

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Tuesday, May 17, 1983 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF BILLS**

Bill Pr. 13**Koney Island Sporting Company (Limited)
Continuation Act**

MR. HIEBERT: Mr. Speaker, I beg leave to introduce Bill Pr. 13, the Koney Island Sporting Company (Limited) Continuation Act.

The purpose of the Bill is to authorize the company to continue under the Business Corporations Act with its present memorandum and articles of association.

[Leave granted; Bill Pr. 13 read a first time]

head: **TABLING RETURNS AND REPORTS**

MRS. LeMESSURIER: Mr. Speaker, I wish to file with the Legislative Assembly copies of the 1982 annual reports of the Marigold Library System, the Yellowhead Regional Library, and the Parkland Regional Library. Copies were circulated today to all Members of the Legislative Assembly.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. NELSON: Mr. Speaker, I have the great pleasure today of introducing to you, and through you to members of the Assembly, a group of 30 bright, energetic, young grade 6 students from the Pineridge community school in that great metropolis of Calgary McCall. They are led by teachers Mrs. Phyllis Armstrong and Mr. Greg Herod, and have with them parents Dorothy Hall and Garry Hall.

Mr. Speaker, these students and parents are part of the community of Pineridge. Of course, this being Pineridge community school, much activity and dialogue between the community, the parents, and the school takes place. It's a great pleasure indeed to welcome these people to our Assembly, and I wish they would stand and the members would give them the welcome of the House.

MR. COOK: Mr. Speaker, it's a special treat for me today to introduce to you, and through you, 40 grade 8 students from the Dickinsfield junior high school and their teachers Evelyn Deys and Mike Neale. They're here to see their Legislature in action, and I'd like to ask them to rise to receive the traditional warm welcome of the Assembly.

MRS. LeMESSURIER: Mr. Speaker, I have the pleasure today to introduce to you and to members of this

Assembly 20 students from the English as a second language department of the Alberta Vocational Centre in the constituency of Edmonton Centre. They are here with their leader Miss Jana Kacur, and they are seated in the public gallery. I ask that they rise and receive the warm welcome of this Assembly.

head: **ORAL QUESTION PERIOD**

Hydro-Electric Power Development

MR. NOTLEY: Mr. Speaker, I'd like to direct the first question to the hon. Minister of the Environment, first of all. It deals with hydro-electric development in this province. Can the Minister of the Environment advise the Assembly what progress, if any, has been made on the commitment to encourage public participation in the development of environmental impact assessment guidelines for the Slave River project?

MR. BRADLEY: Mr. Speaker, when a proponent is selected, the normal environmental impact assessment process will take place, and an environmental impact assessment will be required. At that time, there will be public input with regard to the environmental impact assessment guidelines.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. In view of the efforts by the federal department, what discussions are now taking place between provincial officials and federal officials concerning the EIA proposed by the federal government?

MR. BRADLEY: Mr. Speaker, at some earlier point in time, the former Minister of the Environment had discussions with ministers responsible in other jurisdictions with regard to an environmental impact assessment process on the Slave River. Specifically, we expressed that we would be co-operating with other jurisdictions with regard to this matter, that our environmental impact assessment process would act as a common source of information with regard to that process, and that we would address concerns of other jurisdictions in our environmental impact assessment process.

With regard to the specifics, the federal government has an environmental assessment review process. They're aware of our approach and, I believe, are co-operating with us. They've provided us with a copy of their draft guidelines with regard to their process. It's presently being reviewed by our department officials, and we will be responding in due course.

MR. NOTLEY: Mr. Speaker, a supplementary question. In light of the initial work done by the federal government on environmental assessment guidelines, when can the minister give the House an undertaking that this information, as well as the work of the provincial department, will in fact be compiled and made available to the public so that the public may have meaningful input into developing environmental guidelines on this project?

MR. BRADLEY: Mr. Speaker, as I indicated earlier with regard to the environmental impact assessment process in the province of Alberta, when a proponent comes forward and is selected, we will require that an environmental impact assessment be done by the proponent. At this point in time, there is not such a proponent. So it is

very early, perhaps premature, to become involved in the type of process the hon. leader is suggesting, when a proponent has not yet been named.

MR. NOTLEY: Mr. Speaker, a supplementary question. In light of the response of Mr. Smith, the director of the environmental assessment division, to the executive director of the Environmental Law Centre, what commitment can the minister give the House that in fact the government of Alberta — not the proponent, but the government of Alberta — through some appropriate mechanism, will guarantee public input in developing the guidelines?

MR. BRADLEY: Mr. Speaker, I'd have to review the specific correspondence the hon. leader has alluded to. But with regard to our environmental impact assessment process in the province of Alberta, there is in that process an opportunity for public review. I believe we've committed ourselves to having public input with regard to the development of environmental impact assessment guidelines for their specific project.

MR. NOTLEY: Mr. Speaker, a supplementary question. Is the hon. Minister of Utilities and Telecommunications in a position to report to the Assembly what progress, if any, has been made in determining the proponents of such a project, and whether or not the government is any closer to making a formal announcement on the Slave project?

MR. BOGLE: Mr. Speaker, discussions are very actively under way between the two utility companies involved — TransAlta Utilities and Alberta Power, through its parent company Canadian Utilities — and the government of Alberta. I anticipate that as events unfold, appropriate announcements will be made.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the minister advise the Assembly whether the strategy for hydro-electric development primarily emphasizes the Slave project? Or is it in fact a two-dam strategy; that is, involving both the Slave and Dunvegan projects.

MR. BOGLE: Mr. Speaker, as I'm sure the hon. member is aware, this government has committed itself to very actively assessing the potential of both the Dunvegan and Peace River sites, as well as the alternative sites on the Slave River. Therefore it's fair to say — and I'll be pleased to get into this in more detail during my estimates — that we're not closing the door on either potential site for dam development in this province.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the hon. minister give the Assembly some indication as to when a formal resolution of these options will be made by the government?

MR. BOGLE: First of all, Mr. Speaker, it must be made clear that before a decision can be made to proceed with the dam on the Slave River, a number of very important steps must be taken. There must be hearings, through the ERCB, and there must be environmental impact studies. Those two major elements will take another two and a half to three years before we are in a position where a decision can be made to proceed or not. There are still a number of studies that need to be undertaken on the Dunvegan site, in terms of soil stabilization of the banks

and other matters. I can't be more definitive on time lines on Dunvegan at this particular moment, other than to say that both options are open in terms of possible development of hydro-electric dams for the potential in those areas.

MR. NOTLEY: Mr. Speaker, a supplementary question. The minister indicated that further tests have to be undertaken at Dunvegan. On April 14 my colleague asked a question with respect to the geotechnical study, and the minister indicated that he would take it as notice. Is the minister telling the House today that the initial study indicates that further study is required on bank stability at the Dunvegan site?

MR. BOGLE: Mr. Speaker, the basic question we're now down to is: what type of dam can be constructed on the Peace River at Dunvegan; whether we would go with an earth and fill structure or a concrete structure. [interjection]

Does the hon. member have a question he'd like to ask? [interjection] Just mumbling. Mr. Speaker, I'd be very pleased in my estimates to ...

MR. R. SPEAKER: Mr. Speaker, to the hon. minister, just for his information; he wanted to understand what I was saying. I wanted to send that great architect and engineer, Noel McKay, to the area. Possibly he could find a location.

MR. BOGLE: Mr. Speaker, if the hon. ...

MR. WEISS: May I make an objection to the hon. member, Mr. Speaker. Mr. McKay has been deceased for some time, and I don't think the name should be used in that sense.

MR. R. SPEAKER: Mr. Speaker, I willingly accept the hon. member's remarks and withdraw any derogatory references to the name of Noel McKay; only that he is part of political history in this province, and I raised it in that context.

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

MR. SPEAKER: Might this be the final supplementary.

MR. NOTLEY: As a result of meetings that I gather took place with at least several members of the Territorial Executive Council, I think, could the minister advise the Assembly what discussions occurred and what representation was made by them?

MR. BOGLE: Mr. Speaker, I believe the hon. member is referring to a visit made this past weekend by the Member of the Legislative Assembly for Lac La Biche-McMurray and myself. We were accompanied by the co-ordinator for the Slave River project, pre-investment phase. We visited residents in Fort Chipewyan in the province of Alberta. After some discussions with community leaders in that area, we went on to Fort Smith, where we met with two members of the Territorial government as well as town council and chamber of commerce representatives and, I might add, members of the coalition who have stated a position against the project. There was very open dialogue, in the sense that the purpose of our visit was to open discussions to ensure that the lines of communication were open. So we're

working with the Territorial government and with both the town council and residents of Fort Smith.

AOC Loan

MR. NOTLEY: Mr. Speaker, I'd like to direct the second question to the hon. Premier. Perhaps if there is time, we'll come back to the hon. minister a little later on.

With respect to the meeting with Mr. Foster in Red Deer on July 7, 1982, the hon. Premier is quoted in the May 9 *Hansard* as saying

the matter was being pursued, and would be pursued, by both the Minister of Economic Development and the Minister of Tourism and Small Business.

Could the Premier elaborate for the Assembly on just what the ministers were pursuing?

MR. LOUGHEED: Mr. Speaker, I thought that was self-evident from the number of questions that have been raised in the House with regard to Ram Steel. The Minister of Economic Development was interested in the project from the standpoint of economic diversification, and the Minister of Tourism and Small Business was involved in the project in relation to economic activity in the Alberta Opportunity Company. I knew both ministers were involved in discussion of those matters because I had had discussions with them. Beyond that, I don't know how I can elaborate.

MR. NOTLEY: Mr. Speaker, a supplementary question to the Premier. What is the policy of the Alberta government with respect to handling AOC applications? Is it common practice for ministers to meet with Alberta Opportunity Company applicants while their applications are being assessed by the AOC?

MR. LOUGHEED: Mr. Speaker, there are exceptions to this. As we recall, when the Alberta Opportunity Company was established as a lender of last resort for the province some years ago after we first came to office, clearly it was understood that there would be communication both ways. The normal course of applications would flow to Alberta Opportunity Company officers, through them to the board, and beyond a certain limit, would then be brought forward by the minister to the cabinet committee on priorities, finance, and planning.

The other way in which it would happen is in a circumstance where economic diversification or broad public policy was involved. Quite clearly there was nothing in the mandate of the Alberta Opportunity Company that would preclude, as a matter of policy, any representations made on behalf of government ministers to a project to have consideration for policy elaboration beyond what might normally be the straight commercial aspects of it.

MR. NOTLEY: Mr. Speaker, a supplementary question to the Premier. Yesterday the minister indicated that he thought the application was sent to the AOC in July. During the meeting the Premier held with Mr. Foster, was there any discussion on the possibility of a loan through the AOC?

MR. LOUGHEED: No, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Tourism and Small Business. Is

the minister in a position to indicate the reason for the meeting on November 25, where the minister indicated that the normal course was just to follow the route through the AOC? Why was a meeting necessary to tell the officials of the company that? Why not just a phone call or a letter?

MR. ADAIR: Mr. Speaker, I've answered that on four occasions to this point, I believe, and it can be checked in *Hansard*.

MR. NOTLEY: Mr. Speaker, I have checked in *Hansard*, and I'm asking the question: why was a memo or a phone call not required?

MR. ADAIR: Mr. Speaker, maybe if I can just elaborate on that particular point. On occasion — and I'm now speaking of myself personally — I get comments that sometimes I'm inaccessible, because I'm accessible to someone else. At this particular point, the point of discussion is: if a person or a company calls and wishes to have a meeting and, in the discussion I may have with them, I answer any concerns relative to that and they pursue it beyond that, I'm quite prepared to meet with them or with anyone — it causes some difficulty in the schedule from 7 a.m. to whatever time in the evening it may be — to lay them out eyeball to eyeball. In this case, that's exactly what did occur, Mr. Speaker.

MR. NOTLEY: I'm pleased to learn of this accessibility. I wonder if all the other small companies going bankrupt will find just as much accessibility.

Mr. Speaker, is the minister in a position to inform the House whether, at the time the order in council was passed or Executive Council made the decision to recommend the loan, the government had obtained information that the company was in general compliance with the AOC guideline that 20 per cent equity should be there by the shareholders in the company?

MR. ADAIR: The normal practice for a loan over \$1 million is that it would be submitted by the board of directors with a recommendation to me, and through me to the finance and priorities in cabinet, and be accompanied by a package of material justifying that recommendation and providing all the necessary materials that may be used by us to review that particular application, and was used by the board of directors and the management of AOC.

MR. SPEAKER: Might this be the final supplementary on this topic.

MR. NOTLEY: Yes, Mr. Speaker. My supplementary question to the minister is really quite direct. Did that package of material contain information with respect to the 20 per cent equity guideline, and did the proponents have that equity guideline at the time Executive Council considered the loan of \$8 million?

MR. ADAIR: Mr. Speaker, it provided all the necessary information that they used to make the decision to recommend and that we used to recommend approval.

Transportation Department Truck

MR. R. SPEAKER: Mr. Speaker, my question to the Minister of Transportation is with regard to his personal

truck at Grande Prairie. I'd like to ask the minister how often he uses the truck in terms of transportation between the airport and his personal residence.

MR. SPEAKER: I have some misgiving about a question of this particularity. Surely the minister would have to consult records to count the number of times, so he might answer the question accurately. It would seem to me that this should go on the Order Paper.

MR. NOTLEY: We just want a ballpark figure.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. I'm not requesting a definite number but an approximate one — once a week, once every month — as to the use rate of that actual vehicle purchased by public funds.

MR. NOTLEY: How many other people have used it?

MR. M. MOORE: Mr. Speaker, I attempted to answer that question during the course of my estimates, which I believe was a week ago last Friday. Unfortunately there were not very many people in the Legislature.

The truck in question is a half-ton, four-wheel drive 1983 Dodge. It was purchased by the deputy minister of the department in December 1982, primarily for the use of myself and senior staff when we were doing highway inspection or looking at projects that might be in areas which were not normally considered areas that you would travel through with an automobile. The truck was located in Edmonton until late February or early March, almost three months after it was purchased. In fact, I didn't see it until sometime in late February or early March. At that time, I drove it from Edmonton to Grande Prairie. I have used it on perhaps five or six occasions since March for road inspection tours I've made in various parts of the Peace River country.

For the most part, it has been located either in the transportation shops or at the airport in Grande Prairie. I've utilized it to travel to and from areas I was looking at, including some in the hon. Member for Spirit River-Fairview's constituency. It has also been at my home in my constituency, because it was most convenient for me to return there when I was finished what I was doing.

Mr. Speaker, I'd have to say that as Minister of Transportation, it was my intention to spend a lot of time travelling throughout this province on the ground. I've travelled a lot of this province in my eight years in the cabinet, both in Agriculture and in Municipal Affairs; however, much of it by air. I thought it was important that I get to know the province very well. In that regard, I planned some four trips over the course of the summer of 1983. The first is on June 3, 4, 5, and 6, from Grande Prairie to Slave Lake and north on Highway 67, some 270 miles, stopping en route at a number of points where the hon. members for Peace River and Lesser Slave Lake have asked me to consider additional road work, and finally to an opening of Highway 67 at the Wabasca River, some 80 miles south of Fort Vermilion, on Saturday morning, June 4, at 11 a.m. I intended to go on from there and return home on Sunday, and back to Edmonton.

As well, I intended to utilize the same vehicle perhaps two weeks from then, on a trip north into the hon. Member for Spirit River-Fairview's constituency, up through the Hines Creek area . . .

MR. NOTLEY: You'll need it on Highway 64, Marvin; at least a four-wheel drive.

MR. M. MOORE: . . . looking at a road construction project connecting the Bonanza area with British Columbia. I intended to utilize it later in the summer to go from Grande Prairie, on Highway 940, directly to Calgary through four or five constituencies, including some side trips into areas where, again, we're being asked to construct new roads. Finally, I intended to utilize it this summer on a trip through the Fort McMurray area, an area I've never driven to — I've flown a lot of times — and associated side trips there that would be two or three days. Those were my intentions, Mr. Speaker.

Over the course of the last week to 10 days, the matter of whether or not I might be benefiting personally from being Minister of Transportation, having access to such a vehicle, has caused me a great deal of concern. The result has been what I consider a hassling of my personal office staff, department staff, and my own family, about where I am on weekends, what I do, and what kind of a vehicle I use to travel in. I've therefore decided that the perception of my utilizing a government-paid, four-wheel drive vehicle to travel throughout the province is not one I should continue to try to defend. I have decided that I will instruct the deputy minister of the department — and I tried to do that today, but unfortunately he's out of the province — to have the truck returned to Edmonton to be utilized here by senior staff. I know very well they have good need for that kind of truck. It will only be utilized by me when I'm picked up, driven, and returned by a member of the department.

In the meantime, Mr. Speaker, it is not my intention in any way to forsake my plans to travel this province in my responsibilities as Minister of Transportation. I intend to do that in several ways: by the use of my own government car, where that is appropriate; where that is limited and not appropriate, I may rent an appropriate vehicle on a short-term basis; and where that isn't practical, it's my intention to utilize government aircraft, including a helicopter.

Mr. Speaker, I conclude by saying that I don't think my actions in this regard should set any future precedent with respect to whether or not a minister of the Crown might be able to utilize government transportation of this nature for purposes of carrying out his responsibilities.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. First of all, could the minister indicate the rationale behind the use of the truck in the first place? Is it because of road conditions? As a member, what concerned me was that it seemed to be a northwest area vehicle rather than a provincial vehicle; I'm not sure the potholes in southern Alberta are that bad. Second, has the minister access to vehicles in the various regions? For example, the shop in Grande Prairie has a number of government trucks that I'm sure could be utilized under circumstances necessary to the minister.

MR. M. MOORE: Very clearly, Mr. Speaker, the answer to the first question is that the roads for which the Department of Transportation is responsible in this province lie not only in the secondary and primary highway systems but in improvement districts as well. By far, the largest majority of those roads are located in the northern part of the province. In addition, I can say quite frankly to the hon. member that I've travelled the province enough to know that the utilization of the vehicle would

have been in the Eastern Slopes area from Calgary north, generally speaking, and in northern Alberta. Quite frankly, I had little use for it in other areas of the province that could be accessed without any problem by motor car.

The answer to the last question is: no, in my view there are no suitable vehicles available, when and where a person might want them, from the department, and therefore it will be my intention in the future to lease or rent whatever is required from the private sector.

Spousal Abuse

DR. BUCK: Mr. Speaker, my question is to the Minister of Social Services and Community Health. First of all, I would like to compliment someone for sending this bit of blue and orange propaganda over to me. My question to the minister is on battered wives. Quoting from this propaganda article, it says: Our priority is people. Since 1971, your Conservative team has worked hard to improve the quality of life for our citizens and disadvantaged in particular.

Mr. Speaker, I guess probably we as politicians, when something such as battered wives is brought to our attention on a very, very close relationship — one of my staff members went through this. I would like to know from the minister, in light of the facts that we have these promises about priority of people and the cutback in social services, if the minister . . .

MR. SPEAKER: Order please. Let's come to the question. We've had a pretty good speech so far, and perhaps it could have been given in debate.

DR. BUCK: Mr. Speaker, I'd like to say that we didn't miss you last week. [interjections]

MR. SPEAKER: I'd like to make sure the hon. member doesn't miss me this week either. [interjections]

DR. BUCK: I guess if everyone were as sterile as this Assembly, we wouldn't have battered wives.

Mr. Speaker, can the minister indicate what he or his department are doing about the serious matter of battered wives, in light of the fact that one-third of the people are turned away from battered wives' shelters because there just aren't facilities available?

DR. WEBBER: Mr. Speaker, in terms of prevention, programs across the province are funded by family and community support services, operated by the municipalities in Alberta. In some cases, there are battered wives' shelters. I don't have the numbers in front of me today, but I would say that the programs we have in place in this province are unequalled by any other province in this country, in terms of this concern. If I recall correctly, there will be several new shelters going up in the province in the next little while, where women who are subjected to battering can seek refuge along with their children.

DR. BUCK: Mr. Speaker, in light of the fact that one-third of the people who need help are turned away, can the minister indicate at this time if he is aware of this problem and is actively pursuing trying to put facilities in place so that these one-third who are turned away can receive some help?

DR. WEBBER: If I recall the numbers, Mr. Speaker, the main concern relative to being turned away from the

women's shelters occurs in Calgary and Edmonton. Again, if I recall correctly, it's hoped that the opening of the new proposed shelters will relieve that particular concern.

DR. BUCK: Mr. Speaker, a supplementary question. Is the minister in a position to indicate what second-stage support the minister or his department are looking at to help wives who have been battered and have had immediate treatment but want something a little bit longer, to try and help them get their families and their lives together?

DR. WEBBER: Mr. Speaker, certainly in terms of assistance to people who have problems, the stay in the women's shelter is usually relatively short. If further assistance is required, they can approach the district social services offices and seek further assistance there, whether it be through family counselling or getting social assistance. So there are a number of possibilities available.

DR. BUCK: Mr. Speaker, the minister doesn't seem to understand. It's the emergency situation, where the woman and children have absolutely no place to turn to when they are they are turned away at the doors of the facilities. What is the minister going to do about the emergency situation?

DR. WEBBER: Mr. Speaker, I thought I addressed that question earlier, in terms of the fact that, if I recall correctly, the opening of additional shelters in both Edmonton and Calgary will address that particular concern.

DR. BUCK: Mr. Speaker, has the minister given any direction to the people in his department as to what to do on an emergency, immediate basis? Are the case workers allowed to tell this wife and children to go into a motel room, to keep them away from the fellow doing the battering?

DR. WEBBER: Mr. Speaker, in terms of a woman and her family going to a shelter — if the shelter is full, then they are counselled at that particular place as to what kind of assistance is available to them through Social Services and Community Health.

DR. BUCK: Mr. Speaker, just on a point of clarification. Does that mean the case worker has the power to say to this lady and her children: go to the closest motel, and we will look after it for you that day and that night? Is that what the minister is saying?

DR. WEBBER: Mr. Speaker, I will have to check on the details of what kind of advice is given. I know that in terms of approaching a shelter, they try to assist them if they can. The problem exists only within Edmonton and Calgary. In the rest of the province, fortunately the vacancy rates in many of the shelters are very low. And we are addressing the problem which is directly related to Edmonton and Calgary.

MR. SPEAKER: Might this be the final supplementary on this topic.

DR. BUCK: Mr. Speaker, to the Attorney General. Is the Attorney General in a position to indicate that in the cases where the wife is usually afraid to lay a charge against the batterer, the Crown will lay the charge?

MR. CRAWFORD: Mr. Speaker, the normal practice since last fall has been that the Crown does in fact lay the charges. There is perhaps a little bit of explanation required because of the divergence in the types of cases. In some cases, the police arrive while a batterer is present on the premises; in other cases, they do not. In some cases, some indication of what has occurred is given virtually at once; in other cases, it takes a little while or some encouraging from friends or the like in order to consult the police.

The evidence has to be assessed as to its sufficiency for laying a charge and for an investigator to be able to say in his own declaration, in signing the documents to get the charge under way, that he indeed has sufficient knowledge to lay it. Subject to that, the policy is to relieve the battered wife as far as possible from the difficult and demanding responsibility of being responsible for the charge herself.

Human Rights Education Program

MR. MARTIN: Mr. Speaker, I'd like to direct my question to the Minister of Labour. In his ministerial statement last Thursday, the Premier said he had asked the minister

to respond positively, within reasonable limits, to the request of May 4 by the chairman of the Alberta Human Rights Commission, to conduct a further public education program aimed at combatting any racism in Alberta and explaining the nature of discrimination and the importance of exposing it . . .

I'm glad the Premier finally took our advice. My question to the minister is, can the minister identify what group or agency will be directed or retained to put this program together?

MR. YOUNG: First of all, Mr. Speaker, I note that the Individual's Rights Protection Act and the Alberta Bill of Rights are respectively Bills 2 and 1 of this administration. So any recognition of the importance of respect for everyone's rights is a recognition taken by this government many years before the hon. Member for Edmonton Norwood entered the Assembly.

On the question of what agency, if I understood the hon. member correctly, that is a matter on which I had a discussion this week with the chairman and the executive director of the commission. It's a matter on which we will have a further discussion this week. It obviously relates to the kind of program which is deemed most effective. Until that is completely determined, obviously it's impossible to give an answer to the hon. member's question in any further detail.

MR. MARTIN: A supplementary question, Mr. Speaker. I was talking about the public rights campaign that the minister refused the first time. Can the minister advise when it is anticipated that this program will be ready for implementation? I know the discussion stage is on, but they must have an idea of when they want to start it.

MR. YOUNG: Mr. Speaker, the commission obviously has some ongoing educational programs. I gather that the hon. member is speaking to what additional programming. In that event, I have for the moment given him the answer.

MR. MARTIN: A supplementary question. Specifically because the Premier said there would be an extra public

education program — that was part of the announcement — can the minister advise if an extra budget has been struck for the program?

MR. YOUNG: Mr. Speaker, I've already indicated that I've had one meeting this week with the commission on the very subject of the nature of the program and that I'm having another meeting this week on the same subject. And I should add that the commission will have a full meeting on June 8, I believe, although I'd have to check that date. So until decisions of that nature have been taken, I don't believe I can give the hon. member further details.

I point out to the hon. member that any programming in this area has to be very carefully undertaken, for several reasons which the hon. member ought to understand well. First of all, Mr. Speaker, this is an area where the focus should be to create understanding and sensitivity by all persons for every other person's color and religious beliefs, just to identify two points. If that is to be effective, it obviously needs to be very carefully considered.

MR. MARTIN: A supplementary question to the minister. Then did the Premier not consult with the minister before he made his statement dealing with the Human Rights Commission? This is certainly part of the Minister of Labour's portfolio. Did he not know anything about it before the Premier made his statement?

