our attention to the main elements of a good energy conservation program.

What should we look for in an energy conservation program? Generally, Mr. Speaker, there are about four features: a public information program — and the Alberta government is doing a very good job there; pricing policies that encourage conservation and make consumers face the real world — Canada and Alberta are not doing so well there. We need incentive schemes to encourage conservation, like Bill 214, which we'll be looking at later this afternoon, that would encourage home-owners to refit their homes, assist with grants and loans for consumers to make capital investments, and encourage industry to make capital investments in its industrial plant. The fourth point is: establish regulations and standards that set conservation objectives. Quite clearly, an example is the U.S. Environmental Protection Agency, which set fleet standards for mileage.

I think it should be noted that when the United States was establishing those standards in the early '70s, the car industry — General Motors, Ford, and Chrysler — said it was impossible to reach those; it was impractical and no technology was available. But the Japanese and the Germans did it. Had the Americans not enforced by regulation improved mileage standards for their automobile fleets, they would be in an even worse situation trying to compete with the Japanese or Germans today. I think it can be safely said that the regulations and standards the U.S. government set, in effect, helped save the American automobile industry from some very stiff worldwide

competition. So we need regulations and standards in cars, buildings, and consumption for industrial processes.

Those are the four main elements of a good energy conservation program: public information programs, pricing policies that encourage conservation, incentive schemes to help assist making capital investments to accomplish that goal, and regulations and standards. A lot of Albertans ask me: why should we in Alberta be concerned with energy conservation? We have lots of oil and gas. We have a gas glut; it'll never run out. Well, Mr. Speaker, I think there are some very compelling reasons. Basically they're threefold. When we waste energy, there's an opportunity cost; that is, we could have sold that energy across the border and received real value for those millions of feet of natural gas that consumers use but which do not materially affect their standard of living. The natural gas a home-owner uses to keep his or her home at 72 or 73 degrees is wasted if, by insulating the home, the home-owner could cut gas consumption by 50 per cent and still be just as warm and comfortable. The province and citizens of Alberta could enjoy an increased return on that natural gas, a public resource, if we sold it to our American cousins. So there's an opportunity cost if we consume a natural resource unnecessarily and don't receive fair market value for it.

Secondly, we're building an industrial plant and a residential housing stock whose energy consumption standards and patterns will be set for the next 20 or 25 years. If we don't set up a climate today that encourages a lean, efficient industrial plant and residential stock, as a people and as a government we're going to be locked into some very expensive subsidy programs to keep the inefficient industries operating or trying to help Albertans on low incomes meet their utility bills. In the United States, Mr. Speaker, there are some horror stories of elderly people on fixed incomes, generally in older, poorer insulated homes, who, faced with massive utility costs, turn down their thermostats in winter to the point where they endanger their health and even their lives. In Alberta that probably won't be quite as severe because we have a very generous program, about \$2,000 every four years, for senior citizens to invest in their homes. But I'm sure we're going to find some cases of senior citizens endangering their health or their lives over the next few years. It can be directly traced to our construction techniques. If we perpetuate that, knowing full well the costs, the ramifications of that public policy, we're unnecessarily asking for trouble. And the tragedy is that it's clearly avoidable.

The third point is that Albertans are trustees of a natural resource. Trustees is a word that has had me in some hot water in this Assembly from time to time, Mr. Speaker. But we are trustees of a natural resource; in this case, oil and natural gas. Our failure to act responsibly means that future generations are going to be denied a very valuable resource, and we do them a disservice.

We've established that energy conservation is a desirable goal. We've looked at why it's necessary for Alberta, and we've looked at the main features of a good energy conservation program. I guess the next point we should look at is what we as Canadians and Albertans are doing. If those are the standards and goals, over on the other side we should ask ourselves how we are doing, how we perform. Unfortunately, Mr. Speaker, not very well. I have a document from the International Energy Agency, published just a year ago. It shows that Canada has the highest rate of energy consumption per unit of gross domestic product of any industrialized country in the western world. Per \$1,000 of gross domestic product, we

put something like — I'll just figure this out; this is in metric.

MRS. CRIPPS: I can't understand it either.

MR. COOK: That's why I thought I would try to convert this very quickly. We invest about 10 per cent of our gross domestic product in energy. That compares with Sweden, which is around 6 per cent. Sweden has a very similar climate. You would think they would have similar problems. I'm not comparing Canada to Greece; I'm comparing Canada to a country that has similar economic structures and climate problems. We could take a look at Norway, which I think is on this chart. It is at 5 per cent. Again, Norway has a very similar climate.

We're about 50 per cent more inefficient, if you like, with our industrial and housing stock, if you believe the statistics of the International Energy Agency, which is an affiliate of the Organization for Economic Co-operation and Development, a fairly conservative, very responsible organization. If those figures are to be believed, Mr. Speaker, our country is not performing very well. We have the highest energy consumption record in the industrialized world, and I think that's to our shame. Canada has the lowest petroleum and energy prices in the industrialized western world, and I think that's directly related. I think the fact that we have the lowest costs means that Canadians put much less emphasis on conserving a resource.

Mr. Speaker, the only conclusion one can reach is that if we do have some serious problems in the offing in the very near future, Canada is going to be more affected than any other country because we'll be less efficient, less able to handle a major international problem. I think we've seen that with the oil disruptions in 1967, in 1973, and again in the late '70s. Oil supplies are inherently unstable, because basically they come from politically unstable countries. Canada imports fully one-third of its energy requirements. If there is an international problem, we're going to have some very serious disruptions. Alberta will be affected as well because, under international treaty obligations, we'll have to divert our supplies to other countries to help them out. We'll have no choice.

Mr. Speaker, Alberta does have an outstanding record in energy conservation on the supply side. Our Energy Resources Conservation Board has a record that's unparalleled in the world. I think it should be said that we have some very fine and competent Albertans conserving energy for us on the supply side. They make sure we get the best possible production from our oil and gas reserves. But we don't have a very good record on the consumption side. I think that is a source of concern.

Let's go back to the motion. The motion basically sets out, as a general policy objective, asking departments to review their policies, their administration, and their statute law, with the single objective of trying to create an environment that promotes energy conservation. Let me try to give members of the Assembly this kind of picture. In the year 2000 our population will have roughly doubled. We're a province of around 4 million people. Our energy reserves have fallen off dramatically. The cheap, conventional oil has been virtually exhausted. We're left with much more expensive oil from the tar sands and much more expensive gas because we're bringing it in from remote regions. Mr. Speaker, as a province we're going to be faced with greater costs. And because of energy consumption patterns established in 1980, we're going to be locked into a very inefficient industrial and

residential heating pattern. As a province we're going to be locked in to some of the worst energy conservation oriented housing and industrial plant in the country. We're going to be facing much, much higher costs, and we'll be much less able to compete. I think every Albertan, especially members of the Assembly, should be concerned about that prospect.

So I think we should be asking the government to review its policies, department by department; asking the government to try to identify a program that will lead us to a more efficient industrial and residential plant. Failure to do that will have some very grave consequences for us as a people in 20 years. We're asking the Assembly and the government to have a long-range view.

I'm just going to take two minutes, and then I'm going to listen to the contributions of other members. There are some opportunities for some policy changes. I'd like to run quickly through a couple of suggestions. Mr. Speaker, in agriculture — and the minister is here. Mr. Minister, we should be looking at trying to encourage research and development that would lead to techniques in agriculture that would reduce energy consumption on the farm; for example, tillage techniques, the amount of energy that's required to pull a plough — I'm sorry, not a plough; we've done away with ploughs — but seed drills and all the equipment that is necessary to run a modern, efficient farm. We should be trying to go through with our extension services in the agricultural sector to encourage young beginning farmers to review their farm practices. Pesticides and fertilizers are petroleum based.

In the Energy and Natural Resources Department, Mr. Speaker, we should be trying to create an energy conservation branch. We have one now; it's the smallest in the country. We devote less money for energy conservation in our budget than P.E.I.. We should be trying to boost that, so that we can try to educate young Albertans and Albertans generally about the need for energy conservation.

We could be looking at our royalty structure. Natural gas that comes out of the ground isn't charged a royalty until it's cleaned through a gas processing plant. Only the gas that emerges is charged a royalty. That leads to inefficiencies in the gas treating process. I understand that up to 10 per cent of the gas is lost in that. That compares very poorly with gas processing plants in the United States, where they are charged a royalty on gas that leaves the well, not the plant. Less gas is consumed in the process.

Mr. Speaker, our Environment Department encourages urban sprawl. It does that by providing water and sewer all through a metropolitan region, and encourages urban growth not in a high-density pattern but in a sprawling fashion that requires us to service that area with very expensive roads, freeways, and makes it very difficult to service an area like that with L.R.T.

The Minister of Government Services is here, and I think he has a tremendous program. All buildings owned by the Alberta government have been asked to reduce their energy consumption, and I think that's a very good record. The minister should be congratulated. As well the minister's department computer models new construction, so that they can predict energy consumption patterns and ask an architect to revise his plan if it's evident that there is going to be a problem. That is a good example of leadership in this area, Mr. Speaker.

Housing and Public Works could be trying to provide for better insulation standards in public housing. They could be trying to encourage municipalities to increase

the density of urban Alberta. We could be trying to help people with the family home purchase program by asking builders to upgrade their insulation standards, and only those better buildings would qualify for assistance.

Now this is an important point. Energy costs in Alberta reflect only about one-third of the true market value. If we as a country and as a province increase our energy costs and also approach world price conditions, consumers who are now paying \$400 or \$500 to heat a 1,200 square foot bungalow are going to be faced not with a \$500 bill but with a \$1,500 bill. That becomes a very significant element of a consumer's monthly bill when they're trying to meet their mortgage payments. I think that Housing and Public Works should take that into consideration. They should be trying to increase the standards for new residential buildings, recognizing that the home-owner is going to be faced with a very much stiffer cost for energy, and that will affect his or her ability to pay the mortgage payments. In this Chamber, Mr. Speaker, we've heard a great deal about interest rates. Here is a good example to provide some assistance to home-owners, so that they're better able to meet those costs.

Those are just a couple of suggestions, a few departments. That's the kind of way we should be looking at the problem, and our failure to do so will leave us with an inefficient industrial plant, an inefficient residential housing stock, and it will be with us for years and years to come. It will lock us into a pattern of energy consumption, and we will pay very, very dearly for the policies we're setting today. With that, I'd like to listen to other members. I'm anxious to hear other members' concerns, or whether they think this is a concern at all. Future generations are going to look upon us and judge us on our wisdom and our policies, and I think we as a government should be trying to seriously consider what we can do to make this province leaner, more able to compete economically in the world by becoming more efficient in our energy use.

Thank you.

MR. KOWALSKI: Mr. Speaker, I'm pleased today to rise to participate in the debate on Motion 207 brought forward by the Member for Edmonton Glengarry. At the outset, though, I'm a little surprised that the member wishes to rename May 14, 1981, energy conservation day. It's my understanding that in the past we've had many days dealing with energy conservation. By wanting to designate May 14 with that new name, perhaps the member was setting aside many of the excellent programs already in existence with respect to this question of energy conservation and management in the province of Alberta.

I'm pleased that the member took us to Saudi Arabia for a few minutes, to Iran for several more minutes, then to the United States, and finally back to Alberta, where he said there was need for a climate for positive action on this subject. I'm also pleased that the Member for Edmonton Glengarry raised four specifics in a general way when he talked about this climate for positive action. He referred of course to the question of pricing. We as Albertans all understand the difficulties we have, in the context of Canada today, caused by an intransigent federal government in dealing with us in a fair pricing arrangement and accord. As I understand it, a number of studies in other countries of the world clearly indicate that if energy prices do rise to the fair level that they should, in fact it does tend to reduce a lot of waste with

respect to unnecessary travel, travel with one person in a car rather than with two, three, or four people, and the like. Pricing also allows us to look at other sources of energy, perhaps even cleaner sources that we have today. Of course inventiveness only comes if there's a fair return and incentive for those who are involved in the business of inventing.

In a second suggestion the member mentioned that we need an incentive scheme for home-owners, so that home-owners could move in the direction of improved energy conservation. That's an interesting one. Without any doubt, the most important incentive we all have, those of us who own homes and those who do not, is the incentive we meet at the end of the month to try to come up with the dollars necessary to pay our utility and heating bills. Goodness knows, everyone in this Assembly has more electrical heating utensils in his home than he would ever use at one time.

I'm sure it's not at all uncommon for any one of us at any time in the evening to find three, four, five, six, seven, eight rooms in our home with the lights on, yet we're all sitting in only one room. The question is: why are the lights on in the other four, five, six or seven? Walk into any kitchen and see the appliances there as a necessary convenience for the people who use those appliances, but in many cases hardly necessary for the ultimate survival of our species. Nevertheless they're there. I would certainly hope we're not being asked to come up with incentives to reduce the dollar figure attached to the energy costs of running everything from an egg beater to an electric bottle opener to an electric ice maker in your refrigerator.

The third area the member talked about was establishing regulations and standards. Regulations and standards are fine, but I am a Conservative, as is the Member for Edmonton Glengarry. I'm also a Progressive Conservative, and I would tend to be progressive in that we should be looking at reducing regulations and standards rather than increasing the number of regulations and standards we have in our society today. It seems to me that the best incentive we all have is the incentive of meeting the dollar figure we need for our cost of living at the end of each month. If that dollar figure is to be subsidized by some other program, it negates the reason for having good management of a personal nature. If you look at the record that already exists in the province of Alberta on this question of energy conservation and management, it seems to me that we have all the regulations and standards we need at this point. What we need is a better public awareness of what is happening.

The member indicated a fourth area: a public information program. It's really with regard to a public information program that I want to spend my time this afternoon, to make mention of the very excellent programs this government already has in place, and to refer to a number of departments and the initiatives they've taken in this whole question of energy conservation, which of course is simply no more than good energy management. Good energy management gives three benefits to a society. First, it's a process of reducing unnecessary waste; secondly, it saves us money; and thirdly, it often increases our level of comfort: all of which are extremely important to ensure a good quality of living. A number of government departments are very, very actively involved in this whole question of energy management and conservation. In fact more than two dozen have programs of considerable benefit under way. All too often, though, these programs are all but ignored by members of the public.

Unfortunately, perhaps we have not done as good a job as we might have in providing information to them.

In my view the major organization we have in our province that allows us to conserve energy, is the board which has "conservation" as one of the four words in its title: the Energy Resources Conservation Board. It is extremely well respected in and outside Alberta. Its basic responsibilities are to regulate exploration and production, and to set up policies, with the approval of this government, for the orderly development and management of our resources in the best interests of the people of Alberta. That also means having a reserve of energy for the citizens of this province several decades into the future. Ensuring that we have a sustained amount of energy resources available for our future, is in fact a management tool applied to us today. That means we cannot sell an unlimited amount of our resources without ensuring that we do have the back-up resources for the future.

I might add that we have a very interesting management tool currently in place, and that is the oil reduction tool that has been in place for over two months. Effective June 1, there will be a further reduction. That energy supply will be retained in the ground in Alberta, as much for energy conservation and management purposes as for any other.

Essentially, Mr. Speaker, there are three major ways a government can look at energy conservation. It can lead the way by setting an example in its own operations. Secondly, it can look to the area of assistance in advisory programs, in terms of expert guidance that might be made available to individuals, firms, and businesses. A third area would be sponsoring research into more efficient and perhaps even alternate energy sources. I'd like to talk about all three this afternoon and, first, look at what the government is doing in the form of setting an example in its own operations.

Very, very major savings are being realized on a monthly basis. I'm pleased the Member for Edmonton Glengarry pointed out the excellent work of the Department of Government Services. That department was established in 1976. One of its prime purposes was to reduce energy consumption for government buildings without adversely affecting their function. There are a number of ways in which that has come about. Of course they're ongoing, and the managers we have are consistently and continuously looking for improved methods of arriving at energy conservation and management through such things as improvements in air conditioning units and heating and lighting systems. We can look at such things as shutting off air handling units, where practical, during weekends and weekday off-hours, reducing lighting levels, and improved glass. You can use computers to manage when lights come on and off in a particular building, and when thermostats are adjusted. Air flow can be checked and monitored on that basis. Now that's an operating cost that's ongoing. What's saved today will be saved next month, next year, and in the years gone by. Very, very importantly, particularly when it's in the operating side, we often have a difficult time arriving at realized savings.

Figures from Government Services indicate that in the years 1977 to 1979, a saving of some \$3.5 million was realized in the operating side. However, it did cost some money to realize that \$3.5 million. It cost about \$1.7 million to realize that saving of \$3.5 million. But you did get an economic benefit as a result of the investment, and those kinds of investments have to be continued. As well we have to have excellent training programs for people

who are involved in maintenance. Today maintenance work in some of our large government buildings is very, very different than it was decades ago when buildings were much smaller and fewer people were using those buildings. With our new technology and because of the excellent technical base we have in this province with architects, engineers, and designers, we are in a great opportunity to design new buildings, away from the old stone masonry types that were ugly to look at, as well as inefficient from an energy point of view. We now have that, and it's an avenue and an area we have to look at.

Another department that has a major role to play is Alberta Housing and Public Works. In the last several years, it has developed a new design manual which outlines requirements for such things as new buildings and the type of designs that we have to fit an urban or rural environment. But one underlying objective is tied to the manual, and that is directly related to energy conservation. In fact a specific target in the manual is to ensure that we have increasingly better performance levels with respect to energy consumption on a per unit floor basis, on a yearly basis. With computers we now have the benefit of excellence in design in a way we did not have a decade ago, and that certainly is a tool we have to implement.

Advanced Education and Manpower has a very major role to play, particularly in the heating costs of universities and colleges in this province of ours. Where better can you find the technical expertise and knowledge than from those individuals who are employed at the universities in a professorial or research role? Particularly, efficient lighting at all academic institutions is extremely important. With the lighting/heat units we have in this province simply from the sun, we now have a great opportunity to build with increased use of glass, more skylights, and the like.

I've already talked about individual switches. Now that may sound very, very small in this whole question of energy conservation. But if you look at a province as large as Alberta and count the number of buildings we have, if in fact we did make better use of our light switches . . . Look at this Assembly today, where perhaps 50 per cent of the members are in their places. Perhaps we only need 50 per cent of the lights on. That of course is an example.

I just want to emphasize computer controls again. That has worked at the University of Alberta, where energy savings did accumulate through the years 1975 to 1979. Some \$2.7 million was realized just by the effect of that one computer program. In fact some statistics put forward by Advanced Education and Manpower indicate that energy consumption at our universities and colleges has decreased with a savings factor of some 30-plus per cent in the last several years.

Alberta Hospitals and Medical Care has to be involved in a conservation program. We have to have our hospitals designed where energy is extremely important, from the lighting side, the heat side, and the like. I'm really pleased to know that that department is now taking a leading role across the country of Canada, and is very much involved in an interprovincial task force associated with the federal government called the Federal/Provincial Task Force on Energy Management for Health Care facilities in Canada.

Alberta Government Telephones is another agency in this province which has done excellent work in the last several years in attempting to reduce energy consumption. Shortly we will have a new AGT office building in downtown Calgary. It has solar glaze reflective glass to

reduce air-conditioning loads, office zone lighting systems, above-standard insulation, and thermal storage tanks that will allow recycling of waste heat within the building. All four things go a great way to improve it. As well, AGT is now testing smaller, subcompact trucks, and has a number in operation in the Calgary area. They're converting some of their truck fleet to diesel fuel. They're also getting away from the larger automobiles we're so used to using, and going to compact cars. Interestingly enough, AGT employees with company vehicles are also requested to observe a 90 kilometre speed limit. In an area of energy management, AGT is conducting solar and wind energy research.

