

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Tuesday, April 27, 1982 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF BILLS**

**Bill Pr. 2**

**Holy Cross Hospital (Grey Nuns)  
of Calgary Amendment Act, 1982**

MR. PAYNE: Mr. Speaker, I beg leave to introduce Bill Pr. 2, the Holy Cross Hospital (Grey Nuns) of Calgary Amendment Act, 1982.

The purpose of the Bill is to change the name of the corporation to the Sisters of Charity (Grey Nuns) of Calgary. The corporation disposed of the Holy Cross Hospital in Calgary and proposes to become more active in other charitable activities set out in the objects of its incorporation. The change of name will reflect this wider field of operation.

[Leave granted; Bill Pr. 2 read a first time]

**Bill Pr. 3**

**Alberta Wheat Pool  
Amendment Act, 1982**

MRS. OSTERMAN: Mr. Speaker, I request leave to introduce Bill Pr. 3, the Alberta Wheat Pool Amendment Act, 1982.

This Bill enables the directors to cancel the membership of an inactive member whose reserves have been acquired pursuant to, and who has reached an age level determined by, a resolution of the delegates.

[Leave granted; Bill Pr. 3 read a first time]

**Bill Pr. 10**

**The Campbell McLaurin Foundation  
for Hearing Deficiencies Act**

MR. OMAN: Mr. Speaker, I ask your permission to introduce Bill Pr. 10, The Campbell McLaurin Foundation for Hearing Deficiencies Act.

This Act has as its object assistance to people with hearing deficiencies.

[Leave granted; Bill Pr. 10 read a first time]

**Bill Pr. 5**

**Dunrich Trust Company Act**

DR. PAPROSKI: Mr. Speaker, I beg leave to introduce Bill Pr. 5, the Dunrich Trust Company Act.

The purpose of this Bill is to incorporate a new trust company.

[Leave granted; Bill Pr. 5 read a first time]

**Bill Pr. 6**

**Montreal Trust Company of Canada Act**

MR. COOK: Mr. Speaker, I request leave to introduce a Bill, being the Montreal Trust Company of Canada Act.

It's a standard incorporation, following the same sorts of incorporation procedures used for this company in other provinces.

[Leave granted; Bill Pr. 6 read a first time]

**Bill Pr. 7**

**Calgary Jewish Centre Act**

DR. CARTER: Mr. Speaker, I request leave to introduce Bill Pr. 7, the Calgary Jewish Centre Act.

This Act would clarify with respect to a certain ownership, development of property, and matters of taxation.

[Leave granted; Bill Pr. 7 read a first time]

**Bill Pr. 4**

**Canadian Lutheran Bible Institute  
Amendment Act, 1982**

MR. STROMBERG: Mr. Speaker, I beg leave to introduce a Bill, being the Canadian Lutheran Bible Institute Amendment Act, 1982.

The purpose of this Bill is an amendment to change some necessary procedures for the orderly running of this very fine institute in Camrose.

[Leave granted; Bill Pr. 4 read a first time]

**head: TABLING RETURNS AND REPORTS**

MR. BOGLE: Mr. Speaker, I'm pleased to table with the Assembly the 1981 report of the Alberta Social Care Facilities Review Committee.

MR. JOHNSTON: Mr. Speaker, I would like to table with the Legislative Assembly the eighth annual report of the Department of Federal and Intergovernmental Affairs, for the year ended March 31, 1981.

MR. ADAIR: Mr. Speaker, I'd like to file with the Legislature Library five copies of the updated booklet called Marketing for a Small Business in Alberta.

**head: INTRODUCTION OF SPECIAL GUESTS**

MR. CAMPBELL: Mr. Speaker, this afternoon it is my pleasure to introduce to you, and through you to members of the Assembly, 37 Quebec exchange students and 39 students from Caroline school in Caroline. They are accompanied by Quebec teachers Jean-Luc Frenette, Rejean Fiset, and Jacques Bedard; by Caroline teachers Mrs. Jean Luchka, Miss Pascale Pradier, and Gary Lawrenz; and by bus drivers Albert Appel and Ed Keim. I ask them now to rise and receive the accord of the Assembly.

MR. PURDY: Mr. Speaker, it's my pleasure to introduce to you and to members of the Assembly some 32 students

from Millgrove elementary school in Spruce Grove. About a month ago, I had the pleasure of visiting the school to talk to the students, in my role as the MLA for the Stony Plain constituency. Accompanied by teachers Mr. Hamilton and Miss Nypuik and by parent Mrs. Wendell, they're in the public gallery. I ask that they rise and receive the welcome of the House.

MRS. LeMESSURIER: Mr. Speaker, I'm pleased to introduce to you, and through you to members of this Assembly, 18 students from the Alberta Vocational Centre in Edmonton Centre. Accompanied by their teacher Miss Rutowski, they are seated in the public gallery. I ask that the students rise and receive the warm welcome of this Assembly.

#### head: ORAL QUESTION PERIOD

##### ADC Loans

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Agriculture, with regard to the Alberta Agricultural Development Corporation. I wonder if the minister could indicate whether there will be some increase in the limits, not only for loans but for assets, with regard to beginner and direct loans from the corporation.

MR. SCHMIDT: Mr. Speaker, reviews are normally done twice a year in the Ag. Development Corporation. Of course, this is the month of April, and closer to the first of April in the spring is the time frame established for that review. Recognizing that a new chairman and director of the Ag. Development Corporation has just been appointed, that review is taking place at present. Both loan limits and asset limits which, as I stated in the House, is the area that seems to be of greatest concern, are being reviewed. If necessary, some changes will be made.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the hon. minister. Is it the government's intention to expand that program to provide low-interest, fixed-term loans from the Agricultural Development Corporation to a broader cross section of Alberta farmers?

MR. SCHMIDT: Mr. Speaker, at present, loans fall into the two categories: the beginning farmer loan is a direct loan and is not based on a lender of last resort, and A and B loans are still last-resort lending. Direct funds, giving the basic low subsidized interest rate, are available in both A and B loans. But at this time, no consideration is being given to changing the last resort lending aspect of class A or B loans.

Further to that, the incentive program in the smaller loans, more or less tied to operating, depending upon the classification of the loan, is also under consideration at this time.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. It relates to a memo I sent the minister on March 4, 1981; also the present approval system used by ADC, that all applications must go to the regional offices. There seems to be some kind of bottleneck at this time, and applications are taking some time to be processed. Is the minister looking at streamlining that process, allowing for greater approval at the local office level? Or are other procedures being put in place?

MR. SCHMIDT: Mr. Speaker, I thought we addressed the question last week. I'm pleased to add that a consultant was hired to review the total administrative procedures of the Ag. Development Corporation, under two basic headings: one, to see whether the achievements for which ADC was established are being achieved; and secondly, to look at the direct administrative procedures to see whether some changes should be made in the direction and in the physical paperwork required in processing an application. Because of the time frame for the appointment of the new chairman and administrator, the same would apply to that review of the consultant's report and to any changes forthcoming from the review in either the area of jurisdiction, as to whether regional offices should carry a greater role, plus the application itself.

MR. R. SPEAKER: Mr. Speaker, a supplementary question with regard to refinancing farmers' present loans at banks. Could the minister indicate whether the number of requests for refinancing loans has increased and whether the ADC program will change to adjust to a potential increase in requests for refinancing?

MR. SCHMIDT: Mr. Speaker, on a very general plane, one could say that as interest rates increase, more farmers become eligible for the last-resort approach, because repayment ability becomes the key. Looking over the past, there has been an increasing number of applications for debt consolidation, but not to the extent one would have thought. In some cases, the debt consolidation applications are tied, perhaps to a greater extent because of the number of areas of loans and, not only from an ability point of view but from the ease of handling, consolidation made repayment much better where it was tied to one basic lending agency. So the numbers have increased somewhat more than they have in the past, but for a number of reasons.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. The minister indicated that the chairman would review some of the present policies with regard to lending, particularly asset and loan levels, and that there's a study on streamlining procedures, cleaning up the organizational techniques. Could the minister indicate when the Legislature could expect a report on either or both of those items?

MR. SCHMIDT: Mr. Speaker, it's difficult to give an exact time frame, but I hope that by mid-May those decisions will all have been made, and the implementation should be on its way.

MR. SINDLINGER: A supplementary, Mr. Speaker. Could the minister indicate whether there has been a change in the rate of defaults on loans from the Alberta Agricultural Development Corporation?

MR. SCHMIDT: Not at present, other than the report given some 10 days ago in regard to farm applications that have gone beyond default and that some have gone into liquidation by choice. The Ag. Development Corporation repayment on loans varies throughout the year. As part of the process of the loan application, the individual making the loan sets the time of repayment. So repayment to ADC is scattered well over the 12-month period and doesn't follow, say, spring and fall. A time frame to do a total review as to whether a number of loans were

outstanding and repayment was slow, would be rather difficult.

MR. SINDLINGER: Mr. Speaker, a supplementary. Could the minister indicate whether there has been an inordinately high number of defaults this year compared to last year?

MR. SCHMIDT: At this particular time, the indications are very close to last year; in other words, close to a normal year. But as I stated, repayment times vary. It's a little early in the year, because very few loans come up for repayment in the months of January, February, and March. They fall closer to the June arrangement.

MR. SINDLINGER: A final supplementary, Mr. Speaker. Could the minister indicate what steps the government is taking to ensure that those farmers defaulting on the loans have some remedial course of action to ensure that they do not lose their assets?

MR. SCHMIDT: Mr. Speaker, that question was asked as well. ADC has looked, and will continue to look, favorably upon those members who have ADC loans due and find repayment difficult. That category would fall to full-time farmers. There are some outstanding loans where the individual is no longer directly involved in agriculture and, as a rule, the normal collection procedures are followed. But preference is certainly shown to all full-time farmers who are finding repayment difficult.

MR. MANDEVILLE: A supplementary question, Mr. Speaker, with regard to the appeal committees set up in the local areas. In some cases where a loan is refused at the Camrose level, the board turns down a loan, the farmer will appeal it to the local committee. The local committee will get some input and have the district ag. and the local loans officer on hand when they have the meeting. There are some cases where that local committee will recommend that the loan be approved, but it's turned down a second time at ADC. Could the minister indicate if there's going to be any change in the authority of the local committees, as far as approving loans is concerned?

MR. SCHMIDT: Mr. Speaker, over the years, the role of the local agricultural development committee has been one of discussion. The committees were set up to handle appeal procedures for applicants who were not successful through the initial process of the Ag. Development Corporation. We have looked at perhaps getting the local committee involved earlier in the application system and having the recommendations come at an earlier time. If that were the case, they could not be the appeal body as well, so that has proven rather difficult.

The consultant reviewing the total handling of ADC applications was asked to look at the role of the local ADC committee. Some of the recommendations made on that particular aspect will be considered. It's interesting to note that under the procedure at the present time, of all the applications that are appealed and go before the local committee, a little better than 50 per cent of those that get the recommendation from the local committee and go back to Camrose are approved on the appeal approach. We feel that it is working. I suppose those who fall into the other percentage and do not receive the support of the appeal committee, would recognize that perhaps it's not working from their points of view. But at the present time, just over 50 per cent of the appeals are approved.

### Municipal Financing

MR. R. SPEAKER: Mr. Speaker, my second question is to the Minister of Municipal Affairs, with regard to the current loan shelter program he announced earlier in this session. At this time, is the minister contemplating changes in that program and introducing a form of grant system, rather than a subsidy system, with regard to loans utilized by the municipalities?

MR. MOORE: Mr. Speaker, to a large extent, I answered that question during my estimates. I said that no consideration was being given to any change in the program at this time, although it was my own personal view that consideration should be given to the form in which the province might be providing financial assistance to the municipalities. In that particular regard, the committee of both the rural municipalities association and the Alberta Urban Municipalities Association has that matter under consideration, relative to the advice they might give government and municipal governments in that regard. So from that point of view, the matter is under consideration.

At the time of my estimates, I stated that I thought it was necessary to review any program that had a condition of borrowing money attached to it as a way of getting a substantial benefit from government. I noted that in dollar figures, the unconditional municipal assistance grant, which had been in place for many years, was almost equal to the interest subsidy, both being slightly over \$80 million. That was quite a reversal from unconditional grants to conditional ones, in terms of the interest subsidy.

Mr. Speaker, the only other thing I should say is that as a result of a meeting two weeks ago with Craig Reid, president of the Urban Municipalities Association, and their board of directors, I do have under consideration some modifications to the program I announced for the current fiscal year, relative to when the new guidelines will apply in terms of those municipalities that had already undertaken to approve projects. That has to do with whether they come in under the old guidelines or the new, depending upon whether they've had Local Authorities Board approval and AMFC financing approval. So that is under review and, within the next week or two, after getting all the facts as to where each municipality lies with respect to their projects, I hope to be able to make a decision on that.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Would one of the considerations be to change the five-year limit, with regard to interest subsidy, to a longer term subsidy commitment by government?

MR. MOORE: Only indirectly, Mr. Speaker. For example, some municipalities have said they've approved borrowing debenture by-laws and received Local Authorities Board approval for a particular project, but have not been able to have that project financed by the Municipal Financing Corporation.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate what advice is given to municipalities that want to take out loans longer than the five-year period, when potentially they may have to go out on the open market and gain their funds at going interest rates? What kind of advice is the minister giving those municipalities?

MR. MOORE: Mr. Speaker, the hon. member is really mistaken if he's suggesting there was any directive to have municipalities go out on the open market, with the exception of borrowings that might be required for certain utility projects, which have never really been considered as borrowing from the Municipal Financing Corporation.

The Municipal Financing Corporation was established about 26 years ago, I believe. The basis of its establishment was to provide for a Crown corporation whose board of directors would be made up of provincial government as well as municipal appointees, to provide a basis on which the municipalities could borrow money guaranteed by the province at a better rate than they might get on the open market. Few, if any, municipalities in Alberta would go to the open market.

Members should recall that my statement of two weeks ago said that there would be no restrictions on the amount of money that could be borrowed from the Municipal Financing Corporation this year, with the exception of their ability to borrow [on] Local Authorities Board approval. That was slightly different from the letter the hon. Provincial Treasurer and I sent to municipalities last September, wherein we said that we might have to limit the borrowing from the Municipal Financing Corporation by municipalities. That letter was sent with due regard for the fact that the borrowings had resulted in draw downs from the Heritage Savings Trust Fund, Alberta investment division, that we didn't think we could keep up with.

The hon. Provincial Treasurer might like to add to this, but we do have under consideration the possibility that we would have to take the Municipal Financing Corporation to the open market to borrow money. But that would not affect the ability of municipalities to borrow from that corporation, and they will continue to do so. As well, Mr. Speaker, I might advise that it's interesting to note that effective May 1, the Municipal Financing Corporation has made a decision to reduce their interest rates from 16.5 per cent to 16 per cent, which is a good sign for future borrowings of municipal governments.

MR. R. SPEAKER: Mr. Speaker, a supplementary question with regard to the Municipal Financing Corporation borrowing on the open market. Would that decision be made at an early date in the fiscal year 1982?

To the Provincial Treasurer, is the reason for that so the government can divert other funds into such things as the oil and gas industry, agriculture, mortgages, lowering interest rates, just before the election?

MR. HYNDMAN: Mr. Speaker, as was indicated last fall in the heritage fund select committee, a very real possibility of having one or more of the Crown corporations borrowing in the capital market would have to be considered, bearing in mind the fact that the total of the various draws on the Heritage Savings Trust Fund — for example, the housing corporations, the Municipal Financing Corporation, the Opportunity Company, and the Ag. Development Corporation — exceeded the money available from the heritage fund. So it's something that was mentioned last fall. It was mentioned in the revised financial plan, when I indicated that we would have to assess various sources of revenue and that that was one aspect of a new source of revenue, in order to proceed with the budget for this year.

MR. NOTLEY: Mr. Speaker, a supplementary question. The minister indicated that the government was looking

at new types of grants — I shouldn't say revenue sharing — that would be available to municipal governments in the province. Assuming that the gas tax is now a dead issue elsewhere in this country, as well as in Alberta, what mandate has the provincial government given the committee, in terms of evaluating other types of revenue that might be shared with the municipalities? Would that include either resource sharing or income tax or corporation tax sharing?

MR. MOORE: Mr. Speaker, I told members of the committee that they are free to look at any matter they think they should look at, with respect to the fiscal relationships between the province and municipalities. I have said, though, that the firm policy of this government is that we are not in a position of wanting to share depleting natural resource revenues or income tax on some formula basis. Suggestions with respect to the use of the existing school foundation fund as a municipal industrial tax equalization fund, shares of provincial licences, and things of that nature, are all matters that I've said the committee should review at some length and give us their recommendations on. I have said — and I think it's consistent with our past discussions — that we don't think it's useful for the province to be involved in sharing depleting revenues from oil and natural gas or income tax revenues directly, on a formula basis, with municipalities.

Mr. Speaker, I conclude on that note by saying that the hon. member should review in some detail the downward effect on municipal revenues in British Columbia and other provinces where such a proposal is in place.

MR. NOTLEY: A supplementary question. Has the minister set a timetable for a report on revenue fiscal sharing between the province and the municipalities? Does that timetable involve a report which can be presented to the Alberta Urban Municipalities Association convention, I believe in September or early October, and the rural municipalities convention a few weeks later?

MR. MOORE: Mr. Speaker, I haven't set a timetable, because I don't think it's my responsibility to do that. The Alberta Urban Municipalities Association asked for the committee. That association, together with the Alberta Association of Municipal Districts and Counties, named four of the six members to the committee. The other two people are staff members of Municipal Affairs and Treasury, who are there largely as resource people. It's not my intention to instruct them when to report, except to report from time to time, as they are ready, and to make as much progress as they can. Under those circumstances, I think the committee can best do its work, without some arbitrary time frame laid upon it by me.

MR. NOTLEY: A supplementary question. The minister has indicated that no arbitrary time frame has been set by him. However, as a result of this committee being in place, is the minister in a position to advise the House when it is likely that there will be a report? Has the committee given any indication of its objectives, in terms of preparing a report?

MR. MOORE: I can't, Mr. Speaker. I have advised the committee that I am open to receiving interim reports, and I don't necessarily expect a final report with all the answers in it. I received an interim report last September, relative to the committee's suggestion that a municipal gasoline tax be imposed. That was debated and discussed

at the Urban Municipalities Association convention. My understanding is that it has not received acceptance from their members and obviously will not proceed. At any time, I'm open to receiving other work that the committee is doing. However, I don't expect to receive additional reports from them until probably this fall.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Provincial Treasurer, specifically with regard to the Municipal Financing Corporation but generally about other agencies of government. When the supplementary estimates come down this week or early in the following week, is it the hon. minister's intention to indicate the policy of government with regard to open-market borrowing?

MR. HYNDMAN: Mr. Speaker, I don't know whether we'll be able to go into any detail at that time. But I would expect that at that time it would be useful to have a discussion on the various options available, in order to have a balanced approach to covering the financial plan for this year.

#### Edmonton Annexation

MRS. FYFE: Mr. Speaker, I also have a question for the Minister of Municipal Affairs. I wonder if the minister would advise the Assembly if there has been any change in policy relating to compensation to be paid to the surrounding municipalities that lost more than 10 per cent of their assessment during the Edmonton annexation decision.

MR. MOORE: Mr. Speaker, there has been no change in policy. The policy, clearly outlined on June 16 last year in the annexation decision, was that in fact the government of Alberta would reimburse both school and municipal authorities — in the case of counties, they are one and the same — to the extent of any losses they had, over and above 10 per cent of their total assessment, on a declining basis over a 10-year period. That is being carried out. We're having some discussions with the municipal governments in almost every case, with respect to what that actual figure is. I don't expect any problems there, although there have been some different opinions as to how to arrive at it. I'm hopeful that those can be sorted out very shortly.

MRS. FYFE: A supplementary question, Mr. Speaker. Would the minister clarify if the municipal governments will have to share the portion of funds they receive with the school jurisdictions that share the same assessment?

MR. MOORE: Mr. Speaker, the subsidy I referred to is based on a percentage of the actual tax dollars collected for municipal purposes and for supplementary school purposes. So the question is a little difficult to answer. In the case of a county, the school and municipal jurisdictions are one and the same, in terms of dollar financing; in the case of a municipal district, it is different.

In a broad way, all I can say is that the funds will be going to the appropriate authority. There won't be a requirement for the municipal district to share funds they receive with the school authority if in fact the school authority is already being reimbursed down to that 10 per cent level. The same criteria applied to both. So on that basis, I think both the school and the municipal authority will be fairly treated.