MR. YOUNG: Mr. Speaker, on that question I can give the hon. Member for Edmonton Norwood full assurance that there was in fact consultation. All parties recognized the very significant challenge that is involved and that it would not be possible to reach to a shelf, pull off a program, and start running that program. Since the announcement was last week — and I've only indicated I had a meeting this week. Mr. Speaker, I didn't tell the hon. member that I had a meeting with the chairman of the commission last week. I now do that. I consider that the matter is being followed and pursued with a high degree of vigor.

MR. MARTIN: A supplementary question. Vigor may be your word for it. Is the minister saying that with all the controversy swirling around over the last month and with the Premier's statement on Thursday, virtually nothing of substance is ready to report to the House at this moment?

MR. NOTLEY: Nor before the end of the session.

MR. YOUNG: Mr. Speaker, again I repeat what I've already told the hon. member. A meeting last week, a meeting already this week, a further meeting this week, and a meeting with some outside persons interested in this subject this week, surely ought to be worth-while progress.

The hon. member obviously would like to hear some details about what is being considered. At the moment, I'm not prepared to do that until the contemplation by all parties on this very serious challenge has been completed.

MR. MARTIN: One final supplementary question, Mr. Speaker. Could the minister indicate when members of the Assembly will have some idea of the details of the program?

MR. YOUNG: Mr. Speaker, I can indicate that as soon as other parties — because very obviously I am not totally able to make the complete decision, since the commission, as an independent commission, is involved in this matter. They have certain decisions to take, and I am not absolutely certain of the time frame in which they will take those decisions. But I have already indicated the interest and commitment which the chairman and staff of the commission are showing. I can therefore reassure the hon. member that based on the commitment already demonstrated, I would be quite prepared to relate to the Assembly at the earliest possible time when those decisions are taken.

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

MR. SPEAKER: Order please. We have a number of members, six to be exact, who have not yet asked their first questions. If there's time, we can come back to this topic.

Commercial Fishing

MR. WEISS: Mr. Speaker, I wish to direct my question to the Associate Minister of Public Lands and Wildlife. In the recent review of the department's estimates, I raised the question of assistance for the commercial fishermen of Fort Chipewyan. Will the minister advise the Assembly if a decision has been made or will be forthcoming with regard to the freight subsidy, as reportedly recommended by the task force?

MR. SPARROW: Mr. Speaker, we have a great concern for the fishing problems of the Fort Chip area. I have a meeting tomorrow with my deputy minister and assistant deputy minister, who are reporting to me after analysing the task force report. We are also sending our assistant deputy minister to meet with the president of the fresh fish marketing board in Winnipeg on Thursday of this week. He will be reporting back to us with reference to discussions he's having with them. Other items that he will be discussing along with the freight costs and the distance to Winnipeg will be the price of fish, the possibility of processing fresh fish in Alberta, the increased possibilities of marketing fresh fish in Alberta, and the quality control of fresh fish in Alberta.

I hope we can help solve their problem. It's a problem that basically stems from the cost of fish and the high freight cost coming out of that area.

MR. WEISS: A supplementary, Mr. Speaker. Will the recommendations of the task force be made available to the public?

MR. SPARROW: This is basically an internal document that was done by our staff. The summary of it and recommendations from it will be coming to me. There's a lot of information in here that I think should be kept within the department. If you as a member wish to go over it, I'm glad to have your input on it.

MR. WEISS: Final supplementary, Mr. Speaker, if I may. Will the minister assure us that members of his department will contact members of the co-op to avoid any unfortunate incident that might occur, such as dumping the fish in the reflecting ponds out front?

MR. SPARROW: Very definitely, Mr. Speaker. If that is a problem, the 20 fishermen involved in fishing in that area should be going back to work, rather than hauling fish down here.

Employment for the Disabled

MR. PAPROSKI: Mr. Speaker, I have a question for the Minister responsible for Personnel Administration. It pertains to the employment of disabled citizens with our government. Have recent economic conditions had an impact on our government hiring disabled citizens?

MR. STEVENS: Mr. Speaker, we've debated in the House the situation that has affected all Albertans and all Canadians as a result of the national energy program and the federal tracking of U.S. interest rates which, among other misguided policies, have led to a downturn in our economy. Disabled Albertans who are seeking employment with the province of Alberta are facing the same dilemma other Albertans are facing: a reduced turnover, fewer positions, and generally a reduction in the availability of recruitment positions in the government of Alberta.

MR. PAPROSKI: A supplementary question dealing with the same subject area involves the need to increase opportunities for disabled Albertans with our government. Has the minister or members of his department considered new methods to enhance opportunities with the Alberta government for disabled Albertans?

MR. STEVENS: Mr. Speaker, perhaps I should indicate that the program the Member for Edmonton Kingsway is seeking information about — and I recall that prior to his welcome arrival in the House, as a citizen he had expressed concerns about this area as well. The program under the Personnel Administration Office has been in effect in this province since 1975. It's been very successful in ensuring that Albertans who have handicaps or disabilities of various sorts — either mental or physical infirmity or other disabilities — have an opportunity to obtain meaningful employment with the government of Alberta. The requirement, of course, is that all employees have qualifications to meet the tasks required.

One of the programs this government pioneered in 1981, the year of the disabled, was the establishment of a work experience program. That program has been very successful in providing disabled Albertans with an opportunity to upgrade skills so that he or she may be able to obtain full employment in a permanent position, should that be available.

Medicare Advertising Campaign

MR. SHRAKE: Mr. Speaker, I have a question for the hon. Minister of Hospitals and Medical Care. I've had some calls from concerned senior citizens in my area regarding a questionnaire postal card that was delivered to them. It's addressed to the Hon. David Russell, Minister of Hospitals and Medical Care, et cetera. It states a real strong, urgent support for a lot of medicare programs and requires their signature, name, and address. I guess they have to waste 32 cents on the thing to send it back. Would you please tell me what is the purpose of this card, and is it from the provincial government?

DR. BUCK: The Friends of Medicare.

MR. RUSSELL: Mr. Speaker, I don't know who organized it. Usually printed material like that has some identification on it. I was disturbed because they're coming into the office by the hundreds.

MR. NOTLEY: Are you surprised at that?

MR. RUSSELL: One of the seniors in Calgary called and asked me why I was asking for them. [interjection] Yes, those two should look concerned. When we phone the lodge manager, she was only able to tell us that these had been delivered to the door by a lady who didn't identify herself, with instructions to have them sent back to me.

MR. NOTLEY: We can debate it in Bill 38, David.

MR. RUSSELL: I have concern about the cards for three reasons. The message on them is that they support medicare. The only reply is: well, so do we. There's no government in Canada that supports medicare more strongly than this one. Secondly, they are spending 32 cents on them. And I think they're being delivered under misrepresentation, because the idea is certainly being left in some minds that this is a government survey of some kind, and of course nothing could be further from the truth. I think it's unfortunate that somebody is trying to organize seniors living in lodges and nursing homes to do this kind of thing.

MR. SHRAKE: A supplementary question, Mr. Speaker. Is there any way your office can get the word back to some of the senior citizens' homes and buildings that they don't have to send this type of thing in? Some of them felt concerned that they were actually obligated to send it in, stating all these strong views. Is there any way your office could handle that?

MR. RUSSELL: We can do a certain amount by way of organizing responses. I'm going to try to enlist the aid of MLAs, where possible, and see if we can't get the word back that way.

Rental Deposits

MR. LEE: Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. In a sense, it's a supplementary to that asked by the hon. Member for Calgary North Hill on March 17 and the legislation introduced by the hon. Member for Calgary North West on April 13. It pertains to the damage deposit interest rates being paid by landlords in Alberta. In view of the critical market conditions and the precarious state of many landowners, is the minister contemplating any action earlier than that which might be anticipated by debate on the Bill in this House?

MRS. OSTERMAN: Mr. Speaker, certainly I think we all recognize that there is now an imposition on landlords that wasn't there before and, I suppose, an imbalance that was there with respect to tenants when the interest rate being paid to tenants was very, very low and, of course, in the market place it was very high. Through letters to various people who have written me about this problem, I have made a commitment that we'll definitely make an amendment to the Bill this fall, though I was certainly hoping that we would have the benefit of debate on the hon. member's Bill before we did that. It is my hope that

it will come up this fall, before we undertake an amendment to the Act.

MR. LEE: A supplementary, Mr. Speaker. The Bill is 14th on the Order Paper. Certainly many of the small landlords are having great difficulty in justifying a difference of as much as 5 per cent between that which is being paid in term deposits and the current rate. I wonder if the minister would reconsider, in terms of an earlier consideration of that legislation.

MRS. OSTERMAN: I certainly will, Mr. Speaker. If it appears that that Bill will not be up for debate in time for the Assembly to move with an amendment on the Landlord and Tenant Act, I'll undertake that.

Bankruptcies

MR. GOGO: Mr. Speaker, I too have a question to the Minister of Consumer and Corporate Affairs. It's with regard to the annual report of the supervisor of consumer credit, which the minister submitted to the Legislature. In view of the fact that the total bankruptcies in Alberta in the 1982 calendar year were up some 47 per cent, could the minister advise the House if this program of personal bankruptcies is being investigated on a monthly basis?

MRS. OSTERMAN: I'm sorry, Mr. Speaker. I didn't catch the import of the member's question — just the last line.

MR. GOGO: Mr. Speaker, could the minister advise the House if the personal bankruptcies that are recorded in Alberta are monitored on a monthly basis?

MRS. OSTERMAN: Mr. Speaker, I'm not sure what the hon. member means by "monitored", but we certainly collect the statistics.

MR. GOGO: A supplementary, Mr. Speaker, with regard to the fact that in 1982 they were up some 47 per cent in Alberta, from 1,400 to some 2,123 for the calendar year. The reason for the question is that I'd like the minister to indicate, if possible, if it's being monitored on a monthly basis and if the number of bankruptcies is decreasing in 1983.

MRS. OSTERMAN: Mr. Speaker, I'll undertake to bring that information back to the hon. member. I think we have some statistics for March.

MR. GOGO: A final supplementary, Mr. Speaker. While looking that up, could the minister advise the House with regard to the orderly payment of debts process that the province assumed from the federal authorities, where over 1,000 debts were being paid off through the minister's department? Could the minister advise the House at that time if the rate of interest charged to those debtors is being reviewed?

MRS. OSTERMAN: I'll undertake that, Mr. Speaker.

ORDERS OF THE DAY**head: MOTIONS FOR RETURNS**

MR. HORSMAN: Mr. Speaker, with respect to the motions for returns on the Order Paper, I wish to advise that the government accepts without amendment nos. 172 and 175. I advise that when Motion 171 is called, I will be moving a slight amendment. I move that motions for returns nos. 170, 173, 174, and 176 stand and retain their places on the Order Paper.

[Motion carried]

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

- (1) The names and official position designations of all government of Alberta employees working in offices outside of Canada, listed by location of office, as at May 5, 1983;
- (2) The previous position held by the persons in (1) immediately prior to their current posting;
- (3) The number of years of service within the Alberta civil service for the persons in (1);
- (4) The official salary ranges for the positions designated in (1).

MR. HORSMAN: I move an amendment. Copies have been supplied to the hon. Member for Little Bow and to the Speaker. Motion for a Return No. 171 should be amended as follows: in paragraph three, strike the words "within the Alberta civil service" and substitute the words "with the government of Alberta".

[Motion as amended carried]

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

- (1) The total amount of money granted by the province to the Barrhead town and county airport for the years 1980-81, 1981-82, and 1982-83;
- (2) The purpose for which the money was granted;
- (3) The projected total grant to the Barrhead town and county airport for the fiscal year 1983-84;
- (4) The technical specifications of the airport runways and facilities;
- (5) The name of the firm or group that performed the 1982 engineering evaluation of the Barrhead airport and the total cost of that evaluation.

[Motion carried]

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

- (1) The total budget allocated to each municipality for the family and community support services program (previously preventive social services program) for the fiscal years 1979-80, 1980-81, 1981-82, and 1982-83;
- (2) A breakdown of the same budget to municipalities, including funds allocated for administrative costs and funds allocated for the support of community agencies.

[Motion carried]

head: GOVERNMENT DESIGNATED BUSINESS**head: GOVERNMENT BILLS AND ORDERS
(Second Reading)****Bill 4****Planning Amendment Act, 1983**

MR. MUSGROVE: Mr. Speaker, I move second reading of Bill No. 4, the Planning Amendment Act, 1983.

It's an amendment to the Planning Act to allow regional planning commissions to have their regional plans in place until December 31, 1983. It will also allow the preliminary regional plans to be in place until they have adopted the regional plan or until December 31, 1983. Mr. Chairman, some of the regional planning commissions have been having some problems getting municipalities to agree on the content of the regional plans. The new guidelines that were brought in by the Minister of Municipal Affairs early in 1982 have narrowed the parameters and should expedite their adoption.

[Motion carried; Bill 4 read a second time]

Bill 29**Business Corporations
Amendment Act, 1983**

MRS. OSTERMAN: Mr. Speaker, I move second reading of Bill 29, the Business Corporations Amendment Act, 1983.

I really don't have a lot to add in second reading, in terms of my introduction in first reading. The importance of passing this particular amendment this spring probably hinges basically on one section. There are a number of people in the business community who believe that there presently exists in the new Business Corporations Act a section that might — if they were to continue under the new Business Corporations Act from the present Companies Act, they would attract some tax. So because of a concern raised in the business community, basically by the accountants' profession, we are making an amendment in that regard.

As I said before, the other amendments are basically to clarify terms and, in some instances, some needless requirements of corporations.

[Motion carried; Bill 29 read a second time]

Bill 30**Alberta Heritage Savings Trust Fund
Amendment Act, 1983 (No. 2)**

MR. HYNDMAN: Mr. Speaker, I move that Bill No. 30, the Alberta Heritage Savings Trust Fund Amendment Act, 1983 (No. 2), be read a second time.

The principles involved in this Bill can be shortly stated. Firstly, the amendment to the first part of paragraph three, although very short, provides the vehicle for the financing which will establish the new Alberta venture capital corporation. As indicated previously in news releases by my colleague the Minister of Economic Development, there will be a loan from the heritage fund in the amount of \$200 million to establish that entity. The estimates will be tabled shortly, and there will be an appropriate debate on those estimates in Committee of Supply.

The second principle contained in the Bill derives from the recommendations of the Auditor General last spring, with respect to the review by the Legislative Assembly of amounts invested by the Alberta investment division of the heritage fund, essentially in four Crown corporations: the Alberta Housing Corporation, the Home Mortgage Corporation, the Opportunity Company, and the Agricultural Development Corporation. The third amendment simply improves the investment flexibility and, therefore, the opportunity for the highest possible return under the commercial investment division, and facilitates cash management.

MR. MARTIN: Mr. Speaker, I'd like to rise briefly and say that we intend to support the Bill. We think it's a small step in the right direction toward legislative control of the heritage fund, which has been an ongoing criticism the opposition has given the government. We think there's a long way to go yet. But because it is a step in the right direction, we will support it all the way through.

[Motion carried; Bill 30 read a second time]

Bill 32
Department of
Energy and Natural Resources
Amendment Act, 1983

MR. ZAOZIRNY: Mr. Speaker, I move second reading of Bill No. 32, the Department of Energy and Natural Resources Amendment Act, 1983.

Very briefly, Mr. Speaker, the Bill provides for the establishment of the advisory committee on heavy oil and oil sands development, and prescribes the membership and function of the advisory committee.

[Motion carried; Bill 32 read a second time]

Bill 33
Freehold Mineral Rights Tax Act

MR. ZAOZIRNY: Mr. Speaker, I move second reading of Bill No. 33, the Freehold Mineral Rights Tax Act.

This legislation has been facilitated by recent constitutional amendments, which now enable the provinces to levy an indirect tax as well as a direct tax. As a result of this constitutional provision, we are now able to move to a production-type levy with respect to freehold mineral rights, as opposed to the present system of taxation on a property-like tax basis.

We believe there are many advantages to this new system. It will ensure that there will be no requirement for the some one thousand appeals per year based on the property value type of system we've had in the past. The assessment will simply be on the basis of production, and the Bill includes provisions to ensure that that system can be put in place. In essence, Mr. Speaker, the Bill provides for a move from a property-type tax assessment to a production-type tax assessment, this being facilitated through the recent constitutional amendments with respect to indirect taxation.

[Motion carried; Bill 33 read a second time]

Bill 35
Hail and Crop Insurance
Amendment Act, 1983

MR. FJORDBOTTEN: Mr. Speaker, I move second reading of Bill No. 35, the Hail and Crop Insurance Amendment Act, 1983.

The main purpose of the Bill is to permit the government to guarantee the payment of money borrowed by the corporation or advance money to the corporation for the purpose of meeting any of its obligations. Losses due to hail were very severe in 1982, and premium risk losses were at an all-time high. Similar years occurring in succession would seriously affect the reserve fund. As the Act now stands, the province may advance or guarantee funds for operating expenses only, and would not be allowed to advance or guarantee funds for the payment of indemnities. With today's high cost of producing grain crops, farmers require more protection. But the corporation cannot increase the per acre coverage limits without a provincial guarantee. Mr. Speaker, section 31 as amended will allow farmers in Alberta the protection they require.

Other noticeable changes include section 18(6), where the maximum amount of a fine as outlined in section 7 could be increased to \$500 from \$100. Imprisonment for a term of not more than one year in default of any payment, is being eliminated. As well, in subsection (7), the reference to imprisonment for a term of not more than three months in default of payment has also been eliminated. Mr. Speaker, we feel that appropriate arrangements for repayment can be made with farmers, thus avoiding any further hardships on farmers today.

Also, Mr. Speaker, section 22 has been changed to reflect a harvesting allowance, whereby the farmer would receive a slightly higher payment in the event of crop damage in excess of the 70 per cent level. The allowance is common in the hail insurance business today and is intended to at least partially compensate the farmer for additional expenses often associated with harvesting a badly damaged crop.

Other amendments are of a general housekeeping nature and delete some provisions in the previous Act that are no longer applicable, and some minor changes to other sections. These sections provide for such matters as maintaining a separate premium account for each region of the province and prorating the indemnities by region, if required. Although these conditions may have been acceptable to some farmers in the early years when insurance was not otherwise available, they certainly are not acceptable today.

Mr. Speaker, those are the changes that are reflected in the new Bill.

[Motion carried; Bill 35 read a second time]

Bill 36
Provincial Parks
Amendment Act, 1983

MR. CAMPBELL: Mr. Speaker, I'd like to move second reading of Bill No. 36, the Provincial Parks Amendment Act, 1983.

Firstly, the Bill makes changes which are in keeping with the departmental reorganization and the government's desire to reduce the amount of red tape in administering the Act. The Bill will allow the minister to make changes to regulations dealing with the administration of

the department, rather than resorting to cabinet approval for other than policy issues.

Section 2 of the Bill clearly identifies the other agencies which will have enforcement authority under the Provincial Parks Act. Sections 5, 12, and 19 of the current Act have been repealed, as these sections are presently considered in other departmental legislation, and therefore overlap will be reduced. Section 7(1) of the Bill provides the minister with clear authority to administer newly acquired lands which will eventually be designated as provincial parks or recreation areas. This measure will allow for interim administration, management, and protection for those lands to ensure productive use prior to development.

Changes to section 8 of this Bill will provide the minister with greater flexibility and responsiveness to private-sector initiatives for providing services and facilities in parks and recreation areas. Fees for certain dispositions would be determined through the public tender process, and would therefore be reflective of current market conditions. Section 10 of the Bill clearly identifies the recourse open to the minister in situations where it is felt a person has established their place of residence in a park. Many of the changes to section 11 will provide a legal basis for the control of activities such as the use of firearms, off-highway vehicles, and fires in provincial parks and recreation areas.

Mr. Speaker, the amendments proposed in this Bill are an attempt to update and make improvements to an Act which establishes provincial parks and recreation areas for Albertans. I ask for your support for second reading of Bill No. 36.

[Motion carried; Bill 36 read a second time]

Bill 43
Municipal Government
Amendment Act, 1983

MR. KOZIAK: Mr. Speaker, I move second reading of Bill 43, the Municipal Government Amendment Act, 1983.

The Municipal Government Act is much like a constitution for our municipal governments in the province, and deals with many individual areas. The amendments, as well, deal with many individual areas, and it's difficult to identify a common theme or thread that would tie the amendments together. They deal with specific problems and concerns that have been raised with us over the past number of years. The amendments respond to resolutions that have been passed and to concerns that have been expressed to the department and to myself by the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties.

We've been able to specifically address certain concerns with respect to the matter of gas co-ops and the loss of a franchise area on annexation; the need of municipalities, in particular the cities of Edmonton and Medicine Hat, to have flexible authority in terms of the structuring of such debt instruments as they want to sell on the open market — for the city of Edmonton, particularly for the Genesee project; for the city of Medicine Hat, in connection with their natural gas utility.

During the course of first reading, Mr. Speaker, I identified the fact that provision exists in the Act for the establishment of business revitalization zones, and that provision has been well received by municipalities since the introduction of the Bill. There are other provisions

that all hon. members will have familiarized themselves with by reading through the Bill. It's unnecessary for me to repeat them, except to request that members join with me in responding to the needs of the municipalities in this province by supporting Bill 43 on second reading.

[Motion carried; Bill 43 read a second time]

Bill 45
Utilities Statutes
Amendment Act, 1983

MR. CRAWFORD: Mr. Speaker, I move second reading of Bill 45, Utilities Statutes Amendment Act, 1983.

This Bill would amend two statutes: the Gas Utilities Act and the Public Utilities Board Act. In one respect, the amendment in each of the two Bills is the same. The purpose is to expand the opportunities the Public Utilities Board has under each of those two statutes to take into account certain matters in the setting of rates of return. The new matters they would be able to take into account would be the construction of capital projects for the utility, which had not yet been commissioned and brought into service. Therefore, at any point in time after a project has been approved to go ahead and some expenditure of capital funds had occurred, the board could take into account, along with other things that they are required to take into account, the question of whether some rate of return should be allowed. The value to the consumer, Mr. Speaker, is quite evident. It would create a situation where, with very expensive capital projects being developed, the opportunity would be there to phase in over a period of time the increases that are certain to result to the consumers. I conclude that portion of it by just noting that there are certainly two sides to the issue. But, of course, the board is not obliged to allow anything in respect of work in progress; it is something they may take into account.

Another matter in the Public Utilities Board Act is really no change in principle: an adjustment of certain existing provisions in regard to the payment of expenses, and also salaries and remuneration, in respect of members of the Public Utilities Board.

[Motion carried; Bill 45 read a second time]

Bill 46
Department of Housing Act

MR. SHABEN: Mr. Speaker, I move second reading of Bill No. 46, the Department of Housing Act.

The responsibilities for Housing and Public Works were previously contained in one Act and, as a result of the introduction of Bill 37, the Department of Public Works, Supply and Services Act, that separation of responsibilities will be laid out in statute. There are no changes in responsibilities with respect to Housing as a result of rewriting and separation of the two departments.

[Motion carried; Bill 46 read a second time]

Bill 49
Petroleum Marketing Amendment Act, 1983

MR. KOWALSKI: Mr. Speaker, I move second reading of Bill 49, the Petroleum Marketing Amendment Act, 1983.

The purpose of the Bill is threefold. Firstly, it relates

the definition of "pentanes plus" to the definition in the regulations under the Mines and Minerals Act rather than to the definition in the Oil and Gas Conservation Act. Secondly, it provides authorization for payment of sales proceeds of petroleum and pentanes plus by the Alberta Petroleum Marketing Commission to an operator or designated financial institution. Thirdly, it outlines the procedure whereby payment of these proceeds must be made by the operator or the designated financial institution to the owners within five days after receiving them. As well, Mr. Speaker, the Bill eliminates cross references to sections in the Mines and Minerals Act.

I ask that all members support second reading of Bill 49.

[Motion carried; Bill 49 read a second time]

Bill 50

Alberta Energy Company Amendment Act, 1983

MR. HYNDMAN: Mr. Speaker, I move second reading of Bill 50, the Alberta Energy Company Amendment Act, 1983.

The single issue of principle in this Bill relates to the announcement in November 1982 that the previous policy with respect to the automatic 50 per cent ownership of the shares of the government in the Alberta Energy Company would be changed so when new shares were issued and sold by the company, the government holding could automatically drop to a lesser percentage. That in fact occurred when the Alberta Energy Company issued a successful \$85 million share issue last December. Accordingly, this Bill simply puts that new policy into effect.

[Motion carried; Bill 50 read a second time]

Bill 53

Franchises Amendment Act, 1983

DR. CARTER: Mr. Speaker, I move second reading of Bill 53, Franchises Amendment Act, 1983.

Hon. members who wish to make a detailed comparison of the ramifications of this Bill should refer to chapter F-17, *Revised Statutes of Alberta 1980*, Franchises Act. The purpose of the amendment to the Bill will tend to deregulate certain trades between some vendors and purchasers of franchises. Under the proposed amendment, the director of the Securities Commission, upon application by the parties involved, will assess specific circumstances intended to demonstrate that an exemption from the requirements of the Act is warranted. The Franchise Act presently does not allow sufficient flexibility to exempt worthy applicants from the requirements imposed.

Hon. members might refer to section 3(1). This subsection contains the core of the entire amendment. Upon application by prospective vendors and purchasers of franchises, the director of the Alberta Securities Commission may, in appropriate circumstances, exempt the "trade in a franchise" from the requirements of the Act. Section 3(2) provides alternative mechanisms for formal consideration of an application.

In essence, Mr. Speaker, the whole impact of Bill 53 is in the area of deregulation, and it should be of some considerable assistance and less cost in situations where employees or people in the same industry may be able to purchase a franchise.

[Motion carried; Bill 53 read a second time]

Bill 54

Financial Administration Amendment Act, 1983

MR. HYNDMAN: Mr. Speaker, I move second reading of Bill 54, the Financial Administration Amendment Act, 1983.