Alberta Education has moved in this area of energy management in a very positive way, and in fact has conducted several fairly major studies in this question in recent times. One conducted at Grande Prairie examines the savings that could be obtained through better operation and maintenance without equipment or structural changes, which is very important. Some people believe the only way you can effect major savings in heating is by simply rebuilding the whole building. But of course, with imagination, you can effect changes in a number of ways. In fact in one study conducted in Grande Prairie, savings of some 20 per cent were effected by such no-cost measures as lowering the temperatures at night, reducing the hot water temperature, pulling out lights in vacant rooms, and the like.

[Mr. Purdy in the Chair]

The second study, in Calgary, looked at a range of modifications that could be made within schools. Interestingly enough it found that major alterations, unless they were done in conjunction with repairs otherwise needed, weren't cost effective. Of course most people who use common sense know that. But sometimes we have to have a study to determine that as well. There is a very interesting school in Edmonton, the Sweetgrass elementary school, where heating costs were reduced some 50 per cent by unique design. One of the unique factors in that design was placing the gymnasium in the centre of the school with classrooms surrounding, including northern window exposures. Alberta Education has in fact put out a new document, Guidelines for Conserving Energy in Alberta Schools, and they're going to have a further test on it in some 50 schools in the province in next year or so, at a cost of some \$1 million in applied research. Alberta Recreation and Parks has been moving in this area as well, in terms of its new recreation facilities in the province of Alberta.

Mr. Speaker, I said there were really three areas which the government could move in. I just raised a few highlights in one. A second area is by looking at assistance and advice through advisory programs. That certainly has happened in this province where two major departments, Housing and Public Works, and Alberta Energy and Natural Resources, have co-operated and are promoting what's called an enersave home energy audit. You can get a document from these two departments, fill in a whole series of information, return it to the two departments, and they'll do a computer check on your home and tell you how you can save energy bills by upwards of 30 per cent. It's a very interesting program, but unfortunately not too many Albertans have taken advantage of it.

A second area of course is agricultural homes. Alberta Agriculture has a new farm home planning course, with several options attached, at very, very minimal cost to the

people of rural Alberta. As well, in the area of agriculture, are new technologies such as the type at Brooks, where waste heat from a large manufacturing gas compressor station is being used in a greenhouse experiment. It's proving rather successful. Near Tofield we've got a poultry broiler house with an air-to-air exchanger, to demonstrate how to recycle heat from exhaust air. Near Paradise Valley we have a new form of building construction. It has a permeable membrane ceiling in a dairy barn, and it's currently being evaluated to look at the way to retain heat.

Interestingly enough, industry and commerce account for half the energy consumed in this province. Of course that area must be looked at by the Department of Economic Development. A great deal of research needs to be done in those areas. Alberta Transportation has a role to play in ensuring that weight limits on our highways allow commercial vehicles to move larger loads in a safe, efficient, and effective manner. Alberta Municipal Affairs also has a role to play in this, certainly by looking at property assessment legislation to remove, in essence, features which indicate the tax structure is being affected by investments in energy which are of the negative type.

I indicated as well, Mr. Speaker, that there was a third area. Of course that was to look at the area of research into more efficient and alternative energy sources. I think it's rather interesting that this Monday in Ottawa a committee of members of the House of Commons tabled a report on energy into the 21st century, and indicated that the great source of energy in the 21st century will be hydrogen; in fact, indicated and recommended that the federal government commit itself to a \$1 billion research program [in] the utilization of hydrogen. Perhaps that is an area we will be looking at. It is extremely clean, efficient, and effective. But certainly in Alberta with the lead we're taking in the Alberta energy resources research fund, managed by our Department of Energy and Natural Resources, we have to continue to look at the whole question of wind and solar energy. We're a natural base for it. We have a natural environment for it.

Mr. Speaker, perhaps one other area of energy management should be talked about. That's the question of the government policy dealing with decentralization. I can't possibly think of anything more inefficient or ineffective than to have a government department, which has nothing to do with activities taking place in the centre of Edmonton, located in the centre of Edmonton. You have 150, 180, or 200 civil servants driving into that central core from as far away as 20, 30, or 40 miles each morning, and at night they go back the same way. You've got these 180 or 200 vehicles rapidly driving to the centre of the city. And you know how it is in the wintertime: it takes you 40 minutes to get to work, you have to stop at lights, the exhaust is coming, your health is being affected — just a total disaster when it comes to energy management. Now it's impossible for me to find anything that would negate that we should have that particular environment in a rural environment where everybody could walk to work, no more than a block or two or three from where their head office would be. If you just realize the cost savings that would accrue to the people of Alberta, I think we'd all say that in essence we have reduced unnecessary waste. We have saved money, and we certainly have increased the level of comfort that the citizens of this province need, desire, and should have.

Of course there are many examples on the question of decentralization, Mr. Speaker. I'm really pleased that a new technical school will be constructed in the fine town

of Stony Plain. I'm also pleased that in two years upwards of 180 fine Albertans will be able to walk to work in the town of Barrhead. Each of them will realize a saving in their energy bill each month of upwards of \$40, \$50, \$60, \$70, which has to be very, very significant. As well it improves the quality of life and their actual level of comfort. Look at all the departments of government we have in Edmonton right now. It should not go unnoticed to any member that a block away from where we're sitting here today, there's a great big green building called the Department of Agriculture. There ain't no agriculture taking place in the city of Edmonton. It would seem to me that if we're really concerned about energy conservation and management, that's certainly one department which could be decentralized throughout all parts of Alberta. We would in fact effect substantial savings in that area. Of course the list can go on and on. Within each department there are components and compartments that don't have to be there. They're not crucial or essential, and certainly the quality of life of the employees can be improved and, with their quality of life, their morale, efficiency, and effectiveness.

Mr. Speaker, one other thing I would like to draw to the members' attention is Motion 213, which is being presented by the Member for Barrhead. I would just draw it to the attention of the members of the Assembly, because it in fact asks the government to consider adoption of a system of regionalized purchasing. Now I want to relate it to energy conservation. If in fact our government today wanted to buy 300 trucks, that tender would go out via a central purchasing agency here in Edmonton. But those 300 trucks wouldn't be located here in Edmonton. They would be scattered all around Alberta. So what happens? You get the 300 trucks, they're delivered to Edmonton, and then they all have to be driven out to various parts of Alberta. But if there's a maintenance problem, they come back to Edmonton to the main maintenance yard. That's totally inefficient when it comes to energy consumption and the like.

I just leave that as a thought, because I'm going to be getting back to it again. I do appreciate the Member for Edmonton Glengarry raising this motion today, and I'm particularly pleased that I had an opportunity to make a few modest comments in this regard.

Thank you.

MR. ACTING DEPUTY SPEAKER: Before we commence with the hon. Member for Calgary Forest Lawn, may the hon. Member for Lac La Biche-McMurray revert to introduction of visitors? They're just coming into the gallery right now. May the member have permission?

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. WEISS: Thank you, Mr. Speaker, and my thanks to the House for the permission to do so. It's my privilege to introduce to you, and through you to members of the Assembly, a group of 26 students from Thickwood Heights school in the newest city of the province of Alberta, Fort McMurray. Of course, this city is located in the constituency of Lac La Biche-McMurray. They're accompanied today by their teachers and assistants: Miss Sandy Dickson, Mr. Nelson Scott, Mr. Randy Kopp, Miss Joyce Mathys, and Miss Leslie Tuck. I would

appreciate the students and teachers rising and receiving the cordial welcome of the House.

Thank you kindly.

head: **MOTIONS OTHER THAN
GOVERNMENT MOTIONS**

(continued)

MR. ZAOZIRNY: Mr. Speaker, I'm absolutely delighted to have the opportunity this afternoon to participate in this important debate on the motion put forward by the hon. Member for Edmonton Glengarry, and to follow the hon. Member for Barrhead as a speaker in the Assembly, who I thought made, in his usual fashion, some very extensive, comprehensive, and exhaustive remarks on the subject. [interjections] He described them as modest, but I think he was being exceedingly modest in that remark.

With respect to the principle entailed, energy conservation, I don't think there is a single, solitary member of this Assembly who would disagree with it. The merits of the concept are really irrefutable, and there will be no argument about the principle here. I think it's also fair to say, as has been expanded upon by both previous speakers, that government clearly has a leadership role to play in this area. I might suggest that the extent to which the hon. members for Edmonton Glengarry and Barrhead took some different paths was in respect to the extent to which that is or is not presently taking place: the Member for Glengarry, while acknowledging what has been done, imploring this Assembly to move the government to do even more in this general area, and the Member for Barrhead perhaps feeling that a more significant amount was being done.

I think there's no denying that the government has shown a real interest in lessening the demand side of the energy equation. Also I concur with the remarks of the hon. Member for Barrhead when he talks about the need for us to look in the mirror, if you will, in terms of energy consumption; to look at our own use of our energy, from the way we use the electric lights in our homes, to natural gas, to the gasoline in our cars. I think it's fair to say that energy conservation really requires an individual commitment. By the same token, and regrettably so, while we all agree with the question of energy conservation in principle, it has some difficulties in full implementation as it interfaces on our daily lives.

I'd just like to refer to a couple of the more difficult questions that are at issue when we talk about being as efficient as we possibly can in energy conservation. The first has to do with our highways. For example, there is clear evidence that a reduction of speed limits to 90 kilometres per hour would have the effect of reducing gasoline consumption. Of course we have to balance that reality against the need for the populace to move from one location to another in this province at a reasonable rate of speed. We could have a good, healthy debate about what constitutes a reasonable rate of speed. We could also discuss the extent to which the public is prepared to see a reduction of speed limits. But that just raises one of the more difficult parts of the full implementation of a truly efficient and fully conservationist approach to energy.

Another measure that might well increase energy conservation would be the imposition of a gasoline tax. Again, the clear public policy decision entailed in that is obvious to one and all. Another example would be the reduction or removal of the natural gas price protection

subsidy. While it's one thing to talk about the energy conservation side of the equation, I think we have to be cognizant of the fact that we live in a northern part of the world where we are faced with extremely cold temperatures through a significant amount of the year. We simply have to be able to heat our homes, and rural Albertans have to be able to heat their facilities so that the business and industry of this province can prevail and continue. I simply raise those examples to indicate not a lack of support for the principle of energy conservation, but the fact that there are some pretty tough issues inherent in any greater movement in that direction.

I would again like to make the point that I think a significant amount is being done. The hon. Member for Barrhead outlined that in detail, and I don't intend to pursue that area of debate any further. I would like to spend the bulk of my time in this debate talking about a specific example of an attempt to encourage energy conservation in the cities of Calgary and Edmonton. That is light rail transit, which intends to, and will, fulfill a number of appropriate goals, one of course being to help reduce some of the congestion we face in our very overcrowded metropolitan regions of Calgary and Edmonton. As well, it has the very desirable advantage of encouraging energy conservation by reducing the number of cars on the road, and operating in a far more energy-efficient fashion than the automobile, particularly as we see it, I suppose everywhere, carrying only one individual. That's a discouraging sight to see anywhere in this province, but it is a reality.

With respect to that very worth-while energy conservation project of light rail transit, I think it's clear that if we want to see the maximum energy conservation aspect, we're going to have to have an integrated system in both Calgary and Edmonton. I think we have really crossed a threshold, if you will, on light rail transit, by making the decision, which was arrived at on a local basis and supported provincially, to construct the initial lines in both Calgary and Edmonton. Surely the decision to build any line at all must have been preceded by a study and a conscious decision as to whether or not an integrated system would be viable. Having moved with that first leg in both cities, to then say we're going to assess the practicability of the concept of LRT based on only partial construction of the integrated system, to me, is of very doubtful merit.

In the city of Calgary, for example, construction costs are estimated to rise some \$59 million per year for every year we do not proceed with completion of an integrated system. So in line with this resolution, I suggest that one way we could encourage energy conservation would be to move more rapidly with assistance to the major metropolitan centres, which are experiencing real transportation difficulties, with an integrated system of light rail transit.

I simply add to that my view that when we bear in mind that, like it or not, over 65 per cent of Albertans presently reside in the metropolitan centres of Calgary and Edmonton, we have a clear obligation to ensure that Albertans who reside in those centres — who are in fact bearing a substantial burden, if you will, a significant amount of the brunt of the rapid growth of this province — are well cared for. I also submit that the tax base the municipal governments have to work with appears to be inadequate to meet the real needs that are there, notwithstanding the very generous debt reduction program this government implemented back in 1979.

Having given that example of light rail transit — and I'm delighted to see the Minister of Transportation in the

Assembly this afternoon — I would also like to say a few more words with respect to the implementation of this resolution. I have some concern about the practicability, if you will, of such an undertaking, particularly when we see the number of departments, as outlined by the hon. Member for Barrhead, that are presently engaged in various types of energy conservation studies and programs. It seems to me that perhaps in this resolution itself and debate on it in the Assembly, the member may have partly achieved his goal, which is to make some determination of present initiatives that are being taken. Certainly the Member for Barrhead indicated in his remarks that a great deal is being done.

As much as I support the concept and the principle, I certainly wouldn't want to see us simply creating yet another bureaucracy within government, when in fact that may not serve a useful purpose and not be very energy conservationist of itself. But I wish to commend the hon. member for having brought the important issue before the Assembly by way of this motion and, very shortly, by way of debate on a Bill. I think it behooves each and every one of us as elected representatives to be extremely familiar with this very important issue. I know we will all be carrying the message back to our constituents in the days to come.

Thank you very much, Mr. Speaker.

MR. L. CLARK: Mr. Speaker, it's a pleasure today to speak on Motion 207. I wondered whether I was going to get in or not. I don't have much time left.

I would like to ask why a province with as much energy as we have should be speaking on a Bill on conservation, why we should worry that much about it. We have an abundance of natural gas, in fact a surplus. We have an abundance of coal. We have a surplus of coal, too, that we were trying to export. We also have considerable reserves of oil; not the type we used to have, but in the tar sands we have a reserve that's probably enviable around the world and certainly across Canada. I call them reserves because if we look at the present energy policy set down by the federal government, that's probably the way they're going to remain, as reserves.

When you talk about waste, you can't help but mention the biggest waste of all: the energy program of the federal government. They are wasting taxpayers' money by making people pay for foreign oil, just because they lack a sensible energy policy. Mr. Speaker, I was going to say a little more about the federal government, but I don't really have the time today. I just thought that when you have such experts as they are in the field of waste, they should be mentioned.

Mr. Speaker, with the extremely high cost of energy in Japan and the European countries, they placed a major emphasis on energy conservation. In fact even the federal government has talked energy conservation programs. But because of the cheapness of energy in Canada, it has never really been brought home to the people. So what have higher energy prices done for Canada? They've certainly made the people of Alberta more aware of energy and that if you're going to waste it, it's going to cost you. On the farm we used to get natural gas for 19 cents an MCF. I really wasn't interested whether or not the barn and the shop were insulated. It was so cheap; compared to the rest, it was one of the minor bills that came in. When it got up to \$1 an MCF, that certainly changed around. We started to say, look, we can't do this anymore. That is one of the major things in the high energy price. It's going to lead to conservation that people will

do themselves. I think that's the way it should be.

The high cost of energy has done other things. It has induced Ontario to set out a 15-year target to reduce the use of heating oil by 30 per cent. I think they're a little late doing that. Saskatchewan also has an interest-free program, something like our colleague from Edmonton Glengarry is trying to put out in the Bill that's following in here today. Then Ottawa has a plan for insulating older houses. But it hasn't given much consideration to a guaranteed supply of energy. The Liberal government has never given a high priority to guaranteeing supply. When western oil and gas were at rock-bottom prices but was still just a few cents higher than they could get it for offshore, they didn't worry about security of supply; they only worried about the price. That hasn't changed. They still don't worry about the supply; they're only worried about price.

In fact in July 1979, Don Braid did an article on energy conservation in the *Edmonton Journal*, in which he wasn't too complimentary about Alberta and its conservation programs. He said, "Why should Albertans worry?" Their homes "are heated by natural gas ... only those eastern [so and so's] are stuck with heating oil". That was in the *Edmonton Journal*, July 18, 1979.

Whose fault is it that they're stuck with heating oil instead of natural gas? It certainly isn't Alberta's. Quite a few years ago, Alberta would have been only too glad to extend a pipeline and supply natural gas to eastern Canada. But again it came back to price, and they weren't willing to put up the few extra cents it would have taken for that guarantee of supply. They certainly are not interested in guarantee of supply or development of the gas and oil industry across Canada.

How do you save energy? I believe there are several ways you can save energy. First, I would like to make a few remarks on what we're doing in Canada. In Canada, we have only one type of energy that's transportable. It's the only one developed to a point where it's available to all Canadians. That of course is the oil industry. Our entire transportation system ...

MR. ACTING DEPUTY SPEAKER: Order please. I draw to the hon. member's attention that the time has now lapsed for this debate.

MR. L. CLARK: I beg leave to adjourn debate.

head: **PUBLIC BILLS AND ORDERS
OTHER THAN
GOVERNMENT BILLS AND ORDERS
(Second Reading)**

Bill 214

The Home Energy Conservation Act

MR. COOK: Mr. Speaker, I'd like to begin debate on Bill 214 by going back to the debate on the resolution, trying to generally relate why energy conservation is important, applying a couple of quick tests to see what our performance is, and then look at this Bill.

We noted that the International Energy Agency pointed out that energy conservation is necessary, because we're bound to have supply disruptions in the very near future. The international energy market is politically unstable. Secondly, we're faced with very high energy costs, and they're rising dramatically. We need to encourage high prices to encourage conservation. Then we

need to assist Albertans trying to cope with that, by providing incentives. As the international agency has shown, it's a very good policy tool that has a great impact.

While artificially low now, Canadian energy costs are bound to rise and respond to international conditions beyond our control. The question we as legislators in Alberta have to face is: can we afford to keep energy costs artificially low much longer? The cost of the natural gas price protection plan makes my point more compelling than anything mere words can offer. Last year we looked at \$150 million in total subsidy costs for the natural gas price protection plan. If we continue at the level of roughly one-third subsidy, and energy prices rise by a factor of three and our population expands dramatically, as it is bound to, we could reach the point where to shelter Albertans in the real cost of energy, we would pay out something between \$0.5 billion and \$1 billion in any given fiscal year. That would be a permanent charge against the provincial Treasury. Clearly I think most Albertans would suggest there are better ways to spend those kinds of dollars. They could use them to make necessary investments in housing stock to cut consumption.

Mr. Speaker, in the 1940s, '50s, and '60s, insulation was not really mandated by the building industry and not really thought of as being a serious charge. The Member for Drumheller pointed out that on his farm the charge for natural gas was one of the minor bills he faced at the end of the month; it wasn't a significant factor in the average family's budgeting. Well, it is today. Natural gas prices have risen dramatically since 1973. Some studies suggest the real cost to heat an average 1,200 square foot bungalow was about \$522 in the fiscal year 1980. That's based on both the subsidy — the natural gas price protection plan — and the cost to the consumer. The average consumer probably uses about \$500 worth of natural gas a year.

If we just project that to 1990 on the national energy program schedule, those costs rise to well over \$1,600 for the same bungalow. If Alberta is successful in having energy prices rise beyond the national energy program — and I think all members of the Assembly sincerely hope for that, because as Albertans we're being charged for the subsidization of inefficient industrial and heating plant in the rest of the country, primarily central Canada — then the cost for heating that home in Alberta will not be \$1,600 in 1990. It will be something well over that, perhaps \$2,000 or \$2,500 a year.