#### Oil Sands Development

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the Minister of Economic Development, first of all. It deals with the contingency plans by the government of Alberta, should the Alsands project collapse. Has any alternative economic strategy been developed to bridge whatever gap would exist, should the Alsands project collapse, in terms of opportunities for engineering firms and other firms in this province which at this time are basing some of their prospects on the assumption that Alsands will proceed?

MR. PLANCHE: Mr. Speaker, that's a very important question. We've done considerable in-house work on that issue. The Alsands project as proposed, relating to the Alberta businesses presently in place, is not going to be a great user of Alberta facilities, simply because in the narrow line that would be able to supply, most of them are actively involved in petrochemical supply. The same can't be said for the engineering/procurement/construction people, however. By trimming staff to skeleton levels where appropriate, I think they have anticipated to some considerable extent that Alsands may not go ahead. In a formal sense, the answer is no.

MR. NOTLEY: A supplementary question to the hon. Minister of Transportation. In light of the doubtful prospects for Alsands, has the department given any consideration to expanding substantially, through supplementary estimates if necessary, the investment in construction of both the primary and secondary highway systems, to take up part of the slack?

MR. PLANCHE: I'm going to refer the question to the Provincial Treasurer, Mr. Speaker. But I would like to comment that in a very large measure, the last budget responded to the economic difficulties facing the province, as part of the country that's experiencing difficulties. Again, the problem is that if you attack those issues in a budgetary way, and because we give no preference to local contractors and manufacturers, it isn't a guarantee at all that you can handle the problem of employing people here, unless they're competitive for the jobs they bid on. I'd like to refer that to the Treasurer.

MR. NOTLEY: Mr. Speaker, perhaps I could help the minister by pointing out that I asked the question of the hon. Minister of Transportation. I now invite him to respond.

MR. KROEGER: Mr. Speaker, I assume we'll be into the estimates this afternoon, and the numbers will be available. The budget for Transportation has increased substantially over the last year. Certainly it was done with a view to alleviating some of the stress that exists in the construction industry.

MR. NOTLEY: Mr. Speaker, a supplementary question to either the hon. Minister of Transportation or the hon. Provincial Treasurer. As a contingency plan should Alsands collapse, has the government given any consideration that by and large there will be better bids for all public projects, and that with that slack there would be some genuine argument for expansion beyond the terms of the budget the Treasurer presented to the House? Has there been any formal consideration of that prospect, as

part of the government's consideration of its economic resurgence platform?

MR. HYNDMAN: Mr. Speaker, I think the question is hypothetical at this time. But looking at the budget, the amounts available for roads, highways, secondary roads, transportation, and mass transit within the cities are already at a record high level with respect to any other provincial comparison. So, as the Minister of Transportation said, I think we are enjoying good prices this year as well.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Associate Minister of Public Lands and Wildlife. Has the Department of Public Lands and Wildlife given any consideration to moving ahead quickly on the main ingredients of the Horner plan for expanding public land? If the Alsands project fails and we have excess men and equipment available, has the department given any consideration to moving somewhat beyond the proposals for public lands expansion contained in the present budget?

MR. MILLER: Mr. Speaker, we have expanded our program dramatically this year, both in grazing reserve development and in the Crown land improvement program. This year, we are looking forward to posting for disposition in excess of 275,000 acres.

#### **PWA Operations**

MR. KESLER: Mr. Speaker, my question is to the hon. Minister of Transportation. Could the hon. minister indicate whether he's now able to inform the Assembly why PWA has purchased 40 per cent of Swiftair?

MR. KROEGER: Mr. Speaker, keeping in mind that we are not too close to the management decisions Pacific Western Airlines makes, I can nevertheless say that this company was in some difficulty and that the offer to purchase 40 per cent of the shares — and incidentally, it hasn't been completed yet — will probably salvage that business. It can work to the advantage of the operation of the company.

MR. KESLER: A supplementary question, Mr. Speaker. Where, specifically, does PWA ownership of 40 per cent of the equity of Swiftair fit into the transportation strategy of this province?

MR. KROEGER: Mr. Speaker, to repeat what I said: we don't get very close to immediate management decisions. I was informed by the chairman of the board that this was being considered, that they thought it would be an advantage in the way of express service delivery, tied in with what PWA is already doing. In the conversation I had with the chairman of the board, it wasn't a request to approve; it was a matter of a call informing me that this was a decision they were considering. Again, I will say that the decision has not yet been approved.

MR. KESLER: A supplementary question, Mr. Speaker. Because of the answers to the first two questions, I'll omit some of them and go to the final question. Would the minister now undertake a review of the operations of PWA, to establish whether this province's free-enterprise carriers are being squeezed out of markets by the government-owned airline?

MR. KROEGER: Mr. Speaker, certainly we'd be prepared to look at any aspects of the operation as it might impact on other businesses. But I would have to have some more specific description, if I may, to respond in more detail.

MR. KESLER: Mr. Speaker, my question is: could the minister put together a comprehensive package indicating what effect the PWA airline is having on other private airlines in this province?

MR. KROEGER: Mr. Speaker, certainly we could attempt that.

MR. SINDLINGER: Mr. Speaker, may I please ask the minister what direction the government will be giving PWA with regard to the purchase of the shares of Swiftair, inasmuch as the government owns Pacific Western Airlines?

MR. KROEGER: Mr. Speaker, we don't fund Pacific Western Airlines, so they won't be coming to us with a request for funding. It is strictly a management decision.

MR. SINDLINGER: Mr. Speaker, perhaps the minister might indicate the government's policies with regard to those companies it controls through share ownership?

MR. KROEGER: I'm sorry, Mr. Speaker. I didn't get the import of the question.

MR. SINDLINGER: Mr. Speaker, what I'm getting at is: inasmuch as the government owns Pacific Western Airlines and is responsible for it, the government spent the money for the airline and certainly must have some control and influence over the direction the company takes. I'm asking the minister what control it will exercise, or what direction it will give to Pacific Western Airlines, with regard to the acquisition of the shares of Swiftair?

MR. KROEGER: Mr. Speaker, we don't intend to issue any directives to them. If Pacific Western were to come to us for funding to do this sort of transaction, I suppose we might be in a position to question that. But because they're not and we see it as a management decision, I don't intend to ask that kind of question.

MR. KESLER: A supplementary question, Mr. Speaker. Could the hon. minister indicate who represents the people on the board of directors of PWA, in making those decisions that affect the taxpayers of this province?

MR. KROEGER: Mr. Speaker, the board of directors is made up of people from across western Canada, and they are working to the same rules as the other carriers in the country. It's a competitive market, and they have to be able to compete. So keeping in mind that we are not being asked to fund the day-to-day operation, and that it's an operation that's showing a profit, I think it takes care of itself pretty well.

MR. SINDLINGER: Mr. Speaker, in light of his response, may I please ask the minister: if the government does not intend to give any direction to Pacific Western Airlines in regard to development, or direction in terms of using Pacific Western Airlines to influence the economic development of the province, why did the govern-

ment decide to buy Pacific Western Airlines in the first place?

MR. SPEAKER: As a question for the question period, dealing with current topics, that question would hardly qualify. [interjections]

MR. KESLER: A supplementary question to the hon. minister, Mr. Speaker. As the government has no control over PWA in its decision-making, would the government consider selling PWA to the private sector?

MR. KROEGER: Yes, Mr. Speaker.

#### **Energy Costs**

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister of Utilities and Telephones. Last week the Premier announced a 32-cent rebate on purple gas and diesel fuel. I wonder if the minister is going to have any further natural gas shielding for irrigation farmers using natural gas for the pumps, to irrigate their land?

MR. SHABEN: Mr. Speaker, a similar question was asked during consideration of the estimates of the Department of Utilities and Telephones. I indicated that we'd had representation from irrigation farmers in southern Alberta, with respect to the concern they had on account of the increased federal taxation on natural gas and its impact on natural gas costs. We're working in the department, and with the rural gas co-ops as well as the REAs, to determine how best — if there is a way — to assist irrigation farmers in alleviating some of the higher energy costs they face. That work is going on. We haven't come to any sort of conclusion as to how additional assistance, if any, might be provided.

MR. PAHL: A supplementary question, Mr. Speaker, if I may. In reviewing the natural gas subsidization program, and inasmuch as it probably takes a larger percentage of home-owners' costs than farm operating costs, is home subsidization for residential consumers being reviewed as well?

MR. SHABEN: Mr. Speaker, I believe the natural gas price protection plan was changed in the fall of 1980. As a result of our change and commitment to a further five years of price protection, it provides considerable price protection to all Albertans, whether home-owners or farmers, in that the price protection is based on 65 per cent of the Alberta border price and in the current year should provide about \$148 million of price protection. Mr. Speaker, that program will be reviewed from time to time, but the support is pretty extensive at this time.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Has the minister given any consideration to giving the same consideration to propane, oil, and gas, as for natural gas?

MR. SHABEN: Mr. Speaker, I'm not sure whether I should deal with this question. The Provincial Treasurer may wish to comment. The farm fuel distribution allowance provides approximately 32 cents to farmers. We also have our remote area heating assistance plan, which provides a rebate to users of propane and heating oil who don't have access to natural gas, which amounts to a 35 per cent rebate. I'm not aware whether consideration is

being given to extension of protection to propane in any other way, unless the Provincial Treasurer or the Minister of Agriculture has any information.

MR. MANDEVILLE: Mr. Speaker, one further supplementary question. Has the minister had recent negotiations with Ottawa or any of the federal ministers, with regard to eliminating the rebate on natural gas in the province of Alberta?

MR. SHABEN: Mr. Speaker, not in the sense of negotiations. But through the Minister of Agriculture, we have made representation to the federal ministers of Finance and Agriculture, in this regard. The Minister of Agriculture may wish to comment on that representation.

MR. SCHMIDT: Mr. Speaker, I would just like to supplement the answer given by my colleague. On behalf of producers in the province of Alberta, we made representation to the federal government, both to Treasury and to Agriculture, requesting that consideration be given to the rebate of the federal excise tax on all natural gas we use for the production of agricultural products. That letter was sent on April 14, and we've received no reply as yet.

#### **ORDERS OF THE DAY**

MR. HORSMAN: Mr. Speaker, I move that questions 127 and 128 and motions for returns 120 and 121 stand and retain their places on the Order Paper.

[Motion carried]

#### **head: GOVERNMENT DESIGNATED BUSINESS**

#### **head: COMMITTEE OF SUPPLY**

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Would the committee please come to order.

#### **Department of Transportation**

MR. CHAIRMAN: Does the minister wish to make some remarks?

MR. KROEGER: Mr. Chairman, I would like to make a few comments. Essentially, I think it's important to note that there has been a substantial increase over the 1981-82 estimates. It's also important to note that in the pressure of the economic times we're now working under, the department has been invited to help alleviate, and has responded in a major way: not only to deliver road programs and urban transportation assistance but to do it in a variety of ways, so that it has alleviated some of the impact of the economic downturn on the construction industry, not only the major industry but the small operators.

I think the economic stabilization program, as we had it in 1981, was a real assist, particularly to the small operators. The winter works program of last winter employed trucks that would not otherwise have been able

to work. We had a \$22 million special winter works program that worked extremely well.

Mr. Chairman, with those few remarks, I think it would be useful to go into the estimates.

MR. NOTLEY: Mr. Chairman, I'd just like to make a few general comments. I think we had both good and bad feedback on the stabilization program. Certainly there was some value for truckers in northern Alberta. As the minister is well aware, the problem is that by allocating a quota — even though we had a slightly higher quota for northern truckers — while it was of some assistance, it didn't really pick up the slack that many of the truckers found as a result of the slowdown in the oil and gas industry.

Just before the House began, I recall meeting with about 60 or 70 truckers from various parts of the Peace River country, from High Level in the north, from the central Peace, and from the north Peace, but mainly from the central Peace. A group from High Level was concerned about the formula developed by the department and the quota allocated to northern truckers. If we're going to continue that program next year — and it would seem to me that we're probably going to have to do so, and perhaps expand it — I would say to the minister that we might look at sitting down with the truckers and examining a change in the method of allocating the quota.

I realize that when you're talking about public money being available, there is a difficulty. It's not easy to say that it should just go to local truckers and that other truckers in the province shouldn't be able to take advantage of the program. But as the minister knows, when truckers run through their quota, then people are coming in from 300 or 400 miles away; they're not very happy. Some real problems are created. But the program was helpful, as far as it went. I just suggest to you, Mr. Minister, that we might take a look at perhaps a slightly larger quota in the northern areas, to pick up the slack.

Secondly, I want to deal — and I know this is the kind of discussion that now has begun to occur every time we discuss the estimates of the Department of Transportation: members talk about the specific road problems of their constituencies. I think it would only be appropriate if I took just a moment to emphasize to the minister the need to move as quickly as possible in completing Highway 64 north of Hines Creek through to the B.C. border. For members who aren't aware of the geography of that part of the province, Highway 64 links up with the main B.C. highway that goes into Fort St. John. It's a matter of some frustration for people in that area that since the fall of 1974, the last leg of the B.C. portion of that road has been paved. Once a person gets to the B.C. border, they're on pavement. On the other hand, when you arrive in Alberta, just past the Welcome to Alberta sign, you get onto road that is, at best, a hazard to every windshield in the north Peace.

I know the minister has already announced that this year pavement will proceed approximately 9 miles north of Hines Creek, to the Eureka River turnoff. But I urge — and I'm sure the Member for Grande Prairie could testify; a week ago tonight, we had a meeting of the Northern Alberta Development Council in Hines Creek. One of the strongest representations at that meeting was made by Mrs. Scott, who was applauded many times during her presentation by people in the audience, that we push ahead more quickly with the completion of Highway 64. During the course of the next short while, I

would like to see the minister announce a fairly definitive timetable for completing that road, and not the kind of thing we've seen over the last number of years.

I should point out that as far back as 1965, at a meeting with the Fairview Chamber of Commerce, a former minister of highways announced Highway 64 and promised it would be totally paved to the B.C. border by 1970, as I recollect. We're a little behind on that schedule, to put it mildly. What frustrates people, Mr. Minister, is that the B.C. side of the road has been completed.

In contrast to the rather — to be generous — measured pace on Highway 64, I'd like to compliment the department on the excellent job done on Highway 49 over the last two years, last year in particular. I think there is a good deal of positive feedback, not only on the progress that was made last year but on the quality of the construction. We can all be pleased with that.

Mr. Chairman, the point I'd like to underscore for a moment this afternoon, because I know other members will have other road projects they want to discuss, is that it seems to me that should the Alsands project fail — which is certainly possible, even probable, at this stage of the game — there is really an opportunity for us to make our public dollars go further than would be the case if the project goes ahead. In talking to transportation people, I know the problems that were there several years ago when we had a very buoyant private economy. Two or three years back, it was correct to say that there was no point in increasing the highways budget by 20, 30, or 40 per cent, because bids would come in just that much higher. You had every single piece of equipment and every man working on either public or private projects. We had a very, very tight situation, so increasing public expenditures in that area wouldn't have meant more roads being paved or constructed. It would just have meant higher bids coming in and the public paying more for the same thing or maybe a little more, but certainly not getting full value for our dollar.

I'm now saying to you, Mr. Minister, as you and members of this committee are well aware, that we have seen a much better situation in the last few months on bids, not only in the highways department but in almost every department of government. For the first time, we see that bids are coming in actually below the estimates. With that being the case, it seems to me we should move ahead. If that means supplementary estimates, if on April 30 it's no on Alsands, let's look at increasing this budget. The minister has indicated that it has increased. It has certainly increased over the estimates of last year. But with the \$60 million in special warrants, the actual increase in construction and maintenance of highways is only 10.5 per cent over the forecast. Maybe we could do more than that, Mr. Minister. But we should do more as a result of supplementary estimates presented to the Legislature, at a time when our dollars will go further. I think that's the crucial point.

When things begin to revive again in the private sector, we're going to have problems competing for men and equipment. As I travel through this province, I look at the yards and see all kinds of Cats and road equipment, the sort of equipment I know you couldn't even begin to search out three or four years ago, because it was tied up in private sector contracts. Now is the time for us to move forward. I know this is one area of budget expansion where the minister could find support on both sides of the House. People would support it regardless of their political perspective, because it makes sense to do the job when you can get the job done at a reasonable cost. One



of the few positive aspects of the current slowdown in the economy is that our public sector bids are more likely to come in at reasonable cost than would be the case if there were a buoyant economy.

Mr. Chairman, I'd like to raise one other issue. I'm sure the estimates will go on. I have to excuse myself in a few minutes, so I may not have an opportunity to hear the minister. I'll certainly read his observations in *Hansard* or, if the debate goes on, I'll have an opportunity to discuss it further with him. It's the question of LRT expansion in both Edmonton and Calgary. In particular, we have something of a controversy in the city of Calgary over whether we should get these LRT cars from one particular firm or whether there should be tenders. I know the minister can say, look, that's the city of Calgary's business; we don't want to interfere with local autonomy. The same thing could be said about Edmonton. But we are talking about public dollars. I may be wrong, but I recall the Premier saying in Calgary that that LRT had better be above ground, not underground. So we got into the great furor over the Hillhurst-Sunnyside area. If we can say to the city of Calgary that the LRT should be above ground as opposed to underground, should we not also be saying that if we're going to be talking about significant sums of money in our urban transportation system, the process of following public tenders should be followed? I just find it very hard to understand the rationale or the arguments.

I've met with aldermen in Calgary. I've looked at both sides of the issue. With great respect to the Calgary city council, I find it difficult to follow the argument that we should have a significant investment in an important area like this without public tender. It seems to me that if the minister followed the same practice in other areas in terms of his budget — if as a matter of course we had our highways constructed without public tender — we would be in serious trouble, and the minister would be subject to a good deal of legitimate criticism.

So I would say to the minister that it occurs to me that one thing we should be saying to the two cities is that, as a matter of general policy, the practice of calling tenders should be followed unless we can be thoroughly convinced otherwise.

The other point I would like to raise with respect to the LRT situation is the committee the minister appointed to travel throughout North America to examine urban transportation systems. I believe the committee was in Houston, Boston, New York, and other areas. During the course of these estimates, Mr. Chairman, I think it would be useful if the minister could tell us whether he's received a preliminary report — I assume he has — when the final report is going to be made, when that report is going to be made available to the Legislature — presumably it will be — whether it's been made formally available to the two cities yet, and the cost of the committee trip. I think that would be useful information we should have during discussion of these estimates.

I conclude by summarizing very briefly. I know the argument can be made that this is a matter of local autonomy. But when I look particularly at the example of this government tying strings in a million different areas, if we're going to do it in other areas, why are we not saying, public tenders? It seems to me that we have to have a pretty good argument as to why that wasn't followed.

The second point is that, beyond the question of stressing some of the highways I think are important in northern Alberta, now is the time to substantially in-

crease expenditures on primary and secondary highways in Alberta. One of the most useful pieces of information the Northern Development Council has come up with is the fact that we have almost 2,000 miles — I think it's somewhere around 1,900 miles, if my memory is correct — of primary highway which is either oiled or gravelled, still unpaved. This is not even secondary highway, but primary highway. I think now is the time to service some of these areas of the province where we don't have hard-surface primary highways. If the government is looking at an element of its economic resurgence package, it would seem to me that well before the election is announced — assuming it's not announced in the next few days — an objective would be set out in this Legislature as to how we're going to meet the challenge of that information contained in the Northern Alberta Development Council report: paving the remaining 2,000 miles of Alberta's primary highways. Now is the time to do it, Mr. Minister, when our dollars will go further than when we have to compete with an active, vibrant, buoyant private sector.

MR. KROEGER: Mr. Chairman, I'd like to comment on the remarks of the Member for Spirit River-Fairview. He indicated that he may be leaving. I think he's made very useful points; I'll try to respond.

First of all — and I don't think we'll get into the specifics of certain highways to any degree — the member mentioned 64 and 49. In that regard, as a department we attempt to spread the work through the whole system as fairly and equitably as we can. Certainly more could be done. We work within the constraints of the funding available to us. The argument can be made that this should be expanded. It was made last year and is reflected in the special warrants we came with to help alleviate some of the problems the member makes reference to.

On the LRT situation as it relates to Calgary and the purchase of cars on an outright purchase basis rather than bidding, the argument the city made was that they wanted to piggyback the order on an existing order and get the benefit of the price they thought was good for that particular purchase. We have suggested to Calgary that future purchases should be on a bid basis, and the city has agreed.

Moving to the urban transportation task force report, while that investigation, if that's a good word — while the task force was working, the cities were part of putting the task force together. We had three debriefing sessions during the time the task force reported back. The mayors of Calgary and Edmonton were present at each of those three sessions, so they would get a feel for what was being attempted. The task force report will be tabled. I can't give an exact time, but we're planning to table it. Because I am working on a follow-up to the recommendations in the report, I've been holding back until we can develop a good comprehensive response to it. There's not much point in developing these reports unless we're going to use them. We have plans to do that, but we're still in the formative stage of developing a response.