There are four proposals for modifications in the law in this Act, Mr. Speaker. Firstly, as indicated in the budget, while in previous years moneys flowing from the heritage fund were adequate to provide financing totally for such Crown corporations as the Opportunity Company and the housing corporations, that is no longer the case this year. Accordingly, this Act provides a loan fund mechanism which will enable the province, in the name of the province of Alberta, to go to the public debt markets, borrow moneys for those corporations, and re-lend them to those provincial corporations as necessary.

Secondly, the Act provides for the Treasury Board or the Provincial Treasurer, in the case of certain remissions under \$2,000, to approve remissions and debts payable to the Crown in certain circumstances set forth in the Bill. Thirdly, there's a provision for the partial payment of guarantees of rural gas utility loans and, lastly, a proposal to clarify the procedures for the province and for provincial corporations regarding the assignment of debts owed by the Crown.

[Motion carried; Bill 54 read a second time]

Bill 55

Real Property Statutes Amendment Act, 1983

MR. CRAWFORD: Mr. Speaker, I move second reading of Bill No. 55, the Real Property Statutes Amendment Act, 1983.

Mr. Speaker, the need for this legislation arose as a result of a judicial interpretation in which both the Builders' Lien Act and the Land Titles Act were interpreted jointly, with the result that numbers of mechanics' liens — no doubt in the many thousands — would now be perceived by many claimants and their solicitors as being invalid. This is a result of a judicial interpretation in January of this year, setting aside a mechanic's lien and a builder's lien in one situation as a result of the document not having been executed by a witness in the form required by the Land Titles Office, although for many years, all such documents had been filed under the terms of the Builders' Lien Act without that type of completion of the document. In other words, Mr. Speaker, this would substantially put the two statutes in the position where, for the filing of builder's lien claims in the Land Titles Office, it would accord with what, for the most part, legal counsel always felt the law was.

The other provisions of the Bill are important enough because there is a provision allowing a person whose lien has lapsed as a result of what has occurred in the last few months and the general confusion and consternation in the land titles system, to seek a judge's order re-establishing the validity of his lien. That is subject to the necessary type of qualification that if a person is granted such an order re-establishing a lien which had otherwise become invalid as a result of this new principle of law, he does so subject to intervening bona fide interests of third parties.

Despite the confusion — I used the word earlier — that occurs in a situation like this and the need to restore people to the position of having the rights they believe they were exercising, a by-product of some good always comes from it; that is, the clarification of sections 151 and 152 of the Land Titles Act. Examination showed that there may well be other situations where there would be some doubt about the validity of documents for reasons similar to the one I referred to as giving rise to this Bill. When hon. members see the addition of sections 152.1 and 152.2, there are no major principles involved in any changes there, but there is a considerable degree of clarification of what is required to be witnessed and what is not.

[Motion carried; Bill 55 read a second time]

Bill 47

Department of Advanced Education Act

MR. JOHNSTON: Mr. Speaker, in moving second reading of Bill 47, Department of Advanced Education Act, I simply want to put on record a couple of comments with respect to the intentions of this piece of legislation.

Although it appears to have several sections, in fact this Act does nothing new in terms of existing legislation but brings into one piece of legislation sections which have been found in other Acts, which are essentially applicable to advanced educational institutions within the province. It should be understood, Mr. Speaker and members of the Assembly, that this legislation at the same time makes those corrections to effect the separation of the Department of Advanced Education and the Department of Manpower. Other than that, there is nothing new in terms of policies or principles which would require the attention of the Assembly or should be drawn to the attention of the Assembly. I encourage members to agree to second reading of this legislation.

[Motion carried; Bill 47 read a second time]

Bill 57

Public Service Amendment Act, 1983

MR. STEVENS: Mr. Speaker, I'm pleased to move second reading of Bill No. 57, Public Service Amendment Act, 1983.

The Public Service Act provides the basis for the government's internal personnel system. It established the Personnel Administration Office under the Public Service Commissioner and provides the basis for job classifications, the setting of pay, conditions of service, and the manner in which people are recruited to, selected for, or appointed to the public service.

The proposed change in Bill 57 stems from recent changes in the province's economic situation and our government's policy of fiscal restraint. In recent years during the rapid expansion of the province, the government, as an employer, experienced both a corresponding increase in the demand for public services and a very difficult labor market from which to recruit. Now we are faced with a situation in which we are holding the line and even reducing public service growth. At the same time, the lack of opportunities elsewhere has caused a sharp drop in our vacancy rates. Despite this, demands in some areas of government service continue to grow. To meet these demands, we will need to re-deploy employees from other departments and programs where demand has

diminished.

Most additions to the public service are filled through a competitive process. The Public Service Act provides the Public Service Commissioner, with discretion, to exempt appointments on the grounds of persons having specialized knowledge or qualifications which are unlikely to be bettered through competition or where there is an urgency in the requirement to render the competition impracticable. Bill 57 widens these grounds to encompass the kind of re-deployment I've described.

The second area of amendment removes the need for certain orders in council for matters of a routine or administrative nature and provides authorization by ministerial order. Finally, Mr. Speaker, there is provision for a revolving fund to facilitate the charging back of the cost of training and development. These programs are offered by Personnel Administration using a combination of external and internal resource persons. We strongly believe that the training and development functions are management responsibilities which should be budgeted for by each department. The principle of user pay will ensure that Personnel Administration remains responsive to the needs of departments.

MR. NOTLEY: Mr. Speaker, I would like to make a few initial comments on the principle of Bill 57, particularly with respect to the significant change to section 4 of the Act. Before this Assembly agrees to any lessening of the impact of the competition system for jobs, I think we have to be very, very clear what we're doing, and the arguments must be convincing indeed.

Mr. Speaker, last Friday, when you were not present, we had a session on the question of government patronage. As I reflected upon the answers that were given, I thought we had a new crusade from this government to sort of repeal all efforts to do away with patronage. Of course, at one time we had a very frank and upfront position in the Conservative Party: you reward your friends; you punish your enemies. You have the Grits — I think Sir John A. Macdonald used to say, in terms of setting boundaries — and you make sure that good Tories are appointed to positions according to the best law of patronage.

As a result of this kind of questionable approach, developed into a real art by the Conservative Party in Canada and by certain elements of the Democratic and Republican machines in the United States, a reform movement grew. The basic thrust of those people arguing for reform was that rather than having public servants appointed on the basis of their political stripe or the color of their complexion, we should have competition and people would be chosen on the basis of merit. This became the centre of a good deal of political debate in the United States. It became the focus of much attention in Canadian politics. All one has to do is review the journals of the early days of this century, and one sees the slow but definite strides toward reform of the process of selecting public employees.

Mr. Speaker, we now have a government which — as I reflect on the debate that occurred in the House last Friday — seems to be attempting to turn the clock back, to bring back the good old days of appointment, by-passing the competition process. As the legislation presently reads, the Commissioner may exempt an appointment from competition if he is satisfied that there is some urgency to the appointment or the person has specialized knowledge. We have set out in the Act at the present time two defensible criteria for by-passing the competition

process. But I ask members to reflect on what the government is now suggesting: a new clause (c), "the exemption is necessary for the effective utilization of employees."

That is certainly a very broad definition. I can imagine that as they sat around in caucus, they must have decided: now how in heaven's name can we come up with a phrase that will allow us to appoint all our unemployed Tory friends — unemployment is high now in Alberta as a result of policies of this government, so there are a lot of unemployed Tories — how are we going to be able to by-pass the competition process?

DR. BUCK: I suggested the senate.

MR. NOTLEY: Yes, the hon. Member for Clover Bar suggested the senate but, of course, that's a little difficult, a little tricky. It may be tough to persuade public opinion that we should have a provincial senate. There are more unemployed Tories than that, so they might have to look at some other method. With 35,000 to 40,000 in the public service, there are a lot more jobs than there would be in the senate. So how can we change the rules of the Public Service Act, Mr. Speaker, to allow this new approach to patronage? Well, we bring in the amendment which the Legislature is being asked to authorize today, a granddaddy clause which allows the government to appoint almost anybody they want, because they will be able to justify whatever "the effective utilization of employees" may be. That is such a broad definition that in fact we are going to scuttle the competition process.

If the minister wanted a little more flexibility in terms of people moving from one branch to another, I am convinced that with the vast number of lawyers we have at the disposal of the government of Alberta, both inside and outside — even in the caucus, they have the Minister of Energy and Natural Resources. If the Premier isn't consulting with him on some of these programs — if he was consulting with the former Minister of Energy — perhaps the Minister of Energy and Natural Resources would have time to offer the Minister responsible for Personnel Administration some legal advice. But with the tremendous array of legal talent, I am convinced that if this government is going to amend the Public Service Act, it could have come up with a little more precise definition than a definition that gives this government almost *carte blanche* authority to destroy the competition process.

Mr. Speaker, I say to members of the House that if we're going to go this route, then let the government proudly assert it, although I have to say in all honesty that one almost sensed there was that assertion on Friday when the opposition reminded the government in this House of the, I think, sterling observations made by the new Leader of the Opposition in the House of Commons, Mr. Nielsen, about the tendency of the federal Liberals to engage in self-serving patronage. I certainly agree with his observations; I think they are right on.

Mr. Speaker, we found very little support for that point of view in this House on Friday. As a matter of fact, the provincial Tories were embracing, almost with jubilation, the attitude toward the public service undertaken by their new bedfellows the federal Liberals. So we seem to have an Ottawa/Edmonton axis on this business of ditching competition in the public service and instead rewarding one's friends in the old Sir John A. Macdonald fashion or, to go south of the border, the Tammany Hall fashion as well.

I see one of the hon. members over there, one of the younger members — yes, yes, the hon. Member for Edmonton Glengarry — who hopes to be the Richard Daley of Edmonton at some point, if he keeps at it long enough.

In any event, Mr. Speaker, what we have at the moment is a proposal before the House which, stripping aside all the partisan comments that have been part of my observations so far, I would say seriously erodes the competition process. With the evidence of a tendency toward patronage appointments and rewarding their friends that this government has already demonstrated, before this Assembly endorses this kind of sweeping expansion of appointment without competition, I for one want to have a better explanation than I've heard today from the minister.

[Mr. Speaker declared the motion carried. Several members rose calling for a division. The division bell was rung]

[Eight minutes having elapsed, the House divided]

For the motion:

| | | |
|-------------|-----------|-----------|
| Adair | Gogo | Paproski |
| Alexander | Harle | Payne |
| Alger | Horsman | Pengelly |
| Anderson | Hyland | Purdy |
| Appleby | Hyndman | Reid |
| Batiuk | Johnston | Shaben |
| Bogle | King | Sparrow |
| Bradley | Koper | Stevens |
| Campbell | Kowalski | Stiles |
| Carter | Koziak | Stromberg |
| Clark | Lee | Szwender |
| Cook | McPherson | Thompson |
| Crawford | Miller | Trynchy |
| Cripps | Moore, R. | Weiss |
| Drobot | Nelson | Woo |
| Elliott | Oman | Young |
| Fischer | Osterman | Zaozirny |
| Fjordbotten | Pahl | Zip |
| Fyfe | | |

Against the motion:

| | | |
|------|--------|--------|
| Buck | Martin | Notley |
|------|--------|--------|

| | | |
|---------|-----------|----------|
| Totals: | Ayes — 55 | Noes — 3 |
|---------|-----------|----------|

[Bill 57 read a second time]

Bill 17
Health Occupations
Amendment Act, 1983

MR. KING: Did I hear 58 called?

SOME HON. MEMBERS: Seventeen.

MR. KING: I'm sorry. I thought I heard the hon. Clerk call 58, and I was somewhat at a loss. [interjections] That's very true. I hope hon. members will remember this day, because it won't happen for another 12 years.

I move second reading of Bill No. 58, the health occupations Act.

SOME HON. MEMBERS: Seventeen.

MR. KING: Mr. Speaker, I move second reading of Bill No. 17, the Health Occupations Amendment Act, 1983.

MR. SPEAKER: On the assumption that the earlier motion was withdrawn, would members in favor of the motion by the hon. minister for second reading of Bill No. 17 please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Those opposed, please say no.

[Motion carried; Bill 17 read a second time]

Bill 58

Northland School Division Act

MR. KING: Mr. Speaker, on this occasion I really am at a loss. Bill No. 58 was given first reading yesterday. I made an undertaking to the community school boards in the Northland School Division that they would have an opportunity to peruse it for a few days prior to second reading.

AN HON. MEMBER: Adjourn the debate.

MR. KING: Thank you for that excellent advice. I'd like to move that Bill No. 58, the Northland School Division Act, be read a second time. In doing so, I beg leave to adjourn the debate.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: The motion is adopted.

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

212. Moved by Mr. Clark:

Be it resolved that the Assembly urge the government to consider additional ways of increasing the use of our inland terminals for the benefit of the grain industry in Alberta.

MR. CLARK: Mr. Speaker, I'm pleased today to propose Motion 212 to the Assembly. Upgrading of the three terminals in Alberta cannot be considered in isolation. They have to be considered as part of an efficient transportation system. If they are ever to be anything but underutilized storage facilities, certain improvements must take place. They must have cleaning and drying facilities, they must be totally [automated], and they must have a system of grading that can be used in the big terminals at the coast. This is just the barest minimum of upgrading that would be required and that must take place.

The three terminals in Alberta — at Lethbridge, Calgary, and Edmonton — along with the ones in Moose Jaw and Saskatoon, have a storage capacity of 117 million bushels. They were all constructed prior to 1931 and were designed to provide a reserve storage capacity and flexibility in the direction in which the grain was delivered. In other words, if an elevator in our primary system became overloaded, the grain company could haul it to the terminals and it could be stored there.

[Mr. Appleby in the Chair]

The utilization of these terminals has always been very poor. You have to ask yourself: when farmers are storing grain on their farms and building more expensive storage every year, why are they paying interest out of their own pockets to cover the storage and we have terminals not being used to their fullest capacity? For example, the Edmonton terminal — I believe this is in 1981 figures — was used at 38 per cent of its capacity, and 86 per cent of that was for rapeseed. In Calgary, only 23 per cent of the capacity of the elevator was in use, and 33 per cent of that was rapeseed and 39 per cent barley. Lethbridge was one of the terminals that handled wheat. They had wheat, rapeseed, mustard, and corn. Even with all those grains, they used the elevator to only 30 per cent of its capacity.

Again, when we have such a surplus of grain on the prairies, why are these terminals not being used to the fullest extent possible? One of the main reasons is quite simple. It's their inability to use their high volume throughput to give a freight-rate advantage to the farmers for an incentive to haul. Of course that is due to the Crow rate somewhat. The other part — as producers paid the Wheat Board for storing grains, grain companies like the pool never really made use of the facilities, preferring to use their own and collect storage rather than see the federal government have the storage. So they were never really utilized the way they should have been. They weren't used for what they were originally built for.

The reason is that there is no incentive for a grain producer to haul grain into the terminal system. If I have to haul 50 or 60 miles, there is no advantage if I have to take the same price as my neighbor who hauls it six miles down the road to one of the branch-line pools. There's no incentive in quota, and there's no incentive in storage costs. So why would I haul 60 miles? There's absolutely no reason a farmer is going to do it. Years ago the elevating charges or handling charges — call them what you like — never came into the picture. But as of late, the elevating or handling charges have been coming into the picture to a much greater extent, until it's now \$20 per ton to elevate grain.

When you look at the east coast, in the wintertime when the Seaway is iced up and they have to reload the grain at the Lakehead and ship it down to Halifax, it has to be loaded four times. So in handling charges alone you're looking at a lot more than the entire freight rate. To bring it into perspective, nowadays we don't even hear anything about the handling charges in the elevator system, but we certainly hear about a proposed increase in the freight rate. I believe we've heard it to the detriment of our system in the last while.

Let anybody suggest for one minute giving an incentive to throughput, and right away all the roadblocks in the system start coming up. We don't seem to have any lack of money for storage or handling charges, elevating charges, and charges like that, but just let it be mentioned once that we're going to get an incentive for throughput and you'll see the roadblocks start to multiply.

I guess, Mr. Speaker, we have to have a long-term goal for these terminals. As I understand it from the Alberta government, the long-term goal is to take the terminals out of the total storage system and give them to the producers as terminals to receive their commodity. Clean it if that's necessary, and get it to tidewater as quickly as possible. What they would like to see on a long-term basis is five turnarounds through the terminals in a year. At the present time, we're doing 1.5. In other words, it

sits there for almost a year before it gets turned over.

I guess the next question you have to ask is: what is necessary to achieve these things? First, as I said before, it's full automation of the three terminals which, in 1980 dollars, would have cost \$43 million. You have to have drying and cleaning facilities. You have to have facilities that will load unit trains. They're talking of loading a 100-car unit train in one day. I believe in the States that's pretty slow going even now.

They have to have a market for their screenings. When you talk of screenings, that's another cost to the producer. I believe just last year an average of about 28 million bushels of screenings was shipped to tidewater. The producer pays the freight on that, and he gets nothing in return. Thirteen per cent of these screenings are sold as whole grains, 20 per cent are sold as No. 1 screenings and 12 per cent as mixed feed oats, and 68 [per cent] are refuse screenings. All these screenings could be used on the prairies if they were screened here, and we wouldn't have to ship them to the coast. One advantage is that it would save us the freight on 28 million tons a year.

What else do we need? Obviously we need an incentive. You have to have an incentive to bring the grain to the terminals. You have to have the grain in the terminals before you can deliver it. This could even be so much as an extra quota, or no quota, in the terminal system. One incentive certainly would be to return the freight subsidy to the producer instead of giving 100 per cent of it to the railroads, as has been suggested by the Alberta and Saskatchewan wheat pools. By returning 100 per cent to the railroads, they will take away every incentive and take away the ability of the farmer to haul anywhere except to his local storage facilities, which are on branch lines. Once again, we'll find ourselves back where the grain companies will continue to receive storage on 40-year-old facilities. They'll also have the ability to charge that back to the producer. In storage, it's the producer who pays in the end. Again, we'll be back to that storage-oriented system where we pay any amount for storage, it seems, in this country, but we will pay not one nickel for efficiency in the system.

What else is necessary? I think we not only have to have the facilities in the province to load and to ship, but we have to have the facilities at the coast to unload our unit trains. These are not available at the present time. They are running into lots of roadblocks at the present time in trying to set these things up.

There is another roadblock in the way. Many of the terminals on the coast make a great deal of their revenue from cleaning and selling weed seeds from the screenings. At present, I'm sure that the terminals on tidewater would be very loath to make any new agreement where clean seeds would be coming in and they would be deprived of this revenue. So it's something that concerns the whole system. It has to co-operate, I believe, if we are going to get anywhere.

In summary, the Alberta government can look at several areas. But unless we are assured that areas under other jurisdictions can resolve the problems and the feasibility of doing anything for Alberta, we'll just be throwing good money after bad. In other words, why have an inland terminal if we're not allowed a quota that will meet the shipping out of that terminal? Why spend \$43 million in upgrading an automatic elevator system here in the province if we don't have similar facilities at tidewater to unload the unit trains? There has to be complete co-operation with all the people concerned. That's where we're falling down. We're not getting the co-operation

from the people concerned. We have passed the time when we look at one small area, such as the grain companies, and say, they have this right and they have that right. The time has come when we must look at the entire system as a whole.

In 1979, Mr. Speaker, the producers of western Canada lost \$600 million in grain sales because they could not get it to the tidewater. In a two-year period, they lost \$1 billion — those are Wheat Board figures — in sales alone. That doesn't include demurrage, storage, handling, and all other charges. That is lost. Guess who picks them up? The United States picks them up. The United States picks them up not because they have a better product; they don't. We have the best product in the world. They don't sell it any cheaper. They pick it up simply because they can guarantee delivery to tidewater, and we can't with the system we have.

Mr. Speaker, I would urge the members to pass this motion. I know it's a big job to try to get all the people in the grain industry to work together. We've seen it even in our own small areas, our own caucus. Everybody has their own ideas on what should be done. But in my opinion at least, what is being done is certainly not the way we should be going. We should be looking at the entire system.

I believe it's also time we in Alberta looked very seriously at inland grain terminals — we have three we can start out with — so we can show that these will be a success, and work in that way. Mr. Speaker, it's time we take some steps to let the producers demonstrate that they want a better system and they will haul farther to an inland terminal. I think it's time that the producer had a chance to show all concerned that buying a \$5 membership in a co-op does not give that co-op the right to vote for him on what kind of system they'll have in the province or in Canada. It also doesn't give that co-op the right to use his dividends to mount a lobby against the very people they represent.

Mr. Speaker, I had several calls this morning from my constituents, all farmers, all good former Pool members, who are very angry at what has happened in the grain industry in the last little while. I believe it's time we started listening not just to a few of the people but to the producers.

With that, Mr. Speaker, I'll be very interested in listening to what other people have to say on this motion. Thank you very much.

MR. STROMBERG: I see the Speaker is not in his Chair. I was going to congratulate him on his worldly travels and mention that we in the Assembly sorely missed him the past couple of weeks. I can describe the absence of the Speaker from this Assembly as a little bit like school when the principal comes down with the flu. The students have a ball. However, we did miss the Speaker.

Mr. Speaker, we have before you and the Assembly a major motion that, if implemented, could have far-reaching effects on the agriculture industry in western Canada. But before addressing the main motion, I would like to point out a few major things that are happening in the fast-changing world of protein demand.

For years economists of questionable status, the United Nations, the Club of Rome, and various churches have predicted worldwide famine. We in western Canada prospered, while other countries experienced the misfortunes of frost and draught. Traditionally, Mr. Speaker, our markets for Canadian hard red spring wheat and, to a

lesser extent, course grains have been the United Kingdom and Europe, with Britain our number one export buyer. What has happened to that market now? The U.K. ranks number five as a buyer of our grain, and the Common Market is one of our most competitive opponents on the world grain market, especially in oil seeds and barley.

Mr. Speaker, John Diefenbaker came along and opened the doors for grain export to China's millions at a time when United States policy was to starve China into submission. Guess who has out-hustled us now, in both China and Russia? The Americans, sending huge exports of their corn and soybeans.

There are also new, emerging nations that are major protein exporters, such as Brazil and New Zealand with their soybeans. Southeast Asia, as well as central America, exports palm oil. And of course the new varieties of dwarf rice that have made such a major impact in countries of southeast Asia, such as the Philippines and Japan, compete with our hard spring wheat. On the other side of the world, Saudi Arabia, along with the United Nations, has invested a bundle in the Sudan to change the route of the White Nile. Both the United Nations and Saudi Arabia have boasted that in changing the route of the White Nile, they will make the Sudan the bread basket of Africa.

Mr. Speaker, a few years ago I had the opportunity to discuss with a Saskatchewan farmer who had been sent over by the Saskatchewan Wheat Pool to advise Sudan farmers on modern machinery, technology, and herbicides. This practical, hard-nosed farmer made no bones as to what already was being produced and what could be produced in the Sudan, and it was staggering. Another country that has used western Canadian expertise to its benefit is Tanzania, where 100,000 acres of dry land have been put into wheat production. That country is no longer an importer but an exporter.

Mr. Speaker, a few years ago I had the opportunity to be a delegate at the Commonwealth conference in Zambia. I also had the opportunity to see the country's agricultural base and, believe me, I was impressed: 32 inches of rain annually during the rainy season; high plateau country quite similar in appearance to the area around Calgary. During the driest, hottest month, temperatures on that plateau were around 75 to 80 degrees Fahrenheit. These growing conditions produced soft wheat yields from a low of 70 bushels to a high of 110 bushels, and a corn yield of about 140 bushels per acre. I'm not sure of soybean production. They get two crops a year. It's a two-crop country — maize, winter wheat — and in some instances there's a third crop, soybeans. And they have unlimited ground water for irrigation. As the British delegation told me, Zambia has the potential to feed the world and someday will be in direct competition with us as exporters of food.

But what really concerned me, as a farmer whose livelihood depends on our effective export of grain, is that the Soviet Communist Party's central committee and council of governing ministers recently placed agriculture as their major national priority. For example, in the past three years, grain imports have cost the Soviet government at least \$23 billion. It is no wonder that the Soviet Union, China, and Japan are hellbent on becoming as self-sufficient in food production as possible.

And where does that leave us? Here in Alberta, on the farthest northern limit of agricultural production in the world, we just don't have the heat units to compete with countries that do have them. We are also plagued with a

lousy railroad system, a strike-ridden port in Vancouver that has a notorious reputation among other importing countries, a questionable system of grain storage, and a federal government that believes in a cheap food industry. There is a growing realization throughout the world, particularly now with the United Nations, that we're a long way from global famine and, as developing countries learn our technology, we could be facing huge surpluses of grain in North America for the next generation.

Mr. Speaker, if agriculture as we know it is to compete and survive, I think we're going to have to change a few things such as in Motion 212, greater use of inland terminals, and starting to use the feasible Columbia barge-way on the Snake River at Lewiston, Idaho. I'd like to quote from some material in reference to a terminal at Lewiston, sent over from the Alberta Grain Commission.

An emphasis on throughput, not storage, both in inland/river and in coast grain terminals. Turnover rates of 50-70 times were not uncommon.

I believe the mover of the motion quoted turnover rates in Alberta terminals at seven times in a year. Perhaps we should be looking at another rail link from Grimshaw westward to connect with B.C. Rail; the use of containers for prepared feed and special crops, or doing away with the dozen or more unnecessary grades of grain we have for sale; and overhauling the Canadian Wheat Board. A change in the federal government would definitely help.