I've had a number of my constituents call or write to complain that even at \$500, the cost for heating a home is too much. I'm sure members of the Assembly have had people tell them that things are getting a little expensive. The Member for Cardston shakes his head. But some have stopped by my constituency office or called to say they're getting scared, because last year wasn't a cold winter. What happens if we have increased prices for natural gas and a cold snap? In the winter of 1969, we in Edmonton had fully one month when the temperature did not rise above zero. That was a cold year. With higher energy costs, I can only imagine what the heating bills would be for a poorly insulated home for that kind of year.

Mr. Speaker, if we don't want to pay \$0.5 billion in energy subsidies, we have to look for some other alternative to shelter Albertans. I don't think the price shelter is the way to go. That simply protects Albertans from reality, and we're facing a day of reckoning. Bill 214, The

Home Energy Conservation Act, follows the recommendation of the International Energy Agency and the experience of a number of other jurisdictions in Canada and the United States. It's not a wildly imaginative or crazy idea. It's quite reasonable, very rational. It attempts to reduce consumption of energy in the average home. We can make some dramatic savings in this regard, but they have costs.

Just to give you a couple of quick ideas of what we can accomplish. With the simple addition of a new furnace, which I understand will be available on the market at the close of this year, perhaps early 1982, we can reduce the average Albertan's consumption of natural gas by about half and still give the same heating value. In short, half the gas that enters the average home today is vented up the chimney stack, because it's not efficiently burned. To its credit, the Alberta government has been funding research to try to improve that, and there's now a furnace prototype that's 90 per cent efficient. That means 90 per cent of the gas that enters the system is burned and generates heat used in the house; 10 per cent is lost. That compares with about 50 to 55 per cent efficiency ratings on most present furnaces. With that one simple step, we could cut energy consumption for heating the average Alberta home by about half. I understand a new furnace would cost about \$1,100. With the addition of weathers-tripping, improved doors, and perhaps storm windows upgraded to sealed units from old wooden ones which are leaky and not tight, a home-owner could make some substantial improvements as well. Insulation in the basement walls is another way to make significant improvements in the heating efficiency of an Alberta home.

Bill 214 provides for a package of grants and loans of \$2,500, which would assist the home-owner to make those necessary capital investments to permanently reduce energy consumption, not for just one year but in perpetuity. It's my contention that an investment like that would also save the government of Alberta a significant amount of money in the long run. The natural gas price protection plan would not have as much gas charged against the system. If we can reduce half the heating requirements for natural gas in the average Alberta home — and I think that's a modest proposal — then we can reduce half the charges for heating residential space against the natural gas price protection plan, thereby reducing the charge on the public treasury. So there are some good financial reasons as well as political ones, political ones being trying to assist Albertans, sheltering them from high energy costs they are about to face. There are good political and economic reasons for the province to embark on this program.

Mr. Speaker, it's a program that has been modelled basically on the experience of the Pacific Light and Power Company in Oregon, and it encompasses basically three points. One is that we use utility companies to provide energy audits of the home. We have someone who has some experience, some knowledge about how to cut heating costs, go into the home and for half an hour or an hour, look over the home and try to identify where you get the biggest bang for the buck. We don't want to install fancy new storm doors when the old ones might be perfectly satisfactory. But we might want to make some changes in the insulation of the attic. We might want to improve the basement insulation. We might want to install a new furnace. So we identify the areas where we can get the best return. An energy audit will accomplish that, because we have experienced people looking over the home and trying to identify areas of maximum return.

Where those improvements can be shown to be cost effective — and the Bill does provide that we don't just go in and try to spend \$2,500 as a gift to the home-owner; it has to be shown to be energy efficient and cost effective — the auditor would provide a written estimate to the home-owner. The home-owner then has a standard. If a utility company auditor suggests that a furnace is going to cost \$1,100, the home-owner has a standard to judge estimates from contractors. If a contractor comes in wildly high, he or she knows something is wrong. That's a valuable point as well. Having had that estimate and that audit, the home-owner could apply for grants and loans to a maximum of \$2,500 to effect those improvements.

We think there are something like 500,000 detached houses in the province right now. If we were to phase in the program so that housing constructed during different periods would qualify at different stages of the program, it shouldn't be a problem to provide the auditors and the contracting services to make those changes to upgrade the standards of home energy consumption. We suggest, Mr. Speaker, that in the average 1,200 square foot bungalow, we're looking at trying to improve basement wall insulation, ceiling insulation, storm windows, and weathers-tripping and caulking, to reduce the heating bill by about \$150 a month. We think it's a very reasonable prospect. It's not technically difficult. It's certainly well within the ability of most Albertans to accomplish those modest goals.

Mr. Speaker, let me suggest why we should be doing that in Alberta. That's the program. It's very simple. It works in other jurisdictions. Alberta has a responsibility as a government to do this. Basically we're all conservatives in this Chamber, even the Socreds. They claim they're more conservative than the Progressive Conservatives. We're basically concerned about having an efficient economy, and the Alberta government has interfered with the market place by providing for the natural gas price protection plan. We provide a subsidy. It encourages waste. We've interfered with the market system. My contention is that we should compensate for that by providing incentives for consumers to reduce their consumption, because we want them to become efficient. The market system won't discipline them as much as it could, because we have prevented the market system from doing that by reducing the cost. So we should inject a new system of market discipline by trying to provide incentives for the home-owner to reduce his or her consumption. That's the basic principle of the Bill. It's very simple, very conservative, and cost effective.

As well I think we are all critical of the Canadian energy policy which, again, keeps prices artificially low. As I pointed out, Canada has one of the poorest track records of energy consumption of the western industrialized democracies. As a result, we're more vulnerable to world-wide supply and price disruptions.

Looking at the long-term, Mr. Speaker, the housing stock we build today will be with us for 20, 40, 50 years. The energy conservation climate, if you like, that we have in 1981 will determine energy consumption patterns in the year 2000, in the year 2020. Our failure today to create a climate that encourages energy conservation will cost us dearly. It will cost us in this sense. We'll lose revenue. There are opportunity costs. The natural gas we waste, that we burn unnecessarily to heat our homes, could be exported. We could be generating more revenue for the public treasury. That's an important fact, Mr. Speaker. Secondly, the cost of the natural gas price protection plan is a burden on the provincial treasury and could rise if we

don't do something about it, because we're going to be doubling the population in the province of Alberta.

If we want a lean and healthy economy, if we want to encourage Albertans to be conservative, then we should be doing something to encourage them to do that. Bill 214 is an incentive program to reinject discipline into the market place that the Alberta and federal governments have taken out. It's a modest proposal, Mr. Speaker. I'd like to re-emphasize that in the next nine years we're facing energy costs that should triple in real dollar terms. Albertans are basing their heating costs on \$17 a barrel oil, and gas roughly equivalent. That price is only about one-third of the world price.

Mr. Speaker, it's my contention that we should be adopting programs. This Bill follows logically from the resolution we debated earlier this afternoon. We do want to set up performance standards for other departments. This is one example in Alberta government programming to encourage energy conservation.

I'd like to close with this point. Space heating for residential purposes in Alberta accounts for 20 per cent of the energy we use in this province. As such it's a very significant factor in an overall energy conservation program. Earlier, speakers on the motion generally conceded that energy conservation is a desirable concept; we should be doing something about it. Having made that point and having had those speakers make that point, it logically and necessarily follows that we should be doing something about energy consumption in home heating. Bill 214 sets out to accomplish that. I'm looking forward to the debate this afternoon. I think that hon. members will respond to the challenge, and I'm looking forward to an energy conservation oriented Alberta in the years to come.

MR. LYSONS: Mr. Deputy Deputy Speaker, I'd like to thank the hon. Member for Bonnyville for asking me to stand in his place this afternoon to direct some comments toward Bill 214.

The Bill is a motherhood type of Bill. But when you examine it, it's clearly not what I would want us to pass. The hon. member bringing in the Bill clearly knows little of all he's talking about. If he wants to set an example in energy conservation, that's great. He should start doing that at home, like showering with a friend or . . .

MR. COOK: Mr. Speaker, on a point of privilege. I'm not sure that the hon. member is trying to suggest that I take a different approach to my family life. I'm presuming of course that he means that it would be with benefit of clergy. Mr. Speaker, I'd also like to make the point that I have taken steps to reduce my hot water consumption, and I have installed a shower head flow restricter that I . . .

MR. DEPUTY SPEAKER: Order please. The hon. member has already had an opportunity to partake in the debate, and I ask the Member for Vermilion-Viking to continue.

MR. LYSONS: As an example of the wasted energy policy of the hon. Member for Edmonton Glengarry, we have spent an hour and a half here this afternoon burning up lights, electricity, and heat — air conditioning in spots — and I don't know what we've gained. But you certainly could do some conserving there.

In his Bill this afternoon, and particularly in his resolution, he took another run at agriculture and agricul-

turists. When it comes to utilizing nature and nature's bountiful sources of energy, certainly no one uses solar energy more than agriculture. There's just no question that you can grow vegetables under lights and things like that, but farmers use solar energy as a way of life.

[Mr. Speaker in the Chair]

Furthermore farmers protect their homes far more than urban dwellers, who live in those great big bird houses, by planting shade trees around their houses. They have windbreaks, all sorts of things conserving energy. Also they're not afraid to grow a garden. That conserves energy. I know that when we're home on the farm in the summertime, a great deal of our food is eaten raw out of the garden. I'm sure that you don't eat much out of the garden raw when you don't even have a garden. We've got so much land that is available for that. You could set some examples.

In this Bill we talk about giving people money at a subsidized interest rate. We set up a bureaucracy, inspectors and auditors to go out and check to see if everything is done. I have some numbers here. If we give this maximum loan of \$2,500, with interest rates being what they are, it would amount to a subsidy of about \$300 a year. If we're going to give money away, let's give it away. Just say, hey, go fix your house, like we have with the senior citizens' home repair program.

Perhaps the hon. Member for Edmonton Glengarry doesn't realize that a lot of us own our homes. We don't want to borrow money. Why would I want to go out and borrow money to get \$300 a year subsidy? I just can't see this. There's a great inequity there. If you don't own your home and let it run down, fine, you can benefit by these programs. But being a Conservative, I really don't think that's the way we should go.

Another thing: in the city, when I come to the Legislature and go home every night, I'm just amazed that I don't see clothes lines. Out in the country, almost every farm still has a clothes line. There are always clothes flapping away in the breeze: certainly the best way I know of drying clothes, particularly in the summertime. They come in nice and fresh, and you don't have to put in all those chemicals and all that other stuff.

If the hon. member is sincerely interested in saving energy in his home — I tried to trick him into answering this question yesterday — he could scrub his clothes on a scrub board or, as one member out in the back said, you could have a shower with your socks on, if you haven't got a friend to shower with. [interjections] I've got bifocals; I can't get adjusted here. He could walk to work too. That would save car energy. I can read that much here.

Another point I have written down. I'll try not to be too long, Mr. Deputy Speaker — oh, it's the Speaker now. Sorry, Mr. Speaker. All this paper we get here in the Legislature — we get tons of it every session and through the year. If you really wanted to save costs, you could have a little stove in your bedroom, stoke that up every morning just before you get up, and use some of this paper that we go through.

I sneaked up on him yesterday. He didn't realize I was going to be talking today. He was mentioning how he was going to get a larger apartment. He wanted a bedroom. He doesn't have a bedroom. He needs a bedroom for his, for his friend. [interjections] Nevertheless, Mr. Speaker, I could have a lot of . . .

MR. COOK: On a point of personal privilege, could I suggest that the hon. gentlemen not only review his bifocal needs, but consider getting either a little closer to me and listening more carefully, or consulting a doctor to see if his hearing is in need of improvement.

MR. LYSONS: He's probably right on both counts.

Mr. Speaker, I know that Bill 214 has some great merits, but it also has so many obvious weaknesses. This afternoon I was very interested in stirring up the hon. member just a little bit, and having him realize that surely in Alberta, in the Alberta way we like to do things, the type of program this Bill would produce isn't really the answer. The answer is example. The answer is making things easier for people. Doing away with the subsidy to home heating users and gas users would be difficult for me to explain to my constituents back home. I think that that's a great program.

When we talk about bang for the buck — and it happened that he was talking about doors when he talked about bang for the buck — I had to think of the time in the Legislature that he mentioned that in order to get a certain individual's attention, you should hit him over the head with a two by four. I can think of a little better place to hit someone, and it would be with a little, long, narrow strap, and ask the hon. member to really sit back and take a good look at what he's got in the Bill, perhaps dress it up and bring it back another time when we can debate it thoroughly and properly.

Thank you.

MRS. OSTERMAN: Mr. Speaker, I was going to say it's a privilege to take part in this debate. At this point in time, I'm not sure I would call it debate. But I do want to support the hon. member's Bill and congratulate him for bringing it forward.

I hold a view somewhat different from the hon. Member for Vermilion-Viking. I think I'd challenge some of his statements in terms of trying to develop a rural/urban argument. Because I have to say that in my travels, if you're talking about waste of energy of various kinds, I believe we're all guilty. I wouldn't charge the urban residents with more guilt than those of us who live in the rural areas. Even the clothes line situation is one that I think you're all wet on.

MRS. CRIPPS: At least you were when you were hung out to dry.

MRS. OSTERMAN: That's right, you may have been hanging out drying on yours too long. However, we obviously have somewhat different opinions.

To get back to the merits of the Bill, I really only want to make a couple of comments, Mr. Speaker. As a result of my personal experience about four years ago [in] spending a great deal of time researching ways to make our home more energy efficient, because we were going to be adding an addition, I discovered a lot of very interesting things. I suppose reading the hon. member's Bill led me to remember several things I encountered that I thought were fairly important to mention today. I believe it is the Conservative way help people to help themselves. Especially in a world where we're so short of energy, I think it moves us in all speed to do what we can to conserve energy. Even though it may seem we have an abundance of it here, it's not fair for us to waste it.

One point in the Bill I would like to mention is under "qualifying improvement". There's a list of particular

construction or additions that would qualify for assistance as mentioned under this Bill. Number nine is: "heating systems and air to air heat exchangers". I don't think the hon. member really went into that kind of detail but, for the information of the House, I just want to relate a little personal experience. There are many kinds of fireplaces on the market now. Four years ago I discovered a fireplace that was being marketed in British Columbia. It wasn't even being marketed in Alberta, because it appeared that there wasn't the demand for that particular kind of fireplace, possibly because our energy was somewhat cheaper here. That's one thing. The other reason [is] possibly the lack of wood in this province. We don't normally consider wood to be the kind of thing we would burn for energy. In my research I discovered that indeed a tremendous amount of wood was available to burn that ordinarily wouldn't be productively used in any other manner.

This particular fireplace we installed has pipes that run through the chimney. The fresh air from outside comes through those pipes, is heated by the fire and the heat that's going up the chimney, and is blown into your room. Members of the Assembly, we added an addition to our home — I believe it's 24 by 30 feet — and by extra insulation that goes far beyond what is required now in terms of home building, we virtually eliminated the need for any natural gas heating whatsoever. And we do have a natural gas furnace. We installed complete glass on the south side, which in the wintertime — and I think all of us know we have a great deal of sunshine in Alberta — heated that room, this very large area, during the day and at night the fireplace was used. The extra insulation mentioned here is really important, because the other thing we discovered was that in the summertime you maintain an incredibly cool house with that extra insulation, therefore eliminating the need for air conditioning.

I won't get into the precise merits of all the different improvements the hon. member mentioned, but I believe this Bill has a lot of merit. Philosophically, I believe it's a Conservative Bill. I support it and ask other hon. members to support it.

MR. PAYNE: Mr. Speaker, I'd like to begin today with a brief explanation of my motivation for participating in debate on this Bill. Initially I agreed to participate and support, more of a desire to assist a hard-working member of the Legislature than out of an intense personal interest in the subject of energy conservation. However, Mr. Speaker, after considerable reading, discussion, and contemplation, I must admit that I think the Bill of the hon. Member for Edmonton Glengarry has a lot of merit.

I think it deserves a couple of things. First, I think it deserves a more rigorous debate in the Legislature. Secondly, I think it deserves more consideration of the principles by individual members. My own conversion, if I can use that word, resulted in part from a heightened awareness of the actual savings that can be achieved through residential energy conservation efforts. In recent days I've asked myself what kind of savings are in fact possible in Alberta or indeed anywhere.

In perusing a recent publication of the Harvard business school, I was intrigued with a report by the Harvard business school that cited a federal energy administration test house in Washington, D.C. In this test house, through the simple process of adding some standard insulation devices, the group were able to decrease the total annual energy requirement of the house by 25 per cent. The test also established that with additional insulation,

they were able to increase the energy savings to 35 per cent.

To cite another statistic that might be more meaningful to the members here today, I'd like to refer to a Standard Oil of California demonstration study in which they invested the magnanimous sum of \$981 in a house in Portland and established that through that modest investment, the fuel consumption was reduced by 50 per cent. For those of you who are amateur or semi-professional investors, that works out to a rate of return on investment of about 25 per cent. Even in the inflationary condition in which we find ourselves in Alberta and Canada, I suggest that that rate of return demands further examination.

Mr. Speaker, for the benefit of the members here today, I have two other dramatic illustrations of the results that can be achieved with the kinds of measures advocated by the Member for Edmonton Glengarry. First, an experiment in the Puget Sound area, conducted by Washington Natural Gas. Their program estimated that the savings in the 56,000 homes insulated as a direct or indirect result of that company's conservation program, has freed gas for 16,000 new homes without requiring any additional supplies. To quote the president of Washington Natural Gas at the conclusion of that experiment or that testing period:

What all that meant was that we had been sitting atop a new gas field for years and didn't recognize it. That is to say, the potential savings through energy conservation in the residential sector can be demonstrated to be equivalent to the discovery of a brand new gas field.

One other American experience in Twin Rivers, New Jersey, a community of 3,000 well-constructed homes a few miles from Princeton: researchers found that a 67 per cent reduction in annual energy consumption for space heating was possible with a relatively simple package. What was in that package? Interior window insulation, basement and attic insulation, and plugging up air leaks. That achieved a 67 per cent reduction in annual energy consumption in those homes.

Now I'm the first to admit that despite the merits of the legislation, despite the undeniable results that can and have been achieved elsewhere, the hon. Member for Edmonton Glengarry faces five quite practical problems. For the benefit of all members in the House today, I'd like to summarize those five quite realistic problems. I call the first the first-cost mentality problem. This is a problem associated with housebuilders here in Alberta and elsewhere. By first-cost mentality I mean that traditionally the house purchase price, rather than the purchase price plus the operating cost, has been the chief concern of the builder, the buyer, and the financing institution. Not surprisingly, the typical housebuilder is a lot more interested in keeping the selling price down than he is in longer term energy costs.

Problem number two, mobility, is an Alberta problem. Albertans are a mobile people. They're quite prepared to move from one community to another. They're even more prepared to move from one neighborhood to another, perhaps for investment purposes. It's not surprising then, Mr. Speaker, that in Alberta we have a common attitude with respect to personal investment for energy conservation in the home. That concern can be summarized in the question: if you think you're going to move in a couple of years, why invest?

Problem number three is affordability, or the ability to pay problem. Many Albertans whose houses most need

upgrading to improve thermal efficiency are the people least able to afford it. In my limited research, Mr. Speaker, a large proportion of these appear to be the elderly. For them, high energy costs create genuine hardships, and I recognize that that is appreciated by members of the Assembly. Yet they are simply unable to afford the residential upgrading investment that could alleviate those hardships. Problem number four: education. Residential homes comprise the most decentralized sector of energy consumption. Therefore, public education and public information are particularly important. Why do I call this a problem? Simply because as a province we're doing very little in the area of public education regarding residential energy conservation.