[Mr. Purdy in the Chair]

In the meantime, as members would know, we're in the fourth year of a six-year program developed in 1978. For 1982, we're going to follow through on the formula developed then, keeping in mind that I've suggested we are looking at some ways of responding to the task force report. I don't have the cost of developing that report,

but I'll get that information and bring it to the House.

The comment with regard to the 1,900 miles of not yet paved primary highway is correct. It's a fair comment. I'd like to suggest, half seriously, that percentage-wise, I guess the part of the primary highway system that isn't paved exists in my own constituency. I'm being very careful about how I respond to that. Yes, the time is right. Bids have been coming in lower than we anticipated, and I think the government has recognized that. That's the reason the numbers in the estimates are as high as they are. That doesn't mean we shouldn't be looking at an expansion of that as we see 1982 unfold.

MR. KOWALSKI: Mr. Chairman, this afternoon I'd like to make several comments to the Minister of Transportation with respect to four or five different areas. First of all, a note of commendation to the minister and to senior officials on his staff, a commendation that might go down to lower levels of officials in Alberta Transportation. I must say that in terms of co-operation and an open-door policy exhibited by the minister and his senior officials, I can be nothing less than pleased.

I think — and it's certainly a reflection of all members in the Assembly — that last winter was one of the worst, if you look through the period January, February, March, and April in many parts of the province of Alberta. I was super pleased with the role of those men and women currently employed in regional transportation services and the maintenance beat. Highways in the part of Alberta I represent were kept in outstanding condition, despite changing weather conditions. From my ability to travel in various parts of the province, I know I'm not speaking only on behalf of the people who live in the constituency I represent. The work done during this rather unique winter in the recent history of Alberta was, to put it bluntly, simply outstanding. The number of complaints I received from my constituents was minimal, perhaps two or three.

Secondly, on the same point of providing plaudits to the minister and his department, the ability of his officials to react to people concerns was exhibited as well last year as any of the previous years the minister has served as Minister of Transportation. Many of the problems people have are rather minor in the gist of the whole thing, whether they deal with the need for an additional culvert, painting a primary highway, or the need for additional signs. When those requests have been forwarded either to the minister or to officials in Alberta Transportation, they've reacted very positively. Even more important, they've reacted very, very quickly.

I'm also very pleased that the minister has encouraged senior people in his department to broaden their perspectives beyond transportation concerns solely in the province of Alberta. In this regard, I think it's a plus for Alberta Transportation, the government of Alberta, and all those involved in transportation in our province and in Canada to know that last year the chief deputy minister of Alberta Transportation was elected president of the International Cargo Handling Co-ordination Association. I think that perspective is extremely important in providing new ideas to the people of Alberta and, secondly, allows Mr. McFarlane, the chief deputy minister, to provide good services in allowing other people in the world to know about the transportation endeavors of Alberta, western Canada, and Canada. I think that kind of encouragement is very important to senior people in all departments: to know they have the backing of the elected people, of the government, when they wish to

become involved in activities outside the province of Alberta.

Mr. Chairman, being very parochial for a few minutes and talking specifically about some pluses and concerns the MLA for the constituency of Barrhead might have, I was very pleased that last year the Minister of Transportation visited the very important town of Swan Hills, located in the far northwestern sector of the constituency of Barrhead, and was on hand to perform two very important functions. One was the opening of the new Swan Hills airport that serves a very important industrial part of the province, geared solely to the development of oil and gas and now, in an increasing manner, to forestry development as well. The minister kindly opened that airport and, at the same time, opened one other very important transportation network in northwestern Alberta; that is, the Grizzly Trail.

Many members may recall that in the fall of 1979 when the current person was seeking election in the constituency of Barrhead, he announced that should he be elected, he would work to see Highway 33, which essentially runs from the town of Gunn up through Kinuso, named the Grizzly Trail, and designate it as such. I was very pleased that I was in a position to meet that political commitment, that very important transportation and tourist commitment.

Last summer the Minister of Transportation was on hand to unveil the first Grizzly Trail plaque in the town of Swan Hills. Now the highway from Gunn to Kinuso has a remarkable number of these very, very important signs that commemorate the role of the grizzly bear in that part of Alberta. In fact, Mr. Chairman, all of us who live in the constituency of Barrhead and have an opportunity to travel the Grizzly Trail on a daily basis are so excited about it that the town of Swan Hills took the Grizzly Trail insignia that is now on our transportation signs and put it on a special pin for the town of Swan Hills.

In recent discussions I had with the new mayor of Swan Hills, Peggy Hansen, she asked that I convey my thanks to all members of the Assembly when I had an opportunity to do such, by providing to each member of the Legislature a pin which has on it the Grizzly Trail picture and the town of Swan Hills. I ask one of the pages to come now so I might give him or her a package with a suitable number of these pins and ask her to distribute one to each member of the Legislative Assembly. Nancy, I'd very much appreciate it if you would pass one out to each member in the Assembly.

Of course, Mr. Chairman, that's a very interesting way of getting everyone's attention, including that of the Minister of Transportation, because now I have to talk about needed improvements on the Grizzly Trail. If you look at the Grizzly Trail, it runs from Gunn through the county of Lac Ste. Anne, through the county of Barrhead, through the town of Barrhead, up through the village of Fort Assiniboine, through ID 15, through ID 17, through the town of Swan Hills, and up to Kinuso, which is not in the constituency of Barrhead but in the constituency of Lesser Slave Lake. I have to say that I'm very pleased that, because of co-operation from the member who represents the constituency of Lesser Slave Lake, we worked together.

Last year Alberta Transportation put out a tender to upgrade the sector of Highway 33 that flows south of Kinuso toward Swan Hills. Last fall a paving tender was put out, and paving on a section of 12 miles of Highway 33 will be completed. Between the section of Highway 33

that will be paved this year and the section that was paved last year just north of Swan Hills, a section remains that needs to be constructed. It's a very important roadway, and I'm looking forward to an early tender on that sector. I think it's extremely important and will allow us three avenues to northern Alberta through northwestern Alberta. It alleviates some of the traffic problems on the roadway north of St. Albert through to Slave Lake, as well as alleviating the problems existing on Highway 16 and Highway 43 up through to Valleyview and on to Grande Prairie.

It's my understanding that Transportation will soon be moving on the issuance of a tender in that regard. I look forward to an early tender and early construction on that very important section. Needless to say, the grade on that highway has to meet with major provincial primary highway standards, because we are anticipating considerable north and south traffic along this new route.

I might also point out, Mr. Chairman, that there is another route in the constituency of Barrhead. I'm sorry I have to be parochial, but I have to mention this because of the importance of it. It's a road known as 918, which essentially goes from Thunder Lake to Green Court. The Minister of Transportation will recall that nearly two years ago he made a public commitment that that roadway would be paved. The Member for Whitecourt and I expressed great euphoria and expressed our thanks in a very public manner to the Minister of Transportation.

Despite the fact that I gave officials in his department a pat on the back a little earlier, now I might have to slap them on the wrists. At this point, I'm not sure whether they have in fact programmed the tender for that pavement to go out this year. It's not necessary that the Minister of Transportation respond to me this afternoon. I wish he would make note of it and get back to me in the next number of days. I certainly look forward to an early paving contract on 918. I suggest no later than the early fall. That would take us through September; October might be most appropriate. In fact, it would fulfil a very major commitment made by the Minister of Transportation in consultation with two of his colleagues, the MLAs for Whitecourt and Barrhead.

All in all, Mr. Chairman, I want to conclude by saying, I very much appreciate the response of the minister. I think he's been a super, outstanding Minister of Transportation. If members of the Assembly look at the global figure we're being asked to look at and vote on today — \$922 million in the 1982-83 fiscal year for Alberta Transportation — and compare the dollar figures of the Transportation budget in the first year the minister served as the Minister of Transportation, they would quickly conclude that the total global budget of Transportation has almost doubled in just a little more than three years. I think that's a very positive commendation to the interest the Minister of Transportation has provided to all parts of Alberta.

While the minister might reluctantly admit that the constituency he represents, Chinook, doesn't really have too many miles of pavement, from my perspective, I can't understand why they don't have any more. I certainly encourage the Minister of Transportation to ensure that a few more tenders go out in the constituency of Chinook as well.

Thank you very much, Mr. Chairman.

MR. MAGEE: Mr. Chairman, I'm sorry for holding up the Assembly on this important department. I'd really like to laud the minister and his department for the

excellent efforts they have made to try to analyse and, I'm sure, be very fair throughout the province to make sure that where needs were greatest, they were able to provide the most assistance.

Certainly the winter works program was really a boon, and I would like to congratulate the department and particularly the minister for coming forward with that very, very worth-while program that saved many, many truckers from losing their trucks. Many of them are individuals. If they had not been able to keep working with their dump trucks, as they were in central Alberta, I'm sure many would have gone out of business and would not now be able to take advantage of the moneys injected to improve our transportation system during this spring, summer, and fall. It was very much appreciated and created a real resource for the province in that, if gravel hadn't been removed from behind the Dickson dam, it would have lain for possibly hundreds of years before it would ever have been mined. This is going to save the taxpayers a great deal of money in time to come, because it can be utilized to upgrade roads, highways, and so on in central Alberta.

I would like to draw to the attention of the minister — and I'm sure he's very conscious of it — that the city of Red Deer is growing phenomenally fast. Last year there was an unbelievable 9.7 per cent increase. Even this year, with the downturn in our economy throughout the balance of the province, we're confident that the city of Red Deer will register at least another 5 per cent growth, which will take it over 50,000 people. Together with the bedroom communities within 15 miles, this will make it by far the third largest market area, which means people, in Alberta. Consequently, while it seems I'm forever on my feet asking for more, it's in an attempt to keep a realist level as to the needs of the increased growth, and the problems it puts on our highway system in central Alberta.

I would like to run through a few things, to ask the minister his opinion of when certain aspects that have been in the planning stage are likely to be completed, and at what stage they might be. One big problem I've been concerned with since I've become an M.L.A. is the safety of people in the south and east sections of our city as they attempt to get on and off Highway No. 2. In last year's budget, it was mentioned that this year we would be making a start toward an overpass at the junction of 32nd Avenue with Highway No. 2 in Red Deer. I would like the minister to elaborate on that. To what degree might it be finished during this year?

The next thing I would like to touch on has been talked about and planned for some time; that is, a major interchange program for the junction of highways No. 2 and No. 2A. South of Red Deer, we probably have the most dangerous strip to motorists in the province. Sure, there has been a reduction of speed limits, but it's become more of a bottleneck because of the high volume of traffic on No. 2, and the approaches to Red Deer at the south. Any time you slow down traffic on a major highway such as this, a traffic accident is bound to occur as people start to decelerate, accelerate, and move away from the normal speed limits.

Compounding this problem is the Westerner — the agroplex, if you will; the showplace of agriculture for all Alberta, I'm sure, in years to come — which is growing rapidly now. All the buildings that are presently going to be moved will be situated at the new site. While we cannot hold our exposition this year at the regular exhibition time of August 1 or in that area, shortly thereafter

there is going to be a gigantic bee with farmers, truckers, and so on, coming to Red Deer to physically move the buildings and all the appendages of an exhibition, such as stalls, equipment, and so on, so that we can move everything to the new exhibition site in one weekend. Of course, once it is moved, that's going to generate a lot of traffic into the exhibition as we move along to cattle shows, fall horse shows and, next year, full-scale exhibition operation. Believe me, it's a real problem to handle the traffic that will be congregating at that corner.

In addition, just north of the exposition grounds, on the south side of Red Deer, is the new Bower Place shopping centre, a very modern shopping centre. Outside of Edmonton and Calgary, it's probably as modern as and larger than any shopping centre in Alberta. This regularly attracts people who live up to an hour away from our city. Of course, this generates twice as much traffic as is contained in the city itself. So we're now looking at tremendous overloads on that junction. Any traffic moving from the north that can't get onto the 32nd highway overpass, which will divert some of the traffic, will have to make a u-turn in that very, very dangerous traffic area of No. 2 and No. 2A. I would like to know from the minister the progress of the planning, so my very concerned constituents will have some knowledge of what they can expect in time to come.

One other thing that concerns me — my wife just learned to drive, so it's kind of personal; on the other hand, I've experienced it myself — is the rutty condition that's becoming prevalent on Highway No. 2, both north and south of Red Deer. In heavy rainstorms and so on, your car actually starts to float on water, rather than the tires keeping contact with the pavement, because of those ruts filling up with water. If you're not an experienced driver, it's a scary feeling to suddenly feel your automobile start to shift when you're travelling at 70 kilometres an hour. It would be of interest to know the plans to complete the paving of Highway No. 2, and how much we could expect in this year's budget.

In looking at the area in the budget dealing with construction and operation of rail systems, I don't see any indication, other than one item that deals with Alberta Resources Railway. It was my hope that there would be some planning costs to look at a fast passenger rail train between Edmonton and Calgary. Presumably it has not yet reached that stage in planning. While I recognize that the Department of Economic Development has much to do with the determination of that, it's generally carried in the votes of Transportation. If the minister can make any comments, I'd be interested to know at what stage that might be.

Through analysis of air line operations between Calgary and Edmonton, it's pretty well proven that they just cannot fly economically. The city has struck a new committee to move forward with applications to PWA to establish west-east and east-west routes with a stop at our new airport in Red Deer. While we very much appreciate having a new airport building, which was completed last year, it was some disappointment that we were not able to have an airport extension, and it was promised for this year. While there have been rumors to the effect that we will be well on our way this year, I'd like to know to what degree we're going to move forward in the airport construction, and when it might be considered to be completed, so we can continue to apply more efforts to PWA to give us an east-west and vice versa routing.

This is most important to central Alberta. In the conduct of their daily and weekly business, so many

people now have to drive to Calgary or Edmonton to fly either east or west. It is no longer a small city operation. The development of the chemical empire, the steel industry that is becoming established in our city, the rejuvenation of the oil and gas industry, and many other facets are certainly going to see a very great increase in the need for air travel on an east-west route. If he is able, I would like the minister to give us some firm answers in that regard.

One other subject of concern to the city's transportation management — the mayor, the commissioner, and so on — is the arterial roadway assistance program and the finalization of the agreement. From talking to the mayor and the city commissioner, it's my understanding that at this stage Red Deer has not finalized an agreement. We understand that some cities have, and that that program is about halfway completed. It would be a disappointment if there were any changes from what was contemplated when the agreement was announced; that is, any changes in a derogatory sense or a reduction in arterial road assistance.

We are facing the situation in Red Deer where our central artery, Gaetz Avenue, has to go to a six-lane highway throughout. The bridges are now being expanded to three lanes. This of course was one major thing that had to be completed first. We now have to look at the balance of the arterial roadway: six-lanes of traffic; three lanes in each direction, with the appropriate turn-offs and matters of that type, and possibly a couple of underpasses or overpasses — I guess grade separation is the proper name — at two of our major intersections, 67th and Gaetz, and 32nd and Gaetz. These are very costly items, but they form the basis of moving traffic across our river systems.

With the soon to be announced railroad relocation, there is hopefully going to be a dramatic increase in population growth to the northwest of the city, not only in the industrial aspects, because it will open up a whole new industrial park, but also in providing room for some 4,000 additional residents to live in the northwest sector of the city. Much of the commercial business, shopping and so on, is in the downtown area or to the south. The movement of people is a very great concern to this rapidly growing city and the surrounding area. With a good highway system around the city, the lure of good shopping facilities, and being such a regional centre for agriculture and the other things that make central Alberta tick, we must look at the fact that people can come in quickly, and they concentrate on Red Deer for distribution.

With those remarks, I would like to close by saying we have had tremendous co-operation in the past, and we look forward to continued co-operation. It's a delight to work with the regional representative. I think going to the breakdown of regional centres in transportation was a very positive step. It's certainly a pleasure to be able to get quick answers from somebody who has a considerable amount of authority, under the executive members of the department and the minister.

Thank you.

MR. BORSTAD: Mr. Chairman, if all the projects mentioned by the hon. Member for Red Deer are handled, there won't be anything left for the rest of us. I think I will stay away from my shopping list.

I would like to urge the minister to continue gravelling and stockpiling next winter. I think there's going to be quite a demand for that business to keep our truckers and some of those people alive, because the finance compa-

nies are breathing down their necks. When we're talking about the truckers, is there some sort of roster? Are long-time truckers given priority over someone who just goes and buys a new truck? It seems to me that we keep getting more and more people in the business, and it keeps watering away, so that each trucker, when he does get a job, only gets [one] for maybe six weeks or two months. I think some consideration and priority should be given to those who have been in the business for a number of years and are doing it as a full-time occupation, rather than to those who are just in and out of the business.

Because of the economic conditions, especially in the area I'm familiar with in northern Alberta, I wonder if consideration has been given to the department handling any of the road projects we're going to build and putting many of the small contractors to work. If you look at the 19 kilometres, or whatever it is, of Highway 40, if the department was able to handle that project and put many of the contractors to work on an hourly basis, I think we would be able to stave off the bankruptcy of quite a few people.

I would also like to say how much I appreciate the regional system and the co-operation I've had through the department. Last year the Northern Alberta Development Council held transportation seminars for municipal officials in two areas of the province, one in the east portion and one in the northern portion. Municipal officials were able to come to Bonnyville to discuss with the regional people and the minister, the short- and long-term projects being handled. That is nothing but a plus. The officials I talked to really appreciated those meetings. They came away with some knowledge as to the problems across the north, not necessarily just the problems they themselves had. When they realized there were problems right across the north and that everybody had the same problems — I guess misery likes company or something — they all felt a little better.

Since the regional system has been in operation, the Northern Alberta Development Council has had minimal requests or briefs from people across the north. Prior to the regional system being formed, up to 20 or 25 per cent of the briefs that came before the council were on road-related problems. That has to be a plus for the regional system. I think the members in Transportation are to be congratulated for that, because now they can get an answer from a regional officer.

Would the minister advise what progress is being made on the primary highway rehabilitation program across the province? How many miles were done last year? How much has to be done in order to keep our major highways from breaking up?

In closing, over the years we have had problems with Alberta truckers not being able to get a licence to haul into B.C. As the minister knows, the Alberta and B.C. boards met in Grande Prairie and Dawson Creek last summer. They received concerns from truckers from Alberta and B.C. Could the minister advise what is happening? Are any changes going to be made in the system? Is a report going to be made by the two boards?

MR. TOPOLNISKY: Mr. Chairman, I have a few comments and a few questions for the Minister of Transportation. First of all, I want to commend the minister and his department for the good work they are doing.

I want to refer to Highway No. 855. I understand the work on 855 north of Smoky Lake is proceeding, with plans to start grading north of Smoky Lake and south of

Caslan to Hanmore Lake this summer, to connect highways 28 and 63 north to Fort McMurray — a long awaited connector for the benefit of industry and tourism. We need more north-south highways. We have about four paved east-west highways in that area: highways 16, 15, 45, and 28. But we need to complete 855, 857, and 831, all north-south roads.

Secondary Highway 857 from Shandro bridge north to Highway 28 was started last year. Hopefully it will be completed this summer. My question to the minister: when a secondary highway is being paved, in this case 857, could nearby smaller projects be included? They're too small to be tendered separately. I'm referring to the access roads: one to the tree nursery, which is a distance of 3 miles, and the other to the hamlet of Bellis, a distance of 2 miles. Both are close to 857.

My other question to the minister: what is the status of twinning Highway 28; that is, widening it to four lanes?

Thank you, Mr. Chairman.

MR. LYSONS: Mr. Chairman, I'd like to address a couple of minutes to the minister, and thank him and his department for the roads, bridges, and things that are scheduled for completion this year. In particular, I'd like to thank the minister for the two airports we have at Viking and at Sedgewick and Killam. This is opening up that area as far as aircraft is concerned.

There's only one request on my shopping list. Now that all these other portions of work are falling into place, perhaps next year or the year after we could take a good look at rebuilding and widening Highway 41, immediately north of Vermilion. About 6 or 7 miles in there need shoulders.

That's about all I have to say, other than thank you very much for approving all those projects for our constituency this year.

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

[Motion carried]

[Mr. Speaker in the Chair]

MR. PURDY: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

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

HON. MEMBERS: Agreed.

#### head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

205. Moved by Mr. R. Speaker:

Be it resolved that the Legislative Assembly urge the government to make no further loans from the heritage fund to other provincial governments or their agencies.

[Debate adjourned March 25: Mr. Kesler speaking]

MR. KESLER: What are we on? Where are we here? I spoke on it last. I have completed my debate on the motion.