Mr. Speaker, I would like to end my remarks on a word of caution offered to me by the mover of 212, the Member for Drumheller. Drought has hit western Canada before, especially in the '30s, and he remembers it well. He informs me that no rain has fallen on his farm since last June. As of last weekend, the Member for Drumheller was standing in the middle of his farmstead, staring up at a little cloud that was passing overhead, and wondering if it was ever going to rain. And lo and behold, one drop of rain came down. It hit him right between the eyes, and was such a shock to the hon. member that he fainted. This gave his good wife, who was witnessing all this from their kitchen window, quite a shock, and she ran as fast as she could to her husband. She had to throw three bucketfuls of dust on him to revive him. [laughter]

DR. CARTER: Mr. Speaker, I'm glad to rise to speak to Motion 212. I'm greatly relieved that in the previous speaker's story, it was dust that was thrown on the Member for Drumheller.

The Member for Drumheller has brought forth a very interesting motion that dovetails quite nicely with Motion 210 with respect to the export of product to the Pacific Rim, which we discussed last Tuesday in the Assembly. I listened with some attention to the mover of the motion, as well as to the previous speaker, and it puts the whole situation in a global perspective: the matter not only of raising the product, but the product isn't any good unless you can move it somewhere and sell it; and if you can sell it, it still isn't any good unless you've got it delivered and then consumed. To have information with respect to other parts of the world and, in particular, the matter of a feeding situation in Africa does keep things in perspective. We in the Assembly and the constituents we represent need to be aware that we are very much involved in terms of a global marketing strategy. If as a country we're falling behind in that global strategy, it is much more necessary for us as a province to work through economic development and overseas economic development, as well as the Department of Agriculture, to keep pushing for

worldwide markets.

Mr. Speaker, for those members of the Assembly who were watching the national news last evening, it was interesting that the major networks dealt with the story where our Prime Minister was riding at the back end of a CNR train, supposedly examining the rail system from Jasper over the Red Pass Junction. One can only hope that if he's given it that kind of first-hand attention, it will follow that more dollars will be put into the system, that the necessary upgrading will take place at a rapid rate, and that it just won't be seen as another tour outside Ottawa for the Prime Minister.

Mr. Speaker, I stand to speak very briefly in debate on this motion because I know other members are more than anxious to get into the discussion. But I stand as an urban member. As a member of the government from 1979 to 1982, all members of the caucus were very much in support of the purchase of the three inland terminals in Edmonton, Lethbridge, and Calgary to further help as a back-up system in the delivery of farm product primarily to the western seaboard. The whole matter of the upgrading of the system obviously would involve a fair amount of money. I understand that the current estimate, in terms of providing cleaning and drying equipment, the matter of grading, and the whole upgrading of facilities in the province, will involve an expenditure of at least \$35 million.

Then we also have to deal in terms of a railroad system trying to clear trackage in the areas of Lethbridge, Calgary, and Edmonton, so that the preparation of unit trains might become a possibility. I understand there are certain inherent difficulties involved with respect to the various grading systems of grain in terms of trying to get the unitized trains together and then getting them unloaded at the west coast, as the hon. Member for Drumheller pointed out in his remarks.

Motion 212 talks about "the benefit of the grain industry in Alberta". Through my colleague from Cypress, I'm given to understand that United Grain Growers has been operating for the better part of a year through the Lethbridge terminal facility, and that this seems to be working quite well. I'm certain other members of the Assembly can bring us further updated information with respect to usage of the inland terminal at Lethbridge.

Recently when I was at the west coast I toured the harbor facilities. I think the first thing that strikes one as being a real difficulty in the system is the number of empty ships floating in the outer approaches to Vancouver harbor. Other members have spoken with regard to the labor difficulties in Vancouver. But there's this whole matter of how you get the product there, how you get it off-loaded, and how you get it out to sea and moving.

The hon. Member for Drumheller mentioned some stats with regard to the use of the inland terminals in April 1982, where quite definitely the three facilities were considerably below capacity, and even then they were involved in other product, primarily involving the storage of canola. I'm given to understand from research documents that in April of 1983 the situation was quite different. Hopefully it's part of the learning process. Statistics I have here show that the Edmonton facility was at 98 per cent capacity, the Calgary facility at 75 per cent, and Lethbridge supposedly fairly close to 100 per cent capacity.

As an urban member giving input to the discussion, the best that I can say about farming is, number one, a great appreciation for the amount of hard work involved. Second, with respect to transportation of product — to

be like the hon. Member for Chinook in having had a great interest in railroad transportation for a considerable number of years, having bridged not only steam locomotives but now over to diesel. What really is involved in terms of carrying capacity to tidewater is quite an education. Having worked on the railroad for a number of years some years ago, I wasn't really aware of what's involved in getting grain to market. I am somewhat appalled to discover that, for example, one railroad car in every 40 is carrying nothing except screenings or waste. So if we can do the cleaning here in this province, that in turn saves in the cost of shipping and in car space and turnaround time.

The final comment I would like to make in the debate, Mr. Speaker, is that from the point of view of local employment in Calgary, Edmonton, and Lethbridge, whatever we can do in terms of upgrading the capacity of the facilities of the inland terminals with respect to cleaning and grading would be very useful. We in Alberta are fortunate. We've had a far better track record with respect to our labor conditions. One would hope this would help remove one more piece of the stumbling block that's involved in the whole rationalization of the transportation interconnect with the agricultural market as we try to get our Alberta product to places throughout the world where it justifiably deserves to be.

MR. BATIUK: Mr. Speaker, I too would like to participate in this very important motion. I appreciate the hon. member who introduced this motion for his dress. I see he's been wearing an ethnic bow tie this week. [interjections] It improves the decorum of the House.

I can well agree that this motion urging the government to make better use of the inland terminals, now known as Alberta Terminals Ltd., would help and be better than before when Canada terminals did very little with them. It served mostly as a place for storage. However, I am glad the provincial government considered buying those over the years. The federal government wanted to dispose of them, I guess because they were costly and weren't of much use.

I would like to go into a little bit of history. When the Parliament of Canada invoked section 92 of the British North America Act, declaring that all grain elevators be for the general advantage of Canada, they took jurisdiction over all elevators in the country, despite the fact that by nature the elevators are a local service to the people. In practice the federal government has used their regulatory powers to control the use of and the business of running all grain facilities, elevators, and even processing plants in western Canada and some in eastern Canada. Discretion for the use of their regulatory powers has been passed to the Canadian Grain Commission and partly to the Canadian Wheat Board. The Grain Commission issues licences to operate these plants. In order to obtain a licence, the licensee must be bonded as well as having to agree to follow the regulations in certain ways.

The Wheat Board's power to extend regulations — how much each kind of grain enters or leave these licensed elevators. No grain is allowed into an unlicensed elevator, and they do this by setting delivery quotas for each kind of grain and oil seeds at the delivery point, and by completely controlling the allocation of railway cars to the elevators. An elevator operator is always at the mercy of the regulatory bodies as far as his volume of handling is concerned. There is very little scope for operating grain elevators in a commercially rational manner. The operator's profit position is dictated more by the bureaucrats

than by his own acumen.

Alberta Terminals Ltd., owner and operator of three elevators in the province, is no different from any other elevator. They are at the mercy of the Wheat Board's delivery quota, regulations, and the board's control over which shippers are allocated cars to move grain out of the elevators and which are not. Alberta Terminals Ltd. does not get an allocation and must rely on their customers to get an allocation of cars and to move grain out of their terminals.

Alberta Terminals Ltd. elevators are licensed as terminal elevators. The distinction between terminal and primary elevators is that the grain passing through terminal elevators must be officially inspected and graded, weighed, cleaned — to have the dockage removed before it is shipped out — and even dried if necessary. None of this is required for grain going through primary elevators. Farmers delivering their grain to a primary elevator can negotiate a grade, the dockage, and the moisture content with the elevator operator. If they deliver to a terminal elevator, the official grade and dockage must be accepted.

An important commercial distinction is that the maximum handling rate for grain entering primary elevators is set significantly higher than those for the terminals. This allows the terminal operator to offer farmers a better deal at times. Additionally, grain entering primary elevators has usually been brought by the owner of the elevators. Grain entering terminal elevators is owned by a great mixture of companies and individuals, sometimes including the owners of the terminals. All of the above has to be kept in mind when seeking ways and means of making the three terminal elevators more useful to the grain farmers of this province.

Until 1975, virtually every primary elevator in western Canada operated at a loss. This was because the regulated maximum handling rate was so low — approximately 3.5 cents per bushel — that the revenue never covered the cost of handling. This made the owners react in two ways: they built small primary elevators in as many grain growing areas as they could and, second, they also owned and operated terminal elevators at the west coast and Thunder Bay, where they directed all the grain collected in their primary elevators to their own terminals. Here they could offset the losses made in their primary elevators by profits made at their terminals through revenue from handling, storage, cleaning, drying, and the sale of screenings, which many times brought the best income.

[Mr. Speaker in the Chair]

The five inland terminals and the Prince Rupert terminal, in those days owned and operated by the Canadian government, went months without handling any grain. No primary elevator owner would be foolish enough to consign his grain to a government elevator where he would have no chance at all to recoup the losses made by the elevator company. The policy of the Canadian government elevators was that they would not accept delivery direct from farmers. These six elevators were white elephants — no grain received from the line elevator companies or from the farmers. After the Canadian Grain Commission raised the maximum chargeable rates at the primary elevators by up to 300 per cent, a certain amount of rationalization occurred. The individual primary elevators, if operated well, could now end the year in the black instead of the red. They could now afford to ship to terminals other than their own, thus increasing their throughput in the country. Prince Rupert

terminal in particular began to receive much more grain and probably makes a profit. The Wheat Board now uses it for handling wheat for China in particular.

While I'm at it, I would like to mention, as the hon. speaker before me did, cleaning and drying. I was particularly disappointed when I was at the Prince Rupert terminal, because it seems to me that the biggest portion of their work there is cleaning grain. In 1981 eight car loads of dockage went in every 100-car unit train to the west coast. Just think of how many cars of grain could have gone to the west coast if that grain had been cleaned right on the farms and that dockage used for feed. The cost of moving it, the shortage of boxcars and hopper cars — yet the cost is so much greater there for cleaning. Because of union conditions in British Columbia, anything over 37 and a half hours would go double time. That made it quite a cost. Naturally, the producer is going to pay for it in the end.

Where there have been approximately 1,400 primary elevators in Alberta, there are now only 950. It is no longer necessary to stretch the system way out to get the last kernel in order to ship to the terminals, where the profit used to be. Today only the larger primary elevators are tolerated by the owners. Annual throughput of about 500,000 bushels will allow a primary elevator to make a profit. Much more than that is needed at the terminal elevator.

Under today's rationalized rate regulation, it is necessary for a grain handling company to be integrated from the primary to the terminal in order to survive. Any owner of a terminal elevator who does not also own a network of primary collection elevators has little hope of surviving. Terminal elevators need feeder elevators, given the rail freight rates existing today and overregulation by federal government bodies. In the absence of any change in the Crow — which could have a rejuvenating effect on the grain collection system by eliminating the temporary elevators and replacing them with a few inland terminals through which virtually all the grain sold would have to pass.

These are only a few ways the terminal could survive. One way is for the operator of the terminal elevator to buy grain direct from the farmers for his own account; in other words, become a dealer. That is not recommended for Alberta Terminals Ltd. on several counts. It is repugnant in a philosophical sense, in that the local grain market place is not where the government agency ought to be. There are enough free-enterprise companies now in the business of buying grain. Therefore there is no use in buying grain unless the buyer has somewhere to sell it. This would lead Alberta Terminals Ltd. into a headache-producing system of greatly expanded staff, transfer elevators at the coast or Thunder Bay, and all the ramifications that go with being a wholesale seller of grain. Once again, there is an established system of grain traders in place. There is no room for a government agency trying to compete with the real experts. In the end, Alberta grain farmers would be no better served.

Another possibility is for Alberta Terminals Ltd. to convert to primary elevators. Again, this is not recommended because, as noted before, grain going into the primary elevators is the property of the elevator operator. He must be able to sell it and move it out quickly to make a profit.

ATL could try to become a buying agent of the Canadian Wheat Board, thus taking care of having to find a home for the grain it bought. This is also repugnant in that it would force a provincial government

agency, Alberta Terminals Ltd., to be an agent of the federal government corporation, the Wheat Board. It would call for a big increase in staff to handle the paperwork. Again, the grain farmers would be no better off.

In such an overregulated industry, one hope for Alberta Terminals is to foster the development of a grain trade made up of companies having expertise in trading grain but which do not own their elevators. This is indeed happening. The idea that the Alberta Grain Commission had when they offered to buy the three terminals in Alberta, fought for nine years ago, was that these elevators would provide a lively market place where all grain buyers would congregate and compete for the farmers' grain. The grain would enter the terminal elevator but would be owned by the dealer/buyer. The terminal elevator would live on the normal revenues available to such an enterprise without having the headaches of buying and selling grain.

Perhaps that is still the best way for a company like ATL to survive. This notion is supported by what is currently happening at Lethbridge. ATL, with the co-operation of the Canadian Grain Commission, is carrying out a test operation to find out if such a system would really work. There are a dozen or so grain companies who compete for farmers' grain presented at the Lethbridge terminal. The Grain Commission has waived its requirement that grain must be officially inspected and graded. They allow the buyers and farmers to come to an agreement as to what grade, weight, and dockage is. Payment is made accordingly. Official inspection is needed only when there is a dispute between the buyer and farmer.

This method is working really well and so far has proved to be good for all concerned, including the ATL. It provides the best of both primary and terminal elevators. It would indeed be a good idea to allow the same process to be carried out at Calgary and Edmonton.

Perhaps a word should be said about the new Alberta barley futures contract traded on the floor of the Winnipeg Commodity Exchange for delivery to any one of the ATL terminal elevators. The first delivery month traded is in June of this year, so it is not possible to make an assessment of the effect it will have on the cash price of barley or on the viability of ATL. However, it can be expected that this trading will force more grain into the ATL elevators. This grain will be owned by the people who cannot afford to let it eat up the value in storage costs, to be replaced by barley coming on the next option.

Finally, Mr. Speaker, it has to be said that it is the combination of regulation by the Canadian Grain Commission and the Canadian Wheat Board together with the Crow rate that allows the present inefficient configuration of 1,000 grain elevators to persist in this province. Without these three, the system would be more efficient, less costly, and much more lively in terms of buying competition for the farmers' grain. There would be no need for a provincially owned company to be active in the grain industry.

I would also like to add, Mr. Speaker, when I oppose that the government should be involved in this very little — when we look at the Soviet Union, back in 1928 they were the third largest exporter of grain in the world. Since 1933, I think it was, the Soviet Union has been buying grain. Because of the Kremlin's orderly marketing system, it has been buying grain or else it has had crop failures for the last 51 years.

As I say, I can't see our government getting involved

any more. But there is the possibility that these ATL terminals are going to be of more benefit in the future. I can see quite a difference over the last few years.

Thank you, Mr. Speaker.

MR. HYLAND: Mr. Speaker, I beg leave to adjourn debate.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

MR. HORSMAN: Mr. Speaker, this evening the members will reassemble in Committee of Supply for consideration of the Department of Municipal Affairs, followed by Tourism and Small Business, Utilities and Telecommunications and, if there's time, Public Works, Supply and Services.

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

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

head: COMMITTEE OF SUPPLY

[Mr. Purdy in the Chair]

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

Department of Municipal Affairs

MR. DEPUTY CHAIRMAN: We were on the estimates of the Department of Municipal Affairs, and I believe the minister was responding to the various questions.

MR. KOZIAK: Thanks, Mr. Chairman. Moving along at about 300 words a minute, I believe I was able to respond on Friday to the specific questions posed during the course of the contributions hon. members made at the outset in the study of the Department of Municipal Affairs estimates. A number of eloquent speeches were made, and I'd like to thank members of the committee for contributing and taking part in this important aspect of government. Some of the areas we can attend to; others of course are much more difficult, and I've responded to those in a general sort of way. Perhaps at this point, unless there are any further questions, we can proceed with the votes.

MR. MARTIN: I'd just like to come back, if I could, to the one area. I think the minister has referred in a general sense to annexation and the provision in here for grants to municipalities that lost in excess of 10 per cent of assessment. I would just like to revert to the specifics of the businesses in the area and the one member that I quoted specifically. I don't think that's an uncommon area. I'd like the minister to comment on it because, if there was ever a case for fairness in terms of small business, as I understand it — one of the business decisions was to move to a certain area; they look at the taxation system at that time; because of taxes, they decide

how that's going to affect their profit margins.

One of the things we've criticized Ottawa on a lot of times is changing the rules in midstream. I think that's what these people are saying. Now, because of the annexation, they are caught — and I quoted that specific letter — with very tough recession and skyrocketing taxes at the same time. For many of them, according to this letter — and I've had other people talk to me, and I'm sure the minister has had people talk to him. If I recall, this one letter from a businessman in the area asked specifically — if I can go back to it. I won't get into whether the city of Edmonton has improved the quality of service and all the rest of it. I'm just trying to find the specific part of it. He's asking for some time so they could at least adjust to these major income tax increases that are, in some cases, over 100 per cent. I think this is fairly dangerous because we're dealing with responsible businessmen here, and he's obviously very upset to be saying things like this:

In conclusion, I have decided not to pay my taxes because I feel they are unjustified and illegal; so have many of my neighbours had an approximate 100% increase in one year in these trying times. This will put many of us out of business which in turn reduces the City's tax revenue. Taxes are now being assessed on 1980 property values which do not hold true to 1983 property values. If we were to sell our property today . . .

He goes into that.

Basically, what they're asking for is some consideration, at least some phase-in time. I wonder if there's something the minister could do, because it was a decision of his predecessor but certainly a decision of the Legislature that put them into a different annexed area and caused them rapid increase of taxes. I'm sure we would all feel somewhat sympathetic to businesses that were caught in this particular dilemma.

MR. KOZIAK: Mr. Chairman, the Member for Edmonton Norwood raises a difficult example. One of the things of course that affects businesses in the county of Strathcona that were annexed to the city of Edmonton is the fact that the county of Strathcona did not levy a business tax but did levy a machinery tax, whereas the city of Edmonton levies a business tax and not a machinery tax. For those that would benefit from a void in the business tax area, this would mean of course a significant increase in taxation as a result of the annexation.

There is no doubt that in our society people can arrange their affairs in such a way as to attract the least amount of tax, provided whatever they do is within the law. But there is never any assurance or guarantee held out that the law won't be changed. For example, there is no guarantee that the county of Strathcona won't decide to levy a business tax at some future time. Those are circumstances that all people in business have to face.

Notwithstanding the fact that certain businesses within the county of Strathcona that have been annexed have seen substantial increases in their tax, for us as a government to shield the increase would create unfairness elsewhere, because the competitors of the business that's been annexed are paying the full taxes. The concept of taxation is fairness relative to other taxpayers within the jurisdiction. The assessment of the property that was annexed has to be fair in relation to property that then existed in the city of Edmonton. In all likelihood, the business that was in the city of Edmonton paying the higher rate of tax and the one that was outside the city of Edmonton paying the lower rate of tax but brought into

the city, were competing for the same market. That market is created by the fact that there is a substantial population in the centre of it, which is the city of Edmonton.

So it's difficult for us as a government to consider a program which would shield certain businesses from a certain level of tax and not others competing in the same market place. The difficulty, of course, is the magnitude and the unexpectedness of the increase. While I sympathize with people faced with that set of circumstances, I can see no solution to those circumstances that would treat everybody fairly.

In terms of the other aspect of the concern that was raised, and that was the year in which property values affected the assessment, the same argument of course applies to everybody else. It's my understanding that property values have fallen. In all likelihood, that is a matter that could be considered in terms of a review of the assessment the following year, whether through the mechanism of the court of revision/Assessment Appeal Board concept or a review with the city itself. I am troubled by it. I wish there were an easy solution, but unfortunately I can't see one that at the same time would treat everybody fairly who is competing in the same market.

MR. MARTIN: If I may follow up. In terms of property values, you're right, there is nothing you can about that; that's a general thing. I think they were just trying to make the point that along with everything else, it's become very difficult for them. The one suggestion they made — and I know the minister is not going to make a decision here off the top of his head. I guess I will rephrase the question: would he look at something like this? They are suggesting that businesses that occupied the annexed area prior to annexation be exempt from business taxes for a five- to 10-year period. That would give them sufficient time to adjust, relocate, or whatever business decisions they have to make. People that moved into the area afterwards know the rules of the game; that is, the taxes they're going to pay, and they would immediately pay them. I'm saying that because of a special decision government made at this specific time, they're in an unusual position, and perhaps for a short period of time unusual help could be given to them.

The other alternative — I don't know; I have no reason to misjudge what people out there are saying. Of course the other thing is that we do have many problems. I see the Minister of Tourism and Small Business is here, and we're talking in relation to it. If there a lot of people in this position — huge increases in taxes, especially if their margin is very close — we may be throwing a lot of businesses in this specific area out of business, bankrupting them, laying more people off.

Rather than ask the minister to make a quick decision off the top of his head right here, Mr. Chairman, my question flowing from this would be: will the minister consider it or think about this specific? We're not dealing with a lot of people that are affected; it's in a certain area. Would he consider looking at some proposal that might help these people out? If they write him or me, or whatever, we could say it's at least under consideration, that the minister would give this or some other proposal some consideration.

MR. KOZIAK: Mr. Chairman, the business tax itself is not levied by us, so we have no authority to order a remission of that tax with respect to certain properties.

It's a tax levied by another government, the city of Edmonton, and it wouldn't be correct for us to indicate that by some move or other we would stop the flow of revenue, rightfully theirs, from a system of taxation that's theirs to impose.

The only other alternative would be for us to provide grants to these identified businesses for a period of time. While the Member for Edmonton Norwood suggests that I take this under advisement and give the matter some consideration, the concern I have with respect to a positive reply to that aspect is that I might raise expectations that perhaps I can't meet. That would create difficulty not only for us but for the businesses involved. There's no doubt that we have challenges ahead of us. In some of these cases the concern for the taxation is secondary to the overall circumstances of the economy and, with the recent announcements of my colleague the Minister of Energy and Natural Resources, there are some hopes and expectations for a turnaround, in which case taxation would be a secondary concern of the businesses involved.

But to be quite honest, Mr. Chairman, were I to answer in a positive vein, I'm afraid I'd be creating expectations that would be difficult to meet.

MR. MARTIN: One supplementary, then. I'm not asking the minister to make a quick decision; I'm not asking him to raise expectations. But I think the minister recognizes we're dealing with a very unusual situation here in terms of just the small group of businesses that was caught. Is the minister saying that definitely, under no circumstances, would he consider some sort of grant?

MR. KOZIAK: Mr. Chairman, perhaps I can respond in this way. If the hon. member would share with me the details of the property, I would ensure that the assessment branch of the department would review the assessment to see if there are any difficulties with the assessment.

MR. MARTIN: I'll certainly take him up on that. I'd obviously have to check with the person who wrote the letter. I will do that and follow up with the minister.

Agreed to:

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| 1.01 — Minister's Office | \$209,375 |
| 1.02 — Personnel | \$425,394 |
| 1.03 — Administrative Support | \$6,356,239 |
| 1.04 — Special Projects | \$349,507 |
| Total Vote 1 — Departmental Support Services | \$7,340,515 |
| 2.1 — Unconditional Assistance Grants to Municipalities | \$91,974,788 |
| 2.2 — Municipal Debenture Interest Rebate Program | \$118,000,000 |
| 2.3 — Transitional Financial Assistance | \$7,568,596 |
| Total Vote 2 — Financial Support for Municipal Programs | \$217,543,384 |
| 3.1 — Program Support | \$594,238 |
| 3.2 — Senior Citizens Renters Assistance | \$42,614,400 |
| 3.3 — Property Owner Tax Rebate | \$67,099,730 |
| Total Vote 3 — Alberta Property Tax Reduction Plan — Rebates to Individuals | \$110,308,368 |

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| 4.1 — Grants to Regional Planning Commissions | \$6,932,438 |
| 4.2 — Co-ordination and Administration of Community Planning | \$3,747,012 |
| Total Vote 4 — Support to Community Planning Services | \$10,679,450 |
| 5.1 — Program Support | \$401,510 |
| 5.2 — Administrative Assistance to Organized Municipalities | \$1,760,339 |
| 5.3 — Administration of Improvement Districts | \$8,607,460 |
| 5.4 — Administration of Special Areas | \$2,705,897 |
| 5.5 — Assessment Services | \$10,390,610 |
| Total Vote 5 — Administrative and Technical Support to Municipalities | \$23,865,816 |

6 — Regulatory Boards

MR. GOGO: Mr. Chairman, I wonder if I could ask the minister under Vote 6, for want of a different vote — during the last term the minister spent a great deal of time being the cabinet exponent of deregulation. I wonder if he, as a member of Executive Council, is still committed to deregulation, where possible, in areas that affect municipal affairs.

MR. KOZIAK: Without assuming, Mr. Chairman, that that's a loaded question, I definitely am.

MR. GOGO: A supplementary, Mr. Chairman. We've passed the vote with regard to planning commissions, but I continue to get mail from certain planning commissions, mainly the Oldman River Regional Planning Commission, that talks about regulations and such things as first parcel out on a quarter section and so on. There seems to be a great deal of mail from planning commissions, which the minister can appreciate. The total planning commissions are all elected people so, in effect, they are our peers. They just don't have the authority that lies with the Alberta Planning Board. Could the minister assure the committee that he pays attention to these communications from the planning commission and has some commitment to spend some time with them with regard to their request on such matters as the first parcel out of the quarter section?

MR. KOZIAK: I do, Mr. Chairman. However, I might say that the beginning of the Planning Act indicates that the rights of the owners of property are to be respected. Only where the greater public interest is involved and only to the extent necessary are those rights to be in any way adversely affected. In any conflict that might exist between a planning commission and an owner of property in which the greater public interest is not necessary to be served, my sympathy would lie with the property owner. From time to time there may be conflicts, but that's where my sympathies would lie.