Mr. Speaker, the goal of energy conservation in residential buildings won't be reached from the enactment of this single piece of legislation. Rather the goal will be achieved from an interplay of factors such as price, incentives, regulations, research and development, changing techniques, changing methods of operation, and changing fundamental human attitudes. Of course the Bill of the hon. Member for Edmonton Glengarry deals with one or perhaps two of these factors. But I'm sure he appreciates that a more comprehensive approach that addresses all the factors involved is needed in Alberta.

To return to my little shopping list of problems for the hon. member. I call problem number five the legislative problem. Some members in this House and elsewhere obviously support the legislation. Some, inside and outside the House, appear to be indifferent. Some members are either looking for pies in the sky or will never see those pies in the sky because unfortunately their heads are too deeply embedded in the sand. Despite this legislative problem and the other problems I've summarized, admittedly in brief today, I'd like to encourage the Member for Edmonton Glengarry to continue his excellent work in bringing forward the documentation needed to persuade a majority of his colleagues as to the merits of his Bill. I include myself among those who would appreciate some additional documentation, but I'm prepared to indicate now that I am generally in support of the principles of this good legislation.

Thank you, Mr. Speaker.

MR. L. CLARK: Mr. Speaker, I again would like to compliment the Member for Edmonton Glengarry for putting this motion in. I think it's a timely motion. I think it's ...

MRS. CRIPPS: We're on the Bill now.

MR. L. CLARK: I mean the Bill. I'm getting mixed up on the motions and the Bills the hon. Member for Edmonton Glengarry has put forward.

The Bill really asks for the establishment of a fund for Albertans to borrow at a very low interest rate to upgrade their houses and conserve energy. I think it's a good Bill, and I think it's time that we as a government put in some incentive programs in this province to ensure that the people save energy. I have some concerns with the Bill. One would be the auditor part of it. To me it almost becomes a program that might be forced upon the people, rather than an incentive program. But it's just a minor concern that I know the hon. member could readily take care of.

If I could, Mr. Speaker, I would like to go back to something I was saying on the last motion about why we need to save energy. Before I go any further on the Bill, I

would just like to finish what I started when I ran out of time. I think it's important that we know why we should save energy. Like I said before, in Canada we only have one type of fuel that is mobile. By mobile I mean that we use it in transportation, in the construction industry. The entire agricultural industry depends on oil. And you name it; the list is long. All industries depend on the oil industry to some degree. The thing that bothers me a little is that what we're really shortest of is what is in biggest demand in Canada: our light and medium crude oils. We need those for transportation, for our agricultural industry, and in many industries. I think it's time we tried to come up with some type of conservation program that would save as much of this fuel as possible for industries that can't get along without it.

To start, I think that to save energy in this province we have to look at the gas industry and try to encourage — and we have some very good programs to encourage a conversion to gas. It's an easy conversion. I think we should first make sure that, wherever possible, we encourage Albertans to switch to gas instead of the one oil that is so necessary in some of our industries. Then I think we should be looking at some of the buildings we're putting up. If you've ever read the building standards in Alberta, they are very minimal. They're not what you'd call first-class standards. It's just something that's not going to fall down when it's built. That's about what it amounts to. It's a minimum building standard. Maybe we should have a look at that and see if we can at least put a few higher restrictions on heating and insulation.

I believe we should also be looking at some other type of energy for heating. We should look at solar energy, for one thing. In some of the office buildings in Calgary, they've done a great deal of research on this. I believe they're heating the entire Shell Oil building by solar heat and by natural heat within the building. Shell Oil has done a lot of research into solar energy. I happen to have a nephew who was in that research. In the last few years, they have found a new material that's in very plentiful supply and very reasonable in cost that will store solar energy much better than the rocks, the water, and all that, that they started with. That is being looked at. It's mined someplace in Saskatchewan. I think it's something Shell Oil has looked at. Like I say, even in January their building has a surplus of heat from solar energy. That's what I've been told. I think we have to have a combination of different types of energy. You can't do away with gas and normal heating altogether, but I think you can do away with a lot of it.

Mr. Speaker, I think this government certainly has to keep on top of some of the new things happening in substitution energy. We had a pretty spectacular advance not too long ago, when that shuttle craft from Cape Canaveral took off and made a successful landing. That allowed the people of this planet to put laboratories and factories in space. I was just reading an article in a science magazine the other day. They now believe they'll be able to have quite a breakthrough in solar energy because of this, because they will be able to make a pure crystal that gathers the heat on — I don't know what you call them — the solar pads they have on the roof. If these crystals are made in space, they are perfect and cheaper, and there is not nearly as much waste. And they can increase the output of solar energy up to 30 per cent. So it's really quite a breakthrough. In the future we'll be seeing more and more solar energy.

I would like to say now, Mr. Speaker, that as far as houses are concerned on the home front, I think this Bill

is timely. I think it's something we should be looking at so we can conserve our energy, and conserve what we need in this province to keep it producing the way it is and keep our transportation system going. I think it's time that we did look at methods to encourage people to conserve energy. I congratulate the Member for Edmonton Glengarry for bringing this Bill forward.

Thank you very much.

MR. WEISS: Thank you, Mr. Speaker. Coming from an energy-concerned constituency, I commend the Member for Edmonton Glengarry for introducing the Bill. While many points have been covered by previous speakers, I would like to try to add a few comments, and perhaps some fuel, in support of the Bill. [interjections] The member has made reference to the fact that he was wanting to fly a trial balloon. While balloons use precious fuel and energy, I hope this hon. member's balloon would fly, because I certainly support it and I believe he's very sincere in his representation.

There are many, many saving devices. We've heard them previously referred to as solar and passive devices in the home programs. Of course, these programs are designed to cut down fuel and preserve energy. Any of them would be beneficial, and I suggest that we have to look at these in the future. The future is here today; it's not just down the road many, many years from now. We've got to be conservative in what we're doing today as well. I would like to compliment the Housing and Urban Development Association of Canada for implementing energy saving programs and offering them in the market today on what they call energy-saving homes. Earlier we referred to an audit within the home programs. I encourage such a program, because I think it would be very revealing to find that the cost-saving factor would be most beneficial to all of us.

I think the hon. member has done something today. He's made us all aware. I hope this awareness would be carried through to other areas as well. I'm referring to the schools, users in industry, and the agricultural as well as commercial. I can appreciate the member's comments with regard to agriculture, because I'm sure they're very concerned as well, and wish to keep their costs down. Community groups throughout the areas should be very concerned. They come for operating grants, and are concerned with trying to keep their buildings and facilities going at all times. I think we should all be more aware of it.

I think we as Albertans should be leaders and not followers in conservation. Ottawa spends some \$25 million in conservation, and we should recognize that cost in comparative figures. Saskatchewan's \$1,000 program was mentioned today. I think the program introduced by the member here today could be enlarged on, and could be very beneficial. It can be done, Mr. Speaker. In Toronto an architect by the name of Mr. John Hix built a double-wide thermal home that had a 5 centimetre gap between the two buildings. His fuel cost is \$152 per year. I suggest that any of us in the Fort McMurray or Lac La Biche region would be happy to pay his fuel bill, because that represents about two months of a winter fuel bill in our communities. He does have added benefits to that, because that particular design is beneficial in air conditioning as well.

The program is not simply a grant, as was suggested, or a giveaway of some funding. The \$2,500 program, as introduced, is designed so that there would be a payback of at least 60 per cent. It's a grant combination, or both. I

think implementing a program such as this would ensure responsible use of same by the person who wished to try to take advantage of some of the savings.

CHIP, the federal program to upgrade insulation, was too limited in that it was designed for older homes in the country. Mr. Speaker, it is noted that a one-third heat loss in private dwellings is due to faulty weatherstripping. Old style furnaces create 50 to 60 per cent inefficiency. Newer and more modern styles burn up to 90 per cent. These net savings would approximate some 43 per cent, or an average of \$238 per home within the province: some considerable saving.

On June 27, 1979, the Premier remarked:

I really believe it would be very difficult to convince Albertans to undertake conservation measures that were not being undertaken across the country. So I really believe it has to be a federal initiative and certainly has to be taken with a high emphasis in those areas dependent upon imported oil.

Once again I emphasize that we as Albertans should set an example. The federal government has replied and recently indicated that happiness is lots of energy. They say:

Conservation is the "Cinderella" of the Canadian energy story, but the happy ending is not due until 1990, says a federal energy department official.

"Energy conservation started, back in 1974, as a street urchin. Now it is becoming a fully mature and very attractive woman, at least in industrial terms," the director of conservation and renewable energy Ian Efford said.

What a way to describe energy!

Although an additional 150,000 Canadian homes were supplied with natural gas last year, sales of gas remained constant.

Insulation is referred to, and Mr. Efford pointed out that it alone has "saved the equivalent of one and a half Syncrude plants or one James Bay project while the 'hidden industry' of recycling waste wood now accounts for 3.5 per cent of energy supply — the same share as nuclear power". This is a challenge I think we as Albertans could face and should meet. I certainly encourage and support Bill 214.

In view of the time, Mr. Speaker, I beg leave to adjourn debate.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

MR. HORSMAN: Mr. Speaker, this evening it is proposed to deal in Committee of Supply with the Department of Consumer and Corporate Affairs, hopefully to be followed by the conclusion of the estimates of the Department of Environment.

I move that when the House reassembles this evening at 8 p.m., it do so in Committee of Supply until the committee rises and reports.

[Motion carried]

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

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

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

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Will the Committee of Supply please come to order.

Before we start our business proceedings this evening, I wonder if the hon. Member for Three Hills might have permission to make a special introduction. Is it agreed?

HON. MEMBERS: Agreed.

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

MRS. OSTERMAN: Thank you, Mr. Chairman. It's with a great deal of pleasure that I'm able to introduce to you, and to the members of the Assembly sitting in Committee this evening, a group of young Albertans from all over the province who are equally as bright as the group that was with us last week and last year.

I continue to be extremely impressed by these young people with the Forum for Young Albertans who are keenly interested in both municipal and provincial affairs. Judging by their schedule again this week and the things they've been doing, they are going to be very well equipped to look after our affairs in the future. I hope they continue that great interest.

They come from all parts of Alberta and are accompanied by Linda Ciurysek, their founder and president, and vice-president John Parr. I would ask them to rise and receive the welcome of the House.

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

**Department of Consumer and
Corporate Affairs**

MR. CHAIRMAN: The minister will make some opening comments.

MR. KOZIAK: Thank you, Mr. Chairman. By turning to page 85 of the estimates book, hon. members will find the estimates and the summary of the program expenditures for the Department of Consumer and Corporate Affairs. The total to be voted, \$14,710,483, may not seem like a large amount when compared to the expenditures in other departments and the entire government budget for the fiscal year 1981-82, but I'm sure hon. members are convinced, as I am, that this money is extremely effectively spent for the benefit of Albertans in protecting the credibility of the market place on behalf of consumers, both when they decide that they will consume with their earnings and when they decide that they will invest with their earnings.

It's not my intention to presume the interests of the hon. members in the department's estimates. I'll let the questions flow to indicate where that interest lies. But I do want to touch very briefly on two areas this evening.

The first is with respect to licensing, and the second is with respect to reorganization of the department.

In the area of licensing, perhaps hon. members would enjoy the quotation from Adam Smith:

Laws frequently continue in force long after the circumstances which first gave occasion to them, and which alone could render them reasonable, are no more.

That principle is something we should keep in mind as we meet twice a year to add to the green and red statutes that sit on the shelf behind the hon. Member for Edmonton Mill Woods, and the regulations that flow from the laws we pass in this Legislature.

Earlier in my term I brought to the attention of the Assembly one particular law that had outlived its usefulness, The Bread Act. I received the support of my colleagues in the Assembly in the repeal of The Bread Act. Others asked about The Frozen Food Act. I am grateful again for the support of hon. members in the repeal of that provision.

During the last number of months, I have been reviewing our licensing and regulatory process within the department and have concluded that we should be guided by three principles. Those principles would be: one, the repeal of those licensing regulations which serve no useful purpose, or which are a duplication of regulations under the jurisdictions of other departments or other authorities; second, the amendment of regulations to make them more relevant and effective; and finally, the enactment of new licensing regulations to protect the credibility of the market place.

Subsequent to the work of the committee of this Assembly chaired by the Member for Redwater-Andrew, Mr. Topolnisky, regulations were passed to repeal seven licensing regulations. Those were for bowling alleys, commercial printers, flour and feed mills, barbers and hairdressers, margarine manufacturers, meat packers, and sawmills, representing about 2,000 licences issued annually within the province.

Mr. Chairman and hon. members, my review takes me to the position that I intend to recommend to Executive Council that we move further in this field by repealing licensing regulations that affect bakers, cleaners and dyers, photo finishers, restaurants, retail businesses, second-hand dealers, and wholesale businesses. I should point out that in most of these cases, if not all, the provisions of planning, zoning, health regulations, and other regulations adequately cover the regulatory mode necessary for these businesses.

In terms of the retail licensing regulation which annually requires some 16,000 licences alone, the only useful purpose I could find in maintaining licensing there was with respect to the control of bankruptcy sales, and that was with respect to any misrepresentations that might be made to the consumers as to whether or not it was in fact a bankruptcy sale. We have concluded that The Unfair Trade Practices Act, which did not exist at the time much of this licensing regulation was passed, would be even more effective than licensing in protecting the credibility of the market place.

Other areas are still under review. One of them would be the direct seller's licence. We issued 20,000 licences in that field alone. The thought is that perhaps we should put more of the responsibility on the agent himself or herself, or the company, to control the various salesmen that agent employs, rather than have the Department of Consumer and Corporate Affairs issue licences to these individuals. No firm decision has been made there, but at

the moment I lean towards placing more responsibility on the commercial agents for whom the salesmen work.

Finally, there are areas in which licensing or some form of regulation is required. Those would be where consumers predominantly place their funds with the service or with the business well in advance of the date the services or goods for which they contract would be received. Those include the mail order business; travel agents — and we've had discussions in that respect during the question period in this Assembly; mobile, modular, and prepackaged home businesses; contractors, particularly in the area of home repairs and improvements; and such future service businesses as health spas, dance clubs, and those offering self-improvement or self-defence courses of instruction.

One other aspect I should mention in terms of the future goals of the department relative to licensing: ultimately I would like to see us develop one application form, one form of licence, which with the assistance of technology as it's developing would permit us to issue all the licences the department issues at all the regional offices. One form would be used for all the various businesses and one style of licence would be used for all businesses licensed — a sort of one stop shopping concept.

That one stop shopping concept brings me to the second point I want to touch upon briefly, the reorganization of the department. The estimates book before you accommodates the changes in the organization of the department, so that there will be some change in the form of estimates from the manner in which they appeared in previous years. I suppose the most important principle we've used in our reorganization is service to the public at the regional office level. We've put greater emphasis on the services available at regional offices. We're moving away from specialists in certain fields to generalists, who will be able to handle the inquiries and requests of Albertans who attend at these offices.

Hon. members, particularly those who have served in this Assembly for some time, will of course appreciate that relatively speaking the Department of Consumer and Corporate Affairs is a new department. Many of the functions it performs and services it provides were gathered from other departments: the Department of Labour, the Attorney General, and others. In many cases, we had a continuation of that sort of separate, isolated feeling that every section in the department felt it retained, with lack of a single sense of purpose. With reorganization, the attempt — and I'm satisfied from the progress thus far that that attempt will succeed — is to make all the sections, all the programs, a more integral part of the department so they are working as one for the common goal of the people in the province of Alberta.

With those brief remarks, Mr. Chairman, I'd like to assist others in responding to any questions that might be put, whether generally or on specific votes.

DR. BUCK: Mr. Chairman, members of the committee, and the minister, I would like to know if the minister can give us some details on what happened with Dial Mortgage. I believe the Minister of Consumer and Corporate Affairs is losing his superintendent of insurance, Mr. Darwish. I'd just like to know if he's being moved or not.

I would also like to know what the minister is proposing to do about the problem with travel agencies that go broke. Will some kind of increased bonding or some type of arrangement be made to protect Alberta consumers? As the minister knows, in question period we asked what

was happening, how many Albertans lost money on the bankruptcy of two firms in the east. Does the minister have any indication how many Albertans lost money, the amount of money — also the same thing to protect people from fraudulent auctioneers.

I know that in many cases where a large auction is held, especially of heavy industrial equipment, the auctioning agent can have up to 30 days to pay. A person I know sold his equipment, and the auctioneer decided it was time to retire and headed across the 49th parallel. Mr. Minister, I believe this has happened in several cases. I would like to know if the minister is considering a higher bonding or some kind of protection for the person who, in many cases, liquidates all their assets through an auction. Is there protection for those people?

Also, Mr. Chairman, I have a concern related to Sunday closings. I don't want to pick on any specific large corporate retailer of consumer goods, but more and more it seems the corner grocery store, the little business man, is being crowded out by the giants. I don't want to see the day come when we have wide-open Sundays, when we don't have Christmas and we don't have Easter. It may be a trend that we have so-called shopping convenience for the consumer, but what about the people who have to staff these consumer outlets? Mr. Chairman, as a party we feel that the small business man is still the backbone of the business community. I think it's a pretty sad reflection when the small business man says, the only way we can survive is to sell booze. You know what the next step is. The small grocery store may be able to sell beer, wine, and liquor, but pretty soon the drugstore, Safeway, and IGA start selling booze the same as they do in the United States. So any advantage the small business man in the corner store may have is going to be wiped out within a short time. I think it's a pretty sad reflection upon our small business community if they have to worry about selling booze to make their operation viable.

Mr. Chairman, I would just like to say that as a person and as a representative of my party, I am very strongly against any further encroachment on making Sunday a wide-open day. If we want the small business man to survive, I think we must protect him in some way through this Legislature, and let him provide that service he does provide from nine in the morning to 11 o'clock at night, the small convenience store. Let's give him an opportunity to exist. Let's leave the giants out. They have six days a week, in many cases from nine in the morning till nine at night, to look after our shopping needs. Let's try to do something for the small business man.

Mr. Chairman, those are a few of the questions I would like the minister to enlighten me on. There will be other questions as we proceed through the estimates.

MR. GOGO: Thank you, Mr. Chairman. I hope the minister would allow questions the way he gave an overview — to sort of flow out of that without addressing any particular vote.

The first one is with regard to the orderly payment of debt system. I understand that has now been totally assumed in the province of Alberta from the federal authorities. I wonder if the minister would indicate what success his regional offices are having with regard to debt repayment, the consolidation of debts, and so on, and whether the interest rate on those has been changed. I understand many small business men are receiving minimum amounts because they're one-fortieth or one-fiftieth of the creditors. I think there has been a variety of complaints from small business men, saying they should

be entitled to interest on that money because in effect they are paying interest on credit they extended to consumers.

Secondly, Mr. Chairman, I'd like the minister to comment on what I think has been the most successful part of his department, the campaign termed Before You Go Under, which consists of advising people before the fact, before it's too late. I think it's one of the most successful programs in Canada in advising consumers on what not to do rather than what you do after the fact. With that, if the minister would comment whether there's provision in his department, through the regional offices, for evening hours as opposed to the typical civil service hours of 8:30 to 4, so that people don't have to take time off work to get further into trouble in terms of debt to come for counselling — if he'd comment with regard to flex hours or evening hours.

