

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: Thursday, May 17, 1984 2:30 p.m.

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

PRAYERS

[Mr. Deputy Speaker in the Chair]

head: INTRODUCTION OF SPECIAL GUESTS

MR. PAHL: Mr. Speaker, it's my pleasure to introduce to you, and through you to members of the Assembly, 53 grade 6 students from Sakaw elementary school, located in Edmonton Mill Woods. They're accompanied by their teachers Mr. Ammann and Mr. Kramar, and by parents Mrs. Matthews, Mrs. Massé, and Mrs. Walker. They have taken over the members gallery today, and have told me they've enjoyed a very informative tour of the Legislative Assembly and in fact stopped in to visit Mr. Kramar's mother, Mrs. Irene Kramar, who works in the building. I ask them to rise now and receive the welcome of the Assembly.

MR. M. MOORE: Mr. Speaker, I'd like to introduce to you today, and through you to members of the Assembly, some 12 grade 9 students from Eaglesham school in the Smoky River constituency. They are accompanied to the Legislature today by their principal, Frank Gaboury, who also doubles as the bus driver, along with Mrs. Gaboury. They're seated in the public gallery, and I ask that they rise and be recognized by the Assembly.

MRS. OSTERMAN: Mr. Speaker, it's indeed a pleasure for me today to introduce approximately 30 grades 7, 8, and 9 students from the school in Huxley, a hamlet in the constituency of Three Hills. I think it's fair to say that the school there is a fine demonstration of education in smaller schools in rural Alberta, and many of us in rural Alberta are happy to see these schools still operating close to home and close to the community. The students are accompanied today by staff Clarence Smith, Mrs. Lois Watson, and Mrs. Evelyn Craig, and by bus driver Mr. Vickery. They're seated in the public gallery, and I ask them all to rise and receive the warm welcome of the House.

head: ORAL QUESTION PERIOD

Alberta Economic Conditions

MR. NOTLEY: Mr. Speaker, I'd like to direct the first question to the hon. Provincial Treasurer. It concerns yet another bleak forecast by the Conference Board of Canada. On March 16, the Treasurer stated in *Hansard*, "we see the 1984 economy in this province strengthening considerably". In light of the prediction by the Conference Board that there may be a slight recovery next year but that throughout this year we are going to be the only province in Canada with a drop in real domestic product, could the Treasurer tell us on what basis he gave the Legislature the assurance he did on March 16?

MR. HYNDMAN: Mr. Speaker, I have in my hand two economic forecasting reports. One is the one just referred to, the quarterly provincial forecast of the Conference Board, and another is from a Canadian economic forecasting entity, Infometrica. The latter says that in 1984, Alberta and Nova Scotia are expected to be the two fastest growing provinces in Canada. As well, of course, the chairman of the economics department at the University of Alberta predicted a mere two weeks ago that the economic growth rate for Alberta for 1984 would be 2.5 percent in real terms.

I say this not to quarrel with any of these forecasts but to indicate that each has a different emphasis and to say that they are in line with the budget. We indicated in the budget that with adjustments, this year would be a year of recovery and we'd be moving into sustained, durable growth. That is occurring. Of course the basic fact, the indisputable fact, is that one of the strongest provinces in Canada is the province of Alberta. We have the best prospects, we have the highest retail sales, we have the highest gross provincial product in economic activity, we have the highest participation rate and the lowest taxes. So prospects are best in the province of Alberta. [interjections]

MR. NOTLEY: The minister might tell that to the unemployed.

MR. MARTIN: Your nose is about a foot long now.

MR. NOTLEY: Not a foot long. Six inches, seven inches; not a foot. It's growing to a foot each time the Conference Board comes out.

Given the prediction of the Conference Board, which I think most people would agree is a pretty reliable source — certainly the government thought so before the last provincial election — that there will be a 1 percent increase in unemployment in 1985, as I look at these figures, could I ask the Provincial Treasurer if the government is giving any consideration to fundamentally shifting its fiscal policy in the direction of stimulating the economy?

MR. HYNDMAN: Mr. Speaker, there's a record high in Canada of \$3 billion of capital construction available in the province of Alberta during this year, which will have an impact through next year. It is of course private-sector investment which is going to create jobs, and I see no need for a change in the very carefully arranged policy which we already have at this time.