MR. STROMBERG: Mr. Chairman, speaking of planning commissions, we're quite fortunate to have an outstanding planning commission in the Battle River group. However, last Friday I had the opportunity to meet with the county of Leduc. Realizing that a very small portion . . .

MR. DEPUTY CHAIRMAN: Order please. The vote for planning commissions is two votes behind us now.

MR. STROMBERG: The Member for Lethbridge West was speaking of planning commissions.

MR. DEPUTY CHAIRMAN: The Member for Lethbridge West started out on regulatory boards, and he asked one small question about planning commissions.

MR. STROMBERG: I thought if he could get away with asking a small question, I should be able to bring this up.

MR. DEPUTY CHAIRMAN: Order please. If the member wants to conclude it when the total estimate is called on the departmental vote, he can do it at that time.

MR. STROMBERG: I'll have to bow to your regulations.

Agreed to:

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| Total Vote 6 — Regulatory Boards | \$2,010,637 |
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|---|---|
| Total Vote 7 — Co-ordination of Northeast Alberta Programs | — |
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MR. DEPUTY CHAIRMAN: I now recognize the Member for Camrose.

MR. STROMBERG: I didn't know I had a second chance. I had struck you off my Christmas-card list; you're reinstated. [laughter]

Last Friday, I had the opportunity to meet with the county of Leduc on a number of matters. In all fairness to the associate minister representing that constituency, a small portion is within Camrose so I feel I have a right to raise this matter. I was quite surprised to find that the county of Leduc has two planning commissions within its county: one west of the 5th meridian, which I understand is the greater Edmonton planning commission, and the Battle River planning commission. They pointed out to me that if there was ever an example of horrendous bureaucracy, having to deal with two commissions was it. One was lenient; one was perhaps the extreme the other way. They inform me that they have made representation to your department. I wonder if the minister has given consideration to the Leduc county's proposal to put them into one planning commission, which would be the Battle River?

MR. MARTIN: I'm glad the Member for Camrose got up ahead of me so I wasn't ruled out of order. Just in terms of the improvement districts and talking about regulation, I know the minister is firmly against any sort of regulation. I remember about three or four years ago being out in Edson. I don't know the name of the area around there. They were fit to be tied at that particular time because of the improvement district and some of the rules they thought were made in Edmonton about where they could plant a tree and all the rest of it. I wonder if that had improved in that specific area, because I remember that meeting.

Then knowing the special areas, I'm sort of curious about the Special Areas Board. I'm curious about just a brief overview of what they do and what their mandate is. Are they the ones checking to see who is using the land and how the land's used? I'm interested in those two areas.

MR. DEPUTY CHAIRMAN: Would the minister like to respond?

MR. KOZIAK: Mr. Chairman, I haven't given consideration to the request of Leduc with respect to the matter of being in one planning commission area. I'll direct my attention to that as a result of the submission of the Member for Camrose.

With respect to the IDs, having attended the conference earlier this year of the advisory committees for improvement districts in Alberta, I'd say that we've come a long way in terms of local decision-making. As a matter of fact, during my remarks at that conference I indicated that for many of them the next step was behind the door — they just had to turn the knob and cross the threshold — and that was into the area of an organized municipality. Much has been done in the area of administration of improvement districts under the capable administration of my predecessor, Marvin Moore.

The Special Areas Board deals with that area of south-eastern Alberta, and provides the municipal services and municipal government for that area of the province. The employees of the Special Areas Boards are in fact employees of the government, but the administration of the municipal function is handled by the boards, which are local people.

MR. MARTIN: Just one supplementary. All that socialized land out there: I wondered when the minister was going to move on that. I understand that's the biggest area of socialized land in the country, is it not?

MR. KOZIAK: Much of that, Mr. Chairman, is administered by the special areas as a result of historical circumstances which saw the land lost due to failure to pay taxes. But in fact the Special Areas Boards are making arrangements and have been for some time for the sale to leaseholders of the land they've been occupying.

MR. MARTIN: Just a supplementary on that. So there's active encouragement for the ranchers and farmers there to buy the land. How much of it in that area would still be leased — a rough percentage?

MR. KOZIAK: I wouldn't want to provide information that wasn't accurate to the hon. member, but I'll undertake to provide that information to him.

MR. STROMBERG: Mr. Chairman, with respect, the answer from the minister to my question was so short, I didn't even catch it. I believe the answer was: I will give consideration. In all due respect, I had to meet with the total council of the Leduc county. They had me on the firing line, they were asking for advice, and they were hoping there would be solutions. I mentioned that I would certainly bring it to the minister's attention. This thing has been around for years, and I'm a little concerned that if I send them out — the one sentence explanation is not adequate. I wonder if the minister could inform the Assembly and me: are there other constituencies or municipalities that are trapped in the same bind, where they have to deal with two distinct bodies and they have no co-ordination? They have a master plan, that all planning boards had to implement over the last four or five years. This affects subdivision greatly. To give an example in the county of Camrose, the least they will subdivide is one quarter; they will not subdivide an 80. But when you have two planning boards that have

two different philosophies and your county caught right in the centre — perhaps I could word two questions. Are there other counties trapped the same way? Is the minister prepared to give advice and perhaps implement a policy where a county doesn't have to deal with two planning commissions?

MR. MUSGROVE: Mr. Chairman, I might be able to respond a bit to the Member for Camrose, having had some past experience on regional planning commissions. However, we were not represented by a municipality that was represented on two different planning commissions.

I'd like to bring to the attention that all municipalities nowadays are subject to three planning levels: your land use by-law, your local municipal planning commissioner, and your regional planning commission. All these people are subject to the regulations as set out by the municipality they represent, except the regional planning commissions. Those people set the regulations in agreement with all the municipalities on that regional planning commission.

Some of the problems that Camrose and Leduc are probably running into are that generally, regional planning commissions are overloaded with urban members and the regulations then are not set in agreement with what the rural people are asking for. I spent a lot of time on a regional planning commission and certainly didn't agree with some of the regulations that were set out by some municipal planning commissions or land use by-laws. But at the last of that, all municipalities' land use by-laws were respected for their own regulations.

The guidelines brought out in 1982 for the approval of regional plans included a regulation that said it had to be passed with a majority vote by urban municipalities and a majority vote by rural municipalities. That alone should solve all the problems. If there's a problem with rural municipalities feeling infringed upon in the regional plan, then the urban municipalities will have to negotiate with them to the extent that they will accept their proposal before they can take the regional plan to the province for adoption. That is one area where the rural municipalities can have some impact on what goes into the regional plan.

Thank you very much, Mr. Chairman.

MRS. CRIPPS: We are planned to death. That's all I have to say.

MR. KOZIAK: Mr. Chairman, I indicated through you to the Member for Camrose that I would take under advisement and respond to the request. He added an eloquent plea for a decision in a certain direction, and I'll also take that under advisement. But at this particular time, I can't respond any further than that.

I don't know if this will be of help to the Member for Edmonton Norwood, but the information I now have is that there are 5 million acres in special areas. Of that, 15 million acres are titled, 15 million acres are Crown lands, and 2 million acres are tax recovery lands. Of those tax recovery lands, they are being sold off to the leaseholders; they have the option to purchase them. I don't have exact figures as to how many acres have already been purchased. It's an ongoing process.

Agreed to:
Department Total

\$371,748,170

MR. KOZIAK: Mr. Chairman, is it also required to approve the supplementary estimates on page 435?

MR. DEPUTY CHAIRMAN: That will be done at another date.

MR. KOZIAK: In that event, Mr. Chairman, I move that the estimates of the Department of Municipal Affairs be reported.

[Motion carried]

Department of Tourism and Small Business

MR. ADAIR: Mr. Chairman, I have a few opening comments I would like to make. From the standpoint of the estimates, the only major change this year from last year is in Vote 4, the Alberta heritage fund interest shielding program. That change is an adjustment from \$75 million plus to \$30 million plus. Actually, it's \$30,663,520, a reduction of 59.6 per cent. This is a direct result of the reduction of interest rates in the second quarter of the program. As we put the package together and sought more funds from the finance and priorities committee for presentation here, that was basically what we felt we would be able to handle.

I should pass on some information relative to the number of applications we have to this particular point for that program. To the end of last week, we had received 40,655 applications for the first quarter, which is the original period, March 1 to August 31, 1982, plus 12,009 renewals for the second quarter, which is September 1, 1982 to February 28, 1983: to date then, a total of 52,664 applications. You might be interested in knowing that to date we have paid out \$37,832,428 in total to those small business people and farm operators covering the first quarter, and some \$2.5 million in payments for the second quarter.

It's interesting to note that there is a reduction in the average payment, which in the first quarter was roughly \$1,237 per business. That has dropped to just over \$500 per business and is directly associated to the drop in interest rates.

Another area within the department that has been extremely busy — and I'm speaking now of the small business sector — is that the small business assistance staff have handled, to date, over 12,300 applications or requests for assistance. That's an increase over last year of roughly 50 per cent. I should point out, Mr. Chairman, that that has been accomplished to this point with a great deal of dedication by the staff and with no increase in staff.

The management assistance program was again carried out, and I'm now going to last year's statistics and basing it on what we will be doing in this coming year. Last year we had 590 businesses participating in the program in 30 communities. That also resulted in a number of workshops, three particularly, that saw 247 additional businesses participate in the one-day workshops in those regions.

We still have the 11 regional offices with business development representatives. We still have the 12 business analysts operating throughout the province of Alberta assisting clients. One of the biggest problems, if there is a problem that we have, is that the number of hours they are able to work is greatly taxed by the number of requests they have for their assistance in the small busi-

ness community.

Mr. Chairman, what I'd like to do right now is express publicly to the members of the Assembly and to all who may be listening, sincere thanks from myself as minister to the staff of Tourism and Small Business for the work they do, the extra effort work they do on behalf of the people of Alberta. They play a very important part on this team.

In the area of tourism we are continuing to use the theme *Wish You Were Here* as part of our promotional material. When we're talking about total numbers for the year, and we are looking now into the year 1983-84, we anticipate we should be able to hold our own in the field of tourism, and that may mean an increase of probably 5 to 7 per cent. We're cautiously optimistic that that will occur because of a number of things, in particular the number of international, national, and western Canadian events that are slated for the province of Alberta. I'd just like to give you a few of those.

Obviously the number one, premier event will be Universiade '83, the World University Games or world student games here in Edmonton from July 1 to 11. On June 15 to 26 there are the World Moving-Target Shooting Championships, and some of us in this room may be excellent for that particular one. The World Championship Sourdough Raft Race, the 7th Commonwealth Ladies' Golf Championship, the International TV Film Festival, the Jazz City International Jazz Festival, the International Sport Parachuting Competition in Claresholm, the Winter Diving championships, the Canadian Weightlifting Championship, the Canadian Stage Band Festival, the National Fencing Championships, the National Athletic Championships, the Canadian National Whitewater Championships, the National Archery Championships, the Canadian Hot Air Balloon Championships in Grande Prairie, the National Sport Parachuting Championships in Claresholm, the Canadian Lawnbowling Championships, the Western Canada Waterski Championships, and the Western Canada Games are just some of the international, national, and western Canadian events that will be taking place in this great province of ours this coming summer.

In addition to that, obviously one of the main areas we are working with in the field of tourism is the business travel thrust. In that area we are working in the U.S. market and the U.K./European market, complementing marketing programs of the two major convention centres now on stream in Edmonton and Calgary.

In the area of destination area studies, two are undergoing work this particular year: the Mighty Peace Tourist Association and the Evergreen Tourist Association in west central Alberta. Of course some of you had the opportunity tonight to be hosted by the Alberta Restaurant and Foodservices Association. They play a very major part in our tourism industry in this province. They have Jean LeBlanc, who has just moved from provincial advisory council president to president of the national body, and so we have within the province of Alberta a representative sitting on that particular council.

Mr. Chairman, the other area of responsibility is the Alberta Opportunity Company, and I'd like to spend just a moment on that. Since the inception of the company to March 31, 1983, a total of 2,744 loans have been disbursed for a total of \$296.4 million. That represents an average loan size since inception of roughly \$108,000, and an average loan size in fiscal 1983 of \$168,000. It might also be of interest to note that the percentage of loans in arrears at this point is 18.99 per cent. A year ago it was

16.11 per cent. So the Opportunity Company, with offices in 11 communities in the province of Alberta and basically in the same areas Tourism and Small Business people have their offices, serves the entire province as a lender of last resort and in that capacity has done an excellent job for us in the province since 1973.

I think one other point that should be made is that just recently we announced the project for Mount Allan and that, in essence, at the present time we are negotiating with the private sector to see if they can handle that particular project financially. Hopefully, they will be able to do that. Should they not be able to do that, however, we did make a commitment on April 26, following up on our commitment made back in 1981, that we as a government would be responsible for building that facility in time for its use in the trials and the Olympics of 1988 in the province of Alberta on behalf of Canada and the host city of Calgary.

MR. DEPUTY CHAIRMAN: Before we continue — I have a number of speakers already on the list here — the hockey game is over: 4 to 2 for the Islanders.

MR. MARTIN: Mr. Chairman, just a few remarks. I know the minister has already told us all the things we're doing for small business, but I think we have to look at some facts of what is going on in Alberta and then tie it back to a couple of questions. We have to look at the latest statistics; I'm sure the minister is probably aware of this. While Canadian bankruptcies eased slightly last month, Albertans' went up: 1 per cent down for bankruptcies in Canada, but during the equivalent month last year there were 29 per cent more financial failures in Alberta. In the province last month, 70 businesses folded in April, compared to 47 businesses in the same month of 1982. In other words, while there's been a trend in the rest of Canada to improve, we seem to be going the other way. It's even more startling for the four months ending April 30. Albertans again fared worse than the national average. We had a 52 per cent jump over the same period in 1982.

As the minister well knows, those are very startling figures when we start to tie into the unemployment rate more bankruptcies in small business, because they are the biggest employers in this province. Well over 50 per cent of the people are employed by small businesses. Every time one of those businesses goes bankrupt, we have more unemployment. I'm certainly not trying to blame the minister for all the ills of this government, but I think it shows clearly the fact that we haven't diversified the economy. We're still in the whims of OPEC, and we're paying that price right now.

We have to look at areas causing some problems. I think people can understand if there are tough times for everybody. But when a number of businesses are calling us and saying, well, they will give Ram \$8 million — a couple of people called us today and said, AOC is foreclosing on us; how do we get in with Ram? They might even have been card-carrying Conservatives; I don't know.

MR. ADAIR: Just name them.

MR. MARTIN: We will at some point, you can rest assured. But it's not a matter of naming them. In a time of \$8 million for Ram, to his knowledge — this is one specific question I ask the minister — how many businesses at this point are AOC foreclosing on? The point I

come back to very clearly is that that \$8 million to Ram Steel would go a long way to helping a lot of small businesses in this province.

I think that's the problem people see; they see a double standard. If you happen to have the right connections in this province, then we'll look after you. If you don't happen to have the right connections, then too bad; let the market place control everything. So there's not a consistency here, Mr. Chairman. I think that's what we're picking up from a lot of small businesses.

We can talk about the interest shielding program. At the time, we said any help for small business is appreciated. But I would say it was just like the mortgage relief plan. We waited for a long time and then, when the interest rates were going down anyhow, make a grand announcement before the election. It's clear that's what happened. So it obviously hasn't had much impact.

I ask the minister, besides some other questions we have, what does he see as the trend? How can it possibly get better in terms of inflation when Canadian bankruptcies are down by 1 per cent while in Alberta we're up by 29 per cent? As I mentioned, the figures are much more harsh when we look at four months, where there's a 52 per cent jump. I ask the minister what other plans we have to keep businesses alive in this province? We've made suggestions from time to time that we use our treasury branches. The whole dream of diversification — if we have a lot of small businesses go out of business in this province, if it continues at the rate it's going, it's going to be very hard to bring any type of economic jump back to this province for many years because a lot of these businesses will be going under.

I was talking previously to the Minister of Municipal Affairs about specific businesses that were caught in annexation. I'll follow that up with them. But if we're to believe them — and I have no reason to doubt them, because these are proud businessmen — there is going to be a number more go under in that area. The government just seems to be going along, waiting again for — this is the purest form of private-sector free enterprise that we have. The government's economic resurgence plan is obviously not working. I would ask the Minister of Tourism and Small Business — I was going to say tourism and bankruptcy, but I wouldn't be that cruel — what leadership role do you see yourself taking to overcome these startling figures?

Mr. Chairman, we can look back in a year from now and there won't be that many businesses. If this keeps going on, the 136,000 unemployed — if we look at the winter when it's going to get worse again. If more businesses keep going under at this rate, then we're going to be looking at an unemployment rate that's going to reach 200,000 unless something is done. I just wonder what leadership the minister is going to give this government, what he will do, if you like, as a champion of small business. A lot of them who call our office are just hanging there now by the skin of their teeth. This figure could get even worse.

The interest shielding program now isn't the main thing. The interest rates were a problem. To begin with, that's forced them down. Right now, it's a problem of many other problems, taxes and all the rest of it. It's a problem dealing with the economy here as we wait for OPEC to raise the price of oil. That's not good enough anymore. There has to be some leadership from the government. I know that's not all in this minister's department, but surely when he has the position of the ministry of small business, he has to be taking a strong

leadership role in this area.

Again, I stress the fact that these are the people: small business. This government is very close to the corporate sector. But in the long analysis, it is the small business sector that will put this economy back much quicker than corporations that can be investing anywhere in the world. Sometimes I think we forget this. So I'd like a general answer to what the minister is going to do for small business to try to overcome these startling figures.

Secondly, I really want to know how many the AOC is foreclosing on at this particular time. If it is foreclosing on one as a lender of last resort, then I would suggest that's the wrong way to go. I hope the minister will look into that and make sure the AOC is a little more patient. After all, they aren't the Bank of Commerce at this specific time, or at least they shouldn't be.

Thank you, Mr. Chairman.

DR. ELLIOTT: Mr. Chairman, not having any desire to remodel my Christmas-card list in May, I'll test my question and see if it's out of order. I wish to speak about amateur world sports and the involvement that Alberta has in amateur world games. Can I pursue that one at this stage of the discussion?

I wish to pursue it on the basis of the Alberta boxer from Grande Prairie, Willie de Wit, and the involvement the Alberta government has in financial assistance, promotion, or otherwise supporting programs of this type. It is my opinion that the government of Alberta has been relatively silent on this particular program. We have there a champion of international stature. I can't quite understand the minister's estimates, as to where that would be receiving the kind of assistance I would like to see it receive.

MR. DEPUTY CHAIRMAN: That particular question should have been addressed to the Department of Recreation and Parks, but the minister may have some light to shed on it.

MR. NOTLEY: Mr. Chairman, first of all, in taking part I'm pleased to see that there's a little bit of initial anticipation for my remarks from the member from wherever it is — Belmont. I thank him for that. We might make some effort, hon. member, to look at that in a more detailed way, poll by poll, several years down the road. [interjections]

Mr. Chairman, I'd like to deal, if I may, with the estimates of the minister with respect to one of the loans.

MR. MARTIN: Dave is restless over there. We're saving some for you, too, Dave.

MR. NOTLEY: Is the hon. Minister of Hospitals and Medical Care restless over there?

MR. MARTIN: Yes, he's getting restless; bored.

MR. NOTLEY: I'm surprised. Well, he certainly won't be bored when we get to his estimates, if we ever do. I keep hearing these nasty rumors, Mr. Chairman. I hope the minister will assure us that we're wrong, that we'll have an opportunity to get back to the estimates of the hon. Minister of Hospitals and Medical Care, so that we can spend lots of time discussing user fees and that particular minister's ability or what have you with respect to his department.

Mr. Chairman, I'd like to deal, if I may, with the Ram

Steel question. Perhaps in assessing this issue, we might begin by outlining a number of points. If the hon. minister would like to make note of any difference in the factual information, then perhaps we could get that cleared up. If, however, the factual information that I have and he has coincides, then we could take the rest of the estimates, if necessary, to discuss the implications of those differences.

September 1980: Ram Steel is incorporated. April 21, 1981: 118 acres of land owned by James Murray is rezoned for industrial use. May 21, 1981: Ram Steel purchases 118 acres of land from James Murray for \$1,200,000 cash; former Attorney General, Mr. Foster, executes the deal on behalf of Ram, and values the land purchased at \$3,742,000. October 22, 1981: a \$13 million mortgage is registered against Ram Steel's land, titled by the Canadian Commercial Bank of Edmonton. April 1982: Ram Steel commences operation. April 1982: a letter is sent by Mr. Peckham to the hon. Minister of Economic Development. July 7, 1982: the former Attorney General, Mr. Foster, approaches the Premier, Mr. Lougheed, at a PC policy conference in Red Deer on behalf of Ram Steel and brings the Premier's attention to the letter that he sent to the hon. Minister of Economic Development, Mr. Planche. October 7, 1982: the government approves in principle an Alberta Opportunity Company loan to Ram Steel of \$8 million, the largest in the history of the AOC.

Just before October 7 — we are not certain of the date; the minister told us yesterday in July — Ram Steel had been advised to go and see the Alberta Opportunity Company with respect to the loan. October 29, 1982: the loan is announced publicly. November 29, 1982: the loan is signed after the government insisted on additional equity from Ram. At this point, Stelco's interest was revealed, apparently in mid-November, according to the minister. On November 25, a meeting took place between the Minister of Economic Development, the Minister of Tourism and Small Business, and officials of Ram, at which Mr. Foster was present to discuss the expedition of the loan. January 14, 1983: Stelco acquired an equity interest in Ram Steel Corporation Ltd. of Red Deer. Pursuant to agreements of sales of skelp made to Ram, the equity interest will be increased to approximately one-third, out of the proceeds of such sales. The corporation also has an option to acquire all the outstanding shares of Ram. That's the Stelco annual report, page 9. January 14, 1983: the Alberta Opportunity Company and the Canadian Commercial Bank loans are refinanced. February 16, 1983: all 70 production workers are laid off indefinitely by Ram. There are no orders to produce pipe.

Mr. Chairman, the reason I went through those particular dates and events is that I want the minister first of all to respond, because I think we want to deal with a common data base. The data base from the examination of the information we've been able to compile would lead us to the conclusion that those statements are accurate. If they are not accurate, I would welcome a response from the minister, particularly with respect to those that may not be accurate, in the government's assessment. If they are accurate, however, then it seems to me we have a common data base on which to examine the government's decision to advance \$8 million to Ram Steel.

My colleague, in his contribution to this debate, raised the issue of the increasing number of bankruptcies. Today's business section of our local paper indicates that there is a 52 per cent jump for the first four months of 1983 compared to the same period last year in bankrupt-

cies in this province. So obviously we have a very serious situation, with scores of small businesses all over the province pushed against the wall, feeling that they are being closed in by their creditors, sensing the decline in demand, and worried about meeting ongoing costs. It seems to me that one has to put this in perspective as we analyse the Ram Steel loan.

Mr. Chairman, as I understand it, the basic argument from the government's perspective is that Ram Steel was a great investment because it would diversify the economy of Alberta. No one quarrels with diversification of the economy in this province. No question about that; we all support diversification. But you can diversify and diversify. There are all kinds of things we probably shouldn't be getting into. Who in this House would be arguing that we should be attempting to produce motor cars in Alberta? There just isn't any potential for a successful motor car industry in this province.

I know there have been some efforts. Stelco has a relatively limited operation. Some years back, this government bought into IPSCO. We have Steel Alberta; we have the potential of eventually developing the Clear Hills in northwestern Alberta. But when one looks at the market for steel in western Canada, it would seem to me — and I've talked to people in the Research Council of Alberta — that the steel industry is one of those very marginal industries for Alberta.

In any event, Ram Steel went ahead. Fair enough. And fair enough that they come to the Alberta government when they are in trouble, because the Alberta Opportunity Company was established in 1972 for the very sake of providing financing for those concerns that are not able to meet the criteria of conventional lending institutions, a last-resort lending institution.

I was in this House when the Legislature approved the legislation setting up the Alberta Opportunity Company in 1972.

AN HON. MEMBER: You voted against it.

MR. NOTLEY: Somebody in the back says I voted against it. Of course, that someone wasn't here at the time and, needless to say, typical of many backbenchers, doesn't know what he's talking about. In actual fact, I voted for it.

But I want to note that at the time, Mr. Chairman, some of the members of the then Official Opposition, the Social Credit Party, raised concerns. I remember the Member for Wetaskiwin-Leduc, Mr. Henderson, on that occasion arguing in a very eloquent fashion that there is a danger in getting into an establishment such as the AOC — but to be fair, Mr. Henderson applied the same argument to the ADC as well — of opening the door to political manipulation of loans, that you get away from the hands-off arrangement and usher in a new era, if you like, of it's not what you know, it's who you know; it's not what your operation is, but the connections you have.

Mr. Chairman, in 1972 the Legislature, by quite a decisive majority, I think including a split in the Official Opposition caucus at the time, approved the concept of the Alberta Opportunity Company because we recognized that there was a need for a lender of last resort. I have to say that over the years, one of my quarrels with this government has not been the fact that they have provided too much money to the AOC, but in fact they've not provided enough. If we are going to recognize the value of an agency such as the AOC, then we're going to have to take certain risks. I accepted the proposition that it

should be a lender of last resort; no question about that.

Mr. Chairman, all those things being said, one then has to look at the events of 1982 as they apply to Ram Steel. Even though the AOC is a lender of last resort, that does not mean it has any mandate to run around investing public money in questionable pursuits or in operations that do not meet very rigid criteria, because that operation is still responsible and answerable for the investment of public funds.