Mr. Chairman, the only regional office I'm familiar with is the one in the Lethbridge area. Mr. Kaszuba is the manager. I want to compliment the minister's department, particularly Mr. Kaszuba, for the great degree of co-operation I receive as a member with problems that arise in that area, not just on consumer counselling because they have a wide range of activities. I think they do an excellent job.

The minister made some comment relative to travel agencies. I think I'm familiar with that. He may want to comment, though, as to what's been done with regard to assuring people who prepay for trips, if indeed the agencies go under.

The minister made reference to home repairs. We in Alberta have had a very exciting senior citizen home improvement program. There have been many complaints with regard to senior citizens ripped off with paint that only seems to last for one rainstorm and aluminum siding that doesn't seem to come anywhere near what was estimated. I know the theory "consumer beware" is great, and they should look after these kinds of things. But with respect, I'm sure the minister is well aware that people in their 70s are perhaps not all that sharp and should be able to rely on some type of advice from his regional offices in utilizing this money the government advances for repairs.

Mr. Chairman, the final comment, which has interested me for some time, is in the area of automobile insurance. It seems to me that on one hand the government of Alberta by statute makes it mandatory for citizens to carry insurance on their vehicles against damaging other people. Yet only too regularly, particularly with one or two insurance companies in this province . . . We see somebody driving down the street, minding their own business. Another car goes through a red light and damages their car. It's very clearly documented that there's no argument as to fault. There's admission of responsibility by an insurance company. Yet for some reason the person not at fault, who has a 10-year old car that costs perhaps \$1,000 or \$2,000 to repair, suddenly discovers the insurance company offers him \$100. He really has no recourse. The Insurance Act states there's an arbitration process. I think "arbitration" is the wrong word. There's a conciliation process, and if you don't like it, you lump it. Because in the final analysis, you end up walking.

In terms of legislative authority, I think this area should be reviewed by the government of Alberta — to put more teeth in that Act, whereby people whose cars are very innocently damaged should not have to fork out of their own pocket for repairs, particularly when the

state makes a requirement that to operate a vehicle, you must be insured. In many ways, I think it has been a bit of a farce in this province that there are no teeth to apply to insurance companies who year after year continue to be authorized by this government to market insurance. That may sound a little strong, and if it does, it's intended that way. Frankly I think there are many rip-offs in the auto insurance industry in terms of car repairs. With that, Mr. Chairman, I look forward to the minister's response.

Thank you.

MR. NOTLEY: Mr. Chairman, I just want to make a couple of comments, then ask a question. I was interested in the remarks of the hon. Member for Clover Bar about Sunday closing. I think it would be a rather serious mistake if we have major stores open on Sunday. I think that would finish small businesses. One interesting thing is the requests you get from some small convenience stores to sell liquor and beer. I've had submissions, and I'm sure the minister has. Frankly I would hate to see us get into that. I think it would open up a lot of problems for the small business sector in the long run. With shops that are open late, 11 or 12 o'clock at night — if you have liquor on the premises, it seems to me you're just creating problems.

I wonder to what extent the minister has had an opportunity to discuss with his colleague in the province of Quebec — I believe they changed the liquor legislation since the PQ came to office, and now convenience stores throughout Quebec are able to sell wine and spirits. I would look upon that move in Alberta with some degree of trepidation because of the potential problem it's going to create for the shop owner.

The second observation is with respect to deregulation. My political philosophy is somewhat different from the hon. minister's — and that's no surprise to either of us. I agree with him in terms of eliminating redundant legislation. But I think we have to be a little careful when it comes to the approach to deregulation. We have examples. The hon. Member for Clover Bar outlined certain examples. In my constituency three or four years ago, I recall a real estate firm that grew very rapidly and was the success of the entire central Peace. Unfortunately, not due to any malevolent attitude or motive on the part of either principal, they got themselves into trouble and the bonding wasn't there. When the thing went under, Mr. Minister, a fair amount of money, of honest people who had done business in good faith with this firm, went down the drain as well. So I think we have to be very careful in any move to deregulation.

I want to deal with one other point, the rent situation in the province, and put a question to the minister. I'm not going to convince the minister that we should reimpose rent control, so I'm not going to waste my breath trying — even though I think we should. We'll have an opportunity to debate that sometime in the future. However, Mr. Minister, now that we have removed rent controls, what is your government proposing to do to protect renters?

For your interest, I cite the latest figures I have on vacancy rates in major Alberta centres. I'll take April of 1979, 1980, and 1981. There seems to be some fluctuation on the basis of time of year. In spring, vacancy rates tend to be a little higher; in fall, a little tighter. That seems to be a consistent pattern from the figures I've seen. But in any event, let's just compare apples to apples. In April '79, in Edmonton we had a vacancy rate of 3 per cent; in Calgary, 1.6 per cent. In April 1980, that dropped from 3

per cent to 2.8 per cent. In April '81, according to CMHC figures: 2.5 per cent. In other words, we have a slightly tighter vacancy situation now than a year and two years ago. The same is true in Calgary: 1.6 per cent, 1 per cent, then no major movement. The last figure we had was 0.4 per cent.

That seems to be true in the figures for other cities, although these figures relate to August. August '77: Camrose, 16.7 per cent. Last August that dropped to 4.3 per cent. August '77: Grande Prairie, 6.7 per cent; down to 0.2 per cent in '79. Then notwithstanding the much talked about, so-called slowdown in Grande Prairie: still 1.3 per cent — a very low vacancy rate in that city. Lethbridge: down over that period of time. Medicine Hat: from a 10.1 per cent vacancy rate to 3 per cent last August. Red Deer went up a bit and increased slightly. Perhaps the one variation in the pattern is that the vacancy rate in Red Deer is actually slightly higher than it was in August '77. But with that exception, the other cities show a consistent pattern of a lower vacancy rate this year than last year, and a lower vacancy rate last year than the year before.

First of all, Mr. Minister, in the absence of rent controls, what monitoring is the Department of Consumer and Corporate Affairs doing on this matter? What contingency plans beyond the estimates of the Minister of Housing, which we'll be getting to later in this session? I raise that because it seems to me that the high interest rates we see today in the market place — and the minister is a great defender of the market place — are going to cause a further slowdown in the construction of single-family units as well as apartment buildings and units constructed for rental purposes.

The decline I see in the vacancy rate — I also look at construction starts, and there appears to be a drop this year from last year in Edmonton and Calgary. I would say that we're seeing just the beginning of that. If the tight money policy continues, people are not going to invest the same amount. In the absence of any kind of control, Mr. Minister, what protection does the renter have in the Alberta market place, now that we have removed rent controls?

MR. L. CLARK: Thank you, Mr. Chairman. Just a couple of quick points to the minister. I realize your department is in place mainly to try to protect people from false advertising and areas such as that. I wonder if there is anything you can do about some of the advertising that takes place in some of our cities. For instance, they advertise automatic transmissions for the length of the car. When you go to collect on that guarantee, it's very, very difficult. They can find a thousand excuses why they don't have to fix it again. I just wonder if there's something you can do about that.

Another complaint I've had in our area is that large drug companies refuse to sell small town stores, or general stores as we call them, non-prescription drugs. They have to go for miles to get Contac-C or some simple cold remedies simply because they're not allowed — they just won't sell it to them, no matter what they do. There's quite a list. I'm sure the minister is familiar with it, because I've sent it to him a couple of times. I would like to know if your department could do something in this area.

Thank you, Mr. Chairman.

MR. BORSTAD: Thank you, Mr. Chairman. I would like to commend the minister for the regionalization of

his department. But I have some problems with the regional office being in Peace River and workers coming to work in Grande Prairie where the base of the population is located, and with some problems happening in the city right now. That seems to be where most of the work is. I highly recommend that the minister look at establishing one office person in Grande Prairie to handle the orderly payment of bills and those things related to finance. I get a considerable number of complaints from constituents, because a person comes to work in the city of Grande Prairie only one or two days a week.

I might also mention that I'm not sure where the hon. Member for Spirit River-Fairview gets all those figures about the vacancy rates. If you look around Grande Prairie today and look at the number of apartments built, that vacancy rate has to be a lot different than the figure he just read. In fact there are apartments that have subsidized rates that have never had people in them since they were built last fall. So I'm not sure where you got those figures, but ... [interjection] Well, they're not right. I can tell you that. Those apartments are sitting there and they're not even full. [interjections]

MR. WEISS: Thank you, Mr. Chairman. I'd like to address a few comments to the minister and would appreciate a response. It's with regard to personal and business bankruptcies. In using the figures quoted recently by the minister and his department, I note that the bankruptcy rates in 1977 and 1980 have risen in Alberta from some 672 to 1,308 — that's almost a 100 per cent increase — and in the last year, some 26 per cent. I'm concerned not just in the personal field but in the business sector, because while many small business people face bankruptcy due to items we referred to here, the high rates of interest and lending today — I realize and appreciate that a lot of it is due to business management, perhaps a lack of basic money management skills and the expertise that might be required. Being a small business person, I can appreciate, too, the free-enterprise system. But, Mr. Chairman, I wonder if the minister could perhaps put more emphasis on co-ordination of some communication or awareness program similar to the personal bankruptcy program they were referring to as "going under". I think something in the business sector would be welcome, because it appears that sometimes the counselling available through the minister's department is always too late; it's when the business has failed. When the business has failed, I suggest that creates a large problem in many small communities. The businesses that have non-secured creditors face very high substantial losses.

Now I realize you can't restrict the free-enterprise system. I'm not saying that should be done. But maybe some higher risk factors or protection could be implemented. I ask his department to perhaps do some research in that field. Maybe business people shouldn't be able to get into business quite as easily as they appear to. If they fully understood some of the pitfalls and some of the knowledge they should possess prior to getting into business, maybe it would discourage — and as I say, I don't want to discourage anybody in a free-enterprise system, but I'm sure an awful lot of people are not aware of the long hours, referred to recently, the time, the expertise, and some of the working capital that would be required. In a lot of cases, these small businesses are underfinanced or undercapitalized to start with. But when a small business fails, it fails throughout the community. Everybody gets hit. It's like a catalyst. One fellow sitting out here only has \$100, another has \$200, another has \$400, another

has \$500 — the exposure goes on and on and on. It's very difficult for some of these people ever to recover. If a person were to go into a small business today, I think he should be expected to retire his obligations in some fair and just manner. So I'm saying that perhaps some guidance should be given, or there should be more communications or advertising programs to help people and not just let them believe that everything in Alberta is that great, and come on in and get into business. We know it takes an awful lot of hard work, good luck, and good management to succeed today. I'd appreciate the minister's comments in response to that.

Thank you, Mr. Chairman.

MR. SINDLINGER: Mr. Chairman, to the minister. I have two short complaints that have been passed on to me by my constituents, who asked if I would relay them to you. Given your sterling steerage of The Bread Act through the Legislature before, I'm certain you won't have any trouble with these two little complaints.

The first one is with regard to a fine elderly lady who called me about two months ago on a Saturday night. She complained that about 10 years ago her doctor had advised her to take a small shot of sherry before going to bed to help her get to sleep, and now she's found that she has a problem with the Alberta Liquor Control Board. She'd like you to investigate the fact that instead of one shot of sherry to get her to sleep at night, it now takes two bottles. She's wondering what's happened to the liquor there. [laughter]

AN HON. MEMBER: Somebody's watering it down, Tom.

AN HON. MEMBER: Are you suggesting dilution?

MR. SINDLINGER: The second complaint I received is a little more serious, although I'm certain that problem is serious to that lady. It's with regard to land offerings in the Cold Lake area. Some time ago a constituent of mine purchased some land there, paid some money down, and subsequently found that the vendors were not fulfilling the terms of the agreement. He made a complaint to your department and was referred to the commercial crimes division in Calgary. Subsequent to that investigations were held. The companies that sold him the land declared bankruptcy, and some of the proprietors in the firm were charged by the RCMP.

The investor lost his money, which amounted to \$2,000, but he's found that recently an ad similar to the one he responded to reappeared in the newspaper. It's a very simple ad. It just says: ideal retreat, 113 acres, year-round road, utilities, nicely treed, good hunting, \$1,000 down, call such and such a number. The question I'm putting to you is whether your department has had many complaints of this nature, whether there is a large-scale dealing of this type going on in those boom areas, and what follow-up is being done to monitor to ensure that it doesn't continue.

Listening to some of the other comments made prior to my standing, I wonder if there is some way the foreclosures couldn't be monitored. At this point in time, with people concerned with high interest rates, people who have their mortgages renewed — one-year or five-year renewals — are finding they can't handle the new mortgages at higher rates and are therefore either defaulting, walking away, or having their houses foreclosed. Is there any way the department could give consideration to

monitoring what happens between a point in time when an individual finds he can't afford a new mortgage and what happens on the disposition of the house? I'm just thinking out loud right now, trying to determine if there couldn't be a transitional period where the house or the mortgage could be kept in trust over a period of time until the person could find it clear to take over a mortgage at a higher interest rate.

This issue was brought up in the federal Parliament just a few days ago. The concern was that a lot of people couldn't make the transition from one mortgage to another having a very high interest rate. Speculators would come in and take over the foreclosure or buy the property at a very low, bargain-basement price, with the prospect of turning it over at a high profit in the near future. The major concern was in regard to things financed through federal funds. Giving consideration to the fact that our Minister of Housing and Public Works indicates we're spending \$1.25 billion on these types of things, we might be in for a similar problem.

In regard to your opening comments about the protection of the consumer, I wonder if I might also try another concept on you in regard to protecting the consumer in the market place, not only in regard to those products and services provided by the private sector but those provided by the government sector, this particular government. I'm certain there are areas where the consumer could use some of the protection you've talked about, similar to that you've given in regard to the private sector.

Thank you, Mr. Chairman.

MR. CHAIRMAN: If there are no further questions or comments, perhaps the minister would like to respond now.

MR. KOZIAK: Mr. Chairman, when I made my opening remarks, I mentioned that I wouldn't presume to suppose the areas in which the hon. members' interests lay. I made a wise decision, because the remarks have basically taken us through most of the programs the department offers, into programs other ministries offer, and even into programs under the responsibility of the federal government.

I suppose I should start with the biggest consumer problem raised this evening by the hon. Member for Calgary Buffalo, the matter of the diluted sherry. I've often wondered about that spot in the warehouses of the Alberta Liquor Control Board where they add water to the whiskey, but I didn't know there really was such a spot. I believe my colleague the Solicitor General, who had his estimates the other day, would have been able to assure hon. members that that does not in fact take place.

But it does remind me of a little vignette that I could share with hon. members. Outside a shopping centre there's this elderly lady, hunched over, carrying two bags of groceries. A nice, young man comes up to the lady and says, would you like some help? She looks at him and says, sonny, I really would like some help, but what worries me is that today I'd like the help, tomorrow I'll need it. That's one of the difficulties that I'm sure the hon. Member for Lethbridge West, the Solicitor General, and the Minister of Social Services and Community Health will bear out with respect to the difficulties alcohol sometimes creates. What starts out as a like becomes a need.

Of course, that's one of the problems that faces us in the matter of the sale of wine, beer, and spirits through grocery store outlets. I tend to agree with the views

expressed by the members for Clover Bar and Spirit River-Fairview when they indicated concern about moving in that direction. I can't speak with authority with respect to Quebec, but it is my understanding that the sale of alcoholic beverages in grocery stores brings a problem with it, dealing with minors. There's a second aspect. I don't know how well it's borne out, but I've heard concerns that the moment the small grocery store starts to sell alcoholic beverages, you find that shelf space normally available for groceries is taken up by wine, beer, and whiskey bottles and soon the grocery store that was there to serve people after hours doesn't have the wide array of services and groceries that people had come to expect.

I recognize that small grocers in the province have a problem, but in many cases the solution to that lies within their own hands. To a certain extent, their greatest competition now is from the franchise operators, who also operate on a small scale, open for extended hours to serve customers. I don't have to list names, but I'm sure hon. members are familiar with these places in the cities and the smaller centres in the province.

Small businesses in the food area in many cases have not only survived but prospered and prospered well. In my own experience, within the last month I have been to a meat market that is next to a Safeway store. In that meat market is a little container from which you take a number. You form a queue, and you're served when your number is called. Many times 15 and 20 people are waiting in line to be served at the butcher's. The same is equally said of a bakery I frequent in my constituency. It's amazing how many people will crowd into the service area of that bakery and line up to be served the excellent quality of breads, fancy breads, and buns that are offered.

I think it's important that businesses in the province, if they want to survive, know what customers want and respond to those needs. If they do that, they should have no difficulty in doing well if there's a market where they're located.

The matter of travel agents came up. I have responded to that in question period in the House. The only additional information in this respect that I could share with the hon. Member for Clover Bar is that the figure I have received now — it's not a final figure, and it's not an indication of consumer loss — is approximately \$26,000. Now I say it's not an indication of consumer loss because I've personally heard of travel agents picking up and refunding the expenditures or investments in the travel program by consumers, or they have redirected them to other programs and used the moneys that have been applied in that respect. It's also important to remember that through IATA, those agents who are qualified to serve as IATA agents, any airline tickets are guaranteed in that respect.

I've already mentioned the efforts of the department in contacting the owners of the Vera Cruz, for example, and the representation we'd received there. The Vera Cruz would honor the Strand tickets, notwithstanding that that ship had not received payment for the particular voyages.

With respect to the superintendent of insurance, I briefly mentioned the reorganization of the department. I should just go on and indicate that in that reorganization there are three divisions: program development, program support, and regional delivery. Each of those divisions is headed up by an assistant deputy minister. The assistant deputy minister responsible for program development is Mr. D. E. L. Keown, who was recently honored by an award. Mr. Darwish, who was formerly the superintendent

of insurance, is the assistant deputy minister responsible for program support. Mr. Hal Thomas, formerly the registrar of companies, has been appointed the assistant deputy minister responsible for regional delivery.

With respect to Dial Mortgage ...

DR. BUCK: Then who will the real estate branch be under? Will that be under Mr. Darwish's branch, like licensing and that stuff?

MR. KOZIAK: In the foreseeable number of months, we've appointed acting superintendents to fill those positions. We'll be moving towards filling them permanently later on this year.

With respect to Dial Mortgage, I have before me a copy of the order issued out of Court of Queen's Bench on April 16 of this year, in which the Honourable Mr. Justice Agrios appointed — in addition to the appointment of Thorne Riddell, the receiver manager of Dial Mortgage, and the trustee of the estate in the proposed bankruptcy — the firm of Deloitte Haskins and Sells to assist those persons who may be entitled to file proofs of claims under the Bankruptcy Act and, in the preparation thereof, basically to assist people who are investors in the Dial Mortgage company.

DR. BUCK: Mr. Chairman, to the minister, if I may ask a question at this point. It's very important to us as members of this committee to find out what happened in that case with Dial Mortgage. There are people who invested funds. What has happened? What went wrong? That's the responsibility of the Minister of Consumer and Corporate Affairs, to find out what went wrong and to make sure it doesn't happen again, because I'm sure many Albertans lost money. It is the responsibility of the Minister of Consumer and Corporate Affairs to protect those people, investors and consumers. I don't think it's sufficient for the minister to say, so and so happened. What happened, and what's the minister going to do to make sure it doesn't happen again?

MR. KOZIAK: We have certain responsibilities under the mortgage-brokers Act, and the department has fulfilled those responsibilities. Included in those responsibilities is a review of the affairs, the financial statements, of the registrants. Such a review discovered that there was indeed a difficulty with respect to funds. At that point the department moved to issue a stop order on funds that were then in the bank, which precipitated what has taken place here.