MR. KOWALSKI: Mr. Speaker, I take pleasure this afternoon in rising to speak on Motion 205. I want to assure all members of the House that I know what we're on and where we're at.

The motion before the House deals with the Alberta Heritage Savings Trust Fund. While we are involved in the debate on this motion, I think it is extremely important that we concern ourselves with talking about factual matters. In essence, the motion calls for a restriction in the activities of that portion of the fund known as the Canada investment division.

Mr. Speaker, I would like to spend a few minutes this afternoon talking about some of the misconceptions that have been brought to my attention by my constituents and by some of the people of various parts of Alberta, with respect to that portion of the fund known as the Canada investment division. I think it's important that we take a look at what has happened in terms of loans by the province of Alberta through the Alberta Heritage Savings Trust Fund to other parts of Canada, and look upon it in a very, very factual manner. Not to bore any member of the Assembly, but I think it's important we have in the record the facts related to the loans that have gone out to other sectors of Canada. I want to put into the record those 37 loans that have been made available by the Alberta Heritage Savings Trust Fund, beginning on March 15, 1977, and running through March 25, 1982.

The first loan made as an investment through the Canada investment division was issued on March 15, 1977, to the province of Newfoundland, par value of \$50 million Canadian and a yield to maturity interest rate of 10.12 per cent. A number of months later, on December 15, 1977, a second loan went out, to the province of New Brunswick, with a yield to maturity interest rate of 9.56 per cent. December 1, 1978, a loan was made to the province of Manitoba, again with the interest rate of 9.85 per cent. December 21, 1978, loans were made to the province of Nova Scotia, value \$50 million, with an effective return rate of 10.17 per cent; and to the Nova Scotia Power Corporation, again par value \$50 million, effective rate of return, 10.17 per cent. November 15, 1979, a loan in the amount of \$200 million was made to Hydro-Quebec, with a yield to maturity interest return rate of 11.65 per cent. December 15, 1979, three loans were made: one to the province of Newfoundland, par value \$50 million, effective return rate, 11.65; another to the Newfoundland Municipal Financing Corporation, par value \$25 million, effective return rate, 11.65; as well, to Newfoundland and Labrador Hydro, par value \$75 million, effective return rate, 11.65 per cent.

January 4, 1980, three loans were made: one to the province of Nova Scotia, par value \$75 million, yield to maturity, 11.5 per cent. Two other loans also went out on January 4, 1980 to the Nova Scotia Municipal Finance Corporation for \$25 million at a similar rate as the one previously mentioned, and a loan of \$50 million to the Nova Scotia Power Corporation, again at a similar rate to the two previously mentioned. On January 10, 1980, four loans were issued: two to the New Brunswick Electric Power Commission, par value of \$50 million each, with an effective return of 11.5 per cent; two other loans on that same date to the province of New Brunswick, each for \$25 million par value, effective return rate, 11.5 per cent. On March 28, 1980, two loans were made to the province of Prince Edward Island: one at a par value of \$20 million, another par value \$9 million, each with an effective return rate of 13.95 per cent. On July 15, 1980, Hydro-Quebec was issued another loan, par value \$110

million, effective return rate, 11.75 per cent. On August 25, 1980, two loans were made: one to the province of New Brunswick, par value \$75 million, effective return rate 12.14 per cent, and the other to the New Brunswick Electric Power Commission, par value \$35 million, effective return rate 12.14 per cent. On December 19, 1980, the Nova Scotia Municipal Finance Corporation received a loan of \$25 million, effective return rate 13.48 per cent. On December 29, 1980, the province of Nova Scotia received a loan of \$85 million, effective return of 13.68 per cent.

On January 15, 1981, the province of Prince Edward Island: \$20 million loan par value, 13.71 per cent effective return rate. On January 30, 1981, two additional loans were made, one to Newfoundland and Labrador Hydro, par value \$75 million, effective return rate 13.425 per cent. On the same day that loan was made, the Newfoundland Municipal Financing Corporation received a loan of \$35 million, effective return rate 13.425 per cent as well. On March 31, 1981, the province of Manitoba received a loan of \$110 million, effective return rate 14.05 per cent. April 23, 1981, the province of Prince Edward Island received another par value loan of \$20 million, effective return rate 14.305 per cent. On September 30, 1981, the province of New Brunswick received a loan of \$75 million, effective return rate 18.105 per cent. December 9, 1981, Hydro-Quebec received a loan of par value \$75 million at 15.07 per cent.

On January 28, 1982, three loans were issued: one to the province of Nova Scotia, par value \$25 million, effective return rate 15.80 per cent; Nova Scotia Municipal Finance Corporation received a loan of par value \$25 million, effective return rate 15.80 per cent; and the Nova Scotia Power Corporation received a loan, par value \$25 million at 15.8 per cent. On February 16, 1982, the province of Newfoundland received a loan of \$55 million, effective return rate 16.525 per cent. The Newfoundland Municipal Financing Corporation received a loan, par value \$20 million, effective return rate 16.525 per cent. On March 25, 1982, two loans were issued: one to the province of Manitoba, par value of \$75 million, effective return rate 15.8 per cent, and the other to the province of Prince Edward Island, par value \$25 million, effective return rate 15.8 per cent.

For a total, Mr. Speaker, of 37 loans, amounting to \$1.941 billion, to various people in parts of Canada. I appreciate that all members of the Assembly will . . . [interjections]. I think it's important that when one talks about what has happened by way of the Canada investment division investments in this country, they talk from a perspective of facts and factual information. I'm sick and tired of hearing people in various parts of Alberta believe that loans go out at 6, 6.5, or 7 per cent. I wanted to put it in the record. In my research of *Alberta Hansard*, going back to March 15, 1977, I could find no one indication or one notation that all these loans were clearly identified in the record of this Assembly. I think it's important, Mr. Speaker, because hon. members in this Assembly must argue, debate, and talk from the point of truth, knowledge, and fact, not misconception, misunderstanding, and misapprehension, perhaps, of what is really happening.

I appreciate that all members really want to thank me for providing them with those very interesting figures. [interjections] I'll accept that once again. Thank you very much.

A second point I certainly hope all members want to be cognizant of is the fact that there are a number of

misconceptions about the loan in addition to the factual matters in terms of par value of the loan and the interest related to it. From time to time I've heard, and I have to confess that even some of my constituents — and that certainly must be remiss on my part for not being in a position to accurately inform all of them what really is happening — have suggested to me: we understand you've made loans to the province of Quebec and that that province has taken money and loaned it to some of their producers to compete with the producers in the province of Alberta.

Well, it's interesting to note that on the basis of the factual information — and I really want to emphasize "factual information", because certainly the MLA for Barrhead would provide nothing else to members of this Assembly — not one loan in that list was made to the province of Quebec. Loans amounting to some \$385 million have been made to Hydro-Quebec, which is a Crown corporation in the province of Quebec, but not \$1, \$2, or \$3 of that \$385 million went to the province of Quebec. It all went to Hydro-Quebec. For those people in Alberta who, I guess, simply have not had an opportunity to review the factual information, I think it's necessary that we amplify once again that no loans have been made to the province of Quebec. It's also my understanding that the province of Quebec has not lent capital to Hydro-Quebec for a great number of years. As well, it's my understanding that the Quebec provincial government is now beginning to require dollars from Hydro-Quebec and is calling on Hydro-Quebec to provide a dividend to the province. So I hope that misconception will be put to rest. Certainly it depends on all of us as hon. members of this Assembly to ensure that the truth is available to all the people of Alberta.

It's also been said, Mr. Speaker — and I've heard this from some of my constituents, and I know it's being said in some parts of Alberta — that the money lent will never be paid back. I simply don't believe that. I think that's a non-issue. We do receive interest payments now for these loans that go out through the Alberta Heritage Savings Trust Fund. Let's face it. If a province, or Hydro-Quebec for that matter, ever failed to repay a loan, it would find it extremely difficult to borrow money in any public or private capital market in the world. In other words, non-payment would be far, far too costly for any of the provincial agencies or the provincial governments to renege on their commitments to the people of Alberta.

When we talk about the return to the Alberta Heritage Savings Trust Fund by way of interest payments, I think it's important to put to death that silly argument that the money lent will never be paid back. We have to take a look at some facts. I won't have such an exhaustive list as the one I went through a few minutes ago. In the fiscal year 1980-81, interest accruing to the Canada investment division amounted to some \$128 million. In fiscal year 1981-82, it's estimated that some \$206 million will flow into the Heritage Savings Trust Fund by way of this one division. The forecast for 1982-83 is that some \$264 million will flow back to the Heritage Savings Trust Fund, and of course to the people of the province of Alberta, by way of interest on these 37 loans currently outstanding.

It's also been said, by way of a misconception, that these loans are very, very low-interest loans. The importance of that argument must rest with the date on which the loan has been issued. I did make special mention of the issuance of each loan, bearing in mind that they were issued between March 15, 1977, through March 25, 1982. I pointed out what the long-term return will be on each

and every loan. In fact, the range is from 9.56 per cent to 18.105 per cent. These are not subsidized rates. Some of them may be low, in light of today's rates, but they were the market rates in effect at the time the loan was agreed upon, in the same way some members in this Assembly — and, I'm sure, many people who live in Alberta — took out loans as early as March 15, 1977. I can be assured the rate of interest they paid for loans at that time, the mortgage rate they paid on loans at that time, was not 18 or 19 per cent; perhaps much, much closer to 9 or 10 per cent.

I think that point has to be mentioned time and time again when all of us as honest members, as we all are, communicate to the constituents we represent and to the people of Alberta. The date on which the loan was issued has to be remembered. The interest rate charged to all these provinces and their provincial agencies was a triple A rating that all were liable to obtain in the New York, Zurich, or London markets. Further, the interest rate that's applicable in each of these loans is for a designated period of time, not renegotiable, to my understanding, in the interim and not to be reduced.

One of the biggest problems all of us as members of this Assembly have is dealing with the question of communication. I'm sure all members will agree that very few of their constituents would not be prepared to give a 10-minute dissertation, hearing their MLA list 37 loans, date of issuance, par value, and the effective interest rate. All members of this Assembly have a responsibility to point out exactly what the record is in terms of loans of the Alberta Heritage Savings Trust Fund, what the policy is, and how this Assembly has dealt with an analysis and review of those loans. I believe that I, as well as all members of the Assembly, certainly have a responsibility to do a much better job of telling Albertans.

On the question of housing, as an example, nearly one quarter of the \$10,982 billion the heritage trust fund has invested has been invested in housing. Some \$2.7 billion in actual investments have occurred by the end of March 1982. In terms of current commitments through the Heritage Savings Trust Fund, we have in the neighborhood of \$3.8 billion in investments in housing. Mr. Speaker, it's important that all the people in Alberta recognize that that \$3.8 billion commitment represents well over 100,000 homes, apartments, condominiums, duplexes, senior citizen housing, and nursing homes, for over 300,000 Albertans. Again, that's a point that has to be reamplified. It has to be remembered that this commitment to 300,000 Albertans has occurred in a remarkably short period of only six years. The Heritage Savings Trust Fund has only been in business in that period of time.

If you take a look simply at the fiscal year 1982-83 and the heritage funding committed to both the Alberta Home Mortgage Corporation and the Alberta Housing Corporation, we have now committed \$1.44 billion to the construction of some 19,000 units of housing. They're going to be further subsidized. The people of Alberta are going to be further subsidized, through one of the departments of our government, by a sum of \$154 million in this year's annual budget. That's a very, very major commitment. In the housing sector, I believe we have to do a better job of informing all the people of Alberta of what the commitments are.

In the same way, I think all of us have to do a much better job pointing out to our farmers in all parts of Alberta that under the Heritage Savings Trust Fund, some \$700 million is invested to assist Alberta farmers through low-interest loans and guarantees from the Agri-

cultural Development Corporation. In the fiscal year 1982-83, the figure is going to amount to some \$375 million in loans. In the 1982-83 budget, that figure will be further subsidized by Alberta Agriculture in an expenditure of some \$58.7 million.

We can improve our job of informing the people of Alberta of our commitments in the areas of housing and agriculture. As well, we have to do that in the area of education. Some \$120 million of heritage fund dollars have been committed in education. Included in that is the \$100 million Heritage Scholarship Fund, which will provide some \$8 million to 5,600 students this year alone. In addition, we have the very successful Heritage Learning Resources Project, which will place books, materials, and maps in all the classrooms in the province of Alberta. As an M.L.A. in this Assembly I'm very, very proud to visit senior citizens homes, lodges, and self-contained units, and see the heritage resource learning kits, all the books recently published in the province of Alberta — some 40 in number, I believe; encouragement to Alberta authors, book publishers, and distributors — located on bookshelves in each of those lodges, which allow our pioneers, when they do have a spare moment, to review the history, culture, and society of the province of Alberta. Mr. Speaker, the funding comes from the Alberta Heritage Savings Trust Fund. We simply have not done a good enough job in providing information.

MR. SPEAKER: Order please. With great respect to the hon. member, I note that he started off reading a list of loans made outside the province. That, of course, is directly relevant to the motion, but we've left that subject now. It seems we're talking about other spending by the heritage fund for purposes other than loans. I have difficulty connecting that review with the question of whether further loans should be made outside the province. In fact, I can't see a direct connection between what is being done out of other parts of the heritage fund and the division of the fund out of which loans were made outside the province. Perhaps the hon. member sees some relevance that's escaping me.

MR. KOWALSKI: Thank you very much, Mr. Speaker. I appreciate your words of wisdom and guidance in this regard. I always get a little excited when I have an opportunity to address my hon. colleagues in this Assembly. It's not really a question of straying from the subject. Basically I was pointing out a series of misconceptions with respect to the Alberta Heritage Savings Trust Fund. One of those misconceptions deals with that sector of the fund known as the Canada investment division. I simply wanted to point out that in terms of the total commitment of the Alberta Heritage Savings Trust Fund, that \$1.94 billion was really only one of those divisions. I tried to amplify, perhaps not as well as I might have, the point that other activities in the Heritage Savings Trust Fund also provided benefits to the people of Alberta. But, Mr. Speaker, I very much appreciate your guidance in that regard. I'll try to get back to the subject at hand, very specifically dealing with the Canada investment division investments.

In my mind, there's no doubt at all that some positive benefits flow to all Canadians through the Canada investment division. From time to time, people of Alberta may question and argue them. But I find a remarkable interest among my constituents in wanting to know why we are doing it, the extent of it, and the policy followed. I don't think they're difficult questions to answer. Most

constituents I represent understand, very much appreciate, and are very proud of the fact that as Albertans they are Canadians, and very, very proud Canadians. I think they appreciate the role of the Alberta Heritage Savings Trust Fund through the Canada investment division. Providing dollars to other parts of Canada is really a demonstration by the people of Alberta of the long-term potential of the Canadian economy. I think that is one sector, one segment, and one argument they appreciate. Sometimes they say, look, Ken, why are you giving this money out at 7 per cent? I think I've already covered that, so I don't really have to go back to that one again.

Without any doubt, one of the positive impacts of investments in other parts of Canada is a realization that it keeps the interest accrued from those particular loans within the geographical confines and the economy of Canada. There's not a province in this country — there are very few corporations in this country of the type we talked about a little earlier this afternoon — that is really not in a position to go elsewhere than money centres in Canada to obtain funds. They can certainly go to New York, London, Zurich, Frankfurt, or the Far East as well. Investment dollars are available. If the source of that revenue income is within Canada, that has to be a positive benefit to the whole Canadian economy. Heaven knows the Canadian economy is in enough mess today. The realization that if those interest dollars remain in Canada and, even more specifically, flow to the benefit of Albertans, should help us advance the argument for a made-in-Canada interest rate policy.

Mr. Speaker, one other benefit I want to point out with respect to this whole question of loans is that there is some benefit in promoting Canadian unity. That should not be overlooked. I think the whole question of other provinces going outside the country is detrimental if we want to talk about a Canadian nation. Alberta is in a position — granted, a very marked position — to provide a restricted number of dollars. I think that's the key point in this argument. Under the Alberta Heritage Savings Trust Fund guidelines, only a certain percentage of the total is allocated under the Canada investment division. We have to be very cognizant of the fact that we should not go beyond those guidelines. As long as we remain within them, I think the citizens — my constituents, most people in Alberta — recognize that what has happened in the past has had some definite benefit for the people of this country. What the future will hold, in terms of further commitments under the Canada investment division, I think is interesting. I would not like to see a total restriction, an ending, of loans to other provinces or agencies in Canada. With the current economy in 1982 and 1983, though, I think the Assembly should look at restricting additional loans, perhaps freezing further loans in this area, and concentrating our increased energies and efforts in the province of Alberta.

With that, Mr. Speaker, I thank you very much.

MR. BATIUK: Mr. Speaker, in rising to participate in Motion 205, I don't know whether to say that the Member for Little Bow or the Leader of the Opposition introduced it. I understand that over the weekend, the hon. member was stripped of his status by the party. Anyway, I think it's quite timely for the hon. member to bring in this motion, particularly when he realizes that he was part of a government that was in office for 36 years and never had these problems of loaning money to other provinces, because they always existed on borrowed money themselves.



Mr. Speaker, I recall so well that in our 1975 provincial election, I stressed two priorities. One, the most important, was that Alberta get a fair return for its depleting, non-renewable resources; secondly, that a little portion of these funds be set aside for the time when there will not be anything coming from the resources, to provide for the status of living for people in this province at present and for future generations.

Every year, an appropriation of 30 per cent of revenues from the sale of non-renewable resources has been put into the Alberta Heritage Savings Trust Fund, to be invested in the best possible way. Which is the best way? There could be many different ways, but this government felt that lending a portion of it, even to other provinces, was good. Many times it is said that we are lending money outside the province. Maybe we are not investing it in exactly the right way. Maybe we should lend money to Albertans at cheap interest. I'm sure we all appreciate that the province of Alberta, with the equity it has in the heritage trust fund, cannot do the banking in this province. If we should go that route, no doubt most every person in this province would be willing or anxious to borrow money from the Alberta government at low interest and reinvest it in some other. There is no way that this province, with its heritage trust fund, can do all the financing in this province. When you see all the banks there are on one particular street and throughout the province, we'd need another civil service, probably half the size we already have. How much easier it is to make one loan of \$100 million to a province than it would be to make a thousand \$1,000 loans.

We do provide loans at cheap interest from the Alberta [Agricultural] Development Corporation. Approximately \$700 million has gone to this corporation to provide assistance for those who are needy. There are others. What about the Alberta Housing Corporation? Last year alone, I think there was a budget of \$1.5 billion. Later on there was a special warrant of another \$200 million, because it was so popular. We see that 8 per cent of the population of this [country] is in Alberta, yet over 20 per cent of all housing starts in Canada were in Alberta. This provides housing for the needy, and I feel that every Albertan should have a choice to live in his own home if he so desires. At the same time, when we think of all the employment it provides for people, I think the heritage trust fund is working very effectively.

When we talk about loans with low interest to other provinces, I think the hon. Member for Barrhead stated that interest rates were low at the time. But they were low right across. When we look at 1977, maybe the interest rate was 12 per cent and that's why the province of Newfoundland was able to borrow money at 12 per cent. But we also look at September 30, when the province of New Brunswick borrowed money at 18.1 per cent, because that was the going interest rate. I think it would not be right to try to take more interest and have our provinces, part of what we are of this country, go beyond the borders to get their financing. So when we compare the difference from 1977 to 1981, there has been such a fluctuation in the interest rates, and there was a necessity for that.

I must also mention that the hon. Member for Olds-Didsbury, who is not in his seat, made some remarks. He referred to the Progressive Conservative convention a short while ago. Mr. Speaker, I hope you don't tell me to sit down in case I go beyond the scope. I think they were using our Conservative Association debates on this motion, so I don't think there will be anything wrong.

Anyway, things were mentioned on March 25 about it. Maybe the policies we discussed at that convention were well accepted by the 2,000-plus people who attended. But I have the separatist concept policy here. We have already been practising a few of those areas, but one particularly surprises me. It says, "We recognize God as the Supreme Power". I wonder who in this Assembly does not accept that. If the hon. member felt that way ... Unless he is reading a different Bible than I am, the very first thing I was taught was, love thy neighbor as thyself and do not do ...

MR. SPEAKER: Order please. It does seem that we're reading from different Bibles or different motions. I have great difficulty in connecting the hon. member's remarks with the motion which is allegedly under debate.

MR. BATIUK: Thank you, Mr. Speaker. I guess when you hear the next half dozen words, you'll agree with me that I was with it. If a person has such a strong belief that God is their supreme power, I feel he would not believe that there should be a fence around the province of Alberta and separate the province. I think this is a time when we have to help the other provinces, at the same time as helping ourselves. So that was the reason I referred to the policy of the separatists, Mr. Speaker.