I look back over the events of 1982, and what do I find? First of all, I find that it would appear that when the minister tells us that the Ram Steel people had been asked to approach AOC, that did not end the matter as far as the cabinet went. I could well imagine that the company would come, first of all, to the cabinet in the spring of 1982 and say, look we've got a problem; is there some way of arranging a guarantee, perhaps equity investment? After all, we have all kinds of examples of public participation. All one has to do is look at PWA or various joint ventures through the Alberta Energy Company. Simpson Timber is one example. You've got all kinds of examples of joint ventures. So it might have been a very reasonable approach for the officials of the Ram Steel Corporation to come to the Alberta government and ask for help.

[Mr. Appleby in the Chair]

Mr. Chairman, I'm not unmindful of the politics of central Alberta in 1982. It was a part of the province where there was a good deal of support for the WCC and for those people who were absolutely opposed to any kind of government involvement. If the Premier's response and the minister's response in those early days of July 1982 was, look, there's nothing we can do for you; we cannot guarantee any loan from the provincial government; we don't want to have equity participation in a steel mill in Red Deer; we want you to go the private-sector route, go to AOC — if that was the route which had been identified by the government to the officials of Ram, why then did these officials, in late November, think it expedient to come to see the ministers?

Mr. Chairman, if we were going to go the route of letting the AOC expedite and evaluate the loan, and bring in consultants to assess the merits of the loan, then on what possible basis would we entertain a situation where the company officials go to see the Minister of Tourism and Small Business and the Minister of Economic Development in November and lay their case before the respective ministers? I read over the answer of the Minister of Tourism and Small Business given on Monday of this week in the House, and it raises more questions than it answers.

If the company felt that the way they had to expedite the loan was to go to the minister for an \$8 million loan, then I guess the issue that should be laid out to everybody in this House and in Alberta is that for the scores of small businesses that are looking for some kind of assistance from the Alberta Opportunity Company, is their avenue also to go to the minister? Is that the route? Is the minister's door and the Minister of Economic Development's door open to all the small businesses in this province, the 52 per cent increase in bankruptcies and the many businesses my colleague talked about who are now facing tough times, who go to the bank and the bank says, just a minute, we're not sure we can refinance that loan of yours, we're going to call the loan. If the AOC is giving them a little bit of difficulty, then they'll say, well,

we'll phone the minister. Is that the process by which the Alberta Opportunity Company operates? If it is, then the comments that were made a decade ago in this House by members of the then Social Credit Official Opposition are coming back to haunt us all, including opposition members such as me who stood in their places and voted for the Alberta Opportunity Company in 1972.

Mr. Chairman, there are three areas of questions that I would like a specific response on from the minister before I intend to vote for the estimates. I want to just make it clear that unlike the exercise we had the other night, when the Premier sat in his place and had the unmitigated arrogance not to respond, we have no intention of letting this minister's estimates through until these questions are answered, even if it takes us all night. [interjections]

Members back there may groan, and that's tough. You are being well paid to sit on this committee. If it means that you're sitting a little later than usual, my concern is not very great.

MR. MARTIN: They are all hon. gentlemen interested in the public business.

MR. NOTLEY: They are hon. gentlemen interested in the public process and, since they never learn these things in caucus, maybe it's time they were educated in the process of the discussion of the estimates. [interjections]

Mr. Chairman, setting aside the rather irrelevant comments from behind me — I might say from behind me, as well. In 1982, the Canadian Commercial bank had a net income after tax of only \$8.5 million. Clearly, its \$13 million investment in Ram, Mr. Minister, would be worrisome for a small bank like this particular firm. Question number one: was the minister or, to his knowledge, any other member of Executive Council approached by any representative of the Canadian Commercial Bank concerning the difficulties of Ram Steel? Were there any discussions with Canadian Commercial Bank officials initiated by the government? That's sort of a supplementary to question number one. It seems to me, Mr. Chairman, that we have to know what the situation was there.

Number two: what participation was there by the government in discussions with Stelco over that company's possible involvement in Ram Steel? As part of Stelco's agreement to participate in Ram, AOC's \$8 million loan was refinanced. What did that refinancing entail? What's the present interest of the Canadian Commercial Bank in Ram Steel? What is the government's best estimate of the value of Ram Steel's assets today? That's the second set of questions I'd like to put to the minister, and we will come back with supplementaries if need be.

The third set is with respect to the assets of the company. We had the Minister of Economic Development and, I believe, also the Minister of Tourism and Small Business say that the figures we had compiled with respect to assets and liabilities of the company were incorrect. Well, fair enough. I don't hold that the research we are able to come up with — especially since the research cut — is infallible. I do think, however, that the figures we've come up with are fairly close to being accurate because, surprisingly enough, they come from many people in the private sector.

This question as to what the assets to liabilities are revolves in part, Mr. Minister, about the value that we place on the land, a 118-acre lot. According to the certificate of transfer, Mr. Foster, on behalf of Ram Steel, paid \$1,200,000 on May 25, 1981, and then stated on the certif-

icate that the land was valued at \$3,700,000. My question, Mr. Minister: is that the figure that AOC used? I would just advise the minister, as a person whose family has lived in central Alberta for many years, that land values in 1981, '82, and '83, are never too far away from my mind. Therefore, I must confess to you frankly that this valuation has been a source of some puzzlement. If the minister can explain it, I would welcome that explanation.

Mr. Chairman, in March 1983, an immediately adjacent 100-acre parcel of land was sold for \$200,000. So what do we have? We have Mr. Foster, on behalf of the company, paying \$1.2 million for land which he later values at \$3.7 million. Does that become part of the assets to liabilities ratio? The hon. Minister of Economic Development stood in his place and assured the Assembly the other day that our figures were wrong. Is he using Mr. Foster's figure of \$3.7 million? If that's true, then why is it that the adjacent 100-acre parcel of land was sold for \$200,000 in March 1983? We all know that land values have fallen.

Mr. Chairman, I don't think the \$200,000 figure is particularly reasonable, but neither do I believe that the \$3.7 million figure is reasonable. I am wondering to what extent this Ram Steel affair is related to possible — that's all I can say — manipulation. Certain people from the private sector said that it's basically a manipulation of land values. I don't know. I'm not in the land business. But I know this: a minister of Executive Council authorized \$8 million of public funds to a company which has laid off its production staff because, as someone euphemistically said the other day, they had an inventory problem. That's a Conservative explanation of "we've got no market; we can't sell the steel, so we lay everybody off". They got \$8 million, the largest loan in the history of the Alberta Opportunity Company.

I'd like to leave those three sets of questions specifically with the minister: one, the involvement of the Canadian Commercial Bank, whether any discussions occurred; two, the question of the Stelco participation and every aspect of it that the minister can share with the committee; and three, the question of the land values with respect to Ram: the purchase price, the valuation price, and the most recent sale of adjacent land.

MR. PAPROSKI: Mr. Chairman, I won't be as windy as the member from the opposition.

No one discounts the importance of tourism to the provincial Treasury, and no one discounts its importance to every individual in this province. I'm not sure, however, if the majority of the population fully understands the importance of the tourism industry to this province. Last year I was fortunate to be a member of the Alberta hospitality industry task force, which was a group of members of hotels, motels, restaurants, and educational institutions throughout the province. This committee submitted to the minister a proposal for the establishment of a hospitality industry training school in the city of Edmonton. The concept of this particular training school was to train people in the many facets of the tourism industry. Unfortunately the concept was not approved because of the extensive amount of funds asked for from the provincial government.

I would ask the minister if this proposal, including government — Advanced Education and Business — could possibly be reconsidered at this time or in the near future. One part of this training school is a resource centre which was funded by his department and is now

operating very well. I wonder if the minister could comment on the resource centre and the possibility of the Alberta hospitality industry training school.

MR. ADAIR: Mr. Chairman, I'll try to answer in part some of the questions. I'm not sure I got the gist of the question in part of the remarks you made, because you did go on for a fair time. But if I haven't, I'm sure you'll go through it again for me.

One of the concerns of the hon. Member for Edmonton Norwood was relative to bankruptcies, and I can appreciate the position he's talking from in using bankruptcies in isolation from new starts and expansions of businesses that go on in Alberta. As a matter of fact I had that experience during the election, when I was asked in Peace River why seven businesses were shutting down but no mention was made of 21 businesses that were starting up. That has to be taken in the total context of that particular figure.

I don't have the latest figures relative to start ups for the first six months of this year, but although they were down there were still significant start ups, roughly 13,600, in the province in relation to the problems of bankruptcies. That's not in any way, shape, or form to play down the concern we have for the number of businesses or any business that may be going down in the province of Alberta. When it comes right down to it, one of the difficulties we have is that having ridden a fairly high plane for almost a decade, as far as statistics and the numbers of businesses that may be involved we may have farther to fall than some of the other provinces, should we reach the level of problems they have had for a number of years and we in recent months have been getting into. So I think that has to be taken in context; in other words, the number of start ups that occur in relation to those that go down.

One of the questions the hon. member asked was the number of receiverships that were part of the Alberta Opportunity Company. In 1982 there were 27. In 1983, out of a total of 1,722 loans outstanding at March 31, there were 46. So there is in fact an increase. That increase relative to the number of loans outstanding is reasonable. I use the term "reasonable" in the sense that you're looking at the lender of last resort, the Alberta Opportunity Company, with an average loan size of \$168,000 in fiscal 1983. I should maybe point out that 40 per cent of the loans issued by the Alberta Opportunity Company are anywhere from \$1 to \$50,000, and that has been reasonably constant in 1982; 39 per cent in 1981, 45 per cent, 43 per cent, 56 per cent, 52 per cent, 50 per cent. So that very small loan range is still consistent with the intent and direction the Alberta Opportunity Company was given. In 1978: \$50,000 to \$100,000 loans, 29 per cent; in 1982, 28 per cent; \$100,000 to \$200,000 loans, 10 per cent; in 1983, 17 per cent; \$200,000 to \$.5 million loans: 8 per cent in 1978, 13 per cent in 1982; over \$.5 million loans: 1 per cent in 1978, 3 per cent in 1982.

What I'm really trying to point out, Mr. Chairman, is that by far the majority of loans are \$100,000 or less: roughly 68 per cent of all the loans issued by the company. So it is meeting the intent and purpose for which it was struck back in 1972-73. The process has not changed in any way, shape, or form. The smaller loans can be approved by the branch managers themselves, up to \$60,000 by the credit manager, up to \$75,000 by the deputy managing director, up to \$100,000 by the managing director, up to \$250,000 by the loan committee, which is made up of the managing directors, deputy managing

directors, senior management, and branch managements. Over \$250,000, management will make a recommendation to the board of directors, and anything over \$1 million will come before the finance and priorities committee of cabinet. Basically that has not changed from day one.

There isn't any question, in a number of cases we have in our discussions, and I as minister responsible for the Alberta Opportunity Company — we have meetings on almost a monthly basis with the board chairman and the managing director, and we talk about a number of things. Some of the issues relate to government policy. One of the best examples I can give you now is that some time ago, we suggested to the Alberta Opportunity Company that they may be getting an application from someone — because that "someone" hasn't come forth yet — relative to what we are doing in Kananaskis Country and the possibility of alpine villages or ski projects; so we want you to know what government policy is; you go down and have a look at it, and then if that application comes in you can judge what you should do. That I don't apologize for in any way, shape, or form. I think that kind of communication is necessary between the managing director and the chairman of the board on behalf of government so that we have no questions in our minds about concerns that they as a board may raise or as to policy of the government of Alberta. So having said that, I hope I've answered that in part.

One of the points that I think has to be made over and over again is a concern that about a year ago was probably not taken as seriously as it is today. In the small business sector, and that covers basically about 90 per cent plus of the business opportunities in this province, is the fact that in many cases we didn't recognize, or didn't want to recognize, the fact that we were heading into some tighter times — not necessarily difficult times, but tighter times — and the need to be a little bit sharper as to how much inventory you're carrying. You've got inventory in the warehouse and you're borrowing money from the bank at a higher interest rate, you can eat up any profitability that there may be. Profit is not a bad word in our society today. The accounts receivable and the amount of money that may be outstanding have to be watched very carefully. So if he takes into consideration what he has for inventory, watches that very closely, watches his accounts receivable, and looks at his staffing and their productivity, the combination of those three will assist a small business in getting over that hump today, the problem we have now. I think the recognition by the small business community today is much stronger than it was, say, one year ago.

Mr. Chairman, the hon. Member for Grande Prairie mentioned Willie de Wit. As an amateur boxer, Willie de Wit has done a great deal for the province of Alberta and Canada in winning the world amateur boxing championship, and for that he should be congratulated. There's no question about it. As far as receiving assistance, I assume the hon. member should know that that may come through the amateur boxing association of the province of Alberta, and they are funded in part through the Department of Recreation and Parks. We recognize the value of Willie de Wit and what he does for putting Alberta and Grande Prairie on the map.

Inasmuch as the hockey game is over tonight, if the final score was 4 to 2, I would like to be one of the first to say congratulations to the Edmonton Oilers for what they did for Alberta, Canada, and the National Hockey League in being the first team to get to the finals in four years. However, I would like it to have been a different

scene than the four straight going out, because I'm sure there is one member in the press who will be looking for me tomorrow to collect some money. On that he did extremely well.

Again, just pointing out from a tourism point of view, any of those particular events — the Edmonton Oilers, Willie de Wit, Edmonton Eskimos, Calgary Flames, the likes of any sporting event that takes place in this province that will provide us with that calibre of recognition wherever it may be — assists us in the area of tourism. Anything we can do as individual members will assist in making that case when we travel abroad, if we should happen to do that.

The hon. Member for Spirit River-Fairview talked about Ram Steel. I have my list of answers, that I'm not going into again for the hon. member. Some specific questions he did ask, and I just want to make sure I've got the question right. The first question, as I followed it, was did the Canadian Commercial Bank have any contact with any member of the government of Alberta? To my knowledge, no. The second question was Stelco involvement with government?

MR. NOTLEY: Stelco involvement in Ram.

MR. ADAIR: Stelco involvement in Ram is basically an agreement between one company and another company in the private sector. I'm not privy to that as a member of government other than, as I stated before, that I was aware they had made the coming together, if I can call it that, somewhere back in mid-November of 1982, when it became known to me through the Alberta Opportunity Company that they in fact were participating after the Alberta Opportunity Company suggested to Ram that one of the areas they may be weak in was in equity and they were to seek some. They did. As I understand it, back in mid-November of 1982, I indicated to members of the Legislative Assembly that I became aware that Stelco was involved with the Ram group. But to my knowledge, there was nothing of any involvement or negotiations by government with the Stelco people.

I didn't totally get the third part of the second question. It was something to do with the CCB. I'm not sure exactly what it was, so I'll have to ask the hon. member to indicate what that was. The other one was relative to land values. The only thing I can suggest to you and to hon. members of the Assembly is that information associated with the Ram application or any other application to the Alberta Opportunity Company is — and I repeat it again — considered confidential. I have not the right to, nor will I, provide that kind of information, on the basis that it is client confidentiality between the applicant and the company. Whether it's an applicant in the bank or in the Alberta Opportunity Company, that must be respected if we're going to keep the integrity of the Alberta Opportunity Company. Therefore, I can't respond beyond that particular point.

The hon. Member for Edmonton Kingsway talked about the hospitality task force and the request that was made as a result of that for the possibility of a hospitality training school. I should point out two things. At the present time, we have operating in the province of Alberta a hospitality resource centre, that is working extremely well. That is working well because of the involvement of the private sector. That is probably one of the best examples of what you might call a joint partnership, where the industry itself suggested and knew what it was they wanted to have in place. Working with them — I

might mention a name in the department, a young lady by the name of Barbara Kitsco worked with that particular group and put in place the hospitality resource centre. Through the deputy minister and the assistant deputy minister of Tourism and Small Business, we effectively have a good working relationship with the industry, and they use that resource centre very effectively. It has, in essence, almost a waiting list for films and the like. That certainly is one step forward in the role of what might be said to be the training school concept.

One of the other areas we have been working fairly hard at within the department — as a matter of fact, just recently I have written a note to the hon. Minister of Advanced Education relative to the concept of a university accredited course in hospitality training. Thanks to the former Minister of Advanced Education and Manpower, we were able to get to the stage where I think we have in place a possible working package that might be considered by Advanced Education and the university community as being a near-future use. I say "near future" in the sense that I can't give you the time frame under which that may take place. But I'm cautiously optimistic, if that's the right word to use, that within the next couple of years we'll see something materialize. It is certainly something we both agree could be a major advantage to the tourism industry.

Having said that, Mr. Chairman, I think I've answered the questions to this point.

MR. MARTIN: Mr. Chairman, just to come back to what the minister is saying, I suggest to him that what he said about the start-up figures is comparing apples and oranges. The bankruptcy figures we are talking about are precisely at the time the minister doesn't have the start-up figures. I suggest that every other indication is that those would be down significantly too in the first six months. We're talking about last month as comparison; that was the 29 per cent. The 1,218 wipe-outs were 52 per cent; that was in the first four months. So we do not have the figures, as the minister already indicated, for the start ups. But I can honestly tell him that the time the minister was talking about — during the election period, November 2 — I remember very clearly there was an unemployment rate of some 70,000 plus. Our unemployment rate is 136,000. I can almost assure the minister that the start-up figures are going to be down significantly too.

It's not good enough for us to sit here and trade figures. I think the figures are startling in themselves. I was asking the minister, as the Minister of Tourism and Small Business — it looks like these trends are going to continue, unless there is a sudden, rapid increase in the price of oil by the OPEC nations — what position he as a member of cabinet is going to take to do something about this alarming figure of 52 per cent. If it's another 1,218 in the next little while, then we have serious problems. I go back to that. Rather than the rhetoric of start-up figures and all the rest of it — we know it's gone down. We know what the unemployment rate is. There has to be a lowering of small business because they're hiring over 50 per cent of the people in the province. I think the minister would agree with that. So we know it's serious. I'm asking the minister what other programs he has to see if they can turn it around.

I know the minister lectured people, saying that some small businesses weren't very good businessmen. That's not good enough. Most of the people I know were trying to do precisely what the minister is talking about. I suggest that most of the small business people I know are

better businesspeople than people sitting in this Legislature. For us to lecture them, I don't think is appropriate. The reason a lot of them are in trouble in certain parts of the province is because they believed the government, in many cases. So it's not good enough for us to throw our hands up and say they're bad businessmen. In most cases, that's not the case. In the '70s, when things were going well, the government would have said they were good businessmen. There has to be some responsibility.

Again, I point out to the minister that the minister is in charge of small business. So he has to be lobbying in that regard to see what can be done. Otherwise, we're going to have more bankruptcies. There's nothing in any economic standards I've seen about this province to indicate that it's going to get better. So we have people's dreams and their small businesses going down the tube. At the same time, the people they hire go on unemployment. Then we have the Minister of Social Services and Community Health dealing with them from that end. So you can't win. I would ask the minister if there are some special programs coming up, that perhaps will be announced in the next couple of months. Or are they just monitoring the situation as people go broke? That's what I asked.

The other thing he pointed out, and I want to check with the minister on the figures. He said there were 27 businesses in 1982 that were in receivership. Is the 46 just the first part of 1983? Up to the present time, then. So that's significant, because you're dealing with almost twice as many in half a year. I would ask the minister if there are many more on the verge that the AOC is going to have to put in receivership? These are the ones that they actually have under receivership. Is there a significant number that are on the verge? That's the second question I would put to the minister.

MR. NOTLEY: Mr. Chairman, the minister invited me to expand several questions.

MR. MARTIN: All flowing from the one.

MR. NOTLEY: Of course, I would not want to disappoint the minister. We've been told over and over again in the House that Ram is part of a diversification strategy. I'm not sure that if I were a Tory, I would want to have the government involvement in Ram identified as a strategy. It seems to me that beyond hope — and one has to be very optimistic — we're getting into a situation where, quite frankly as I assess the events that led to the \$8 million loan from the AOC, I have to say honestly that this has all the elements to it of a Trudeau-style Dome bailout. A little more modest — \$8 million compared to the many millions that Mr. Gallagher and his cohorts received — but then Alberta is a smaller province than all of Canada. So I suppose it's cutting our cloth. The net result is that it is still an Alberta Tory version of a Dome bailout. I frankly have to ask what in heaven's name we're doing getting into this kind of loan.

Mr. Chairman, that's the reason why we've asked the questions about the relationship between Ram, the Canadian Commercial Bank, and the government of Alberta. The minister tells us that there were no discussions with the officials of the Canadian Commercial Bank. Fair enough; I accept his word on that score. But I as a member of this committee would like to know what the present interest of the Canadian Commercial Bank is in Ram Steel and whether or not the minister can bring the committee up to date on that particular matter. I also think the minister should move beyond the arguments of

commercial confidentiality and give us the most up-to-date estimate, the most independent evaluation, of what the value is of Ram's assets. We'll set aside the fact that my colleague and I would question how many assets there can be in a company that has an inventory problem, isn't able to sell any of its steel, and has laid off all its production staff. We'll set that aside. We don't want to be rhetorical on this issue. We'll ask whether or not there is any assessment of what the evaluation of the assets are.

The minister then tells us that he's not able to give us much information about the land because that's a confidential matter. Mr. Chairman, the reason I'm asking these questions is that we've had people in the private sector tell us that they're not at all sure . . .

MR. MARTIN: Some of them may even have been Tories.

MR. NOTLEY: Yes, some of them were Tories — in the past tense. Let me tell you, Mr. Minister, what they tell us. You can correct us if we're wrong. We're very easygoing people. If you can tell us where we're wrong, we'd be glad to accept that advice.

Mr. Chairman, we're told that Ram occupies only a small portion of the 118 acres that Mr. Foster paid \$1.2 million for on behalf of Ram but later, a little bit down the road, valued at \$3.7 million. The suggestion I have heard from people in the private sector is that the company was going to subdivide the land, because it was all rezoned as industrial, and sell it in smaller parcels at a considerable profit: all of this done when Alberta was still booming. Along comes the recession, and things flatten out.

Mr. Chairman, the relevance of that issue goes right back to the sequence of events that I asked the minister to confirm. If this land was purchased for \$1.2 million, then revalued by the former Attorney General at \$3.7 million, on whose figures are we valuing it at \$3.7 million? Is it possible that the carrot of possible industrial establishment in Red Deer to get the land rezoned may have less interest in the ultimate success of that venture than the real estate appreciation which people hoped would occur as a result of the rezoning but which didn't occur as a consequence of the recession? I think we need to know to what extent the speculation in land by various promoters of industrial enterprises is having an implication on loans from the Alberta Opportunity Company.

A few years ago, just after the great debate we had — you will remember it, Mr. Chairman — over the Syn-crude project at Fort McMurray, the government announced an energy corridor. One of the aspects of that energy corridor that I thought had some merit was a form of industrial land banking which the then minister, Mr. Yurko, argued very forcibly was necessary if we were going to expand and diversify the economy of the province. I'm not sure whether this Ram affair is not related to real estate speculation. If it isn't, then let us know why. It isn't good enough, as I see it, to say no, that's a commercially confidential question; we are not able to discuss it.

Mr. Chairman, I say to the minister that in every coffee house in Red Deer, these kinds of matters are being raised. It's time to clear the air. As far as my colleague and I are concerned we look at the figures, and the figures themselves are really quite inexplicable: \$1.2 million, later valued at \$3.7 million; adjacent land sold for \$200,000. The figures don't jibe in my mind, as a person who has at least some understanding of land values in

central Alberta. I say to members of the government caucus who sort of hope that this matter goes away that until we have some satisfactory explanation, I'm afraid we can't let it go away, because we have an obligation to find out what happened to this \$8 million.

Mr. Chairman, I want to take a moment to explore one other point with the minister. In the fall of 1982, in early October, we had the government approving in principle the \$8 million loan to Ram Steel; October 7, if my memory serves me correctly. It was not until November 25, that we had another meeting. Why seven weeks intervening? Sure, we had the election. But what was the problem? Why did the officials of Ram Steel feel that on November 25 they could go to the Minister of Economic Development and the Minister of Tourism and Small Business and attempt to speed things up? What were the concerns that the AOC had identified? Was it, number one, the equity ratio? Our understanding is that the guideline of AOC is that there must be 20 per cent equity in any venture. The minister made some reference to the fact that perhaps the Stelco investment was a way of increasing the equity. Do we have any figures that the minister could share with the committee as to what the Ram owners' equity was when cabinet approved in principle the Ram loan on October 7? It seems to me that that's important, Mr. Chairman. What were the other obstacles that the AOC had identified, or were there any? Was the AOC totally in support of the proposal? Were they as enthusiastic about the diversification this venture would create as apparently were the Minister of Tourism and Small Business, the Minister of Economic Development, the Premier, and Mr. Foster?

Mr. Chairman, it seems to me those are issues which still have, as I look over the transcript of *Hansard* — and I've read it very carefully, over and over again. Questions still come through in my mind as a member of this committee. As the responsible minister, it is only appropriate that those questions be laid at the minister's door when he asks for estimates for the forthcoming year.

MR. ADAIR: I'll see if I can find out where we started here. The hon. Member for Edmonton Norwood was talking about the fact that he doesn't like using the good points with the bad points, that he would prefer to . . . [interjection] I gave you the figures, in essence, to use. Let's cut them in half then and use 7,600, for example. I think there is still a plus side on that.

I'm not in any way, shape, or form playing down the problems we have with bankruptcies, particularly as a member of the private sector and of the small business community, in which I still have a part to play. But I think one has to take into consideration the fact that we have, for example, in the oil industry, which is still number one, in the agricultural industry, which is number two, and in the tourism industry, which is number three, the opportunities out there, maybe not as great as they were two or five years ago, but those opportunities are still there. We have the greatest inventory of things that we could look at to expand into the business world with.

Mr. Chairman, the hon. member mentioned something about lecturing. I think that's part of his life, not mine. I wasn't lecturing in any way, shape, or form. I was stating a fact as to what has occurred and the concerns raised to me by the small business community about what they should watch. I'm passing that on to whoever may want to pick that up. That was, again, the inventory — the amount of money you have tied up in inventory or stock in the warehouse — the accounts receivable and, of

course, staffing. It's as simple as that. That was passed on to me; I pass it on for what it's worth. That's part of our role and our job in the Department of Tourism and Small Business.