The hon. member suggests that it is the responsibility of the department to protect investors. I'm sure he does not mean by that comment that we have an absolute responsibility to protect all investors. There is a responsibility on investors themselves. I'm sure the hon. member does not suggest that, for example, we should provide the same type of protection that we would in financial institutions such as credit unions, trust companies, and banks where the stabilization corporation, in the event of credit unions, or the Canada Deposit Insurance Corporation, in the event of trust companies and bankruptcies, are there as a protection up to a maximum of \$20,000, in the latter two institutions, for deposits made with respect to those institutions. In that case, we have the public who are saving funds entitled to rely on the strength of those institutions.

When it comes to the investment at high risk, bearing higher interest rates, the investor has got to be called

upon to assume a higher risk, otherwise why the higher return on his investment? It should not be the government's role to absolutely protect those funds or those investors. As I mentioned, our role under the mortgage brokers Act is to receive the financial statements, peruse them and those other things required. Those were the things that triggered the moves that have taken place. As to why that event transpired, I think it will probably take some time before the reports of the firms, particularly Thome Riddell, are made that would indicate the reason for it. Some suggest that the high increase in interest rates has created the problems. I don't suggest that that's necessarily accurate; that's just one of the suggestions I've received. It will take the completion of that work now in progress before we'll be able to get a better indication of what's happening there.

The hon. member also wondered about auctioneers. We license auctioneers under The Sale of Chattels by Public Auction Act. The question of the licence which must be accompanied by a bond, whether the bond is sufficient, is one that's been concerning me. We have two levels of bond: one by the association and one by the individual auctioneers. Representatives of the department have been meeting with the auctioneers' association specifically on that issue to resolve the question of the size of the bond, because having regard not only to inflation but to the nature, quantity, and quality of business of auctioneers, it may well be that a higher level of bonding is required.

DR. BUCK: Could I ask supplementaries as the minister goes along, if the minister will agree, on one or two points I was asking about?

Getting back to the Dial Mortgage thing. The point that bothers me, Mr. Chairman to the minister — who is a man whose profession happens to be in the law. I have some small knowledge of the real estate business. It may not be quite as large as the minister's, but the minister and I have been dealing with things such as this. What I really want to know is: if I as an investor were to invest, say, \$50,000 in mortgage company ABC buying second mortgages ... Now the rumor I've heard is that the \$50,000 I invest as an investor into mortgage company ABC would be registered against a specific property. If I were to choose whichever property I wanted, be it this person's house or that person's property, that money I'd invested would be registered against that property. I would like to know from the minister if that was one of the problems: that the funds I invested as an investor were not registered against that property. Can the minister enlighten me on that?

Mr. Chairman, the other one about the auctioneers — surely we ask bonding, performance bonds for contractors who are going to perform a \$250,000 contract for the government. There is a performance bond. Surely, Mr. Minister, it's not asking too much that if I as a seller have auctioned off \$280,000 worth of heavy equipment, and I have to wait 30 days for that payment — I believe that's the way the system operates — that auctioneer be bonded for \$250,000 or \$0.5 million or \$1 million so I am protected. Because we do that. We ask for performance bonds which are fairly expensive, but that's the price of doing business, and you have to buy them.

So my submission to the minister is to protect the consumer, because that's what the Department of Consumer and Corporate Affairs was set up to do. Number one, maybe the minister can tell me if I am wrong in thinking that the second mortgages were not registered

against a specific property, and this is why people don't have a comeback. The company goes into liquidation, therefore I have nothing to say that I invested \$50,000. Maybe the minister can enlighten me on those two things, Mr. Chairman.

MR. KOZIAK: Mr. Chairman, it would be difficult for me to take individual cases and follow them through this evening, and I'm sure the hon. Member for Clover Bar does not suggest that I, as Minister of Consumer and Corporate Affairs, should have a flow chart that would show the investment of each individual in Dial Mortgage and the direction that investment went. I'm sure the hon. member recognizes that a mortgage broker's business usually includes the sale of mortgages. What that means ... [interjection] If the hon. member would wait, I'm sure I can enlighten him. Mr. Chairman, that means that if Dial Mortgage has a \$30,000 second mortgage on a farm in Clover Bar that pays interest at 18 per cent, they offer that for sale to investors who want to buy that type of mortgage and, in doing so, in a sense provide a service to both the people who borrowed the money and the people who have money to invest. That's been the progress that normally takes place with mortgage brokers.

In addition to that, I'm sure examples will be found in this particular situation where the company has in fact collected the payments on behalf of certain of these people and remitted those payments as they were paid. We have heard examples of circumstances in which those payments have not been remitted. There may be other circumstances in which the investment had been made, and the mortgage had not yet been registered in the name of the person who made the investment. So all these circumstances are different. There are mortgages registered in the name of the investor, mortgages not registered in the name of the investor, mortgages in the hands of the investor with the investor collecting his own payments, mortgages in the hands of the broker with the broker collecting the payments. These are examples of what I understand was the nature of the business of the company.

In terms of what has happened, I can't presuppose the lengthy and minute investigations that will be made by the firms involved. They will be the ones that will pursue this. If the hon. member is aware of constituents of his who have dealt with Dial Mortgage and have unanswered questions, particularly with their investments, I hope he would encourage them to contact the firm of Deloitte Haskins & Sells, so that their particular problems could be pursued in the best way possible through the method created by the courts.

Now with respect to the sale of chattels by public auction ...

DR. BUCK: Mr. Chairman, the hon. minister is going on to the auctioneer thing. I'd just like to ask a supplementary, if the minister will permit me. I don't know if I have investors in my constituency who had problems or didn't. That's beside the point. That doesn't matter. I'm not bringing a presentation on their part. What I want to know is what you, what the department ...

MR. CHAIRMAN: Would the member please use the proper form of address?

DR. BUCK: Mr. Chairman, in this case I think I'm correct in saying, what is he, the minister, going to do about making sure this doesn't happen again? That's what

we set up the Department of Consumer and Corporate Affairs for. If we have one bad instance, fine. Let's make sure we have something in place so it doesn't happen again.

The minister can give me his legalese as much as he wishes, and he appreciates the fact that I am a layman. But if I were a layman investor, I would want to make cotton pickin' sure that this didn't happen a second time if I invested the first time in a reputable firm. If we've had that situation, let's make sure it doesn't happen again. What is the minister doing about monitoring this and assuring the public of the province it won't happen again?

MR. KOZIAK: I'm sure that the members of the brokerage community would share the view the hon. Member for Clover Bar expressed, because if this were an event that happened with considerable repetition, it would destroy the credibility of the market place in that particular area, and would not be beneficial in the long-term for the business operation of the community.

[Mr. Purdy in the Chair]

Officials of the department have been meeting with members of the association, and we will be reviewing the legislation in light of the findings we obtain from the investigation.

I'm glad the hon. member is satisfied. I can now move on to auctioneers. I began by saying that auctioneers are bonded and licensed. The hon. member responded by indicating that the bond should be substantially higher, and quoted figures of \$250,000, \$500,000, and \$1 million. There is a considerable amount of difficulty here. There is no doubt that in the regulations we can provide for a bond of \$1 million, but then we might not have an auctioneer in the province. [interjections] No, I'm talking about on an individual basis. I'm sure the hon. Member for Clover Bar would not suggest that we make the bonding requirements that strict that legitimate auctioneers are prevented from carrying on their trade in the province of Alberta. So I respond in that fashion to the hon. member's comments.

I understand that he wants to put a supplementary. I'll be interested in hearing what that supplementary is, as will, I'm sure, the many qualified and respected members of the auctioneering trade in the province.

DR. BUCK: Mr. Chairman, to the minister. The minister has the audacity to stand in his place as a minister of the Crown and say that I am asking that the little country auctioneer who does \$100,000 of sales on a small farm auction is the same as the person who does \$3 million worth of auctioning on one sale, in many instances. Really, Mr. Minister, don't try to snow the troops. As brilliant as you are, sir, and as brilliant as the people in your department are, surely we can work some kind of sliding scale that we have, say, 50 per cent, 60 per cent, 80 per cent coverage for the volume of business you do. I don't think it's beyond the minister's brilliant capacity and the department's capacity to be able to do that. So, Mr. Chairman, if the minister stands in his place and tells me that I'm trying to get rid of the little auctioneers, the minister is misleading the committee and misleading the auctioneers.

I'm saying, let's have some type of sliding scale so the volume of business you do, the volume that's transacted — there is coverage so somebody doesn't skip out, and the minister knows that people do skip out. It has

happened in the livestock business, in the auctioneers' business, and it will happen in other businesses. Let's look at some type of coverage for the people who put their equipment up for sale in good faith that they will get paid. That's all we're asking for, Mr. Minister. I'm sure that you, as brilliant as you are, sir, and your department can handle that situation.

MR. DEPUTY CHAIRMAN: Before we continue with the minister's comments, the final score of the hockey game is 6 to 3 for the Islanders.

MR. KOZIAK: It sounds like a replay.

Mr. Chairman, I find it difficult to be able to respond, having received all those compliments about my intelligence. I'll wait until humility resumes. [interjections]

I think the sliding concept is not a workable one because the bonding is something that takes place at the time the licence is issued. To suggest that on a particular auction, in the middle of the bids, at one point where the sales would exceed the limit affixed to a particular bond would require the auctioneer to run back to the Department of Consumer and Corporate Affairs and show he has a bond of a larger amount is not a workable system. That's why I mentioned that our discussions are under way with respect to the association, because the association itself carries one bond of a larger amount for members of the association, and individual auctioneers carry smaller bonds. But I agree with the hon. member and the concern he raised at the outset: we have to look at the amount of these bonds. We're doing that very seriously.

With respect to the comments by the hon. Member for Lethbridge West, on behalf of the hardworking officials, officers, employees of the Department of Consumer and Corporate Affairs, I graciously accept the compliments he has extended to them. I know he speaks specifically of Lethbridge, but I'm sure he would want me to extend those remarks to all the regional offices of the province.

He specifically asked about the way we service the people of the province, and whether there is the opportunity to be able to service after the normal hours. I understand, Mr. Chairman, that arrangements by appointment can be made for meetings after the normal hours, where work requirements prevent a meeting that would take place during the normal opening hours of the regional office. In addition, members of the department go out to meet with groups, speak to groups, and carry on workshops after normal business hours. So we do provide that type of service.

I also appreciate the kind remarks with respect to our Before You Go Under program. I'm sure the hon. member recalls that we have won advertising awards with respect to the quicksand advertising program and the subsequent one dealing with the inflating credit card. As a result of those advertisements on television, we've had a number of important calls from people with difficulties, or about to have difficulties, in the credit field. We've been able to provide them with advice and materials, and our subsequent review indicates they have benefited from that.

The hon. member mentioned home repairs. We do have the advantage of The Unfair Trade Practices Act to assist us where representations are made that are not accurate. We have been able to assist disadvantaged consumers under those provisions. There's also the question of the licensing of direct sellers. We're involved to some extent in the door-to-door type of salesman who

offers home improvements, and have been fairly effective in those areas as well. I hasten to add that if hon. members hear of concerns these should be referred to us. We're more than happy to look into them and see if there's a problem that has to be remedied.

The insurance question is a more difficult one, because in terms of the concern of the hon. Member for Lethbridge West, we are then faced not with the liability but the damages that are to be assessed in regard to that liability. The hon. member expresses a concern that the owner of a used motor vehicle involved in a motor vehicle accident may not receive what he expects he should from the insurance company. As he suggests, it may well be that the cost of repairing the motor vehicle would exceed what the insurance company is prepared to pay. The reason for that, Mr. Chairman, is that the courts assess damages in torts on the basis of what you can prove as being suffered by yourself as a plaintiff. If the motor vehicle you were driving that was involved in the collision and was damaged had a value of \$200, if you could go out and buy a replacement vehicle for \$200, the courts would not accept a repair claim for \$1,600. That's one of the difficulties. I'm sure the hon. member isn't suggesting that the person at fault under our civil liability should be penalized as well as required to compensate. The penalty sections are on our criminal provisions or on our traffic legislation provisions, where a person might be charged with failing to leave a stop sign in safety, careless driving, and that sort of thing. That's the appropriate case for the application of the penalty. In the civil case the courts decide damages and award judgment based on what can be proven. Sometimes there are disputes, just as sometimes in motor vehicle collisions there are disputes as to fault, liability. There may be a shared responsibility. It may be, for example, that the motor vehicle has been damaged before or has a rust condition. It's not expected that the person involved on the other side of the vehicle should make good beyond that which he damaged. So that's a difficult concept, and it means that in all cases people will not necessarily be happy. But over the ages it's been determined to be the fairest method of handling the situation.

With respect to the hon. Member for Spirit River-Fairview, he mentioned the litany of vacancy rates in the major centres in the province, as they compared from year to year. In fact the rates for October were fairly low. I understand they were as low as 1 per cent in Edmonton and 0.5 per cent in Calgary. I do not have the latest CMHC figures that the hon. member quotes from. I don't believe they have been publicly released. But we have indications that the vacancy rate has increased from what it was in October, particularly in the city of Edmonton. It may well be, but we haven't got exact figures. The indication is that there are substantial numbers of suites for rent and that the pressures in Edmonton are not that great. In Calgary the pressures are considerably greater than they are in the city of Edmonton. On the whole, at the departmental level we have had very little in the way of comments relative to rental increases. More of the concerns we receive are with respect to security deposits. We've responded in some cases with prosecutions and convictions, where security deposits were not returned in accordance with the requirements of The Landlord and Tenant Act. Admittedly the Landlord and Tenant Advisory Boards, particularly in the major centres, respond to many areas of complaints. I know they're doing an excellent job mediating and responding to inquiries they receive from both landlords and tenants.

There's no doubt that the present interest rates are a real problem in terms of providing private money for development of additional apartment space. Fortunately we're in a position to respond with our core housing incentive program, our rental incentive investment program, and our family home mortgage program. Vacancy rates are one thing; turnover is another. I suspect there is considerable turnover because of the opportunity tenants have to purchase their own home under the Alberta family home purchase program. Much builders' advertising is directed to tenants, encouraging them to purchase homes at lower monthly payment levels.

The Member for Drumheller raised the question of automatic transmissions. I suppose each is an individual case. But if there are complaints, I invite the hon. member to refer them to the department. We will pursue these to see if in fact an unfair trade practice is committed, a misrepresentation is made, or a representation has not been fulfilled. The hon. member raised with me the problem smaller communities in his constituency have in sometimes obtaining the type of non-prescription drugs he mentioned. Although we've had correspondence, unfortunately we haven't been able to resolve this to his satisfaction.

The Member for Lac La Biche-McMurray raised the question of bankruptcies, particularly the report I tabled in the Assembly this afternoon, and the substantial increase in personal bankruptcies in the province. While I agree that the rate of increase is alarming and should concern us, I suppose we can take some solace from the fact that our percentage is lower than the Canadian average. I calculate that Alberta has somewhat over 8 per cent of Canada's population. The percentage of bankruptcies in Alberta is about 6 per cent of Canada's total. So from that point of view the figures aren't as bad as they might be, but we should all be concerned about the rate of increase.

I don't think there's an easy solution to the second problem the hon. member raised; that is, business bankruptcies and the resulting losses to creditors of those bankrupt businesses. The hon. member questions whether we should make it more difficult for people to go into business. That could be one approach. But I think we would be doing the competitive, rugged, individualistic spirit in this province a disservice if we put unnecessary roadblocks in this area. There are enough roadblocks facing someone who wants to open a small business. Current interest rates are one, and we've had discussions in the Assembly on that.

The only advice I can suggest to creditors is they have within their means the control of to whom they grant credit. If they're free and easy with credit, they should expect that they might lose some money on the goods, dollars, or services they extend on credit. There is the concept of the personal guarantee, and that's something creditors can use if they wish.

In response to the Member for Spirit River-Fairview, the Member for Grande Prairie raised an interesting fact, which I tend to agree with having regard for reports I receive on what's taking place in Grande Prairie relative to vacancy rates. I understand that in fact many, many facilities are available for rent. Perhaps the reason for the discrepancy between the figures is that CMHC does not include in their calculation of vacancy rates premises built and never occupied. That would probably answer why the vacancies are substantially higher than statistics suggest.

With respect to service by the department to the city of Grande Prairie, we do this on an ongoing basis with

consumer relations officers from Peace River. I'm sure we would probably never satisfy the hon. member until an office was opened in Grande Prairie. But I think we're doing a more than adequate job in providing service to the city of Grande Prairie by having consumer relations officers travel there on a regular basis.

The Member for Calgary Buffalo raised the matter of consumer protection for government services. I'm not one to suggest that we in government are without sin, that mistakes are not made in government any more than mistakes are not made in business or the professions. But we have an extremely good system in place: the member of the Legislature. If there is a problem, that member of the Legislature can raise it either in this Assembly or privately with the minister to see if a solution can be found. Of course there is the role of the Ombudsman in this whole area, and he's been very effective.

One important thing to remember about foreclosures is that all notices that appear in the newspapers are not necessarily going to result in an ultimate foreclosure. Normally there is a six-month redemption period for homes and a one-year redemption period for farms. More often than not you'll see extensions of those periods to permit the home-owner to bring his mortgage back into good standing.

The last item was the investor who lost \$2,000 in land. If the matter involves a real estate agent licensed under our legislation, then it should be raised with the department to see if there has in fact been a breach of legislation or of regulations under that legislation. I don't know if it has or has not, but I assume that if it has not, it will be.

MR. GOGO: Mr. Chairman, I asked with regard to orderly payment of debts, or perhaps it's known as debtors' assistance. The minister may wish to respond to that.

I'd like to specifically come back to the car insurance question so that I understand. The government of Alberta makes it a requirement for people who operate a vehicle in this province to carry a certain amount of insurance, so we have automobile owners operating in this province on the understanding that everybody's insured.

I'd like to recite a particular incident and get the minister's response. This chap driving his automobile was hit by another car. The police investigated. The other person was at fault. The insurance company conceded that and said, yes, we're responsible; we will look after it. They got estimates, and they were \$1,500 to repair the car. The insurance company said, we're sorry, your car is only worth \$200, and that's all we'll offer. At this stage, the car was parked in a city lot under security. This dragged on for a month. At this time the storage charge was \$150 plus towing — say, \$200. This person said, why is it going to cost me \$1,300 to repair my own car when I wasn't at fault? The insurance company said, we can't help it; that's all it's worth. This person went to Calgary and found two automobiles of the same year and model. The value was \$1,100. He found one in Lethbridge for \$1,200. It's not his fault that — you know, the response might be that the car dealer was a ripoff artist marking it up \$1,000. I don't know. But here we have motorists in the province of Alberta believing they're insured and finding out that through no fault of their own they're going to have to pay \$1,300 to drive their own automobile again.

I'm saying that if that's the way the system is going to work in the province of Alberta, is it not fair that we tell the consumers that's the way it's going to be. I believe many out there believe that when their car is damaged, it

will be repaired. I'm not talking about a 1938 Rolls Royce; I'm talking about a car that's four, five, or six years of age. I think this continues time after time after time.

If there were some method of redress — I understand in the Insurance Act there's a system of arbitration. For example, if I as the fellow with the car — the insurance company will not even divulge the name of the appraiser of that car. He will just say, it's \$200. With respect, Mr. Chairman, all I'm saying is that there has to be a better way. Either we inform people that that is going to happen or we're going to make the insurance industry pull up their socks.