I'm glad, though, that the hon. member talked about the reliable forecasts of the Conference Board. If he carefully reads the report he just referred to, he will find that that report says that the Alberta economy will improve in 1984 over 1983 and that next year only two provinces, Alberta and B.C., are forecast to show improvements in growth. They also point out that the oil and gas industry recovered in 1983 and forecast rapid progress in '84; the manufacturing industry coming back as well. Those are forecasts of this Conference Board report. [some applause]

MR. NOTLEY: Mr. Speaker, a supplementary question. However, the Conference Board points out — even the minister across the way, the skier or whatever he is, should be able to figure this out — from 10.9 to 11.9. Given this forecast of an increase in unemployment, what specific initiatives, besides reciting the old story, the old refrain, is this government going to take to stimulate the economy?

MR. HYNDMAN: Mr. Speaker, again I would commend the reading of the budget, at least for the first time, to the hon.

opposition leader. If he looks there, he will see the many programs which have been mentioned by my colleague the Minister of Manpower, the capital budget, the capital works that are going on with respect to the Olympics, which will be also job creating, and generally the setting of the stage for investors and entrepreneurs — I know entrepreneurship is something foreign to the hon. gentleman — the setting of the stage for bright prospects for Alberta. The worst is behind us. The best years for Alberta are ahead of us.

MR. NOTLEY: There's not even much applause on that one.

Mr. Speaker, I'd like to pursue the questions with the hon. gentleman and, in asking the question, indicate that while we've had some difference over the interpretation of retail sales, given the forecast that we are still going to have the lowest increase in retail sales forecast for next year, I ask the minister: has any study of the relationship in the rather marginal recovery predicted in retail sales and the government's imposition of a 13 percent increase in personal income tax been commissioned?

MR. HYNDMAN: Mr. Speaker, when you have fundamentally one of the strongest economies in the country, an increase in what is already the highest per capita retail sales in Canada — and those figures are undisputed, even by my hon. friend there — that is something which is obviously indicated will probably continue, that Albertans per capita will be in the front rank of buying services and buying goods and buying things in the province of Alberta. That's not disputed in the Conference Board report.

MR. NOTLEY: Mr. Speaker, besides spending money getting into the snowmaking business and renovating an old school in Calgary, could the minister give us some indication as to when we might expect fulfillment of the objective outlined on March 20 by his hon. colleague the Minister of Manpower:

... my ultimate objective, and the objective of this government, would be that unemployment levels reach the point where anyone that wished to work would [have the] opportunity to work.

Given the forecast from the Conference Board of Canada that we're going to have 12 percent unemployed next year, 1985, could the minister give us some indication as to in what decade the government proposes to reach that objective?

MR. HYNDMAN: Mr. Speaker, I'm glad the hon. leader again referred to 1985, which is the year this Conference Board reports that Alberta will be one of the two fastest growing provinces in Canada. As has been indicated in the budget and on a number of other occasions, we still have some adjusting to do, particularly with regard to the construction area, in respect of unemployment. The unemployment rate in Alberta is at or below or very close to the national average. We indicated that might well be the situation for some time. We are taking, and have taken, initiatives through a number of programs. But it is the private sector, through investment, that will create the new jobs for Albertans in the years ahead.

MR. NOTLEY: Mr. Speaker, fastest growing unemployment, fastest growing bankruptcies ...

MR. MARTIN: Food banks is another industry.

MR. NOTLEY: Food banks is another growth industry.

MR. R. SPEAKER: Mr. Speaker, I have a supplementary question. It's with regard to the selected references the hon. Pro-

vincial Treasurer made with regard to the Conference Board report. The selected references certainly support the government's case but I don't think support it that well. It tells one side of the story.

SOME HON. MEMBERS: Question.

MR. R. SPEAKER: I have in my hand the release by the Provincial Treasurer today in which he made the statement: "in 1985, Alberta will grow at a rate faster than the nation". That's true from the report. The growth of Alberta is .9 percent; Canada as a whole is .6 percent.

SOME HON. MEMBERS: Question.

MR. R. SPEAKER: The real question I have is for the Provincial Treasurer, so he can tell the rest of the truth. Why didn't the minister indicate and point out that there are other provinces in Canada that will increase from 1.2 percent to 1.6 percent in their growth in the same period of time?

MR. HYNDMAN: The statement is correct, Mr. Speaker. It indicates we'll grow faster than the national average, and that's exactly what will happen. I wish the hon. member would read the other part of the information as well, which points out that the other independent forecasting service, Infometrica, says: "in 1984, Alberta and Nova Scotia [will] be the two fastest growing provinces" in Canada. You should complete your research.