The question was also raised as to what we may be looking at. One of the areas that we're looking at, that's already out there right now, is the Venture Capital Corporation, which will assist the private sector and the small business community with the equity position. One of the difficulties we have is the heavy debt load experienced by the business community right now. Anything we can do to assist in shifting some of that debt to an equity position will be appreciated by the small business community in this province.

Another area we have been working toward and are watching very closely — it is operating in Ontario right now — is a system similar to the small business development corporations and the ability to put in place something that would allow investments, again along the line of the Venture Capital Corporation, for \$1 million and less, that area which we would be more directly related to rather than the hon. Minister of Economic Development.

There isn't any question that one of the key factors related to some of the problems we have had in the last year related to the interest rates of six months ago. There isn't any question; I don't think anybody can deny that. Certainly, there has been at least a levelling, if I can use that term, of interest rates for the present. We haven't moved away from the private-sector lending institutions' ability to keep it floating. That has been one of the concerns from the investment community. Also, we can't at this point in time really look with any consistency as to what the federal government is going to do. A number of budgets have come down that have really crippled the small business community, not just in Alberta but across the nation. So in that particular area, we are working with that.

In the department we also have 12 business analysts, who are basically out of the private sector, who understand the small business community, and who are there at the request of small business to assist them in any way, shape, or form they might be able to. Those are some of the areas where we offer assistance.

The next question the hon. Member for Spirit River-Fairview raised was relative to the Canadian Commercial Bank. I don't know why you're asking me to answer for the Canadian Commercial Bank. Obviously if you have some questions, I suggest that that's who they have to go to. The Canadian Commercial Bank is not a part of the government of Alberta, arm's length or otherwise. So I can't respond to what in fact may be their position, equity or otherwise. I suggest that that question might more appropriately be asked of the Canadian Commercial Bank themselves.

You raised the concern again about land speculation. I say "again" because you raised it a few moments ago. I can't respond to that particular one. As adamantly as you expressed yourself a moment ago, any information as far as an application from anybody — whether it's a \$25,000 application, a \$2,500 application, or an \$8 million application — is treated the same. They are commercially confidential. I will respect that on behalf of the client, that small business person out there in Alberta, and the company, in this case the Alberta Opportunity Company. I have no other position to take but that one if we're to continue to have that kind of trust between the small business community, the client, and the Alberta Opportunity Company.

The Alberta Opportunity Company is a success story beyond question, from the period that it started back in 1972 until the present time. I can recall, if you want to go back, when the loans were around \$800,000; then we went up to \$4 million. There was a bit of chatter at that time about that particular loan. You can take all the other pieces and put them together, and you still have the one loan, well within that 3 per cent figure of the large loans. Sixty-eight per cent of the loans made by the Alberta Opportunity Company are in that \$100,000 or less category in 1983.

Having said that, again I think the people who work in the management positions in the Alberta Opportunity Company are doing an excellent job for us. The pressures are on them. There's no question about that. One of the things the Alberta Opportunity Company does provide today is a stable interest rate for at least five years, which not too many others provide. So there's a tendency to attempt to move. I recall discussions I had with the hon. member about accounts he had that were in fact with the Alberta Opportunity Company. I said then, and I'll say it again: my responsibility as a minister is that I will ask for a report on that particular one, and I will provide that to you. I will not and have not, in any way, shape, or form influenced any loan to this particular point in time. That's one of the reasons that company has been successful.

MR. MARTIN: Mr. Chairman, just a couple of comments following up from the minister. The point I was trying to make about the unemployment figures — and I think you've clarified it — is that you don't know. Obviously, I agree that there have been some start-up businesses in the first six months, but you should not say . . .

MR. ADAIR: I'm sorry. What's the question on unemployment?

MR. MARTIN: When we were comparing the bankruptcies, you said the usual line, that I was being negative, that you should look at the start-up businesses. The point I was trying to make was that you did not have the figures, and you've clarified that. You're guessing at it in the first six months. You said you didn't know the figures. I imagine some businesses have started up. But the point we're trying to make is that, overall, the impact is that we've been on a downhill skid since the election. It's very clear if you look at the unemployment figures. The minister would agree that most of our employment is created by small business, and we know the overall impact. These figures we are looking at on the business page are in fact correct.

The other point I make, and it would balance it off — I understand what the minister is saying about confidentiality. But there's another principle involved here too, Mr. Minister. If we were in the United States, with a freedom of information Act when you're dealing with public money, we would know the answer to this. The government tells us all the time that we don't need freedom of information. When companies are dealing with a loan as big as \$8 million and they're dealing with taxpayers' money, there's also responsibility for us as legislators to try to know what's happening to that \$8 million.

So we can always hide behind confidentiality. We're not dealing with a private bank. That would be nobody else's business. What we're dealing with is \$8 million of taxpayers' money. That's another principle too. I suggest to the minister that if the government had freedom of

information, we'd know this answer. But they're not prepared to do that either. So we have to fish and ask the minister. He stands up and says, that's confidential information. But there is the other principle, too, of \$8 million of taxpayers' money.

I believe you said 12 analysts worked with AOC. The question I'd ask the minister is, did those 12 analysts recommend involvement with Ram Steel? Is that the type of information they were giving you? Or in fact did the 12 people say, stay away from it, but the minister overruled them. I'd like to know what their recommendation was on that.

The whole point about the Canadian Commercial Bank: surely the question there, Mr. Minister, is that they were part of the players in the \$8 million loan. We're not asking about their assets; we're asking where they are in terms of the \$8 million. If it wasn't \$8 million of taxpayers' money, it'd be irrelevant. But because it's \$8 million of taxpayers' money, that changes the rules here. Surely the minister would agree that we as a Legislature have the right to check where \$8 million is going. That's what the principle is.

I know the minister can hide behind confidentiality and because we don't have a freedom of information Act, unless we get another little brown bag, which sometimes happens, it would be better if the minister told us. That's why we're asking about the Canadian Commercial Bank. If they're still involved in this, then they're involved with taxpayers' money. As legislators, it's our job in this Legislature to know where the money's going. So we balance off somewhat with confidentiality when we're dealing with taxpayers' money. Of course in the United States system, as I pointed out, we would know these questions. But we're told here that we have such an open government, we never need to do this. We were told this many times. The Attorney General told us this. Well, there it is. I'd throw those out to the minister and ask him to make a few comments.

MR. NOTLEY: Mr. Chairman, as I understand the government's position, the government is telling the committee that when Ram Steel approached the Minister of Economic Development — I believe the first letter was received on April 23. It would appear from gleaning *Hansard* that that letter was not a request for an AOC loan but some kind of assistance — perhaps equity, we don't know; perhaps a guarantee of a Commercial Bank loan. We do know that the Canadian Commercial Bank loaned some \$13 million to Ram Steel.

We're then told that when the Premier met Mr. Foster at a Conservative conference in July in Red Deer and this letter was raised, the Premier indicated in his response in the House that he knew about the issue because he'd discussed it with the Minister of Economic Development, that he'd asked the Minister of Economic Development and the Minister of Tourism and Small Business to pursue the matter. When I asked the Premier today what "pursuing" meant, he was a bit vague. We know from the Minister of Tourism and Small Business's response in the House yesterday that the AOC received an application, presumably in July, if I remember the minister's response correctly.

As I have attempted to follow the government's reasoning on this whole matter, the minister tells us that he really can't say much about the Canadian Commercial Bank loan because that, after all, is a private-sector arrangement between Ram Steel and the bank, and the government wouldn't have anything to do with that. He

tells us that we really can't examine the Stelco investment because that essentially was a deal between Stelco and Ram, and the government didn't have anything to do with that.

Mr. Chairman, bearing in mind those two rather crucial factors, I am at a loss as to how any group of even partially competent ministers could agree to an \$8 million loan on October 7 in the absence of what would seem to me to be relevant material. Surely Ram was requesting assistance because of their financial difficulties, and the financial difficulties revolve in considerable part around the difficulties of the commercial bank loan as well as the other factors. They had an inventory problem, to quote the Minister of Economic Development, and couldn't sell the steel they produced. I cannot visualize that the cabinet — and I think the members of the cabinet, notwithstanding the fact that my colleague and I may differ with them philosophically, are quite intelligent business people — would authorize, in principle, an \$8 million loan, the largest loan in the history of the Alberta Opportunity Company, without having before them some very relevant information. Surely that information had to involve the Canadian Commercial Bank loan. Surely it had to involve efforts on the part of Ram to negotiate with Stelco, to buy in on some basis, and I outlined the basis. It's our understanding that Stelco finally agreed to participate in Ram Steel.

Mr. Chairman, to what extent were the members of the cabinet sort of bit players on the side who were reacting to all these other initiatives, and to what extent were members of Executive Council orchestrating the events? I think we have to know that. It's no disservice to anyone's reputation. One would expect some leadership on the part of government. If the government wants diversification and wants to take the political flak from investing in a steel mill where there's an inventory problem and they lay off their production staff, fair enough. I suppose that argument could be made in certain quarters, if not generally throughout the province.

Mr. Chairman, as members of this committee, I think we have to know what the ground rules were. The minister stands and says, we'd love to tell you all these things but we can't because of commercial confidentiality; I treat Joe Blow's business the same as Ram Steel's. But there is a very important difference between Joe Blow's business that has borrowed \$100,000, \$200,000, or whatever the average is that the minister pointed out, and an \$8 million loan which is the largest in the history of the AOC. That distinction is that in the case of any loan over \$1 million, as the minister pointed out, Executive Council must make the approval. When Executive Council moves into the act, when we step aside from the AOC as an arm's length operation, making loans for whatever reasons — as MLAs, we all have people coming to us and saying, I think I should have a loan from AOC. But when we move away from the arm's length operation of a competent administration and board — and I agree with the minister, AOC has done, by in large, a very good job in this province. I think this government should be providing more funds for AOC, not less.

The fact of the matter is, Mr. Chairman, when we get to the point where Executive Council has to make decisions on large loans, it seems to me that we enter into a new ball game entirely. Surely it is in these circumstances that we have to say, what are the criteria? When members of the Executive Council, who are responsible to this Legislature, make decisions on our money, they have to be accountable.

Mr. Chairman, I don't think that the distinction of this money being transferred to AOC is really a great deal different from the kind of direct investment we had in Syncrude. In 1975, we had the Premier of the province come before this Legislature and answer the most detailed questions on the Syncrude investment; as well he should, because he was talking about the investment of a couple of hundred million dollars of public funds. Whether it's a couple of hundred million dollars in Syncrude or \$8 million in Ram Steel, once the Executive Council of this province, who is responsible and answerable to the Legislature, makes the decision, then we move beyond the arm's length operation and get into a situation where there must be accountability in the Assembly itself. And try as we might, we still have a host of unanswered questions on this issue.

I just bring the minister back to where we began. At this stage, we still don't know the answer to a large number of questions. Instead of using commercial confidentiality or economic diversification as a new rhetorical screen to hide behind, I hope that the government would recognize that because it was an Executive Council decision, those people who want a loan, whatever it may be, that has to be authorized by Executive Council, must accept certain consequences that go with that kind of loan; that is, the possibility, perhaps even the probability, that that kind of information will become part of the public domain. Just as the Jack Gallaghers of this society or his successors in Dome must expect that their operations and the commitments of the government of Canada in the Dome bailout will become part of the public domain, so the Peckhams, the Jim Fosters, and whoever it may be that want an \$8 million loan from the government of Alberta, are going to have to expect that this government will be answerable in this particular committee.

Agreed to:

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|--|-------------|
| 1.01 — Minister's Office | \$185,830 |
| 1.02 — Deputy Minister's Office | \$202,170 |
| 1.03 — Department Administration | \$99,930 |
| 1.04 — Financial Services | \$244,060 |
| 1.05 — Personnel and Staff Development | \$140,310 |
| 1.06 — Library | \$84,030 |
| 1.07 — Communications | \$106,720 |
| 1.08 — Office Support | \$113,990 |
| 1.09 — Systems and Computing | \$90,960 |
| Total Vote 1 — Departmental Support Services | \$1,268,000 |

| | |
|--|--------------|
| 2.1 — Small Business | \$3,909,080 |
| 2.2 — Tourism | \$8,850,210 |
| 2.3 — Northern Development | \$1,261,720 |
| Total Vote 2 — Development of Tourism and Small Business | \$14,021,010 |

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|---|-------------|
| Total Vote 3 — Financial Assistance to Alberta Business via Alberta Opportunity Company | \$4,950,000 |
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|---|--------------|
| Total Vote 4 — Alberta Heritage Fund Small Business and Farm Interest Shielding Program | \$30,663,520 |
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|------------------|--------------|
| Department Total | \$50,902,530 |
|------------------|--------------|

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

[Motion carried]

**Department of
Utilities and Telecommunications**

1 — Departmental Support Services

MR. NOTLEY: Mr. Chairman, before we go too much further, I think it would only be appropriate . . . Today the minister gave us some indication that he would be reporting to the Committee of Supply on the government's policy with respect to major hydro-electric development in the province. Whether it takes us until our adjournment time of, I believe, midnight — so that's an hour and three-quarters — we certainly intend to explore fully those particular implications. So perhaps we might just begin by asking the minister if he would give us a full report on (a) the Slave, (b) Dunvegan, and (c) the power grid which, as of a meeting last October, apparently is on hold for two years. From there, Mr. Chairman, no doubt there will be a myriad of questions which I'm sure will allow us to accommodate our time for the balance of the evening.

MR. BOGLE: Mr. Chairman, I'll be pleased to respond to those matters in detail when we get to the appropriate votes. If the hon. member has some specific questions he wants to deal with in overview, we can deal with them in kind. But as they are very clearly included in the votes within the department, why not deal with them at the appropriate time?

MR. NOTLEY: Mr. Chairman, we can certainly do that if the minister wishes. But the normal course has been to deal with these in an overview. If the minister would like us to go through each single vote and deal with all the questions when we come to the appropriate vote, I'm sure we could do that. The normal course has been to expedite things by dealing with general issues as they relate to the overview of the department. I can't imagine anything that would be more useful in an overview than a full report on this government's plans on hydro-electric development in the province.

If the minister wishes, we'll go at it department by department, but I assure him that we'll take the time to ask the questions. We may be here just a little later when we get to that vote, but we'll be here to ask those questions. I would suggest that you might want to follow the normal course of your other colleagues, but if you don't, that's fine. We're quite ready to follow whatever course you wish to pursue on this particular set of estimates. The questions, however, will be fully raised and, in our judgment, adequately answered before we allow the vote to [proceed].

Agreed to:

| | |
|-----------------------------------|-----------|
| 1.01 — Minister's Office | \$187,193 |
| 1.02 — Associate Minister | — |
| — Telephones | — |
| 1.03 — Deputy Minister's Office | \$198,521 |
| 1.04 — Special Projects Branch | \$135,158 |
| 1.05 — Assistant Deputy Minister | — |
| — Gas Utility Division | \$98,858 |
| 1.06 — Assistant Deputy Minister | — |
| — Finance and Planning | \$106,478 |
| 1.07 — Natural Gas Audit Services | \$80,336 |
| 1.08 — Administrative Support | \$586,355 |
| 1.09 — Development and Training | — |

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|---|--------------|
| Branch | \$143,705 |
| 1.0.10 — Records Management Branch | \$455,677 |
| Total Vote 1 — Departmental Support Services | \$1,992,281 |
| 2.1 — Financial Assistance for Natural Gas Development | \$31,433,000 |
| 2.2 — Engineering and Technical Support Services | \$2,140,820 |
| 2.3 — Gas Alberta | \$1,665,074 |
| 2.4 — Finance and Business Advisory Services | \$711,067 |
| Total Vote 2 — Gas Utility Development | \$35,949,961 |
| Total Vote 3 — Natural Gas Price Protection for Albertans | \$13,765,636 |

4 — Electric Utility Development

MR. NOTLEY: Mr. Chairman, under electric utility development, perhaps we should have the government's report at this stage, all of them linked together. I don't want to see us unnecessarily divide our discussion, because hydro-electric development has to be examined in light of thermal development, and it has to be examined in light of the power grid. Perhaps the minister could take this opportunity to bring us up to date on the issues I raised, and we'll go from there.

MR. COOK: Mr. Chairman, I wonder if I might add one more question. Could the minister review electrical demand in light of the recession and energy conservation? Are there specific programs, by way of incentives for conservation, to cut requirements for new electrical generating capacity in the province? For example, we're bulk marketing electricity in large amounts to consumers and encouraging consumption. Many jurisdictions in the United States are now reversing that and charging a flat rate, so that there is no incentive to consume, but rather the reverse.

MR. BOGLE: Any other questions, Mr. Chairman?

MR. CHAIRMAN: Are there any other questions or comments at this time?

MR. BOGLE: Mr. Chairman, responding first of all to the basic, overall thrust of the government relative to electric energy development in this province, as hon. members are probably aware, 10 years ago approximately one-quarter of the electricity was generated through our hydro capacity. Most of that was in the TransAlta area. The other three-quarters was thermal or coal-fired electricity. Today, the ratio has shrunk to a point where we now have about 13 per cent of our total electrical needs being met by our hydro capacity and the remaining amount by thermal. We believe, as government policy, that a good mix of thermal and hydro power is in the best interests of the consumers of the province, because of the ability of thermal power to provide the steady base that's necessary and you can use the hydro in the peaking capacities.

There's another obvious long-term benefit, and that's when you look at the life expectancy of the plants. A general rule of thumb — and it's only a general one — is that a thermal plant has a life expectancy of 35 years, plus or minus. A hydro plant has a life expectancy of 70

years plus. So there are certainly some long-term benefits in terms of having a good mix.

There's an environmental consideration, of course, related to the emissions from the thermal plants. That factor has been addressed very seriously by the two utility companies involved in the generating of thermal-based electricity in the province of Alberta.

Mr. Chairman, that's the general overview of our thrust and our desire to move to a greater mix of hydro. We are looking at two possible alternatives at this time. First and foremost is the Slave River potential, and second is Dunvegan. The estimates contained within vote 4, under 4.3, have a mix of those two projects. The first \$6,150,000 of the province's commitment towards the pre-investment studies to be conducted on the Slave, is contained within the vote, and a \$300,000 allocation is contained for Dunvegan. It is our hope that the studies we will be doing at Dunvegan during the current fiscal year, subject to the approval of this Legislature, will allow the government to complete the studies which have been under way for a good number of years. The studies on the Slave River will be primarily river surveys; aerial photography and soil investigation for the transmission lines; aerial photography of the Peace-Athabasca delta and collection of environmental field data, looking at such things as the aquatic and wildlife data; to set up the Slave River engineering office; review existing studies in power development; environmental and socio-economic studies.

To recap what I've said in this House and in other locations, we are entering the three-year pre-investment phase, when the two privately owned utility companies and the government must determine whether or not — after all the various ERCB hearings are held, the environmental studies are conducted, and the regulatory processes are reviewed — a project of this magnitude is (a) feasible and (b) beneficial. We will then be at a point which is often referred to as the go/no-go stage. Of course the work on Dunvegan will continue in terms of determining the feasibility of that particular site.

The hon. member also raised a question about the western electric grid. Although I don't believe that should be in any way confused with the pre-investment phase of activities on the Slave River, if the hon. member wishes, I'll go through that scenario once more as to why there's a two-year phase, a pause in the studies with our sister provinces of Saskatchewan and Manitoba. I'll leave to the pleasure of the hon. member whether he wishes to pursue that further or not.

A question was also raised with regard to electricity demand. In the province of Alberta over the past five years, we have had an increase in demand for electricity approximately double the average rate of population increase over the same period of time. In other words, the requirements that we as residents have, that our businesses, our commercial and industrial users have, have placed an increased demand upon the utility companies of approximately 8 per cent per year. During the present fiscal year, we are still analyzing with the electric council exactly what rate of increase there will be. There were some earlier projections that it might be as high as 10 per cent. The projections today indicate that it will be somewhere between 8 per cent and 10 per cent. That figure may still have to be modified once we're further into the actual fiscal year. None the less, there is no doubt in our minds that the desire for more electricity will continue. Therefore, we need to be prepared, as a provincial government in co-operation with the council, to monitor and plan for the future needs of the province.

I believe the last part of the hon. member's question related to conservation. In the TransAlta franchise area, where we maintain our primary residence, my wife and I have noted that occasionally small pamphlets are distributed with our bills giving various hints as to how we can reduce electricity usage in our home. I know the information is available as well for business and commercial outlets from the companies themselves. If the hon. member wishes to pursue that further, he may do so.

MR. NOTLEY: If I could just take a few moments this evening to go into these matters in a little more detail. The minister responded by talking about the increase in demand. We all know there has been a moderation in the forecast demand as a result of the recession. But in my assessment, Mr. Chairman, I think what Albertans need to know at this stage is the relative costs of the options and where these options stand in terms of the government's planning. We have the thermal projects, the Slave project, the Dunvegan project, and we have a power grid.

Mr. Chairman, in 1980 the Premier announced that this government had assessed the power potential of the Peace River and concluded that a dam should be constructed at Dunvegan. Later that spring, the then Minister of Utilities and Telephones, Mr. Shaben, went to the area, held a meeting sponsored by the chamber of commerce in Fairview, and indicated that the planning process was well under way.

Somewhere between that announcement made in the Legislative Assembly by the Premier, followed up by the Minister of Utilities and Telephones, Dunvegan seems to have got shuffled aside. I don't know if it is because of the bank stability problems. I know the initial studies that were conducted during the mid-1970s — and I think I have in my constituency office all the volumes that were part of that initial study; as a matter of fact, a number of sets of the volumes, because we've been supplying it to schools in the area. In any event, the initial study said that the stability of the bank at Dunvegan was sufficient for the low dam, the medium dam, and the high dam. Several years ago we began to hear rumors to the effect that the government was changing its position, apparently as a result of concerns about bank stability by one of the proponents. A year ago, in the spring session, we had the then Minister of Utilities and Telephones tell us there was going to be a geotechnical study costing almost a million dollars, which would assess once and for all whether or not the banks at Dunvegan were strong enough to hold the dam.

Mr. Chairman, in 1982 during the spring session of the Legislature, we were not talking about the Slave as a major proposal — I recommend that the minister look back in *Hansard*. We still saw Dunvegan as a major priority, but the question was: was the bank sufficient to withstand the pressure of that amount of water backed up for what could be 150 miles; we talked about the high dam. I went back to my constituency and said that quite frankly that's a reasonable position, because I would not support investing hundreds and hundreds of millions of dollars in a dam, even in my own constituency, if the banks were not going to hold the dam.

But the assurance we were given a year ago was that the geotechnical study would be complete in the fall and we would know. Now we're told, Mr. Chairman, that we still have another \$300,000 and the minister didn't identify what that \$300,000 was for. Is that to complete the geotechnical study? Was it not completed last year? In the middle of April, the minister indicated to my colleague

that he would take as notice his question and report back to the Legislature on just precisely where that study now stands. I think we should know where it stands. Does the study tell us that the banks will hold the low, the medium, or the high dam; a concrete dam or an earth-filled dam? I think it would be useful in Committee of Supply if the minister told us exactly the technical aspects of the information that we have used taxpayers' money — quite properly, I might say — to assess the physical capacity of the banks to withstand the backing up of 500 feet of water for many, many miles, if we're talking about the high dam. That's number one.

Mr. Chairman, between the spring session of the Legislature, where the then minister was telling us we were going to have geotechnical studies on Dunvegan, and June or July — I forget the exact month; I have it here someplace — we then had this new initiative, the Slave dam. I think many of us want to know what the planning process is, that an announcement made in 1980 by the Premier that we're going ahead with Dunvegan — it wasn't even that we're considering it; we're going ahead; we've decided in our wisdom that we're going to proceed.

The minister is a great free enterpriser. He's got all kinds of his free-enterprise, Conservative friends who invested money in Spirit River, Rycroft, Fairview, and other places in the central Peace on the strength of the Premier's statement. They took the statement right out of *Hansard*. They didn't listen to their MLA. He said, I would be a little cautious if I were you, because you're dealing with a Tory government here; better watch out; don't get burned. Nevertheless, on the strength of the Premier's statement that we were going to go ahead with the dam, they made investment decisions. I'm not saying we should make our judgments on a multibillion dollar project on the basis of investment decisions of a few people. I've never argued that. But I'm saying that in this House we had a statement made that was very definitive. Then we seemed to have this shift.

I ask you to go back over this government's policy on hydro-electric and energy development in Alberta. We had a sudden interest in the power grid. That power grid announcement was made at the same time that we said we were going to proceed with Dunvegan. We were going to share power with the other two provinces in western Canada. That made a good deal of sense. I think it's not unreasonable to say that I have at least some association with the people in Manitoba and know a little bit about the investments that were made during the Schreyer government. One of the sensible things that the former Lyon government attempted to do was to work out a power grid arrangement because they had surplus power that came as a result of major investments in hydro-electric development on the Nelson River system.

Mr. Chairman, this government told us with great fanfare in 1980 that the power grid was to be part of the electrical generation strategy for western Canada. This spring when we raised it in April — and I have the Minister of Energy and Mines in Manitoba telling me that he can undercut the price of Slave River power — the Premier stood up and said things have changed because the nasty government of Manitoba is thinking about getting help from the feds; isn't that an awful thing? For this government to say this after the bed-sharing we've seen on energy policy in the last little while is, I think, really scandalous.