I really feel that we should feel obligated to some extent that we are part of this great country. Our parents and grandparents slaved for a hundred years to make a good, strong, united country. I think any member or anybody else who is barely more than in his teens should be deciding that maybe we should chop up this country. If we are loaning money to other provinces, and just a portion of this, I think we are doing what the good Lord would want us to do.

Mr. Speaker, I don't want to take any more time, but these are the comments I wanted to express. I'd like to thank the hon. members for listening. Thank you, Mr. Speaker.

MRS. FYFE: Mr. Speaker, perhaps it's my fate that I follow the sermon both this week and last week, the other far-reaching thoughts related to immortality, mortality, or whatever the case may have been. I'll try to make my comments more materialistic, related to dollars and cents, and trust funds perhaps.

The heritage fund itself has become a symbol of wealth and, as a consequence, has become a focal point for a fair bit of comment and perhaps even criticism. Although Alberta is not an economic island, no more than any individual can sit as an economic island, we have to participate in the economic process of our entire country. We're not insulated from interest rates; we're not insulated from the economic factors that affect the entire developed world. But when lending money — and I think there's a lot of confusion about lending — there seems to be a general conception that we have a right to borrow money, whereas the lender, when making the decision to provide money to the borrower, is lending at a risk. The higher the risk, the higher the rate of interest on that loan.

I've had a number of young people come to me and say, I simply cannot understand why another province can borrow at a rate that's less than I can get from the treasury branch, the credit union, chartered banks, or the mortgage company. Yet when you sit down and explain to them in basic terms — what is their ability to repay the loan? Are they employed? Do they have a co-signer? Do

they have employment that is guaranteed for the future? Will they always have their health? Will they always have that ability to repay? Of course we know that a provincial government — because it is backed by the people of that province, even though other provinces of Canada do not have the natural resources the province of Alberta has — still has the ability to tax. There still is an economy that has the ability to generate income, generate revenue, and therefore that risk is much lower than the risk to the individual. In addition, as was said by the previous speaker, the cost of making many small loans is much greater than the cost of lending out a large amount of money in a lump sum. If you have a thousand small borrowers or small loans, obviously the cost is going to be much greater than if an equal amount of money had been lent out to one province in one large loan. So those are two reasons that we should lend to provinces. In addition, they make a good investment for the funds.

Within the Legislature, we have a tendency to make political points. The nature of debate is to make points against the opponent. We have a tendency to think that we have to react immediately to a change in the economic climate, or any change. Yet if you're looking at performance portfolios, you can't look at that portfolio in isolation over one day, one month, or one year. It would be foolish not to look at it over probably at least a decade. While the Canada investment division, which was established in 1976, played a very important part, not just the investments but also in the psychology of the loan, we now look back at that time and say, who would ever have conceived of lending rates for conventional lenders of 22 or 24 per cent for mortgages? Those were considered blackjack lending rates. It's inconceivable to think back to what we would have thought at that time of present day interest rates. Yet times have changed, interest rates have changed, and we slowly have to make the adjustment as it affects the economy within this province.

Many in Alberta have forgotten that in years past, the problem of debenture borrowing outside Canada was one where provincial and municipal governments most often had to rely on borrowing from outside the country. In fact in our debt reduction program announced in 1979, a number of debentures were to be paid off that were borrowings from the New York market or from markets outside of Alberta, before the Municipal Financing Corporation took over the responsibility in this area.

Within the last decade, there was still a significant amount of provincial borrowing outside Alberta by the provincial government itself. We know the effects. We know what happened when the German mark went up and the Canadian dollar did not keep pace. We know the effect now that the American dollar has risen in relation to the Canadian dollar. Any way that we can keep our investments within Canada is obviously going to be a benefit, not just for the province of Alberta but also for the country as a whole.

Alberta has played a very significant part in gathering support through our role in participating in Confederation, in the psychology of participating as equal partners. If Alberta had tried to set itself up as an island, not willing to share or to participate in the economy, I think we would have had a very difficult time in gathering the support that was very necessary when we were battling for our rights as an equal partner within Confederation. We know that borrowing outside the country affects the exchange rates.

We know that borrowing even affects the inflationary pressures in Alberta. In speaking last year on the heritage

trust fund, I said that I felt it was imperative that we review the divisions of the trust fund in total. The trust fund has now completed five full years and, as I said, economic conditions have changed. I think it's important that we look at the various divisions. Is it relevant that we put the same percentage of funds into the capital projects division? Is it relevant that we still put the same percentage of funds into the Canada investment division?

Economic climates have changed. But rather than support a motion that is as rigid as to say that we will not make any further loans to other provinces, I believe we must allow the maximum amount of flexibility to the lending committee that has to take into consideration the economic conditions of the day each time a lending decision is made. We have to ensure that the economic hardships now faced by Albertans would not be further worsened by additional loans to other provinces. That is a decision that the lending committee will have to take very seriously. I'm sure they will be doing this, and I'm sure they have done this for each decision that has been made to date.

So in those brief words, Mr. Speaker, I would say that I do not support the very rigid nature of the motion. But I do think it is important that we review the fund in total and the objectives for the five years to come. Thank you.

MR. ZAOZIRNY: Mr. Speaker, I welcome the opportunity to participate in this important debate. It has certainly become apparent to this member of the Assembly, during the last number of months, that in the minds of Albertans the heritage fund ranks as one of the very important issues, right up there with the economy, because of course the heritage fund, because of its financial stature, is very much interwoven with the issue of the economy, which is affecting all of us at this time.

Mr. Speaker, I must also say that during the last number of months, it has become apparent to me that while the state of economy is perhaps the most frequently discussed and one of the most well understood topics on the lips of Canadians, and certainly Albertans, the heritage fund, while certainly often discussed, doesn't seem to enjoy the same degree of understanding, even by Albertans. I make that remark with some considerable sadness, given that it was some six years ago that the heritage fund was established by an Act of the Alberta Legislature.

While Albertans are generally well aware of the existence of the fund, the same does not appear to be the case with respect to the policy and programs underlying it. Mr. Speaker, I believe that the principle responsibility for developing this awareness rests with the government. In my opinion, we simply have not communicated the policy and programs of the heritage fund to individual Albertans as effectively as we must. Little wonder then that when opposition critics of the fund ask the question "What's the heritage fund done for you lately?" the answer is a predictable one. The fact is that while there have been some significant recent efforts to increase that awareness, the government still has to do a better job of communicating the heritage fund to individual Albertans. Mr. Speaker, I believe strongly in the need for a more personalized communication of the fund. I have found, almost without exception, that when Albertans learn what is happening with the heritage fund, they strongly support it.

Recently I spoke about the heritage fund at a public meeting in the constituency of Calgary Forest Lawn. I began by explaining that we're currently spending 70 cents out of every dollar from oil and gas, and that huge

portions of the fund are in fact being used today. As I launched into that explanation, a fellow from the audience said to me: that's all very well and good, but what about some programs that will help individual Albertans? I said to him: do you mean, for example, a housing program to help Albertans buy a first home at low interest rates? He said, yes, that's the sort of thing the government should be doing. I said: well, how about a program of low interest loans to help young farmers get a start in farming? He said, now you're talking. I went on and made reference to a program of lower rate loans for businessmen who aren't able to get a loan from conventional sources. I made reference to a program of lower rate loans to our municipalities to help them cope with the rapid growth they've been experiencing recently. He said: absolutely; let's get on with the job.

Mr. Speaker, you can imagine the look on his face when I told him that every one of those programs is already in place and is being paid for through the heritage fund. The saddest part of all was the comment the fellow made to me after I explained all that. He said, I didn't know that.

Mr. Speaker, I don't believe it is his fault that he didn't know, because truly that responsibility for communicating the heritage fund to Albertans rests basically with the government. The fact is that if we don't get that job done effectively, all the public is going to hear is the criticism. We can't blame them for thinking the criticism is all true if the record isn't set straight. But that's what happens when the whole story doesn't get out.

The Canada investment division, which is the specific subject of the resolution before the Assembly, is of course limited by law to a maximum of 20 per cent of the heritage fund. As has been mentioned earlier, the current amount that has been lent through that division is approximately \$1.9 billion, or some 13 per cent of the fund. The same critics who have called the heritage fund a symbol of greed to the rest of Canada are knocking those loans which have been made in the spirit of Canadian unity, have helped our Canadian balance of payments by eliminating the need for those provinces to borrow from outside Canada, and have all been made at current market rates. The heritage fund critics are also saying, why are the loans made at a lower rate than you or I can borrow at from a bank? They know full well that governments are always able to borrow on the international money market at a better rate than an individual. That's simply an economic fact of life in the free market system that we all cherish.

Mr. Speaker, the suggestion is being made by this resolution that we should make no further loans to other provinces from the heritage fund. I would be the first to say that we shouldn't suggest for a moment that there isn't room for improvement in the administration and policy of the fund, because there certainly always will be. But I must say that, like the hon. member who preceded me, I am unable to support this resolution as it is presently constituted and presented to the Assembly. While I am sympathetic to what I believe to be the spirit and intent of the resolution, it appears to be a knee-jerk reaction to an economic situation that requires a far more considered response. I think it's important to recognize the value of those investments made through the Canada investment division of the fund. They are solid, long-term investments for the benefit of Albertans.

Mr. Speaker, I must add that in my view the needs of Albertans must continue to receive the very highest priority by this government. If in the view of the govern-

ment, policies are required to be put in place to assist Albertans during these very difficult economic times and that will eliminate the availability of funds for the Canada investment division at the present time, then so be it. In other words, our policy should not be a negative one; it should not be based upon a rejection of prudent loans to other provinces through the Canada investment division. Rather it should be a positive one, with funds being used first to ensure that programs and policies to assist Albertans are fully funded, and thereafter any surplus funds can be placed in the commercially and otherwise prudent manner.

Mr. Speaker, I stated earlier that I believe there is always room for improvement in programs and policies with respect to the heritage fund. I think that principle applies equally to our communication of the heritage fund that I spoke of earlier. I would like to put on the record my belief that there is at least one very simple way in which the heritage fund story can be better brought to individual Albertans. That is by publishing and delivering annually to the home of every Albertan a straightforward report in brochure form containing basic information about our heritage fund; an annual report to Albertans, if you will, but without the expensive glossy pictures contained in the present one. Mr. Speaker, I believe the cost would be well worth it.

What really concerns me as an Albertan is that if Albertans don't understand the heritage fund, they are less likely to support it and might be persuaded by the critics to spend it all right now. The evidence is already there. The opposition critics of the fund have all indicated they are quite prepared to spend all of it right now. They are playing hardball politics, because they want to be the government. It would be a tragedy for this province if the heritage fund were all spent now, and if we as Albertans blew our one chance, and perhaps our only chance in Canadian history, to build a strong and stable economy right here in the west. That's why it's so vitally important that we communicate the heritage fund story to Albertans. If that communication is effective, I'm convinced Albertans will wholeheartedly support the heritage fund.

Mr. Speaker, we in this province have been blessed with the good fortune of natural resources. We simply mustn't let that opportunity — that heritage, if you will — slip through our fingers. That is my belief, and I hope it is shared by other members of this Assembly.

MR. PAHL: Mr. Speaker, in rising to participate in Motion 205, I think it's worth while to comment somewhat on the background and implication of this motion. When moving the motion, the hon. Leader of the Opposition left the implication that there was some doubt as to why there was a Canada investment division, which of course is the division that loans funds to other provinces. By implication, he also raised the question of how good a job that investment division had done in its activities over the course of the last five years. He raised the implication that with funds not loaned to other provinces, there would be more funds to do, what was by implication, a better job here in the province.

Mr. Speaker, I have to confess to you and all members that the participation I had planned has been pretty well riddled by the excellent comments of others, so it may take somewhat longer to find the points I had hoped to bring out.

In looking at this motion, I went back to some history. I'll read parts of it. I don't apologize for reading it, Mr. Speaker, because they are my notes of a meeting I at-

tended on January 18, 1974, as a director of the Association of Professional Economists of B.C. Part of the annual meeting was taken up by a short discussion on the forecasts for the economic picture with respect to a review of '73 and '74. I will skip over some of this.

With respect to interest rates, it was noted that the cost of borrowing is high. Although there is some disagreement as to whether the short-term interest rate should decline, there was consensus that long-term interest rates would hold steady. Of course mortgage rates are varying in the 10.5 to 10 per cent range, and will probably climb up to that 10.5 per cent range.

There was a lack of consensus on the stability of the interest rate. It's reflected by the fact that one money market manager, who had \$20 million of funds to place — which was a lot of money in 1974 — was looking at the bond market. But he wasn't prepared to make commitments in the bond market, simply because there wasn't any long-term conviction about the fall in interest rates. I'll come back to that point in a moment. A point was also made that with respect to Canadian economic policies generally, the meeting was concerned about a further tendency to balkanization within the Canadian economy caused by the allocation of the benefits of the rise in crude oil prices caused by export market or world oil prices.

Mr. Speaker, that really addresses the Alberta leadership that was behind the establishment of the Canada investment division in the first place. The leadership shown by the government of the day in spreading those benefits of increased oil prices and fighting inflation by moving funds within Canada rather than having eligible borrowers, in the form of provinces or their agencies, outside the country was well recognized as being an appropriate measure.

On the point of interest rates, digging back through my files I noted that there was a schedule of prime rates; the prime rate that commercial borrowers could borrow. Starting in the early part of 1976, the prime rate was 9.75 per cent. In 1977, I notice that the first loan of the Heritage Savings Trust Fund, Canada investment division, was to Newfoundland at an effective rate of 10.12 per cent. On January 1, 1978, the commercial borrowing rate was 8.75 per cent. In 1978, the Heritage Savings Trust Fund, under the commercial division, provided a loan to New Brunswick at a 9.56 per cent effective rate. That's higher than the commercial borrower could get the funds out on short term. The reason was pretty obvious: the bond market was discounting or wanting a better spread, because there wasn't confidence in the stability of interest rates. So for us to be apologetic about the lending performance of the Canada investment division is somewhat misplaced when you look at the actual performance in terms of placing those bonds at the time. I assure you that the bond manager I spoke about earlier was under considerable pressure to be able to sit on something like \$20 million that he was supposed to be placing in the bond market. I think the mover of the motion demonstrates that capacity that is so strong in his remarks; that is, the benefit of 20/20 hindsight. He's been so very good at it over the past time.

While I'm on the subject of the amount of interest charged by the investment division, Mr. Speaker, can you actually believe that a member of this Assembly was quoted in the public press suggesting that loans had been made to Nova Scotia at 4 to 6 per cent? Although we had a little fun with our colleague the hon. Member for Barrhead, in terms of his putting the facts on record, it's

worth while to note that the state of misinformation apparently extends even to this Assembly. My information is that the lowest rate was 9.5 per cent. At the time, that rate was more competitive than the commercial lenders were having to pay.

The other point — and I'll bring this quote back to the member who raised the motion. [interjection] No, this isn't the separatist member. This is the hon. Leader of the Opposition, who says he's very upset that the province of Nova Scotia provides loans to agricultural producers at 8 per cent. Obviously the only conclusion I can reach from that is that he is against the Farming for the Future program, that has an effective 6 per cent interest rate for beginning farmers.

DR. BUCK: Anybody for a snap election?

MR. PAHL: Well, let's keep our options open. I don't think I'd have much problem on that one.

Time is running out. I know other members would like to participate. I guess they'll have to wait for another time. The point I would like to make, and has been well covered by other members, is that I think the suggestion that the rates have not been competitive has been well put to bed. The fact that the money that has accumulated in the fund is working in Alberta — over 70 per cent of it is working in Alberta, for Albertans, in a variety of programs, from housing to Farming for the Future — I hope puts to bed the suggestion that the money has not been well managed.

Mr. Speaker, before my time has gone I would like to say that there is merit in the concern raised in the motion. Certainly there is an element of economic hard times in Alberta. Of course we share that problem with the rest of Canada and literally the rest of the world, in terms of a recession and high interest rates. So perhaps it is appropriate to look at the application of heritage savings trust funds to Alberta businesses and individuals. However, I think it's worth pointing out and making sure that when we try to formulate — if that is the consensus and the direction of the government. I would simply caution members of the Assembly in that any time there's an interest rate that is less than or equal to the rate of inflation, the borrower is not paying interest. In fact, the borrower is not even maintaining, through his rent, the existing capital. That is a situation where the lender is subsidizing and losing his capital. If we do that, we no longer have a Heritage Savings Trust Fund, and we no longer have the purposes for which it was intended. So although I do express some support for the background concern that there is a need for funding for Albertans, I think we have to be a little careful and not too glib at how we apply that change, if it is indeed made.

Mr. Speaker, in view of the hour I beg leave to adjourn the debate.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

MR. CRAWFORD: Mr. Speaker, it's intended that the House be in Committee of Supply tonight to continue consideration of the estimates of the Department of Transportation; if there's time, the Department of Tourism and Small Business, and the remaining two items in Executive Council estimates.

Mr. Speaker, I move that when the members reassemble at 8 o'clock they be in Committee of Supply, and that the House now adjourn until the Committee of Supply rises and reports.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

[The House recessed at 5:28 p.m.]

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

#### head: COMMITTEE OF SUPPLY

[Mr. Appleby in the Chair]

#### Department of Transportation

MR. CHAIRMAN: Could the committee come to order, please. Apparently our clock is stalled, but we don't have to follow that same routine. The hon. Member for Little Bow would like to make some comments.

MR. R. SPEAKER: Thank you very much, Mr. Chairman. To the minister, I think one of the greatest qualities necessary to run the Department of Transportation is the ability to listen to all the people, their problems, and their potholes — the everybody needs a road, kind of thing. I'd say the minister does a good job of that, and I'm really pleased. Earlier this session I asked for an update of what was going to happen in my constituency. The minister provided that, and I appreciate that very much. I've let my constituents know what that is, and they appreciate very much the work the minister is going to perform. We would all like to thank you for that.

Mr. Chairman, the other comment I want to make to the minister is to support the point made here earlier that when there is need for more construction in the province and greater involvement of the heavy construction industry, an increase in road building is respected and accepted by the general public as an increased public expenditure. The minister has indicated here that there will be an increase in that expenditure. If a special warrant or more expenditures are necessary during the year, we'd be very supportive of that kind of exercise by the government.

So a summary of my remarks, Mr. Chairman: one, thanks to the minister and the department and, secondly, we'd support any necessary increase in this vote during the year to build good roads in this province.

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

MR. BRADLEY: Mr. Chairman, I too would like to congratulate the minister for the excellent work his department is doing, in particular on behalf of the people in Pincher Creek-Crowsnest with regard to the work which is going to be done there this year on Highway 3: the repaving of 12 miles of road from Lundbreck to Pincher Creek, and the continued construction and improving of Highway 3 through the Crowsnest Pass north of Blairmore and on towards Coleman. On previous occasions,

the minister and I have had conversations with regard to the importance of Highway 22 to the constituency of Pincher Creek-Crowsnest. Tonight I would like to ask him if he could give an update on future plans, or make a commitment with regard to Highway 22 from Lundbreck north to Longview. What are the plans there, and does he have the ability to give a commitment as to what time frame we will see for the completion of that road in terms of upgrading and paving?

MR. HYLAND: Mr. Chairman, some words to the minister about the programs carried out in the previous year. Like all other members have said, I think the minister and the department should be commended for their construction programs. In my area, I had the opportunity of attending a secondary road seminar put on by the regional engineer. I think it might have been one of the first times that all rural municipalities involved in an area were brought together and talked about common roads that traverse all their areas. I think it provided a very good vehicle for discussion, and they got a better understanding of why the other county, ID, or municipality was pushing a road. I don't remember being invited to this before, if it did occur. But I think it is a good step in the right direction, that allows all to discuss their transportation needs and to put a package together to approach the regional director, then to the minister for special funding on roads, instead of a section in a county, then another county putting a section somewhere else, thinking it is all going to work out. I think something like this will help.

I would like the minister to comment, if he can, on the construction on Highway No. 1 this year. I know one contract was let out a week or a week and a half ago for twelve point something kilometres. If he has the information available for finishing the existing interchange on the hill at Medicine Hat, the construction of the 4-lane through to the other side of Redcliff, when they expect the construction from Medicine Hat towards Dunmore, and of course the piece from Dunmore to the weigh scale that will be left undone, could the minister comment on those items?

MR. GOGO: Mr. Chairman, when the minister winds up his comments, I wonder if he would indicate to the committee where the matter of dirigibles, blimps, or airships, or those kinds of things is. With his great imagination, inventiveness, and enthusiasm for new methods of transportation, I know he has probably looked at this. I'm sure the committee and I would very much appreciate any comment he has, as to where this issue may be.

Thank you.