Mr. Chairman, what I would like is advice from the minister — if he agrees with the system as it is. He makes the comment that over the years this has been all right. I don't accept that; I don't think it is right. Many motorists in Alberta today are driving under the guise of thinking they're protected. As a requirement to drive your car, the province of Alberta imposes that insurance requirement. It's not a voluntary thing; it's mandatory. So I don't think the existing system is fair. I don't want to cite insurance company names; that would hardly be fair unless they had an opportunity to be here to argue the other side. Mr. Chairman, the question I put to the minister is: could he walk me through the exercise as to how it's done, and in relation to the way I've described it, does he think the way it's done is fair?

MR. KOZIAK: Mr. Chairman, during the course of additional discussion, the hon. Member for Lethbridge West raised another fact not raised during his first comments, and that was that the individual himself found three cars valued at less than what it would cost to repair the damaged vehicle. That's the point I make: insurance is not there to provide compensation beyond the damages. If your damages are such that you can replace that vehicle for \$1,100 or \$1,200 but to repair the damaged vehicle will cost \$1,600, then the responsibility is not to repair the damaged vehicle; it's to replace the vehicle. The difficulty may not be between the \$1,600 and the \$1,100, but the \$1,100 and the \$200. I suppose the process in the Insurance Act which provides for mediation or arbitration could accommodate that. Failing that, the courts will rule on it and action should be brought.

I don't think it should be expected that your insurance company, because it stands in your place, should be required to pay more than the damage you caused. That's the whole concept. You are protected when you buy insurance; you are protected against claims that are made against you to the extent of the damage you caused up to a maximum, and they'll not pay beyond the damage you caused. If you caused \$1,200 damage, that will be paid. If you caused \$400 damage, that will be paid, not \$1,600 or \$1,800 or \$2,000. The dispute as to how much you can buy a replacement vehicle for — the mechanism is there to iron that out.

I don't think I should make any representations that people who travel the highways are going to have their vehicles repaired no matter what. If replacement vehicles are available at less than repairs would cost, the damages are assessed at the value of the replacement vehicle.

On the debtors assistance board: I had noted that, but I wasn't sure whether the hon. member made a comment about the debtors assistance board or asked a question. I'm sorry. Perhaps the hon. member could enlighten me further.

[Mr. Appleby in the Chair]

MR. GOGO: Mr. Chairman, the comment was that I understood that some time ago the Department of Consumer and Corporate Affairs took over that responsibility from the government of Canada. I think the Act was the orderly payment of debts court Act, and the provincial department is now administering that and it's being handled through regional offices. If that's the case, the question I asked the minister was: (a) how is it going, and (b) the rate of interest applicable to those debts. Many of the creditors who extended that credit and got caught short are now being reimbursed. They're paying, let's say, 18 or 20 per cent interest, but I understand the Act requires only 5 per cent interest in terms of repayment. So the question was: if that is fact, would the minister consider or has he considered raising that interest rate?

MR. KOZIAK: That's correct. We administer Part 10 of the Bankruptcy Act dealing with the orderly payment of debts.

The interest rate one is a difficult question, because if you increase the interest payable, it would just extend the payment of time and may not result in the creditors receiving any more moneys. If more of the payments went toward interest, more of what the creditors received would be taxable in their hands, and the ultimate benefit may not be theirs. I think it's probably important that we get the debtor out of the system as quickly as possible and not prolong the stay there. Increasing the interest might do that, but not to the ultimate benefit of the debtor. With the high interest rates charged in today's business climate, I realize people would like to get their money in as quickly as possible, but the reason we're dealing with these people is because that is almost impossible.

MR. SINDLINGER: Thank you, Mr. Chairman. Mr. Minister, one quick question . . .

MR. CHAIRMAN: Would the hon. member use the proper form of address.

MR. SINDLINGER: What did I say?

MR. CHAIRMAN: You can address the Chair.

MR. SINDLINGER: I said "thank you, Mr. Chairman", and thank you again for bringing it to my attention. Mr. Minister . . . No? Mr. Minister, to the Chairman, please. [laughter] Well, I'm getting the message across I'm sure.

Mr. Chairman, to the minister please. The first question is with regard to Abacus Cities. Is any action being taken by the department with regard to monitoring what's going on with the Abacus Cities situation? In a situation like that, is the department able to initiate an action, or must it respond to a request for action?

The second thing is with regard to the first point I brought up, and that is the provision of goods and services by the government. In his opening comments, the minister spoke about protecting the consumer in the market place. I asked if consideration would be given to extrapolating or extending that concept to protecting the consumer in the market place insofar as the provision of goods and services by the government is concerned. The response the minister gave was along the lines that we have one of the best systems in place, and that is the MLAs we have in the Legislature. I would just like test

that system now and find out if I can get those goods and services for which I paid, as a taxpayer not as an MLA. So I ask the minister as the minister of the department and an MLA if the following goods that have been bought and paid for by the taxpayer could be provided to me: first, a copy or an identification of those bids made on the highway projects in the Kananaskis area; second, the study by the Department of Economic Development on the fertilizer plant in the Grande Prairie area; third, the study by the ERCB on the Pembina pipeline oil spill that was brought up in the House yesterday; finally, the energy agreement that existed between the Alberta government and the federal Joe Clark government when that government fell.

These are all items I've tried to acquire in the recent past and have been told that they're not available to me or anyone else. So I think this might be a little test of the system that you say is in place and has served us well, in terms of protecting the consumer of government goods and services. Where are these goods and services? I'm asking you now if you could, by producing these things for me, substantiate your claim that we have the system in place.

MR. CHAIRMAN: Earlier in the meeting the hon. Member for Edmonton Mill Woods indicated he wished to make a comment. He was absent when his turn came up. I wonder if he still wishes to make it.

MR. PAHL: Thank you very much, Mr. Chairman. I was not anticipating a debate on Sunday openings or closings, but I wanted to support the sentiments expressed here that the Sunday closing not be expanded and that liquor not be allowed in small grocery stores. But I thought that might more appropriately be directed toward the Attorney General. If my thought was wrong, perhaps the hon. minister could enlighten me in his response, if he hasn't already answered that question. If he has, I'll refer to *Hansard*.

MR. KOZIAK: I had responded in terms of grocery stores, Mr. Chairman, not specifically on the Sunday closing. I would leave that to my colleague the Attorney General. More on that in other respects can be found in *Hansard*.

With respect to Abacus, the Member for Calgary Buffalo asked what the department has done in that case. That deals with the regulation of securities markets by the Alberta Securities Commission, under Vote 4. The history there is substantial. The involvement of the Securities Commission has been considerable, both in terms of time and detail, ever since this matter was brought to their attention. As a result of an investigation order on May 28, 1979, Mr. Ronald A. Baines of Arthur Andersen was appointed an investigator, with the firm of Fenerty Robertson Prowse Fraser & Hatch as special counsel on that investigation. Since that time, as of March 30, the end of the last fiscal year, 100 witnesses have been interviewed, 48 witnesses examined under oath, 12,000 pages of testimony, 117 days of testimony, approximately 60 appearances in court, approximately 800 exhibits and 200 undertakings received. The list goes on, Mr. Chairman. The involvement of the Securities Commission in the whole investigation has been very direct and important.

With respect to the request for documents that the hon. member raises — inappropriately during my estimates, when all of them were directed to other departments — I'm sure he has the opportunity to raise those with the

ministers of those departments and raise them as orders of this Assembly. If this Assembly agrees, it would vote an order for a return; if not, it won't.

MR. SINDLINGER: Thank you, Mr. Chairman. To the minister. In regard to Abacus Cities, you've related what has transpired. Are any actions contemplated by the government in that respect?

MR. KOZIAK: The actions the government might take would be in terms of prosecutions, if the evidence suggested there should be some. We won't know that until we receive the final report. In earlier questions in this Assembly, I indicated that I expected that might take place sometime this fall.

MR. SINDLINGER: A final comment to the minister please, Mr. Chairman. I asked the minister for these documents because I tried to get them before on several different occasions and in several different ways, and they're not available to me or anybody else. In my opinion they should be. I brought it up here because we've talked about consumer protection. When we talk about consumers, they're people who consume not only things produced by private enterprise but things produced by government. The government is producing those things, they're paid for by the taxpayers, and they should be available to them. Since your department is in the position of protecting the consumer in the market place, I'm therefore asking the minister to ensure that the consumer's rights are protected in regard to the provision of government goods and services. I therefore feel they are under the minister's jurisdiction.

MR. KOZIAK: Mr. Chairman, the hon. member has an unusual sense of understanding of the role of the Department of Consumer and Corporate Affairs. What should be kept in mind here is that the information governments receive isn't necessarily classified in the same category as goods and services. For example, I'm sure governments receive the income tax return of the Member for Calgary Buffalo. I'm sure the Member for Calgary Buffalo would be somewhat dismayed if someone could stand up in the Assembly and say, I want the income tax return of the Member for Calgary Buffalo, or any other information of a confidential nature.

The process of government is somewhat different. I'm sure the hon. member will realize this. The information government receives is somewhat different — in some cases not, though, I suppose. One area is in terms of credit reports, for example. Usually we've had no difficulty in having credit reports of individuals corrected where concerns have been brought to our attention. But I suppose there are private agencies that collect information — for example, doctors on patients — that isn't disclosed to the public. Quite often governments collect information on individuals, on people and companies, that rightly shouldn't be disclosed to the public. With respect to the areas on which the hon. member feels he should receive information, he can raise those with my colleagues in the Assembly.

MR. SINDLINGER: Mr. Chairman, to the minister. I must concur that certain areas should retain their confidentiality, and among those is my income tax report — not that I think anyone would find it interesting at all in any case. But certainly there are other things that have to be in the public domain. Those items I've listed — for

example, the bids on Kananaskis, the study of the fertilizer plant in Grande Prairie, the study of the pipeline spill at Pembina a year ago, and the energy agreement — certainly have to be in the public domain. They can't be considered confidential in any respect. Again I'm asking the minister as the minister responsible for protecting the consumer in the market place — and I'm one of the consumers in the market place, consuming those goods and services produced not only by private enterprise but by government. I'm asking the minister to protect my rights in that regard and all Albertans'.

MR. KOZIAK: Perhaps the hon. member could raise that point again under the appropriate vote.

Agreed to:

Vote 1 — Departmental Support

Services:

| | |
|---------------------------------|-----------|
| 1.1 — Central Support Services: | |
| 1.1.1 — Minister's Office | \$130,690 |
| 1.1.2 — Executive Management | \$381,810 |
| 1.1.3 — Financial Services | \$167,645 |

1.1.4 — Personnel and Staff Development

MR. SINDLINGER: Mr. Chairman, to the minister. Could the minister please elaborate on what the expenditure entails with regard to Vote 1.1.4? I note that on a per full-time position basis, the comparable 1980-81 estimate amounts to \$726 per position. In the '81-82 estimates, the \$183,000 amounts to \$975 per full-time position. What does that expenditure entail please?

MR. KOZIAK: I would imagine that what the hon. member has done is divide the six man-years into the forecast last year and the eight man-years into the estimate this year?

MR. SINDLINGER: Mr. Chairman, to the minister for clarification. That isn't what the hon. member has done. He's gone to the permanent full-time positions under the summary of manpower authorizations.

MR. KOZIAK: The 188, which is for the entire vote?

MR. SINDLINGER: Yes.

MR. KOZIAK: Vote 1.1.4, personnel and staff development, applies to Vote 1, the manpower in Vote 2, the manpower in Vote 3, and the manpower in Vote 4. The personnel office performs the normal functions that personnel does in assisting with the filling of positions, relocation, and that sort of thing. I think if you're going to divide figures, you should divide the entire manpower complement into the entire vote. The reason for the difference is twofold: primarily the increase in the cost of data service, and the increase in the overall cost of manpower by the required contribution of the employer's portion of the pension into the fund.

MR. SINDLINGER: Mr. Chairman, I'm still not following the minister in this regard. If we can start with just 1.1.4, under the 1981-82 estimates: there's a provision there for \$167,000. Just below that Vote 1, there's a summary of manpower authorization, permanent full-time positions of 188. Since each of these votes is followed by a summary of manpower authorization, I pre-

sume that that summary of manpower authorization relates to that particular vote. So I have taken the manpower authorization for that particular vote, divided one by the other, and come up with a figure for this '81-82 estimate of \$975. Now that's not an annual salary for anybody; it has to be something else. Perhaps the minister might indicate what it is?

MR. KOZIAK: Perhaps I didn't make myself clear. The services provided under Vote 1.14, personnel and staff development, are with respect to the entire complement of staff in the department, and not with respect to the manpower in that vote alone. In the same sense, the vote for the minister's office is not restricted to the services provided in Vote 1 and for the manpower that's listed at the bottom of that page, but for the entire department.

MR. NOTLEY: Mr. Chairman, if I could just follow that along. I understand that we're looking at the total number of employees in the Department of Consumer and Corporate Affairs. But as I see the estimates here, we are still looking at a 35.8 per cent increase. The minister gave us one partial explanation, but perhaps we could have a fuller explanation of the reasons for that 35.8 per cent. I appreciate that it's based on all the staff. But what new programs, for example, are being considered this year in the area of personnel and staff development that didn't take place last year? Is there going to be more training as a result of the expanded work in the regional offices? How does this fit in with what the minister said about the emphasis on regionalization when he introduced the estimates tonight?

MR. KOZIAK: I guess the information hon. members have does not indicate . . . I'll do so now. Of course the reason for the increase in this particular vote is the increase in manpower. Last year six permanent positions were assigned to this vote. This year eight permanent positions are assigned to the same vote. So there's been an increase by one-third of the manpower. That increase represents a clerk-typist who does assignments for the department's training co-ordinator, and a personnel clerk to conduct personnel interviews and assist the personnel director with job classifications. Both of those are a reflection of not only volume increase but, as the hon. member suggests, our reorganization.

MR. NOTLEY: Mr. Chairman, just to follow that along. In terms of personnel and staff development, are any new programs contemplated this year? Presumably there would be if you're increasing the staff.

MR. KOZIAK: No, not new programs as such. It's a response to the volume increase.

MR. SINDLINGER: Mr. Chairman, I'm sorry to belabor this point, but to the minister again. I've had difficulty following your response to the Member for Spirit River-Fairview as well. I look at the summary of manpower authorization, and for '81-82 estimates it's 188 full-time positions. The comparable '80-81 estimates are 186, an increase of only two positions. In response to the member for Spirit River-Fairview, the minister talked about eight new positions, a one-third increase in manpower, or whatever.

I've got to come back to the initial point I raised with the minister. As I look at the other votes, I see a summary of manpower authorization under each vote. If

I take that manpower authorization under each vote and divide it into the manpower cost, I come up with a figure that is reasonably representative of salary range, anywhere from \$19,000 to \$26,000 per manpower position. So it seems to me that these other votes cover the salaries and benefits of the personnel in the department in other voting areas. But this other one here, Vote 1 . . .

MR. KOZIAK: Mr. Chairman, I think we're off on the wrong footing right at the start. My answer to the Member for Spirit River-Fairview was that in Vote 1.14 alone the staff complement was six in last year's estimates and eight in this year's. So there's been an increase by two. From six to eight is an increase of one-third of the staff complement in 1.14 only.

MR. SINDLINGER: Okay, that clears up that point, Mr. Chairman. But when I look at personnel and staff development, I think of staff development in terms of perhaps sending an employee on a trip to a convention somewhere, a training school somewhere, or something in that area. Is that what is meant by staff development?

MR. KOZIAK: The travel expenses are not that significant. The estimate for travel in this area is about \$4,500 for the year. The majority of the expenditures are for salaries and the expenditures that accompany salaries.

MR. SINDLINGER: Mr. Chairman, to the minister then. Could the minister please indicate how many individuals are covered by that vote in terms of salary?

MR. KOZIAK: Eight.

Agreed to:

| | |
|--|-----------|
| 1.14 — Personnel and Staff Development | \$183,436 |
| 1.15 — Research and Planning | \$134,706 |
| 1.16 — Audit | \$319,682 |
| 1.17 — Administrative Services | \$344,246 |
| 1.18 — Information Systems | \$680,338 |
| 1.19 — Communications | \$20,270 |

12.1 — Regional Offices

MR. NOTLEY: Mr. Chairman, on 1.2.1, I note that the increase estimated this year is 12.3 per cent. As I recall the minister's initial comments, in the reorganization of the department a good deal of emphasis has been placed on the role of regional offices, as it properly should be. However, at best 12.3 per cent is keeping pace with the inflation rate.

I note also that in terms of full-time permanent positions — and this is getting back to the point the hon. Member for Calgary Buffalo raised — the summary of manpower is up from 186 to 188. We've already been told that we have an increase of two in the area of personnel and staff development, so that must account for the increase, unless there have been shifts in other areas. My question is: with the emphasis the minister has told us we're going to have on regional offices, will there be any more staff people in the regional offices? Why just an increase of 12.3 per cent? With this greater emphasis on regionalization, is the minister telling the committee that we won't have more complaints to be dealt with?

Mr. Chairman, I'm concerned that when complaints come in to the regional offices we're able to deal with

them quickly and not have a backlog develop, we're able to investigate them properly. As I see 1.2.1, notwithstanding the minister's initial comments, what we have at the moment is essentially a stand pat situation in a budget where the focus is supposed to be on the regional offices.

MR. KOZIAK: Perhaps that may be a fault in terms of the first year, when we moved from the old system of votes to the new system, in allocating what was, relative to what is. Mr. Chairman, what's happened is that a lot of the people who were performing services in Edmonton are now performing those services in the regional office in Edmonton instead of the head office, in the regional office in Calgary instead of the Bowlen Building, or in the regional offices in Lethbridge, Red Deer, and so on. For purposes of comparison, those services were treated as having been performed at the regional office when they weren't. In fact the actual manpower allocation in the regional offices has improved, will improve, and the use of that manpower is more effective because of the broader range of services, the more arrows in the quiver, each consumer relations officer carries when he deals with people. He is more able to deal with a broader aspect of problems.

MR. NOTLEY: Mr. Chairman, I think we're going to have to run that one by me again. I have no quarrel with the regional office approach. I think that's the way we should do it — absolutely no quarrel with that at all. But what I am concerned about is the sort of accounting we have to deal with in this Legislature. It seems to me that if what we had was a transfer of people from other votes to regional offices, we would find a greater increase in the regional office estimate. But the minister tells us that somehow that's an explanation for this modest increase. Surely we're not rearranging the figures from past years, are we? Is that what the minister is telling the committee?

MR. KOZIAK: No, Mr. Chairman. I'm saying that, for example, before the reorganization we had 88 positions in the regional offices. We now have 128 positions in the regional offices. I am saying that the functions they perform in those regional offices were previously performed in the central office. So the functions are still there, and presumably were treated as regional functions, even though they may have been performed in a central location.

MR. NOTLEY: Mr. Chairman, if they were performed in a central location, so we know where things are in terms of the estimates, in terms of accuracy, should they not be listed in those central locations in terms of last year's estimates and last year's forecast? Then we would know a shift is being made.

Is the minister telling us that in the preparation of the estimates now before the committee all this was sort of transferred and — I don't have last year's estimates book; I almost wish I had — if we looked over last year's estimates book, we would find a different figure, for example, where it says 1980-81 estimates for executive management? That would be different than it is in this vote? Financial services last year would not be \$140,000? And what the department has done is arbitrarily shift these things around so we have some kind of consistency? If that's true, that's rather an interesting approach to the presentation of the estimates to this committee. It seems to me that if we are shifting people from central functions, which have normally been in other votes, to re-

gional offices, then we should quite properly have a substantial increase in regional offices. We're going from 88 to 128. I would assume that our regional office budget would be up 35 to 40 per cent. Fine. Fair enough. Then we know what we've done. But at the moment, that's unclear in my mind.