Nevertheless, let's set that all aside, Mr. Chairman. What we have is a government that told us the power grid was on, and then tell us it's off. They told us they're going

to go ahead with Dunvegan; all of a sudden we've got studies, geotechnical studies, and now more studies on Dunvegan, and the new approach is the Slave. I guess what members of the committee have to ask is, just what is this government's policy on electrical generation? Is it a one-dam policy, a two-dam policy, or is it no damn policy at all? I really wonder what the strategy is, in terms of developing hydro-electric generation or sharing with other provinces the input they produce. I want to leave that with the minister. His very nice little introductory remarks simply whet my appetite to have explained what the strategy is on the part of the administration.

During the month of March, I also raised questions which I'm sure the minister would want to take some time to answer tonight. I raised questions about whether or not there had been any discussions with TransAlta or Alberta Power concerning the financing of a project on the Slave. Now I know enough about the power business to know that neither of the proponents is going to be jumping up and down and rushing into the minister's office saying, we've got the money; we'll go ahead; let us do it. Both proponents, I am sure, are going to be patting the minister on the back and saying, we may look at this megaproject to end all megaprojects, but only on the basis of very significant direct public investment, guaranteed loans, or some kind of deal. There has never been a dam built in this province in the last number of years where we have not had to put up a good part of the money. As we analyze the alternatives at this stage, I think we should be brought up to date on just what discussions have occurred.

The minister was in Fort Smith on Saturday. I understand he had a little reception and meeting there and spoke for a few minutes to some of the people. Some of the people have contacted my office, and I gather that one or two of the people liked what the minister had to say and others didn't think he had much to say at all. That's the way it is in a democratic society: sometimes you win and sometimes you lose. My colleague and I can certainly testify to the latter, but sometimes Tories have to face that prospect as well.

In any event, Mr. Chairman, I think we'd like to know what is going on at this stage. I know that the minister would like to sort of keep this under wraps and for it to be an Executive Council decision shared privately with members of the government caucus who would be discrete. But we're dealing with public business, and I invite the minister to bring us a little more up to date and answer the questions specifically with respect to, number one, what are now the priorities in terms of government thinking as to the two dams? Why did we switch from Dunvegan to the Slave; was it specifically because of geotechnical questions? The Premier indicated in April that the two-year moratorium would not necessarily apply if new conditions arose. What new conditions might change the government's position? Finally, what initial discussions, if any, have occurred with respect to the capital cost sharing on projects of this magnitude?

MR. BOGLE: Mr. Chairman, I'll deal with the last question first, in terms of decisions as to share of equity or costs in a project. It will not be possible to address those issues until a great amount of work is completed over the next period of time. The commitment that has been made by the two utility companies and the government of Alberta is for the pre-investment phase. We will then determine collectively whether or not the project is viable and should be proceeded with. That's assuming the

various regulatory steps have been successfully gone through. So that question will have to await a time when the two utility companies and the government have concluded their work.

I would like to go back, Mr. Chairman, because I think it's interesting and it may be helpful. The hon. member has led us through a chronology of the history since the spring of 1980 and given us his understanding of what happened. I'll attempt to put it into perspective for hon. members of the Assembly.

He's very correct in his statement that the Premier announced we were in support in principle of a dam at Dunvegan on the Peace River, and that various steps would be taken to determine the most feasible way to approach that project. That is exactly what has been occurring over the past three years. We have been through the various departments of government, primarily Environment and Utilities and Telecommunications, testing the stabilization of the banks, as one of the major considerations. I'm sure the hon. member is well aware of that, since he lives in that area and has a view of the river below; I'm sure he's aware of the concern. That work has been undertaken.

I made a commitment to the hon. Member for Edmonton Norwood, when I was asked on April 15 this year, to go back and review the matter. I'll further commit to the hon. member today that I hope to be in a position shortly to table with this Assembly the geotechnical studies which are being carried out on that very question. During the summer and fall of 1982, as part of the work on the Peace River at Dunvegan, two large-diameter shafts were drilled in the river bed, and the Dunvegan and Shaftesbury formations were examined *in situ* by geotechnical experts. We're trying very hard to determine as accurately as we can the feasibility of the sites and of the conditions in the particular area.

The \$300,000 I'm seeking in the budget for the department this year for work to be done at Dunvegan, would complete the geotechnical work and would include preliminary design and updating of construction costs and, as I responded in question period today, would also focus on the question of earth fill versus concrete in terms of the dam itself. I think those are very necessary steps which must be taken before we commit ourselves to any final project.

The hon. member asked first of all for the priority of the two projects, and then in his second question went on to ask why we had placed Slave River ahead of Dunvegan. The hon. member obviously recognizes that we are placing our first priority on Slave River. That is our view; that is the policy of the government. But we are not ruling out either of the projects. There is no certainty that both or either of the projects can go ahead. It may well be that that won't be possible.

The hon. member may recall that the Minister of Utilities and Telephones commissioned a study, I believe three years ago, which resulted in the Slave River Hydro Feasibility Study. That work was commissioned, and the results were not known until the summer of 1982. Those studies have been made public and are in a number of locations, including the library of this House. The studies contain some very exciting opportunities for the hydro potential on the Slave River, and that's the primary reason that we looked at that particular project.

In the hon. member's review of the discussions that took place on a western electric grid, I have to stand in my place and say that it's really unfortunate that we were not able to work out an agreement with the government

of Manitoba. We thought this was an excellent opportunity to work with our sister provinces to share the economic activity across western Canada in a very meaningful way, where we could benefit from the generating capacities in Manitoba and in turn a sister province could benefit by being able to use surplus electricity. Therefore, the concept of the western electric grid was developed.

The irony is, Mr. Chairman, we had a deal. I hope the hon. member is listening. We had a deal. The ministers of the three governments involved worked out an agreement. Unfortunately, when the Lyon government was replaced by the Pawley government, the Pawley government turned around and tried to renegotiate, and in that process overplayed its hand. That's not something that should be news to the hon. member; it's been well reported in the Winnipeg papers. The Pawley government overplayed its hand. It demanded more than was feasible, from either Saskatchewan or Alberta. In July of last year, ministers from the three governments met in Calgary and jointly agreed to postpone any further discussions on a western electric grid for two years.

It wasn't a case of Alberta unilaterally saying to Manitoba, we're breaking off discussions. It wasn't a case of Alberta and Saskatchewan breaking off discussions with Manitoba. All three partners agreed that the discussions would be postponed for a period of two years. So if the minister from Manitoba erred in coming to that agreement and the government of Manitoba is not happy today, that's something they must discuss in their own caucus. But very clearly, the agreement was reached, and we intend to live by the spirit of that agreement and not initiate discussions until the two-year moratorium has passed.

MR. MARTIN: Just a couple of points to the minister. Surely the minister would recognize that when governments change, they change demands. That should not be the point of looking at what's the best deal for the taxpayers of Alberta. The question to the minister is, what's the best deal for Alberta? We're not playing games with little children here, running around and saying, you broke your word, I didn't like the way you talked. What's the best deal for the taxpayers of Alberta? That's all we have to consider.

In terms of the Slave River dam, I'm sure the minister would agree there are many differences in terms of whether this is feasible or not, unless he's been looking at just his own reports. The one he refers to here — I would suggest they have to go back to the drawing board because, as I understand it, the Electric Utility Planning Council was assuming a lot of things back in 1982. It was assuming that there could be some oil sands development. It was assuming that there might be some water transfer. So they probably overshot what we needed at the time. I wonder if the minister has looked into that; if the ERCB, which is government, is talking about a much lower need in the next little while. That would certainly change the picture.

The question I would also ask the minister — I think the feasibility of the Slave dam depends on little or no inflation in construction costs. How committed are we? The minister has said this is our number one priority. Does that mean we're definitely going ahead? Is Dunvegan still in the running? What does number one priority mean? I know we've given up \$40 million. Does that mean we could still back off if it's not feasible? I think a lot of people are saying that it's not feasible. Where do we stand? Again, I want to know what number one priority

means.

I know the government might lose face if it backed off. But at this point, even if it is a waste of the \$40 million, the key is which is the best deal for Albertans, for the taxpayers of the future? That's all we have to consider here. There are the three alternatives. If the power grid with the other provinces is a better deal, then that's what we should look at. If Dunvegan's a better deal, we should look at that. From any of the figures we've been able to see, I have some real doubts whether the Slave River dam at this point is as economically feasible as the minister says. Why is that our number one priority? Again, does that mean we'll never change, that it's going to be a number one priority all the way down, even if the facts and figures indicate that the other two would be better? I ask the minister those questions.

MR. NOTLEY: Mr. Chairman, I really must enter this debate because the minister's comment, that Manitoba overplayed its hand, really has to be responded to. One of the first times I had occasion to go as an observer to a federal/provincial conference, the then Premier of Newfoundland made a very eloquent speech. I recall our Premier nodding his head with a good deal of approval. It concerned a power agreement made by the former Liberal administration of Joey Smallwood with the province of Quebec. The Conservative Premier at the time was bemoaning this agreement which, in his judgment, sold out the people of Newfoundland. He was arguing, very convincingly so, that it should be changed. He was attempting to change the nature of a contract and was pleading with his fellow premiers and with the government of Canada at a national energy conference — and taking a good deal of time, I might add, to do it — that the agreement with Quebec was bad for Newfoundland and should be altered.

Mr. Chairman, when new governments come in, they take a look at agreements. To suggest that simply because the government of Manitoba reviewed the proposal, somehow we should say to heck with the power grid, is absolute nonsense. As my colleague has quite properly pointed out, we still have to look at what the best deal is for the people of Alberta. It may well be that a little bit of hard negotiation would have been a much more practical alternative. I know the respective ministers in the province of Manitoba. They're not unreasonable people to deal with. The Premier of Manitoba is not an unreasonable person to deal with; he is an eminently reasonable person to deal with. If he needs a little help, the minister might contact some of his colleagues across the way. But to suggest that somehow we're going to say no because there's a new government in Manitoba is absolute nonsense.

When I talk to the minister in Manitoba, I'm told that as far as Manitoba's concerned, there's no problem with the release of the relative information. He tells me that particularly if we take into account the output of the limestone project in Manitoba, they can undersell power which the Slave will produce. Mr. Chairman, as members of the committee, I think we have to know what the options are. It isn't good enough for the minister to stand up and say, they overplayed their hand and it's been well publicized in the *Winnipeg Free Press*. Well, so be it. I know the minister's comments got all kinds of attention in the press in Winnipeg. But the fact is that as members of this committee, we have to be assured of what the relative costs are.

One other thing the minister said really amazed me. I

think I heard him right, but perhaps I should just restate what I thought I heard so I don't misinterpret him. He said we had to go through the regulatory process, and that meant ERCB hearings and all these other studies and what have you, before we could arrive at any kind of arrangements on the financing of the project. Mr. Chairman, if that's mistaken, I hope the minister will set me straight and clarify to the committee exactly what he meant. I cannot imagine two utility companies thinking about planning a project which is going to need many billions of dollars before it's complete — and we look at both Dunvegan and Slave together. The minister has not ruled out both, a two-dam policy. We're looking at literally billions of dollars. No intelligent board of directors is going to be authorizing these companies to do anything unless they have a pretty good idea of what the arrangements are with the government of Alberta. They're not going to be risking that kind of money in the absence of some understanding of how the costs are going to be borne, in what ratio, and whether there's going to be low-interest money made available from the government of Alberta in the form of debt capital or perhaps sharing the equity in the dams.

We as members of the committee, who have the responsibility of assessing long-term electrical generation requirements in the province, have to have some indication of just what this government is planning. By the time we get through with both the Slave and the Dunvegan, in any kind of capital cost sharing at all, there goes what's left of the Heritage Savings Trust Fund, unless there's some other option which I have not discerned at this stage.

MR. MARTIN: There's only \$7 billion left now.

MR. NOTLEY: Yes, that's excluding the money we have to set aside for pensions. But presuming we can somehow sidestep that issue, Mr. Chairman, the point I would leave with the minister and ask him to respond to directly is just where we're at in terms of preliminary discussions with the two proponents. I cannot imagine that either of the utility companies would even consider looking at the project, spending a dime on the project, unless they had some indication of what the minister was prepared to cough up from provincial revenues. Mr. Minister, since we're going to get into this sooner or later, better that we have some idea sooner of what you're planning.

MR. BOGLE: Mr. Chairman, listening to a socialist expound the virtues of free enterprise is really music to my ears. If I heard the hon. member correctly, he's really saying that by having two private-sector power companies involved, they're going to be very, very careful to ensure that before they commit to large investments of funds, it's indeed a viable project. That, in our view, is one of the real strengths of the electrical system in this province, blending together the expertise of the private sector with the government and its abilities.

I don't know how many times I have to say it, Mr. Chairman. Both hon. members seem to be missing a point, and I'll assume that I'm not communicating clearly. I'll try once more. A decision as to whether or not a dam will be built on the Slave River is conditional upon a number of factors. There must ERCB hearings. There will be the various environmental impact studies and the concerns brought into play by the federal government on behalf of Wood Buffalo National Park, the treaty Indians in the area, the governments of Saskatchewan and the

Northwest Territories, the communities of Fort Chipewyan and Fort Smith, and the residents in those areas.

There will be many, many opportunities for individuals, groups, and organizations to dialogue and to have input in the process over the next two and a half to three years. So when we reach a point when a decision may be made, you can be sure that the private-sector companies will not be interested in proceeding unless it's an economically viable project. You can also be sure that the government will not allow the project to proceed unless it meets the various tests. Therefore, I reiterate that when we talk about the commitment to spend up to \$40 million on the pre-investment phase — and directly to the hon. Member for Edmonton Norwood, who seems to believe that we're talking about government's money, \$40 million that we will be voting through this Legislature. That just isn't so. We are talking about a commitment by the two utility companies, TransAlta and Alberta Power, as equal partners with the government of Alberta. Our commitment for this year, because of some of the extensive work we plan to be doing, is \$6.15 million.

Going back to the western electric grid, I find it hard to believe that if I had been the minister representing the province of Manitoba, I would have travelled to Alberta in the summer of 1982. Knowing what the national energy program has done to western Canada and particularly to this province, I find it hard to believe that in my wildest dreams I might have thought I could have upped the ante and somehow got a better deal for the people of Alberta as well as the people of Saskatchewan.

That's exactly what happened. The hand was overplayed, as I said earlier. If the Pawley government had been wise, it would have reneged on its election fiasco comments and would have said, we want the deal that had been worked out with the Lyon government. Because the commitment was made by the ministers representing the three governments, I believe that's indeed what would have happened. It didn't. Maybe they're learning. I don't think they're going to have much more time, because once the next election rolls around they'll be out, and we'll have a good free-enterprise government back.

MR. NOTLEY: Mr. Chairman, I must confess a certain amount of astonishment. I think I heard the minister say that a government should renege on a promise that they made to the people. I think I heard the minister say that. I am amazed that even a minister in this government that has raised cynicism to a new level of sophistication, arrogance, and blatant propaganda, would make that kind of statement. However, I guess it was made.

I don't mind saying that I'm rather proud of the fact that we have a government in Manitoba which is attempting to keep faith with the voters which elected it to public office. I think there was a time when this government still had some idealism, when they too attempted to keep faith with the voters who elected them to office. As a matter of fact, I well remember some of the efforts in my part of the province as a consequence of the Peace-Athabasca delta and the Bennett dam. As members may recall, this new government in 1971 attempted to deal with that issue.

Mr. Chairman, the point my colleague made and I make again is that whether or not the government from Manitoba came to Alberta saying, we want to renegotiate the deal and we want a higher price, is not as relevant as what the final price was in relationship to the alternatives. We now have a government that is telling us, we've got to cut the price to our American neighbors because in the

interest of good old free enterprise and solid, respectable, effective government, we've got to meet the challenge of the market place. We're buyers in the case of power. Now we have to meet the challenge of what the options are. That's all my colleague and I are asking. I don't care whether the government in Manitoba — I obviously care that it's NDP. Even if the rhinoceros party at some point — because they almost beat the Tories in British Columbia, so who's to say that they won't make a revival in Manitoba. But whatever the complexion of the government of a province is, is beside the point. What is relevant is the final cost of power from a western power grid compared to the cost of thermal power, compared to the cost of Slave, compared to the cost of Dunvegan.

MR. MARTIN: We don't have time to be childish; we want the best cost.

MR. NOTLEY: Members of this committee have to have that kind of information. Mr. Chairman, because a new government is going to say, we want more money, doesn't surprise me at all, any more than it was wrong for Frank Moores to say to Mr. Bourassa, look, I want a higher price. That didn't mean Mr. Moores should have reneged on the commitment he made to the people of Newfoundland. Mr. Moores quite properly made the case, strongly made the case, took every avenue possible to make the case, including a national energy conference, and I admired him for it.

This government is not so weak that they're going to be pushed around by the evil socialists in Manitoba. If our case was strong, then carry on the negotiations, and there might have to be some modifications. The fact of the matter is that what we have to have in this committee is some assurance. It isn't good enough for the minister to come and say that the minister overplayed his hand, end of the subject, full stop, no further information; believe it and take it on blind faith that this is it. The information I get, Mr. Chairman, is that they could still undercut the price. If they can undercut the price . . .

AN HON. MEMBER: That's the key.

MR. NOTLEY: . . . then what in heaven's name are we doing thinking of investing a large amount of money? We won't get into whether it's \$6 million in this budget, \$40 million, or \$8 billion, whatever the various ratios may be in terms of projects. Before we make those kinds of combined public and private investments, we have to know what the final per kilowatt cost is going to be, Mr. Minister. I don't care whether it is a farmer two miles out of Milk River or somebody living in Rycroft, Alberta, it's the final amount that they have to pay, and the decisions we make as a committee and as a government are going to influence that.

As members of this committee, we have to be able to go our respective constituents and say, we have the data before us. If those data say build a dam on the Slave, then we do it. But we don't just simply dismiss a power grid on the basis that we don't like the government in office or that we think the minister came out and overplayed his hand. It doesn't surprise me that from time to time we have that assertion made. Some in Ottawa have even suggested that this government — far be it for me to say that — has overplayed its hand. No, Mr. Chairman, that isn't a serious answer. What we're asking for, Mr. Minister, are facts and figures. If you've got the facts and

figures, fair enough; we'll end the discussion. But don't just give us rhetoric and tell us that that's satisfactory.

Agreed to:

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|---|-------------|
| 4.1 — Electric Development Services | \$1,069,153 |
| 4.2 — Financial Assistance for Electric Development | \$2,410,000 |
| 4.3 — Hydro-electric Development | \$6,450,000 |
| Total Vote 4 — Electric Utility Development | \$9,929,153 |

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|---|-----------|
| 5.1 — Communications Policy, Analysis and Development | \$519,686 |
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| 5.2 — Educational Communications | — |
| Total Vote 5 — Communications Development | \$519,686 |

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|--|---------------|
| Total Vote 6 — Financial Assistance for Water and Sewer Projects | \$129,675,035 |
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7 — Electric Energy Marketing

MR. GOGO: Mr. Chairman, I certainly don't want to hold up the work of the committee. I'd like to ask the minister a question with regard to Vote 7. I appreciate the time the minister has taken to meet with the city of Lethbridge and probably other municipalities that are affected by the Electric Energy Marketing Act. We very much appreciate the system of shielding the increased cost that's going to occur over the five years. Could the minister give the committee any indication whether he is prepared to consider lengthening the time of the phase-in period?

I don't want to sound like a broken record but sincerely, Mr. Chairman, the impact on my community in the year five or six is about \$6 million; a dramatic increase. I would be less than honest with the committee if I didn't say to the minister in committee that I strongly believe that the matter, not the principle, should be reviewed in such a manner — perhaps we could stretch out that period, even if we could get 18 months or two years. I would like the minister to seriously consider that, and perhaps he could respond to the committee if there is a ray of hope for the constituencies of Lethbridge East and West.

MR. NOTLEY: Is there any ray of hope?

MR. BOGLE: Not from that corner.

Mr. Chairman, I certainly appreciate the thrust of the hon. member's question. As I represent a constituency in southern Alberta that abuts against a portion of his, I know the impact the Electric Energy Marketing Agency is having on our respective constituencies, as it is on all constituencies that are in parts of the province served by TransAlta Utilities. I think hon. members are aware that TransAlta serves about 61 per cent of the electrical needs of the province of Alberta. The remaining 39 per cent would break down almost half and half between Alberta Power and the city of Edmonton.

I think what the former Minister of Utilities and Telephones was trying to achieve in the creation of the Electric Energy Marketing Agency is really something quite unique. It's my understanding that, to our knowledge in any event, there's no other place in the world where they've tried a scheme like this. There's a logical question then that must be posed, and that is: why did we

do it here? We did it here because in Alberta we are an anomaly in Canada, in that we are the only province with any sizable private power left. In most jurisdictions, power has been taken over by the provincial governments and been formed in a subsidiary or Crown corporation.

One of the effects of that move, Mr. Chairman, is that there has been an equalization of power rates across the provinces. That didn't occur in Alberta for a variety of reasons, most of which are historical: the fact that TransAlta has the older system, they got into hydro, they're serving a larger mass population area, including the cities of Calgary, Lethbridge, Red Deer, and a portion of Edmonton. Therefore it was possible to find positions in this province where a farmer on one side of the road who happened to be in a TransAlta area had his electricity at about 40 per cent less cost than the neighbor across the road who was in the Alberta Power region. My predecessor worked very hard and developed a strategy. He brought it to caucus. It was an item, as I know the hon. member will recall, that took many, many caucus meetings, many long hours of discussion and debate. Members of caucus from the city of Calgary and other points in southern and central Alberta very reluctantly accepted the proposal, because we knew the impact there would be upon us.

The hon. member proposed a phase-in of the effect on the users of TransAlta. As you recall, the whole concept was to buy the electricity from the three major generators, pool it, and sell it back to those companies at a pooled price. That's good news for Edmonton and Alberta Power; bad news for TransAlta.

So to cushion the move and to allow the customers of TransAlta to have some ease as we're moving into the system, my predecessor developed a five-year period where we would see government shielding provided at a step-down rate. The originally anticipated cost of that shielding was about \$325 million. The revised figure today is still something in excess of \$275 million. As hon. members know, during the Provincial Treasurer's address this spring the Treasurer announced there would be a step down in support, so we are now going to step down the support by 20 per cent. Rather than shielding the customers by a full 100 per cent, it'll be an 80 per cent shielding. A very effective position was put forward by a member of the city council in Calgary on behalf of his community that to be fair and consistent, it was fine to make the announcement during the Budget Address but it should not take effect until September 1 of the year, as the program was originally implemented on September 1, 1982.

Depending how you look at the statistics, Mr. Chairman, although we feel we're now providing or going to provide shielding for a full five years, the hon. member may take some comfort in that we've added five months onto the full shielding, which in essence will add five months onto the other years. One might argue that to do otherwise would be getting out of the shielding in four years and seven months rather than the full five-year basis.

I don't think there's any easy way around this. Each year when I or my successor stands in this place in the Legislature to address the issue, I think there's going to be the same kind of question asked. That's only logical. I think it's going to be incumbent upon us as legislators to determine what rate the steps down should be each year. Next year, possibly the rate should be greater. Possibly we should be looking at a larger step down in 1984-85. I say that because we believe from the pro-

jected utility costs, there will be a very minimal increase in TransAlta's costs then, with larger increases in the following two years. That's the kind of thing we have to address, Mr. Chairman, to ensure that as we're moving out of the shielding that's being provided, we're doing it in the fairest, most equitable way to the users within the TransAlta area.

MR. GOGO: Mr. Chairman, I very much appreciate the time the minister's taken to answer my concern. I take some consolation in Bill 45 by the Attorney General, the Utilities Statutes Amendment Act, 1983, whereby the increase in cost of plants coming on stream can be built in as opposed to waiting until they totally come on stream. The fact that the electrical companies are still receiving something of 16 per cent return on invested capital, when interest rates have fallen 10 per cent — I suppose that should wait until another day.

Thanks very much.

MR. BOGLE: One other comment, Mr. Chairman, and it really relates to the hon. Leader of the Opposition's concern with my comments that the government of Manitoba might have changed its position. We announced through the Provincial Treasurer's address that the step-down would take effect on April 1 of this year. After the arguments made by representatives of the city of Calgary, we reassessed the position, decided they were right and we were wrong. When governments make mistakes, I think they should be big enough to admit they've erred and correct their positions. That's what I was saying in my earlier comments. I believe that's what all governments should be striving to do.

Agreed to:

Total Vote 7 — Electric Energy

Marketing \$78,670,902

Department Total \$270,502,654

MR. BOGLE: Mr. Chairman, I move that the estimates of the Department of Utilities and Telecommunications 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 and reports the following resolutions, and requests leave to sit again:

Resolved that there be granted to Her Majesty for the fiscal year ending March 31, 1984, sums not exceeding the following for the departments and purposes indicated:

For the Department of Municipal Affairs: \$7,340,515 for departmental support services; \$217,543,384 for financial support for municipal programs; \$110,308,368 for Alberta property tax reduction plan — rebates to individuals; \$10,679,450 for support to community planning services; \$23,865,816 for administrative and technical support to municipalities; \$2,010,637 for regulatory boards;

For the Department of Tourism and Small Business: \$1,268,000 for departmental support services; \$14,021,010 for development of tourism and small business; \$4,950,000 for financial assistance to Alberta business via Alberta Opportunity Company; \$30,663,520 for the Alberta heritage fund small business and farm interest shielding program;

For the Department of Utilities and Telecommunications: \$1,992,281 for departmental support services; [\$35,949,961] for gas utility development; \$13,765,636 for natural gas price protection for Albertans; \$9,929,153 for electric utility development; \$519,686 for communications development; \$129,675,035 for financial assistance for water and sewer projects; \$78,670,902 for electric energy marketing.

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, I know hon. members will be interested in knowing what the business might be tomorrow, and I was just trying to sort that out.

MR. NOTLEY: Hospitals?

MR. CRAWFORD: The answer is that I will try to let the hon. leader know as early as possible tomorrow. We will be in Committee of Supply, but it's a question of which department will be called.

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