MRS. FYFE: Mr. Chairman, I also would like to add my appreciation to the words the other members have expressed to the minister and Alberta Transportation. I would like to say that the commuter traffic between the city of St. Albert — those commuters who live within that northwest region — and the Edmonton area, has certainly been improved. The commuter time has been improved dramatically by road improvements over the last couple of years. I know there are plans to twin Highway No. 2 north of St. Albert to Morinville. I wonder if there has been consideration of the costing of an alternate roadway, which is the long-term projection of a tie-in to the westerly by-pass. Has any analysis been done of the traffic feasibility studies using that route, and the costing of the roadways? I'm sure the minister won't

have that information tonight, but I would like to draw that concern to his attention. Perhaps he could report back at some future date.

Thank you, Mr. Chairman.

MR. HYLAND: Mr. Chairman, one item I forgot. I can't think of the name of it, but it's that fund the minister created because of the problems in oil field industry, that they were able to employ equipment and do some small projects on roads. I've talked to a couple of small equipment operators who have one or two units, and they asked me to pass on to you their sincere thanks for that program. To them it has meant the difference between making it and not making it in the last year. They asked that I pass on to you their thanks for that program.

MR. KROEGER: Mr. Chairman, I'll respond to the comments made to the degree that I'm able. Before I get into that, though, I would suggest that it has been extremely gratifying to have had comments from all sides of the House on the performance of the department. I would like to say very quickly that the credit for it goes to the decision-makers who made the funding possible, and to the people in the department who deliver the program. We keep going for larger amounts, and the department is very supportive of it, knowing full well that it puts an extra load on them every time the department requests are met and the programs expanded. So the credit has to go back to the people in this House and to the people in the department.

Before I get into too much detail — I don't think I should get into a lot of detail — I'd like to invite all members, those who have spoken and those who haven't, to come in at their convenience. I'm available, and I'll get the breakouts and details. Some of the requests were quite detailed; as an example, the Member for Red Deer asking for a good number of specifics. In order to get the answers on the specifics of what's going on in a constituency, it's useful to have people from the department in attendance, so that we can get better explanations of what actually is being planned. I would have to have much more paper than I now have, in order to cover all of what's going on all over the province. That's not a suggestion that I should slough off on the answers. It's simply in the interest of time and of good information that I welcome people dropping by, and we'll clarify your concerns.

I notice the Member for Peace River holding up a sign that just said "58". I'm sure he wanted some comment on that. He isn't going to get it tonight. The messages have been flying around, verbally and in written form.

The economic stabilization program was mentioned a number of times. As a point of information, in response to the Member for Cypress, it delivered a good many miles of road and employed about 1,000 pieces of equipment all over the province, that wouldn't have been working. The work wasn't wasted; it wasn't a make-work program. It actually delivered over 600 miles of road that would otherwise not have been built.

The Member for Spirit River-Fairview isn't here. I missed commenting on the way we allocated work to trucks around the province. There seems to be a feeling that because a job is being done in a certain area, those trucks should have preference. When you take a look at a major job such as removing a lot of gravel out of the Site 6 dam, for instance, where we employed many trucks, it wouldn't be fair to confine it to just that area. We tried to spread the work around, so that we could cover as many

as possible.

The interchange in the city of Red Deer was asked about. We're proceeding on the interchange on 32nd, but I'll not attempt all the things the Member for Red Deer questioned us on. The airport runway is being developed there. He mentioned arterial roads: I think he was referring to the corridor through Red Deer. That will become part of the discussion as we move into the urban transportation scene as we visualize it. Again, I will be discussing this with the Member for Red Deer.

The Member for Grande Prairie was asking specifically about the possibility of road construction being handled in a way other than by contract, other than by open bid. The interest there is Highway 40, south of Grande Prairie, which is a very major contract. Yes, it can be handled on an hourly basis. The theory behind going that method would be to put to work equipment that is now idle. As I understand it, there are as many as 20-odd contractors in that area, a lot of them too small to bid on a bid basis, but who would be able to do the work by pooling equipment. Of course that would convert into supervision through the department. We will certainly give consideration to that.

The Member for Redwater-Andrew again named some specifics. Particularly, he said something about: we have a lot of east-west roads; we should now be concentrating on north-south roads. I'm not sure he's aware that through central Alberta we have seven primary north-south highways that are either completed or in various stages of completion. It would interest the Member for Pincher Creek-Crowsnest that we are looking at all those north-south roads, and I will be glad to discuss 22 specifically. The Member for Vermilion-Viking was asking about going north from Vermilion on 41. We have some plans for that. I'd be glad to discuss the details with him. He isn't here tonight.

On the specifics of No. 1, I do have the project list here. I think it would suffice to say that the designated work on No. 1 for 1982 converts into something in the order of \$20 million spread through the system from Strathmore east, hitting places like Brooks, Medicine Hat, and Medicine Hat east. Again, I think the detail will be of interest to the members from Medicine Hat, Cypress, Brooks, and Drumheller. I'll be glad to discuss that kind of detail with them.

The Member for St. Albert is interested in something that's been kicking around, that west by-pass. I will not get into discussion on that one tonight. We've had a good many discussions, and I invite the same kind of discussion I have mentioned to the other members who have spoken.

Mr. Chairman, I'll turn the meeting back.

#### Agreed to:

1.1 1 — Minister's Office	\$248,530
1.1.2 — Chief Deputy Minister	\$332,890
1.1 3 — Deputy Minister — Engineering	\$215,140
1.1.4 — Deputy Minister — Regional	
Transportation	\$266,400
1.1.5 — Assistant Deputy Minister —	
Administration	\$101,100
1.1.6 — Assistant Deputy Minister —	
Program Planning	\$173,280
1.1.7 — Legal Services	\$50,660
1.1.8 — Program Evaluation	\$97,300
Total Vote 1.1 — Executive Services	\$1,485,300

1.21 — Computer Services	\$5,095,510
1.22 — Equipment and Supply Administration	\$1,502,500
1.23 — Finance and Administrative Services	\$2,519,570
1.24 — Personnel and Management Services	\$860,890
1.25 — Public Communications	\$330,800
1.26 — Purchasing Administration	\$270,140
Total Vote 12 — Administrative Services	\$10,579,410
Total Vote 1 — Departmental Support Services	\$12,064,710
2.1 — Program Support	\$31,974,407
2.2 — Improvement of Primary Highway Systems	\$251,628,200
2.3 — Improvement of Rural-Local Highways	\$159,493,520
2.4 — Financial Assistance for Rural-Local Highways	\$44,925,600
2.5 — Maintenance of Primary Highway Systems	\$62,125,728
2.6 — Maintenance of Rural-Local Highways	\$16,616,935
2.7 — Apprenticeship Training	\$2,754,489
2.8 — Rural Resource Roads	\$41,122,800
2.9 — Pavement Rehabilitation	\$50,028,600
Total Vote 2 — Construction and Maintenance of Highways	\$660,670,279
Total Vote 3 — Construction and Operation of Rail Systems	\$11,500,000
4.1 — Program Support	\$796,566
4.2 — Construction of Airports	\$10,877,000
4.3 — Airport Maintenance Operations	\$1,820,314
Total Vote 4 — Construction and Maintenance of Airport Facilities	\$13,493,880
5.1 — Transportation Planning and Research	\$2,973,177
5.2 — Highway System User Services	\$9,232,482
Total Vote 5 — Specialized Transportation Services	\$12,205,659
6.1 — Program Support	\$761,008
6.2 — Financial Assistance — Capital	\$190,015,000
6.3 — Financial Assistance — Operating	\$21,165,000
Total Vote 6 — Urban Transportation Financial Assistance	\$211,941,008
Department Total	\$921,875,536

MR. KROEGER: I appreciate the co-operation, Mr. Chairman, and I move that this be reported.

[Motion carried]

#### Department of Tourism and Small Business

MR. CHAIRMAN: Does the minister wish to make some comments?

MR. ADAIR: Yes, Mr. Chairman, I'd like to make a few comments before we get into the estimates. To some degree I will probably be followed by the chairman of the

Northern Alberta Development Council, who will be making a few remarks before we get into any questions the members may have.

I want to start with the small business section of the Department of Tourism and Small Business, go into some of the plans we hope to achieve during the coming year, and indicate where we have requested and, with your approval, will have some additional manpower in this particular budget to assist us in establishing an office initially in the community of Fort McMurray, where there will be a business development representative and a steno. Three people, included in this budget as well, came on stream in the fall: two business analysts, for Edmonton and Calgary, along with a business development officer located here in Edmonton. That gives us a total of 10 business analysts operating in the province of Alberta, along with their director, Bob McLeod. They have offices in Peace River, Grande Prairie, Bonnyville, Edmonton, Calgary, Red Deer, and Lethbridge. They presently are doing a yeoman job handling the many, many requests we are getting today, inquiries about assistance: who to go to; where they may be able to go for some assistance, whether it's with the banking community, AOC, or whoever; and looking for some guidance and suggestions that might be made to them by way of what our business analysts see as solutions to their problems as they are identified. I should point out that the main theme of the entire exercise is confidentiality. That is one particular sector.

Of course, we have what has been an extremely successful program for a number of years, the management assistance program, which is conducted in co-operation with the various chambers of commerce in the province. With their co-operation, these programs are set up in a number of businesses. Each of the communities is then able to apply and take part in the management assistance program. At that particular point, we bring in and basically contract a private-sector consultant to work with them in the field they have requested. It might be retail financing, manufacturing, or other areas of interest to the small business sector in the province.

In the past year, we have had 65 regular rural programs in 94 different communities in the province of Alberta, and there were 1,360 participating businesses. I think it's important to note that, Mr. Chairman. When you look at the grand total — there were seven manufacturing programs for management assistance, 12 retail workshops, and one special retail workshop — that brings the total businesses impacted by that particular program alone to 1,752. In March of this past year, we also held nine retail workshops at the request of the private-sector business community throughout the province. The management assistance program that began in March and will be completed this summer, is presently going on in the following communities: Banff, Jasper, St. Paul, Cochrane, Milk River, Chauvin, Edgerton, Irma, Edson, Spruce Grove, Lacombe, Fort McLeod, the High Level area, and Peace River.

One of the other services that has become most important to us and to the business community is the one-on-one counselling service. A business person can phone and receive the opportunity of having a business analyst or a business development representative sit down with that particular business, possibly in his or her own shop, and go over any concerns, questions, or problems that may have developed, and attempt to assist them. It's interesting to note that, to the end of March in this past year, we have had over 5,000 requests for that kind of assistance

through new or existing businesses, businesses seeking to expand, or just asking for general business information or information on any department of government.

Also, in that particular area where we've been using our analysts and business development representatives, we have assisted with 275 requests for what might be total financial analysis. That's a time-consuming one where the business analyst and the requestor, or the business, sit down and go over the concerns or problems as they relate to that particular business, and do a total management analysis as to what happened. And suggestions are made. The one key thing is that almost all of these requests lead to some recommendations being made. The business can accept or reject them as they see fit, but they are all made at the request of the business to the department. We don't go out, walk into your business and say, hi, I'm Joe Blow from Tourism and Small Business; you're in trouble, and we're here to help. We wait until that business requests that particular service.

From the standpoint of communities in the province, another area that I think is beginning to show the true value of its impact is a program called community profiles, part of the Alberta locations program. I have one for the town of Peace River with me to show you. I think all MLAs have copies in their offices, that were sent to them by the department for communities in their constituencies. What happens there is that in co-operation with the community, to the best possible degree we complete the amount of information on that community. After putting it into profile form, we send out about 50 copies, so the community can provide these to any prospective businesses that may want to come into their area and establish there. To date, we have completed some 187 of a total of 242 towns, villages, and hamlets in the province of Alberta.

We have distributed over 215,000 small business guides to date. In the Legislature today, I filed an updated copy of Marketing for a Small Business in Alberta. And that is by popular demand, more requests for them. I guess if I have any concern, it is that we are having some difficulty with our total budget, getting the kind of dollars necessary to reprint to the demand being placed on those particular guides.

In the Alberta locations program, created just over a year ago, we provide assistance to a community to bring in a prospective client who may want to establish a business there, or even provide that community with the funds to fly to that place of business and talk to the board of directors and try to establish a business in their community. Some 26 requests have been received to date. Twenty claims have actually been filed, and there have been 15 visits by prospective clients or community personnel, one way or the other. Without naming any of the areas in which there are some results, we have a new manufacturing plant in place in the province, some assistance to purchase land, a warehouse construction program initiated, a warehouse opened, and some stores constructed as planned, as a result of this program by working with the business that was coming to their community and the assistance of providing basic expenses to get that person to that community or to send a representative of the community back to that business to talk to them.

We are also involved in eight rural projects in the province of Alberta. They are at Lac la Biche, Crowsnest Pass, Mundare, Buffalo Lake, south shore of Lesser Slave Lake, McLennan, High Level, and the Lakeland industrial committee, which was established just a year

ago to help the Grand Centre-Cold Lake-Bonnyville region.

In the area of grants, we provide a grant to Junior Achievement to assist them with a very successful program. We're pleased to play a part in that. The grant structure this year, with your indulgence, will be increased slightly to cover some of the additional costs placed before the Junior Achievement people as they expand from Edmonton and Calgary to centres like Lethbridge, Medicine Hat and, hopefully, Grande Prairie. In other areas, we have established a scholarship program with the regional business development people. We provide some \$6,000; they match that to a degree, and provide scholarships to send economic development people to Ontario to complete a course — it's the only place the course is available — and to come back to assist in their particular regions.

In the area of other projects, I guess it would be fair to say that in the administration section, we have attempted to streamline our accounting section. This was done for two reasons. The prime one was, if you recall, about a year ago, we were involved in spearheading a move by the department to have government pay interest on overdue accounts and, as a result of that, to have the departments recognize that there is a need to speed up the process. If you're going to do that, you must be a leader, and I'm pleased to say that in the Department of Tourism and Small Business, we started some time ago ... Three quarters ago, we were paying our accounts on about a 56-day turnaround basis. As of September and December last year, we had increased that to the 30-day basis and have maintained that since that time. The other reason was that some concerns were expressed by the Auditor General, and we were including those in the streamlining process of the administration department as well.

To move to the tourism section, we continue to work with the Travel Industry Association of Alberta. We support the organization by way of a major grant to assist the 14 zones that operate in the province of Alberta, and we are also involved in what is called TAZAP, or the Travel Alberta zone assistance program, where a committee made up of a chairman from zone 10 and officials from zone 8 and zone 2, along with two staff from the department, are involved in processing grants for the various applicants who apply for TAZAP funding. We are also involved on an alternate year basis with a major promotion. In this case, it's called the air show, and this year we'll be involved with the air show at Namao come June.

Another area that has proved most successful — and we have increased it quite dramatically this year — is scholarships: hospitality and cooking scholarships at NAIT, SAIT, Grant MacEwan, Mount Royal, and Lethbridge college. The scholarship program has been increased to \$3,000 from \$1,000 per scholarship, a major increase and certainly well warranted by the good citizens who are in fact taking the education courses to get into the hospitality, tourism, and cooking fields, wherever that may be.

As a matter of fact, starting on Monday, May 3, we'll be involved in hosting Rendezvous Canada, which is a major convention in the city of Calgary. It involves the tour wholesalers, who will come and take part in that. They involve good numbers of people from around the world. They'll be here, and I'll be in Calgary on Monday to welcome them to that particular event. Through the department, we're also involved to some extent with the World Student Games, in supporting the printing of



materials involving a number of the various languages of the world. That particular program will see some assistance provided by this department.

I think one area of interest in the budget this year is a new program called the senior citizens' travel information centre employment program. One of the difficulties we have had over the last number of years under STEP, the student temporary employment program, is that we have stretched that particular program as far as we can, to include the opportunity for senior citizens to work in those centres. With your concurrence and the approval of this budget, we have established a program specifically for senior citizens to be able to receive funding to operate or to work in the travel information centres. That is on top of the existing STEP fund we have.

I should point out that funding for this year will basically be the same as last year under STEP, \$100,000, and that the senior citizens' travel information employment program will be an additional \$50,000, specifically for those who requested that we consider putting in place a program to allow for the employment of senior citizens in travel information centres throughout the province, the various zone centres that are in place. Who better could we have but the senior citizens, who have a wealth of information and enthusiasm to offer us: little stories about your community, wherever it may be, whether it's in Vauxhall, or up in my area, or Lethbridge, Edmonton, Rimbey, or Pincher Creek. I may have missed the odd community — Sherwood Park, my colleague across the way. Debolt — I'm sorry, I missed that one — Lacombe. Each and every centre can have that particular person, who has a wealth of information to make the case to stop and visit in that particular centre.

One thing they have going for them too is that they always have a pleasant smile. Sometimes they twist the stories a little bit. It's like I talk on occasion about the old days when I played ball. I used to hit home runs. I hit them a lot further now, because there's nobody around who can dispute how far I hit them in those days; not that many are as old as I am.

I should point out that the international theme we moved to this year is: Wish you were here. It's a very popular theme, in the sense that it's the kind of ending you tack on to the end of a telephone call to a friend or relative. You're talking from Edmonton to that person in Ontario or in some other country of the world. Things are going great here in Alberta, and you say, gosh we're having a great time at whatever the event may be, wish you were here. It is really catching on. Of course that applies to the telephone call, to the letter, to the theme we have out there saying, gosh, it's great to be in good old Alberta, wish you were here.

If you happen to be going to Quebec — and we were down in February — it changes slightly; it's *Il ne manque plus que toi*. In English that means the only thing missing is you; the same thing, wish you were here. I hope I made it fairly well in that particular one.

I think it's important that we mention some of the events coming up: the 1983 World Student Games in Edmonton; the 1983 Western Canada Games in Calgary; in 1985 the world balloon championships will be awarded — I believe they are for Grande Prairie; and the 1988 Winter Olympics for Calgary. That brings me to the business travel division of the department, that works extensively assisting the private sector to attract to this province international conventions, conferences, trade fairs, or whatever may be the case.

I want to use a couple of examples to show you two

things already secured for Alberta in the year 1984, and one already secured for the year 1987. The planning work was just completed in the last month or so. In 1984, we have the International Congress for Tropical Diseases and Malaria. You wonder why that may be coming to Alberta, but a tremendous amount of work went into getting that particular conference here. It will see anywhere from 2,500 to 4,000 delegates coming to the city of Calgary in 1984. That will generate for us in the tourism section approximately \$2 million in revenues for tourism. Also in 1984, the International Federation of Prestressing — and that relates to concrete bridge construction and the likes of that. Some 1,200 delegates are coming to that one, with approximately \$600,000 generated by way of tourism revenues for the province.

Last year, a major convention, the International Cargo Handling Co-ordination Association — we worked in co-operation with the departments of Transportation and Economic Development to see them come to Alberta, a land-locked province — the first time ever that it was held in a land-locked province and away from a port. That saw some 600 to 800 people and generated some \$0.75 million in revenue for tourism.

In 1987, the International Congress on Virology — that's viral diseases — will be held at the new convention centre in Edmonton, with some 1,700 delegates attending. We were involved in assisting — more specifically, we assisted in sending the person to Strasbourg in France to make the official bid, and he was successful. That particular conference has been booked for the province of Alberta.

I'm not going to spend too much time on the northern development branch, because the chairman of the council to whom the branch works and reports is my colleague from Grande Prairie, the M.L.A. Mr. Borstad. The council itself has 10 members. I will let Mr. Borstad, who is going to spend a moment or two making a few remarks to you, comment on the northern development branch and the council. I should point out that where it shows in the budget book that there is a slight drop in the sum of money for northern development branch, a 13 per cent drop in the total dollars, that is partly a result of the fact that in last year's budget we had funds for the final printing of the "Alberta North in the 80's" Conference, and then the special warrant for the Slave Lake television. If the dollars were included, we would have had an 8 per cent increase. But with them no longer applicable to this year's budget, they were reduced, and we end up in the 13 per cent deficit, Mr. Chairman.

MR. BORSTAD: Mr. Chairman, I would like to speak for a few moments about that portion of the minister's department which I chair. There are a few comments I would like to make. There have been some comments by some members that the Northern Alberta Development Council has no direction and is doing nothing this year but studying alcohol.

First I would say that our mandate is to monitor, evaluate, and report to government those concerns of northerners and northern Alberta. We receive input from the northerners through our regular public meetings across the north, in the form of briefs, be they verbal or written. I wouldn't mind just reviewing the record and going back a few years to see what has happened. In 1978-79, the council held three meetings and received 50 briefs. In 1979-80, they had four meetings and received 67 briefs. In [1980-81], six public meetings and 121 briefs; in [1981-82], seven public meetings and 169 briefs. So that

gives you some idea that there is an increase in the amount of work the council is doing.