MR. KOZIAK: Perhaps I should go over this again. I'm saying that the program that was delivered last year is delivered this year. Where was it delivered? I'm saying that in terms of the actual location of the staff — not the numbers — that's changed. But the program hasn't changed. And in the course of our estimates, we don't have a vote on the basis of where the program is delivered; we have a vote on the program that's to be delivered.

When I say that we have greater emphasis on regional offices, I'm saying that more of that program is delivered in Lethbridge at the regional office, in Calgary at the regional office, where that same program was delivered in the Bowlen Building in Calgary or in Capitol Square in Edmonton. We've shifted into the field the personnel in the department who performed the same function last year under the vote as they are performing this year under the vote. No estimates are going to show that.

MR. NOTLEY: Mr. Chairman, just so I'm clear, we're really saying that the people who are working out of the regional offices will include the people who come under 1.2.1 plus some of the people under all these other estimates, and that formerly these people would have been in Edmonton or Calgary, but now may be in Peace River, Lethbridge, or whatever the case may be. So 1.2.1 is only part of what is the regional budget, and all these other estimates will comprise regional services too. That's what the minister is telling us.

MR. SINDLINGER: Mr. Chairman, to the minister. A final observation on this point. Unless the minister had been here to explain this the way he did, this would not have been readily apparent. This only became apparent to me after your thorough comments about it, describing what happened. The observation I'd like to make is that perhaps consideration ought to be given in future to a different reporting function, so that these things are apparent by themselves without having a minister here to describe what in fact has happened. I have the feeling the same thing is inherent throughout the entire estimates, and something ought to be considered for the next reporting period.

Agreed to:

| | |
|-------------------------------------|-------------|
| 1.2.1 — Regional Delivery | |
| Regional Offices | \$3,076,821 |
| Total Vote 1 — Departmental Support | |
| Services | \$5,439,644 |
| Total Vote 2 — Consumer Services | \$1,124,291 |
| Vote 3 — Business Registration | |
| and Regulation: | |
| 3.1 — Program Support | \$831,748 |

3.2 — Regulation of Insurance Industries

MR. R. CLARK: I'd like to ask the minister a very straightforward question. It comes from a situation one

of my constituents, a young university student, found himself in some months ago driving in the city of Calgary. A person went through a light. The young person had a car that wasn't very new, but it was totally demolished. The insurance company said that in fact the car had \$400 damage. This person's father happens to be in the automotive business, and the car can't be replaced for \$1,500. The family got hold of the department and have been told by the department there is nothing they can do. We have this young person, a university student, who is told by the province he has to carry insurance, the individual who hit him hasn't insurance, and the insurance company is doing the great stall, saying there's only \$400 damage, that's all the car was worth. Sure, the person can get a lawyer, but with due respect to the profession, by the time one gets a lawyer and gets involved in a court case the money the student doesn't have is going to be eaten up. I put the question pretty frankly, Mr. Minister. The Department of Consumer and Corporate Affairs have really washed their hands of it and said, there's nothing we can do. I just find that very hard to believe. Isn't there something we can do in a situation like that?

MR. KOZIAK: I imagine the circumstances the hon. member raises include a situation where there's an honestly held difference of opinion as to the damages involved. Under those circumstances, where there is an honestly held difference of opinion between two of government's citizens, it becomes very dangerous to the democratic process for government to step in and make a decision, when through the years in a democratic system of government we have a recognized division between the legislative, the executive, and the judiciary. I hope the hon. member would not suggest that the legislative or the executive should assume the role of the judiciary, an important aspect of the democratic system, and eliminate the role of the judiciary where there are honestly held divergent points of view on an issue. Because if we are called upon to make a decision under those circumstances, between two of our citizens, we create difficulty for the democratic process.

MR. R. CLARK: I think the minister's comments are well taken, Mr. Chairman. But I would find myself far more convinced there was an honest difference of opinion if the insurance company would be prepared to be rather open about the appraisal they had done. I was involved in an accident not long ago — \$200 or \$300. The insurance company was very open about the appraisal and what was involved, and in fact said, get two different appraisals. The whole thing was straightened out very, very quickly. But in this particular case — and I got hold of the company myself — they absolutely refuse to be quite open and say, look, here are the appraisals. They won't even say who did the appraisals. I would agree very much if there's an honest difference. I'm prepared to be convinced it's an honest difference if I could see the appraisals, even one that says \$400. I can expect \$100 or \$200 difference; that's fair ball. But when you get into that kind of ball park of getting close to \$800 and \$1,000 difference on a car that likely wasn't worth \$1,500 or \$1,600 when it was new, I just find it pretty hard to believe that's an honest difference. I don't like to advocate the government getting more actively involved, but at least there should be some agreement with the insurance company that they show the other party the appraisal. That's only common decency in my judgment.

MR. KOZIAK: During the course of discussions earlier raised by the Member for Lethbridge West, reference was made to the opportunity for arbitration under the Insurance Act. If that route hasn't been pursued, perhaps you might suggest that to the individual who has raised this.

MR. R. CLARK: It's my understanding, Mr. Minister — and correct me if I'm wrong — that the minister's own department has been involved in the case. If the insurance company says, but we don't want to be involved in arbitration, that's just a very nice way of shoving the whole thing away and in all likelihood the young fellow has to take the thing to court. So it's a pretty good saving. At least that's the view of this young person. After an experience like that, I frankly find it pretty hard to convince that person that we should have private insurance in the province.

MR. NOTLEY: You could make a New Democrat out of him, Julian.

MR. KOZIAK: I hope the hon. member isn't suggesting that his party is now turning to government insurance, because the litany of mistakes of governments who have started on that is lengthy. I'm sure he isn't suggesting that.

If the hon. member would like to raise this with me — as he has done in the past with concerns from his constituency, and I'm sure we've worked well together in past matters — I'll pursue it on his behalf and report back to him.

MR. R. CLARK: Mr. Minister, the reason I haven't done that quite directly, and the minister has been ... I recall a particular situation, an auditing situation in Olds, and I appreciate very much the way the minister's office straightened it out. But this has gone through the department from the standpoint of a person who is, if I may use the rather colloquial term, an ordinary citizen, and has gone up through the system. I will bring the matter specifically to the minister's attention. But if the facts are as I've been led to believe they are, I think it isn't good enough for us to sit back and say, well, we really can't do anything. After all, the department does have some rather major responsibilities with regard to regulation of the insurance industry.

Agreed to:

| | |
|--|-------------|
| 3.2 — Regulation of Insurance Industries | \$157,863 |
| 3.3 — Regulation of Automobile Insurance Premium | \$118,101 |
| 3.4 — Business Incorporation and Registration | \$3,174,041 |
| 3.5 — Registration and Regulation of Trust Companies | \$120,451 |
| 3.6 — Regulation of Credit Unions | \$129,547 |
| 3.7 — Licensing | \$362,740 |
| 3.8 — Regulation of Credit Granters | \$160,308 |
| 3.9 — Regulation of Business Practices | \$193,951 |
| 3.10 — Regulation of Real Estate | \$140,461 |
| 3.11 — Regulation of Co-operatives | \$126,048 |
| Total Vote 3 — Business Registration and Regulation | \$5,515,259 |

Vote 4 — Regulation of Securities Markets

MR. SINDLINGER: Mr. Chairman, could the minister please make a brief comment on item 4.0.4, investigations. How many investigations are carried out under this vote and what is their nature?

AN HON. MEMBER: What was that number again?

MR. SINDLINGER: Mr. Chairman, to the minister. We're on Vote 4. I'm looking in the Supplementary Information Element Details, page 33, reference number 4.0.4 — investigations. Would you make a brief comment on the number of investigations this year compared to last year, and what is the nature of the investigations?

MR. KOZIAK: I think the most significant is the Abacus matter. The next would be Taprite. I don't know if I have the correct name — if the hon. member would give me a second. Industrial beverage dispensers and Taprite leasing. Those would be the significant areas of investigation. But these come up on an ongoing basis. We're talking about the forthcoming fiscal year, and one can never anticipate what would happen in this area. These are sort of ongoing areas that would follow through.

MR. SINDLINGER: Mr. Chairman, to the minister. I see the minister has his briefing book. You indicated a significant portion is with regard to Abacus Cities. Could you just give us a ballpark figure? Is it half, 70 per cent, or 10 per cent that goes to the Abacus Cities matter?

MR. KOZIAK: In a ballpark, the majority would be the best figure I could give you.

MR. SINDLINGER: Fifty-one per cent or 91 per cent? I mean just majoritywise.

MR. CHAIRMAN: We're asking questions of opinion now, and we really shouldn't be expecting those kinds of remarks.

MR. SINDLINGER: Mr. Chairman, with regard to how much money is spent on Abacus Cities, I don't think that's a matter of opinion. It's a matter of fact.

MR. CHAIRMAN: If you're asking for specifics, then that's a different question. But you're asking the minister to give a judgment on how much, a percentage. So in this case it is a matter of opinion.

MR. SINDLINGER: All right, Mr. Chairman, I'll pose the question this way. What percentage of Vote 4.0.4 is allocated to Abacus Cities?

MR. KOZIAK: As I indicated earlier, I expect a lot of it. But I can't give the hon. member details because that's prospective information. I can provide the hon. member with information as to amounts spent to date — and that approaches \$1.4 million. But I don't think the hon. member should expect me to give an accurate indication of the cost of the continuing investigation until conclusion. In both cases, we've had to move with special warrants in order to provide additional funding for the Abacus investigation in past years, because we could not anticipate the cost of that investigation.

MR. SINDLINGER: Mr. Chairman, to the minister. I doubt that the department just pulled a number out of the air and said, this is the number we're going to have for an investigation in this case. They had to make some sort of estimate. I'm not asking you to pinpoint the number, but certainly some part of that vote is allocated to Abacus Cities. If we have to look at past estimates in order to get an idea of the relative portion of that — and the minister indicated the amount spent in the past could be provided to us — perhaps we could take that number and extrapolate on it. If that's the portion we spent in the last three years, perhaps that same portion will apply in the forthcoming year in this particular estimate.

Perhaps the minister could reflect on the number he indicated, \$1.4 million, and be a little more specific. Is that the total amount spent on the Abacus investigation to date? Or is that \$1.4 million in the 1980-81 forecast and, if so, where does it show up? It's the first we've heard about \$1.4 million for Abacus.

MR. KOZIAK: The hon. member suggests it's the first [time] the figure was raised. That's probably because he hasn't heard of it. But the figures are public knowledge because they're special warrants. They appear on the O.C. list when approved. The first special warrant for \$543,700, was approved October 3, 1979. The second special warrant for \$864,567 was approved September 24, 1980. I may find myself in the position that I have to recommend a special warrant in the current fiscal year with respect to Abacus, because I cannot anticipate what the investigation will cost. I'm sure the hon. member would appreciate that circumstances are such that that can't be done.

Where that appears primarily in terms of expenditures is not only in investigations but also in administrative support. On the detailed budget analysis, it appears as professional and technical labor services.

MR. SINDLINGER: Mr. Chairman, to the minister again. I did not mean to imply that this information was not public. I meant that tonight was the first we had talked about this matter. From what the minister just said, I understand there are funds in other votes or areas allocated to the Abacus Cities matter, and it's not all under Vote 4.0.4. So although we know the money allocated for the Abacus Cities investigation is now somewhere within \$413,000, it's a major portion of that vote there. Let's just say it's half of that — that's \$200,000.

The minister indicated there are allocations for Abacus Cities in other votes. Could the minister indicate what those other votes are, and what the total projected cost for Abacus Cities is in this entire vote or in all the votes for Consumer and Corporate Affairs? How much is allocated or anticipated to be spent on Abacus Cities in the Consumer and Corporate Affairs estimates?

MR. KOZIAK: I can't provide the hon. member with an answer to that question because the investigation is an ongoing and unusual one, and under those circumstances difficult to prebudget for. Circumstances over the next number of months may require substantially more moneys or substantially less moneys. It would be folly to attempt to suggest what those dollars would actually be in the long term. I can tell the member exactly what we've spent so far in terms of the special warrants that have been issued. In short order we expect to receive accounts we have not yet received. It's not a regular investigation.

MR. SINDLINGER: Mr. Chairman, to the minister. Thank you for those comments. I agree that it would be folly to try to project or anticipate the expenditures or expenses to the last dollar, but invariably some forecasts have been made for expenditures on this particular case. The minister has indicated that some portion of this \$413,000 and portions in the other votes will go to that. All I'm asking is: what is the total amount of the estimates already made? Since the minister has offered to provide information on what amount has already been spent, I'm asking for that as well.

MR. KOZIAK: Perhaps I could best assist the hon. member by indicating that the professional, technical, and labor services in this vote, under which the investigation costs are covered, are \$279,000 for this fiscal year. That is a decrease of 73.6 per cent from the forecast of \$1,570,567 for the fiscal year just ended, which includes the Abacus special warrant.

MR. SINDLINGER: Mr. Chairman, just for greater certainty, to make sure I understand, earlier the minister indicated a figure of \$1.4 million. I don't know how to reconcile that with the \$1,570,000 the minister related just now. For greater certainty then: the amount of money spent so far by the government on Abacus Cities is \$1.4 million, and it's anticipated that another \$279,000 will be spent in this fiscal year, plus special warrants as required?

MR. KOZIAK: I don't have the total. I've given the hon. member the amounts of the individual special warrants. I presume his addition is correct and the total he's given me is the total of the two special warrants, \$543,700 and \$864,567. One was in the year '79-80 and the other in the year '80-81, the larger in the year just past. I cannot say the \$279,000 provided in this year's budget for professional, technical, and labor services will be Abacus. Part of it may be Abacus; Abacus may far exceed that.

MR. SINDLINGER: Mr. Chairman, the minister is quite right in pointing out that this is an ongoing, unusual case and, in all likelihood, it's going to go on for another five years.

MR. KOZIAK: [Inaudible] over this fall.

MR. SINDLINGER: The minister indicates he hopes it will be ended this fall. All right. The only point I was going to make is that in one year special warrants amounted to over \$0.5 million; another year special warrants for the case amounted to over \$800,000. The question I was going to put to the minister: why has only \$300,000 been allocated in this fiscal period? He has responded that he expects the case to end this fall. That's the answer.

Thank you.

MR. R. CLARK: Mr. Chairman, following along on a comment the minister made with regard to bills yet to come. If I accurately followed the discussion between the Member for Calgary Buffalo and the minister, the minister indicated that this year no specific amount was included in the estimates for the Abacus Cities investigation. If that's accurate, Mr. Minister, and if my note that there are bills yet to come is accurate — I take it that's for services already rendered — we're logically in a situation of having a special warrant. Is the minister in a

position to indicate to the Assembly the size of the bills yet to come?

MR. KOZIAK: Mr. Chairman, I anticipate a special warrant for Abacus this year, but I expect it would be less than was required last year because a considerable amount of the expensive work with respect to the examination of witnesses, court appearances, and that type of thing is behind us. As I understand it we are now involved more in the completion of the report, the collating of all the evidence, and putting it together as a final report. There may be unanticipated court actions that neither of us can foresee, and that may change what I suspect today. But my anticipation today is that the amount of the special warrant would be less than last year's.

MR. R. CLARK: Mr. Chairman, to the minister. The minister expects the special warrant will be less than \$800,000 for this year. What is the size of the money already spent that the province doesn't have bills for? Obviously we can't be precise, but are we looking at a couple of hundred thousand dollars? Obviously we'd have some kind of handle on it.

MR. KOZIAK: I know there are bills to come because there is work in progress. Since the bills have not been rendered, I can't provide the hon. member with an accurate answer.

MR. PAHL: Mr. Chairman, a supplementary question, if I may. The implication of the questioning concerns me. I wonder if the hon. minister could assure this committee that the criteria for investigating such affairs as Abacus Cities is predicated on something other than the budget allocation. I have a concern that we not let the purse wag the prosecutor as it were. I wonder if I could get some indication of the policy direction of the department in that regard.

MR. KOZIAK: If I interpret the hon. member's remarks correctly, I believe he's saying we shouldn't highlight a figure in the event bills are submitted to match the figure. I don't share that concern with respect to the quality of people involved in this investigation.

MR. PAHL: Mr. Chairman, the question was with respect to the program of the regulation of the securities market and the investigation of anomalies. I would sincerely hope that the decision to investigate or not to investigate is not a function of what's left in the vote. I would like a little clarification. I almost see a parallel in Energy and Natural Resources. You only spend money fighting forest fires if the forest fires exist. I want to confirm that point.

MR. KOZIAK: The hon. member is one hundred per cent correct. If a problem exists, that problem will be investigated. I'm sure hon. members would wholeheartedly agree that we should proceed with an investigation to make sure the laws of this province are in fact observed and upheld, and that where funds are not available the concept of the special warrant is there in order to permit that investigation to take place.

MR. SINDLINGER: Mr. Chairman, to the minister, please. I'd like to observe that the question I've tried to raise is not whether the money should be spent, because

obviously there's a need to spend the money in this case. The question has always been, how much has been spent? That's all.

While I'm on my feet I might ask the incidental question: of the \$2 million spent on Abacus Cities to date, as far as we can determine, what portion is spent for in-house people as opposed to people contracted on the outside.

MR. KOZIAK: Not the \$2 million because I can only give you the figures I've given you earlier. All that is outside the staff of the Securities Commission; all are independent.

MR. R. CLARK: Mr. Chairman, to the minister. In looking at the total cost of the investigation and services provided by various departments, I assume there would be substantive costs in the Attorney General's department, if for no other reason than the operating of the courts. Mr. Minister, are there additional costs, other than the areas that have been explored here this evening, that would relate directly to the whole question of Abacus Cities?

MR. KOZIAK: I suppose one could assume that the work of the commission relative to Abacus would be a cost; for example, the involvement of the commission itself in issuing the investigation order in the first place, the time the commission spent on the Abacus matter would not be included in the figures I've given. I don't know if you can allocate the cost of operating the court system amongst all the various applications that come to that court. Admittedly, there would be those expenses — much more difficult to arrive at, of course.

MR. R. CLARK: Those would be the only additional expenditures, the costs of the commission itself in arriving at a decision that an investigation was warranted. From the standpoint of the courts, it isn't too difficult to estimate the cost there because I recall the Attorney General's estimates sometime in the past when the minister — perhaps the previous Attorney General — was able to give figures indicating the cost of operating one of the courtrooms in the city of Calgary or wherever, at least some ballpark figures. But I want to make very clear that in addition to operating the courts and the work leading up to a decision by the commission that a full-blown and, I think, much-needed investigation should be carried out, no other expenditures would be directly related to the Abacus Cities investigation.

MR. KOZIAK: Mr. Chairman, there is the commission and the commission staff. If the hon. member includes the staff when he says the commission: yes.

Agreed to:

Vote 4 — Regulation of Securities
Markets

\$2,631,289

Vote 5 — Rent Decontrol
Administration

—

Department Total

\$14,710,483

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

[Motion carried]

MR. CRAWFORD: Mr. Chairman, I move that the committee rise, report progress, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. APPLEBY: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again:

Resolved that for the fiscal year ending March 31, 1982, sums not exceeding the following be granted to Her Majesty for the Department of Consumer and Corporate Affairs: \$5,439,644 for departmental support services, \$1,124,291 for consumer services, \$5,515,259 for business registration and regulation, \$2,631,289 for regulation of securities markets.

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, tomorrow it is proposed to continue in Committee of Supply and to call again the estimates of the Department of Environment. In the event that there is additional time, we would call the Department of Hospitals and Medical Care.

[At 10:45 p.m., on motion, the House adjourned to Friday at 10 a.m.]