We have recently completed a review to see what our success ratio is, as far as those briefs are concerned. To date, some 55 per cent of those briefs presented to us have been brought to successful conclusion. About 35 per cent continue to be more on the follow-up, and need more work to be done down the road before we can see whether we can complete those successfully. The other 10 per cent are problems which we simply can do nothing about.

Our mandate is completely different from that of Saskatchewan, where they had a budget in 1980-81 of some \$97 million for a population of 28,000 people. Our mandate is entirely different than [that of] the province next to us. The Department of Northern Saskatchewan delivers all the services for northern Saskatchewan, while we only receive our input through briefs and refer those to government for some sort of action. So the mandates are very different. Our budget for the branch and the staff and council is \$1,227,600.

I would like to review the annual report of the 1980-81 Department of Tourism and Small Business. Through this, I think you'll get a recap of what the council has been doing. In '80-81, the council held 12 meetings at various locations across northern Alberta, and sponsored one major conference, which is the conference the minister mentioned, the "Alberta North in the 80's" Conference. The branch also continued to assist a number of ongoing activities in northern Alberta. I might mention that we sponsored the northern Alberta student bursary fund. In that year, we sponsored some 150 students. I might mention that a single student receives a grant of \$3,600; a married student, \$5,500. Those are not just for northern students. But any student who accepts a bursary is asked to return one year's service to northern Alberta for that grant.

The branch is also responsible for numerous organizational details of conferences. We followed up in some 285 identified concerns and major recommendation areas from that Alberta North conference, which was a major conference. The branch is also involved in the Alberta North Agreement. During the year under review, the branch staff was involved in administrative and technical details which saw provincial proposals for implementation of \$13.8 million in cost-shared projects across the north. Work also continued on a number of community-based studies. We completed one in Grande Prairie and Grande Cache, and there's one being completed in Athabasca this year to look at what impact development has on that community. As you realize, Athabasca University will have a considerable impact on the town of Athabasca.

Some of the major projects we took part in in the year I'm referring to were the Alberta North Agreement assessment, the Cold Lake base-line study, a drainage and erosion review, Grande Cache and Grande Prairie impact studies, local assessment and education review, lower-Peace growth study, native employment barriers, native friendship centres report, projects of highly qualified manpower, and the list goes on. Considerable time was also spent on such other activities as AADAC liaison, community infrastructure systems, Education North project, federal/provincial development agreements, housing, ID advisory committees, land tenure, Native Outreach committee. I hope that by mentioning all these, I'm pointing out that the council does something more besides reviewing alcohol. We also completed two transportation

seminars — which I mentioned earlier in the transportation budget — which I think were very successful. I recommend that they be carried on about every two years, so the municipal people in the north have a chance to talk to the transportation officials to see what the problems are, and what the programs are for ongoing years.

As I mentioned, 121 briefs were presented to the council during the fiscal year. This is double the number of briefs received in '79-80, and the background documentation and interdepartmental liaison activities. Draft responses were undertaken in each case. I might advise that anybody who presents a brief to council receives an answer from us, whether it's positive or negative. As I mentioned, 55 per cent of the cases are positive. I would publicly like to thank the minister for his co-operation, and the department in their work in assisting us to do our job. I would also like to thank the branch staff and the council for their strong support and work. We have just had two new members appointed to the council, Joanne Mitchell from High Level, and Victor Young from Whitecourt, which gives us representation in those two areas.

I believe it's the first time that representation has been made from the town of Whitecourt. We look forward to working with them. I believe the citizens of northern Alberta are getting their opportunity to make representations to government. With our increased public meetings, we're trying to spend two days in the community. By doing that, we meet with civic officials and chamber of commerce people to get a full impact of the problems in that community. In the past, we were limited to a one-day stand, you might say. We went in and out so fast that we didn't actually get an impact of the problems in that community. This now gives the council the opportunity to meet and discuss area problems with the municipal officials they meet with, and to know first-hand what the area concerns are.

In closing, I would like to say that I very much appreciate the co-operation of the chairman of AADAC, the Member for Lethbridge West, in the joint study being done by the two branches to look at alcohol problems in northern Alberta. From that study, we hope to help combat alcoholism across the north, and see if we can relieve some of those problems. Yes, we are doing an alcohol study, but we're doing a multitude of other programs along with that.

Thank you, Mr. Chairman.

MR. ADAIR: Mr. Chairman, I should also make a couple of comments, having had the opportunity to listen to the chairman of the Northern Alberta Development Council make a few comments. I neglected to comment about the Alberta Opportunity Company or a major survey in Tourism that takes place every five years, that is included in this year's budget, and that is the Alberta Travel Survey. It's a fairly expensive, fairly broad survey that's carried out every five years to provide the base data used by both industry and government to cover the sectors — for example, some of the travel patterns, the length of stay, the reasons for coming, the type of accommodation used, the activities, the mode of transportation, and factors influencing decisions as to why they came to visit Alberta. These allow Travel Alberta, as a portion of government, or the private sector, where they request it — and they use it extensively — the opportunity to be able to determine with some degree of accuracy, plans for the future years ahead. That has taken place

every five years. Previous surveys were taken in 1966, '71, and '76, and it is included in this year's budget. We did not have it in 1981, as a result of the fact that we didn't have it in place at that particular time, and we didn't want to have it in 1983 when the World Student Games were on, because it would not provide a true picture of what was going on in the province.

Before I go on to the Alberta Opportunity Company, I should mention, as the chairman of the council pointed out, that the northern development branch is responsible for the operative part of the DREE subagreement called Alberta North. We have had a number of meetings with the federal government relative to getting either an extension in that agreement or an enriched new agreement. Through my hon. colleague the Minister of Federal and Intergovernmental Affairs, we will be proceeding to set up meetings to negotiate a renewed or extended Alberta North Agreement with the federal government. There was some encouragement, if that's the word to use, as the result of an announcement made, I believe, yesterday by the Hon. Herb Gray, stating that he was prepared to consider extending the existing agreements. I'm not sure what that means, but obviously we will see after we've had a chance to sit down and meet with him.

In talking about the Alberta Opportunity Company, and as the minister responsible for the company that is chaired by a private-sector board of directors, headed by Mr. Bob Chapman, the chairman, and Roy Parker, the managing director of the company, over this past year — and I'm now going to give the totals to the end of March 1981. I had brought with me up to the end of 1981, but now to the end of 1982, the actual number of loans provided. I think it's important that we have those figures, and I just received them from Mr. Parker. Two thousand four hundred and sixty-four loans were authorized since AOC's inception, and the total amount of dollars provided was \$249,169,630. Over the 10-year period, that's a mean average of \$101,000 per loan.

Basically they have been fairly evenly distributed in the northern, central, and southern regions, with the areas of Edmonton and Calgary getting a slightly lesser amount. In that particular case, I will go back to the 1981 annual report to give you those percentages. Twenty nine per cent of the loans and 30 per cent of the dollars were provided to applicants in northern Alberta; 24 per cent, and 22 per cent of the dollars, to central Alberta; 23 per cent of the applications and 25 per cent of the dollars to southern Alberta; and then Edmonton and Calgary basically split 12 per cent each, getting 12 per cent of the loans, and 11 per cent for Edmonton and 12 per cent for Calgary of the dollars provided by way of approved loans through the Alberta Opportunity Company to citizens of the province of Alberta, and in the case of the last two, Edmonton and Calgary, as well as the two metropolitan centres.

The number of loans under \$75,000 authorized in that period — and I think it's important that we indicate that — 160 loans under the \$75,000 loan authorized amount. Seventy-six loans, representing 24.5 per cent, were authorized in the \$75,000 to \$150,000 bracket, roughly a total of \$7.9 million. I think I should also go back to the under \$75,000 loans. That was 51.4 per cent of the total, and \$5.8 million. I'm speaking just of this past year. As you progress into the larger loans, the \$150,000 to \$500,000 range, 66 loans were approved for a total of \$15.8 million, and 9 loans above the \$500,000 were approved, for \$12.2 million or 2.9 per cent of the total loans in the past year. That will give you an idea of the

number of loans approved.

I should also point out that as of today, the base rate for the Alberta Opportunity Company is 16.5 per cent, down to as low as 14.5 per cent — small towns, small business. AOC's small town is 10,000 people or less, and small business is 25 employees or less. The base rate plus for basically the metropolitan centres of Edmonton and Calgary is as high as 19.5 per cent.

The one other figure I might provide, and I did ask for it in the last couple of days, is whether in fact we had any marked increase in the number of receiverships in the Alberta Opportunity Company over the last while. The figures I will quote to you are: for the year ended March 1980, a total of 22; for the year ended March 1981, 21; for the year ended March 1982, 27 — basically not that great an increase, in light of the difficulties we have had over the last while. In the first quarter of this year, nine receiverships to this particular point in time.

Mr. Chairman, I'll entertain questions.

MR. CLARK: Mr. Chairman, I was just going to say a few complimentary words to the minister on the co-operation I've had from him and his department in small business in my area since he's had the post. I think he and his department have done a fine job. I have no criticisms, and I would like to thank him very much.

MR. TOPOLNISKY: Mr. Chairman, I have a question to the minister with regard to the Department of Regional Economic Expansion, the so-called DREE program. It is a cost-shared program between Canada and Alberta. The boundary runs from Cold Lake to Lac La Biche to Lesser Slave, in that direction. Is that boundary still as indicated on the map, or has it been moved southward to cover more of the province, say, Highway 16, the Yellowhead route? Better still, remove the boundary so it would be like the nutritive processing assistance program that covers the total province. It would help many small communities.

MRS. CRIPPS: Mr. Chairman, did I understand the minister to say the base rate is 16.5 per cent? In view of the changing times, has there been any change in the policy of AOC, especially the possibility of refinancing, to meet the new financial needs of Alberta businesses?

MR. R. SPEAKER: Mr. Chairman, just two comments. First of all, I would like to talk about AOC in terms of its influence in some of the small communities in my constituency. I noted with interest in the last tour of my constituency that a number of new grocery stores have been initiated, and a couple of restaurants have opened up in some of the small towns. As far as I can see at this point in time, it is nip and tuck and really a tight operation. A very good system of management has to be in place to keep them going. They are surviving, and they are happy about the fact that they received assistance from AOC. When I had discussions with these people, the question usually raised — and I'm sure it's consistent across the province — was the cost of operating money, where they have to go to the local bank or financial institution to get money at the going rates. Their concern to me was that that extra 5, 6, 7, or 8 per cent, or whatever, is really hurting, because their profit margin is so narrow that \$400 or \$500 extra expense during that month meant very little profit in their business. I'd like the minister to comment on that. I'm sure it's a consistent problem across the province.

The other area is the general business climate. I would be interested in whether the minister has done any surveys as to what's happening in terms of the downturn of business specifically in Edmonton and Calgary, and how it's being impacted at the present time. Have we any statistics or figures in terms of the number of layoffs and persons who have gone on unemployment as of late? Has there been a continuous trend since, say, last October or midsummer of 1981?

In my own experience — which is a very informal survey — I noticed, for example, that when I visited many businessmen in the city of Edmonton late in 1981, the businessmen were saying, we hope things will increase. They were in a sort of holding pattern saying, we think some contracts are becoming available. A lot of them were relying on the oil and gas industry, and specifically Alsans, moving ahead. As I kept visiting the business people into the months of January, February, and March, the change in attitude was that some of them were making business decisions saying: I can't wait any longer because of the cost of my operating money; I'm going to cut back on contracts, and I am going to lay some people off. People were laid off. I say that in general, because it's difficult for me to interpolate that general experience into a number of specifics as to hard data. Is the minister, through his department, doing that kind of research at the present time? If so, could he maybe comment on it for the information of the Assembly?

MR. GOGO: Mr. Chairman, I would like to make several points. I certainly hope my colleague for Pincher Creek-Crowsnest, who is responsible for naming a highway in southern Alberta, will be in a position to comment on what is happening from Lethbridge through the Crowsnest Pass. First of all, would the minister confirm that tourism is the third largest revenue producer in Alberta? I've heard that said so often. Perhaps he could amplify on that in terms of dollars. It's certainly not government that's receiving it, and that's not the intention. The intention, of course, is that business people in Alberta receive it.

Mr. Chairman, I was very interested in the minister's comments with regard to senior citizens. Just so I am clear, will he confirm that he's referring not to the travel zones but to the establishments he maintains throughout the province. Could he perhaps clarify that? I am deeply appreciative of the fact that it's increased. He's so right that whether you're going through Drumheller or the Peace country, our senior citizens have so much to offer by way of history of this province that they could share with tourists.

I was going to raise this with the Minister of Transportation, but as it impacts on tourism, I want to raise it with the minister. I quote from a letter I received on April 23. There has been a great deal of discussion about the matter of rest stops. Surely what we're talking about, if we're encouraging tourists in this province, is to recognize that many of them have young families. As the good Lord designed young people, they of course have to stop periodically for calls of nature. "John, Alberta has no reason to be proud of our highway system under any circumstance." That's a very strong statement. Then he goes on to say, "Our rest stops are despicable, a reminiscence of the wooden backhouse and catalogue era."

I'd like the minister to comment on that, Mr. Chairman. I think it goes without saying that if you go from Calgary to Edmonton, except for that taj mahal two-

thirds of the way up, I frankly don't know of any other stops without leaving the highway. Maybe the minister could share with us what discussions he's had with the Minister of Transportation with regard to rest stops. Is there any plan to have them every 40 to 45 miles, similar to British Columbia? I would be very interested to hear if such a thing is taking place.

Further, with regard to tourism, the minister is ever so supportive, along with his staff, of the zones we have throughout the province. As a member, I assure the minister that we are deeply appreciative of that. For example, in Lethbridge — Alberta's largest city after Calgary and Edmonton — we see where the city, along with TACOASSA, the Travel and Convention Association, has put up a marvellous building. I think it's a beautiful place. I'd like to see some other community that's done the same thing. I think 350 members contributed toward that. I think the minister would agree that there's been a tremendous growth in the membership of zone one of the Travel and Convention Association. They've requested, time and time again — and I believe I can understand it's a question of policy as to whether you stray from border points. They've got the land there, and they strongly believe it would be so helpful to have a little pavement, a little dumping station, and a little rest stop as it were, so [people] don't go from Coutts, Alberta, through to the Calgary Stampede or to Banff. I'm sure the minister would agree that there are places other than Banff and Jasper in this province.

With regard to the Opportunity Company, Mr. Chairman, the figures are very impressive: \$249 million has been lent out. I can speak from the point of view of the Opportunity Company staff in Lethbridge, and they're extremely helpful. One name comes to mind immediately, a Mr. Albert Wong. When I get inquiries, I give the phone number and the name, and all I get back are glowing comments. I'm not talking about approvals; I'm talking about the way people are treated by the staff in that office. I'm very pleased, and I would like the minister to know that.

One matter interests me, though. AOC being a lender of last resort, one would expect to know what the loss ratio might be. Is it 4, 6, 8 per cent? Frankly, if only 27 are going into receivership, I question if we're justifying a lender of last resort. I think the banks are double or triple that. Is the minister happy with the criteria? In the estimates, we're providing for a \$5 million loss, or a \$5 million subsidy, as it were — the difference between what AOC borrows money at and what AOC lends money at. Quite frankly, Mr. Chairman, I wonder if the subsidy of \$5 million is realistic, in view of the comments by the Member for Little Bow and others about the difficult times small business is in, in this province.

We've recently heard of the massive economic resurgence program in terms of the oil and gas industry and of those who are either fortunate or unfortunate enough to farm, in terms of a 200 per cent increase in that distribution allowance. I wonder if the minister has some thoughts with regard to small business, not in terms of AOC and its lending rates, because I think we have an idea of those criteria, but some other general thoughts.

Finally, Mr. Chairman, I want to close by saying that in the experience I've had, the minister's department is extremely helpful. Sometimes when somebody wants something, the minister is not able to give it. That's understood when you look at the budget. But I think we're indeed very fortunate to have, a minister with the enthusiasm we have, handling that type of department.

MR. BRADLEY: Mr. Chairman, I'd like to thank the minister for his exhaustive and lengthy introduction this evening. It was full of statistics and details, and I'm sure it was very enlightening for the members of the Assembly.

I want to touch on three areas tonight. The first is DREE and the lack of progress with regard to the federal government signing an agreement with Alberta with regard to tourism development. I've had a number of concerns expressed in my constituency about the need for such a program. Being a border constituency, my constituents look jealously across the border to British Columbia and see the number of positive things which have taken place there with regard to development of tourism and recreation facilities. There's a feeling that we are lapsing behind some of the things that have happened there, particularly when you look at some of the ski resorts that have been developed: Kimberley, Panorama, Whistler. A lot of incentives have been provided in that area. I know we've had particular difficulties with the federal government in attempting to negotiate a similar agreement for Alberta.

I understand seven other provinces have tourism agreements under DREE, and Alberta and two other provinces are lacking such agreements. Given the lack of progress — and I have to commend the minister, because I know he's worked very hard trying to develop such a program with the federal government — I'm at the point where I believe I'm abandoning any hope that we will see the federal government respond to the needs of Alberta in this area. Has the minister any plans for Alberta to proceed alone with some type of program which would see us at least be able to attempt to catch up to some of the things that have happened to other provinces?

Another area I'd like to comment on is the various tourism destination area studies which the minister's department has conducted in Alberta. I believe a very useful study was conducted in the area of Pincher Creek, Crowsnest, Macleod, and Cardston — the Southwestern study. Some very useful recommendations have come forward. Some of the things which were recommended are being proceeded with by the Department of Culture — Head-Smashed-In, the historic downtown redevelopment in Macleod, and the historic resources corridor development in the Crowsnest Pass: Frank Slide and Leitch Collieries.

There are some other aspects of that study. I know the department is in the process of gathering together the responses from the various communities through workshops and coming up with a master plan for development. I think that's been a very useful process. Out of the southwestern tourism study comes a major proposal, which the department undertook, to look at the viability of the West Castle ski hill. This certainly has been a project of a great deal of interest, not only to the people in Pincher Creek-Crowsnest but, I believe, other parts of southwestern Alberta.

As members will recollect, the West Castle ski hill was originally developed by private developers, ran into some financial difficulties, closed down, and was rescued by the town and municipal district of Pincher Creek, taking it over through the major cultural/recreational facility program. I know the hon. minister is familiar with that, because he was very instrumental in assisting the MD and town of Pincher Creek and bringing that project forward and, I believe, cut a lot of red tape to see the town and the MD rescue the ski hill. I believe this will be the fourth season since that was successfully implemented. It is operating in the black.

The concerns of the people in southern Alberta with regard to this ski hill is that the present facility was a rescue operation and is providing some ski opportunities for the people in southwestern Alberta, but there's certainly a need to expand that ski hill. I understand the viability study which the minister's department let out to the private sector has come back with some very positive recommendations. The question coming to me from citizens in that area is, when is the department going to release this study? The minister and I have communicated monthly, weekly, and it's getting down to almost daily.

I understand the report was completed early last fall, and I've discussed on a number of occasions with the minister, timing to release this study. I believe the patience of the citizens in the Pincher Creek area and perhaps other parts of southwestern Alberta, is running out. Could the minister give some commitment as to when this study is going to be made public, so that the people in that area can have a look at it, start to have some discussions about what the study says, and start looking at ways of seeing the ski hill developed to its potential? I understand it has a very exciting future. With expansion to Haig Ridge and south of West Castle, I believe we may see one of the premier ski resorts in Canada developed there, outside of our national parks. This would be very exciting for us. Having not only the benefit of a recreational development for winter recreational opportunities, it also could play a major role in diversifying the economy in that particular area of southwestern Alberta and the town of Pincher Creek.

The Gulf plant there, which has been processing sour gas, is scheduled to shut down. The town of Pincher Creek is going to be experiencing and is experiencing a downturn in their economy. They're looking to other renewable resource type industries to replace the economic base of Pincher Creek over the years. They can see that the other gas plant, the Shell Waterton plant — eventually the gas is also going to run out. So they're looking for opportunities to diversify their economic base. That's why it is quite urgent to them that they get this study out there, and start looking at the best ways to implement a very progressive development of a ski hill, which will provide economic benefits to the community, but will also provide a very important recreational base for southern Albertans in terms of winter and perhaps year-round opportunities.

I might say that a number of people have commented to me that we see a number of skiers from Calgary and southwestern Alberta utilizing ski resorts in B.C., and also going out of the country to Montana. They're wondering why we can't develop some ski hills, particularly in our area, so we can keep these skiers in Alberta and, at the same time, enjoy the economic benefits that that type of industry generates.

DR. PAPROSKI: Very briefly, Mr. Chairman, I would like to compliment the minister and his department for doing an excellent job in Tourism and Small Business.

I appreciate the minister's comments regarding the rural/urban split in the average loan, which I understand is about \$100,000, which is appreciated because most small businesses require an amount in that vicinity. I also appreciate the fact that the length of time from processing to receiving the loan has been shortened, as I understand it. If it hasn't, I'd like the minister to elaborate on that particular item.

I wonder if the minister would indicate to the committee the commonest types of businesses that apply for

loans. If he has those top two or three that apply, I think it would be important for the committee to know, recognizing that these types of businesses may be across the province. The need for grants and the importance of these loans is obvious, Mr. Chairman. I'm sure all committee members recognize that. It's particularly important right now, with the difficult economic situation we have. Of course, it's important any time to stimulate small business, which is the pillar of our economy.

I'd also like to ask the minister if he would indicate to the committee whether AOC provides loans jointly with financial institutions. In other words, if a small business has a loan with a financial institution and it has been operating well, however it requires an injection of maybe \$50,000 or \$100,000 for capital or operation to keep it going for a while, then slip back with only the financial institution loan, would that be allowed? Is there a need to wrap that around or cancel the bank loan completely? I hope it would be jointly, if possible, because many small businesses just need that extra injection of \$50,000 or \$100,000, yet they can maintain the financial institution loan they have in place already, and their credibility.

With those brief comments, again, a compliment. It's very important that we continue the thrusts we've put forward in Tourism and Small Business. I know the department and the minister are doing a darned good job. Keep it up.

MR. ADAIR: Mr. Chairman, if I might just take a moment to go over some of the concerns raised by various members. First of all, I should thank the hon. Member for Drumheller for his kind comments, and the fact that there has been some co-operation. We've certainly worked together, and there have been occasions when it's been extremely frustrating, not only for a number of MLAs but for myself and the staff of the department as well and, in some cases, AOC too.

The question from the Member for Redwater-Andrew was related to DREE and whether the boundaries had changed, I believe. I think it would be fair for me to say at this point in time that they have not changed. It's a boundary approved jointly by the federal Department of Regional Economic Expansion, as it was then called — I'm not sure what it is called now; I believe it is DRIE — and the branch. In answer to whether it has changed or might be changing, I should indicate that one of the concerns we are going to express in our negotiations, which will be conducted by the hon. Minister of Federal and Intergovernmental Affairs, is that included in it may be some notwithstanding clauses that relate to areas other than that which is defined as northern Alberta. One of the reasons for that is to include Indian reserves outside the north part of the province. There may be other areas that would apply, depending on what agreement we may be able to reach with the federal government in negotiations for areas outside that boundary area.

The question from the hon. Member for Drayton Valley was, is the base rate 16.5? Yes, it is, and it goes down as low as 14.5 or up as high as 19.5. The operative words are "as high as" and "as low as". Some loans are 15 per cent, 15.5, 14.5, 14.75, and as high as 19.5.

You asked whether there were any changes relative to refinancing. As minister responsible, I asked the Alberta Opportunity Company to consider the possibility of refinancing in some areas where some problems obviously were occurring. I stand to be corrected in not naming all the areas we asked them to look at, but I'm speaking of the Grand Centre-Bonnyville area, the Fort McMurray

area, the Drayton Valley area, the Grande Prairie area, I believe Brooks was another one, and other areas: specifically those areas where we were aware of a major problem developing, and not necessarily in all the other parts of the province. That's easier said than done in that particular case.

They have made some loans based on refinancing. The key there was that we wanted to ensure that there was the ability to repay, and that the company they were refinancing wasn't getting money pumped into it, if I can use that particular term, just to extend it from going under in April to October, that there was a chance or a positive cash flow, and that that company could carry on under a refinancing program that would provide the opportunity for it to carry on with a lower loan rate from the Alberta Opportunity Company.

The Member for Little Bow asked about the risk level. I think it is fair to say that the Alberta Opportunity Company has provided a lot of smaller loans, particularly to smaller businesses — to the little businesses, maybe that's a better way of putting it. One thing I should point out is that Alberta Opportunity now provides management assistance to its clients on request, and sometimes not necessarily on request. If they feel a problem is developing within a particular client's business, they might suggest that some management take place. So there is a capacity to provide some assistance to a business that has received a loan. I should point out that we've worked very closely with the small business division under assistant deputy minister, Ron Blake, working with AOC through counselling services that we provide. On occasion we work with a client from AOC and, if the need arises, on occasion we'll use an AOC management assistance person to assist us in that particular area.

The question relative to operating funds — I believe that was a portion of it — was whether anything was being done in that area. I guess it would be fair for me to say that I'm not exactly sure. I can't give you a total answer on that one, and I want to get back to Mr. Parker to make sure of what I'm about to say. My understanding is that they are there primarily to assist with capital, and there is some capacity for provision of some operating funds in conjunction with that. But I would rather talk to Mr. Parker to make sure of what I say, so I'm not recorded as being somewhat out of place. If you'll allow me to do that, I certainly will.

We talked about the centres of Edmonton and Calgary, and the fact that there are quite a number of loans at a higher rate there. I think one of the basic reasons AOC was established was that lending institutions themselves were much more prone to make loans in the two metropolitan centres where they could, if I could use the term, handle them: where they could service them and keep their eye on them. But to go to Etzikom or Indian Cabins — two names I use all the time — was away out of their bailiwick. If we wanted to do something in a lender of last resort capacity, we would in fact do that. It might be interesting to know that in this last quarter, there was a loan to a place called Indian Cabins. Although it happens to be in my constituency, it's 11 miles from the Northwest Territories border, and it's the one business in that particular area that received a loan. I found out about it by way of the Gazette, just for your information, and before you ask.

I think it's important that we understand right now that in the last little while, one of the things that seems to be coming to the top of the cream can, as we get into these areas of some difficulty, is the word "management",

and how critical that is to any business operating in the province of Alberta today and, for that matter, anywhere in Canada or North America. We have found that there are basically four key areas within management that should be addressed by the management of that business. One of them is inventory, obviously for a number of reasons. If you have a warehouse full of inventory and you're borrowing money to pay wages at very high interest rates from the bank, it isn't going to be too long before you develop some problems.

If your accounts receivable are very high; in other words, in the \$100,000 to \$200,000 range, and it's a small business . . . I have had the occasion, without mentioning the area it comes from, of a fellow stating to us that he had been placed on COD, and having one of our analysts go in and find that he had almost \$200,000 in accounts receivable, and he wasn't totally aware of that. He was too much involved in the business itself, the operating part of it. The suggestion was made that one of the staff should maybe go around and collect some of those accounts receivable, and it would maybe pay that person's way to do it. And that happened. All I'm doing is identifying the fact that you must be conscious of what you have in accounts receivable and watch them very, very closely. If you don't, you can get into some difficulties.

Staffing is another area, and actually marketing or retailing, where I don't think it would be unfair to say that in the last decade, many businesses in the province of Alberta have succeeded in spite of themselves, and now have to look at really marketing or selling their product or their service to a much greater degree than we have had ever had to do before. Having said that, in many ways I think it's healthy for us to be assessing and reassessing our businesses in that area.

I come to the Member for Lethbridge West and thank him for his kind comments, and for reminding me that tourism is number three. To use the exact dollar figures, this past year it was \$1.34 billion, up from \$1.17 billion the previous year. I just happened to have those figures with me. I think it's most significant that we are getting an increase in our tourism dollars, particularly a year ago, when we were sort of anticipating a break-even or even possibly a loss situation, because we were out of the major three-year promotion leading up to that called, Stamp Around Alberta, that major successful year called Homecoming, and the 75th Anniversary. We really didn't have what you might call a major injection over the normal budgetary process of funds to support that. So we had an overflow.

Obviously I think the other thing that is most important is that Alberta stands out in the international scene as a nice place to come to. The people here are considered to be very friendly on the average, unless you're talking about federal budgets or something like that, where you sort of taint our views to some degree. But internationally, people want to come to Alberta, because they've heard about it. They've heard about it for any number of reasons. So we do have an opportunity. We have a Canadian dollar that is advantageous to the international visitor to come to our province right now. Certainly we should be capitalizing on that.

The Member for Lethbridge West also asked for clarification on the senior citizens' program. If I left any doubt — and I guess it was the use of the words, "travel information centre" — the program basically is for the zones and for the information centres in those zones, and came about really as a result of a request from various

people in the zones and some of the senior citizens' organizations saying, how could we possibly tap this program? Because we were stretching the existing one to the limit to try to use it.

So we now have in place in the department a permanent program for senior citizens who could be employed in information centres in the various zones. It's a modest start, \$50,000. But on top of the \$100,000 STEP funding we've had in place for, I believe, the last three or four years — I'm not sure. Four? He's got four fingers up. I'm just checking with the deputy minister to make sure. Really that's an increase from \$100,000 to \$150,000 in total, because STEP is not decreased. Basically the same amount of money will be available this year.

I should point out that I intend to meet on Monday afternoon with the Travel Industry Association in Calgary to explain STEP to them, and to go over the new senior citizens' travel information centre program and the process for us to accept applications for that. I'm quite excited about that, because it was one we worked on for a couple of years, and my colleagues in cabinet, along with my colleagues in caucus, have appreciated that there was a request in there, and there was a recognition of the point that there's a tremendous wealth of experience out there that we can capitalize on.

I believe a concern was expressed about rest stops. Was it rest stops? I also added unmanned highway campsites, because to us who are involved in the tourism department, that is a major concern. We get a number of letters complaining about the general appearance of those particular campgrounds. I don't know what I can add beyond the point that somehow or other we're going to have to generate a program to instill in the minds of our visitors and ourselves — because we Albertans are among the greatest users of those highway campsites and rest stops, and we tend to be almost, I guess it would be blunt to say, the dirtiest when it comes to leaving our garbage lying around, and to be a little less respectful of the cleanliness of the grounds.

So there are only two things you can do: we can improve our own ability to put the garbage in the can, and on some occasions we've had reports of people bringing their garbage and leaving it out there, which is deplorable at its greatest extent; or man the sites. The cost of manning the sites is major. There are ways of doing that. We may be able to work out something where we involve senior citizens' organizations and pay them a sum of money to clean up or watch them: that's a possibility. But those are some of the things we're looking at in that area.

I guess the other concern was the Lethbridge tourist facility, built by the city of Lethbridge and the zone. It's a beautiful facility. You said you were not sure if there's another one. I wrote down that there's one in the town of Peace River; I happen to live there. They built it and paid for it themselves. It's smaller than the one in Lethbridge, and I know that Lethbridge has experienced some difficulties with the costs of that one. On that particular point, I pointed out to the group in southern Alberta that our policy today is basically that travel information centres we operate which attempt to ensure that people coming into the province can receive some information as to where they might want to go and the likes of that; whereas in the zones, they can be going out or in or wherever it may be.

Right now — that is, the Department of Tourism and Small Business or Travel Alberta — are operating 17 of them, at Alaska in Saskatchewan, just across the border;

at Banff; at Gooseberry in Kananaskis Country; Canmore; Cold Lake; Fort MacLeod; Frank; Golden, B.C.; Jasper; Lloydminster; Milk River; Provost; St. Mary, Montana; Wainwright; Walsh; and the Wetaskiwin rest area site. We have a travel information centre in that particular one, because of the use there.

I'm going to take the opportunity to also mention at this time that we have a service that begins on May 1, called Dial Alberta. You can dial 1-800-222-6501, or if you're in Edmonton, 427-4321, from 9 a.m. to 9 p.m., beginning May 1 through to October 15, 7 days a week, and 9 to 5 Monday to Friday, October 16 through April 30, for any information on travel opportunities, conditions relating to campgrounds and accommodation or, in the wintertime, ski reports. That's a very successful program indeed, and I neglected to put those phone numbers in. I now have them recorded in *Hansard*, and I thank the hon. member for the opportunity to do that.

I believe interest rates was the other concern you expressed. I guess my best answer is that that is a major concern. I can only indicate that I have been meeting in the last little while with the Provincial Treasurer to see if there are any ways we might come up with some suggestions as to how we might assist the small business community, recognizing — and I do have to say this — that if we're going to get into any kind of program that may be of assistance, the difficulty we have is not getting into the program; it's getting out of the program. Recognizing the implications of that, certainly we're moving ahead to see if there's some assistance we might be able to provide.

The Member for Pincher Creek-Crowsnest talked about DREE and one of my favorite subjects, the travel industry/DREE subagreement. That's a very interesting series of letters, if you put it into its words and then try to say it. In B.C., they do have a major program that is causing us in Alberta some difficulty. Through the DREE subagreement in B.C., they have provided assistance; for example, to Fairmont, Panorama, Kimberley, Cranbrook, and Whistler. You were right in stating that three provinces do not have an agreement right now. The provinces are Ontario, Saskatchewan, and Alberta.

Since my predecessor's time, we have attempted to negotiate a DREE tourism subagreement. A tremendous amount of work was done by the department, through Travel Alberta, to put in place some recommendations for a basis for negotiation. We got nowhere. I guess my best example in talking to the federal minister the last time we sat down was that they said they were prepared to look at the possibility of negotiating a tourism subagreement if it was for disadvantaged people in isolated areas. We can do that. There's a possibility of putting together something. It would be a much lesser amount. But we want it to have something that would assist the tourism industry in general throughout the province.

So I think it would be unfair for me not to say I've instructed the department to put together and work on some recommendations for me to take to you, my colleagues, and to my colleagues in cabinet, that would provide those opportunities in Alberta, and would be an Alberta program using the basis we were going to put together to negotiate with the federal authority and have a joint program. That program would involve any number of things to assist the industry itself to possibly develop tourist facilities, hotels or motels, ski facilities, or whatever it may be, anywhere in the province, subject obviously to some terms that would be determined by way of the agreement.

I would be remiss if I didn't say I think the program might be called Tourism 2000, and might cover the area between now and the year 2000 and provide us with some excellent opportunities to have a position paper on tourism for the province of Alberta. Again I have been working on that, and will continue to work on that on your behalf and with your support, hopefully, in the next little while.

You mentioned the destination area studies and the system under which it works, where a consultant is hired, goes into the region, puts together some suggestions and recommendations, provides them to the minister and the department, and when they are made public, we then go back at some period of time and set up some workshops and information centres, pull that information back together, and put together what is proposed as a plan for development by the private sector in that particular region. Basically those studies do two things: they provide us with an inventory of resources of the area that we can then determine may be possibly the best development by the private sector and where possible the government may be involved to some degree. But it's primarily done for the private sector.

You mentioned one of your pet projects, the West Castle ski area. You mentioned the fact that some years ago, you and I had the opportunity to work with the mayor and the reeve in sort of pulling that one out of the basket and getting it back on stream. We talked about Haig Ridge at that time, four years ago. There is a study that has been completed, I guess it's fair to say. The biggest problem I have right now is time. I don't apologize for that, but I do say that is a problem. I can assure the hon. member who has asked the question that as quickly as we can complete this session, and I can get back to my desk and finish reading that particular study, which has been handed to me and that I have not completed — along with a number of other studies, you should be aware of — I will give the hon. member the assurance that we will be down in his area to release that study together, and then to begin to follow the process through, which will involve some workshops and some sessions some time after the study has been released. I've been accused of being a slow reader. If I don't get those studies released in the next short while, I think I'll be accused of being of being illiterate, and of not being able to read at all. I appreciate that.

One of the questions the hon. Member for Edmonton Kingsway asked was whether there was any truth to the rumor, or whatever it was, that the loan process had been improved. That has in fact taken place. There is in fact an improvement in the loan process. I should also identify that in the Alberta Opportunity Fund Act amendment, there is a further process that will assist in improving it even more, because one of the amendments to the Act will be that we will be asking for the ability to create more than one loans committee to look at loans concurrently, I guess we could say, so that we could have more than just the one loans committee, as the Act is now struck, to assist in speeding up the process of approving loans and getting them back to successful applicants.

You asked about the possibility of AOC jointly providing funds with private-sector lending institutions. The best way for me to answer that is, yes, on occasion that has happened. In other words, two things happen when an application comes in. AOC will determine as quickly as possible that in fact they have been turned down by the lending institutions, by calling them directly and attempting to determine the reasons; in some cases maybe to sit



down and say, jointly we may be able to handle a portion. As I said, on some occasions they have done that. One other avenue that has been used infrequently but is available is through the department, whereby we provide through our department and one or two other departments of government, a guarantee for a business that may be seeking funds from private-sector lending institutions. That is available to the business community in the province of Alberta.

With that, Mr. Chairman, I think I've answered the questions by the members.

Agreed to:

1.01 — Minister's Office	\$175,970
1.02 — Deputy Minister's Office	\$191,850
1.03 — Department Administration	\$120,460
1.04 — Financial Services	\$203,130
1.05 — Personnel and Staff Development	\$138,140
1.06 — Library	\$79,980
1.07 — Communications	\$77,060
1.08 — Office Support	\$117,810
Total Vote 1 — Departmental Support Services	\$1,104,400

2.1 — Small Business	\$3,789,300
2.2 — Tourism	\$9,047,230
2.3 — Northern Development	\$1,227,660
Total Vote 2 — Development of Tourism and Small Business	\$14,064,190

Total Vote 3 — Financial Assistance to Alberta Business via Alberta Opportunity Company	\$4,950,000
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Department Total	\$20,118,590
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MR. ADAIR: Mr. Chairman, I move that the votes be reported.

[Motion carried]

#### Executive Council

MR. CHAIRMAN: There are two votes to be completed here.

Agreed to:

10.1 — Program Support	\$750,500
10.2 — Disaster Preparedness	\$1,495,650
10.3 — Emergency Response	\$77,100
10.4 — Dangerous Goods Control	\$866,950
Total Vote 10 — Disaster Preparedness and Emergency Response	\$3,190,200

Total Vote 11 — Public Service Employee Relations	\$333,646
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Department Total	\$111,523,521
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MR. CRAWFORD: Mr. Chairman, I move that the total Executive Council vote be reported.

[Motion carried]

#### Legislative Assembly

MR. CHAIRMAN: We have the votes for the Legislative Assembly.

Agreed to:

1.01 — Administrative Support	\$3,111,778
1.02 — Members' Indemnities and Allowance	\$3,066,205
1.03 — Speaker and Deputy Speaker — Office Services	\$174,811
1.04 — Government Members' Services	\$768,400
1.05 — Opposition Members' Services	\$610,742
1.06 — Legislature Committees	\$100,000
1.07 — Legislative Interns	\$154,200
1.08 — Hansard	\$633,667
1.09 — Legislature Library	\$922,438

Total Vote 1 — Support to the Legislative Assembly	\$9,542,241
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Total Vote 2 — Office of the Auditor General	\$8,630,480
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Total Vote 3 — Office of the Ombudsman	\$721,009
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4.1 — Administrative Support	\$322,278
4.2 — Electoral Support	\$4,389,260

Total Vote 4 — Office of the Chief Electoral Officer	\$4,711,538
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Legislative Assembly Total	\$23,605,268
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MR. CRAWFORD: Mr. Chairman, I don't know if I or some member of the committee should move that the vote be reported in this case.

MR. GOGO: 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 there be granted to Her Majesty for the fiscal year ending March 31, 1983, sums not exceeding the following for the departments and purposes indicated. For the Department of Transportation: \$12,064,710 for departmental support services, \$660,670,279 for construction and maintenance of highways, \$11,500,000 for construction and operation of rail systems, \$13,493,880 for construction and maintenance of airport facilities, \$12,205,659 for specialized transportation services, \$211,941,008 for urban transportation financial assistance. For the Department of Tourism and Small Business: \$1,104,400 for departmental support services, \$14,064,190 for development of tourism and small business, \$4,950,000 for financial assistance to Alberta business via Alberta Opportunity Company. For the Executive Council: \$3,341,587 for Executive Council administration, \$11,165,389 for occupational health and safety, \$16,698,400 for workers' compensation, \$4,188,010 for support to native organizations, \$17,674,489 for personnel administration, \$19,148,000 for natural sciences and engineering research, \$20,755,000 for energy resources

conservation, \$195,800 for women's information, \$14,833,000 for multi-media education services, \$3,190,200 for disaster preparedness and emergency response, \$333,646 for public service employee relations. For the Legislative Assembly: \$9,542,241 for support to the Legislative Assembly, \$8,630,480 for the office of the Auditor General, \$721,009 for the office of the Ombudsman, \$4,711,538 for the office of the Chief Electoral Officer.

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 afternoon we'll be dealing with committee study of Bills on the Order Paper. There may be a couple that are not ready to proceed. I'm thinking particularly of Bill No. 18, and possibly Bill No. 31. Subject to the availability of the sponsors of the Bills in other cases, though, we would be able to call all the others.

[At 9:57 p.m., on motion, the House adjourned to Tuesday at 2:30 p.m.]