MR. ALEXANDER: Mr. Speaker, unaccustomed as I am to appearing on television during the question period, I'd like to round out the story from the Conference Board just a little more by asking the Provincial Treasurer ...

SOME HON. MEMBERS: Question.

MR. ALEXANDER: ... if he can hear me, if his sound system works well enough to pick up my voice over those of the others.

I note that the story indicated that construction activity for Alberta is expected to decline for the third consecutive year, while government spending, a stabilizing source of demand for the past two years, is being reined in. Just so I clearly understand the point, could the Provincial Treasurer inform the House whether construction spending as a whole is in fact being reined in?

MR. HYNDMAN: Hardly, Mr. Speaker. Again, it's at the record high level of \$3 billion. As the Conference Board report of today points out, government has played a stabilizing role in Alberta over the past two years, increasing their spending as private demand falls.

MR. KOZIAK: Mr. Speaker, I'd like to supplement the answer of my colleague. This morning my colleague the Minister of Culture and I, in her constituency of Edmonton Centre, had the pleasure of operating two caterpillars ...

DR. BUCK: Question.

MR. KOZIAK: I'm supplementing an answer, my friend [interjections] — together with the mayor of Edmonton, three of us, as we were involved in a sod-turning site for a brand-new \$28 million building right in government centre. So there is construction taking place. There are people with optimism about

the future, apart from those two permanent pessimists sitting across from us.

DR. BUCK: Mr. Speaker, a supplementary question to either the optimistic Minister of Municipal Affairs or the Provincial Treasurer. The Scotford Shell refinery project is winding down at this time, and this seems to be the last major construction project in Alberta. Can the Provincial Treasurer indicate to the Assembly and the people of Alberta what other major project is in sight after that Scotford project is wound down?

MR. HYNDMAN: Mr. Speaker, that would be the decision of private-sector developers and entrepreneurs. However, as the hon. gentleman knows, close to \$2 billion worth of construction is committed in heavy oil and synthetic oil and pipelines right through northern Alberta. So in the industrial area, there are very promising prospects for construction.

DR. BUCK: Mr. Speaker, a supplementary question. I'm asking the hon. Provincial Treasurer what new projects — not ongoing ones, but these new initiatives and the new projects the government's talking about.

MR. MARTIN: A supplementary question . . .

MR. DEPUTY SPEAKER: Might this be the last supplementary on this question.

MR. MARTIN: . . . [inaudible] the member's answer about B.C. and Alberta leading the way, I quote from the Conference Board:

The . . . latest *Quarterly Provincial Forecast* indicates that Alberta will show no economic expansion in 1984 and British Columbia very little, while other provinces will continue to recover from the 1981-82 recession.

My question to the minister is: how does he assess that statement with what he's been saying in the House?

MR. HYNDMAN: I said they were consistent, Mr. Speaker, and a review of the facts will show that.

Electric Power Export

MR. NOTLEY: Mr. Speaker, I'd like to direct my second question to the hon. Minister of Utilities and Telecommunications. In regard to the government's monitoring role, can the minister update the Assembly on the latest development concerning the joint application to the National Energy Board from TransAlta, Alberta Power, and Edmonton Power as the third partner, for the purpose of obtaining a licence to export Alberta electric power to the U.S., beginning in September 1985 and initially running to the end of 1990? What specific role is the government playing in this particular application?

MR. BOGLE: Mr. Speaker, the government is not playing a role in the application referred to by the hon. member.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. Has the government been informed of the details of this particular joint proposal?

MR. BOGLE: Mr. Speaker, from personal discussions that have taken place between me and senior officials of the three utility companies the hon. member referred to, I am aware that consideration was being given to an application.

MR. NOTLEY: Mr. Speaker, I might just file with the Legislature three copies of the NEB application from the city of Edmonton on this matter.

A supplementary question. Could the minister tell the House whether, at this stage, the government has formulated a policy on the export of power?

MR. BOGLE: Mr. Speaker, as indicated in previous question periods — the matter has been dealt with twice in the past eight months, I believe, first of all with regard to the possibility of a hydro plant on the Slave River and the decision by the government that consideration would be given to either short-term, small volumes or long-term, large volumes of power sales outside Alberta, if that would indeed be beneficial to those who were identifying the potential for that development. More recently, with regard to the Energy Resources Conservation Board order on both the Sheerness and Genesee coal-fired projects by the various utility companies, a decision was made by the government that surplus power could be sold outside the province; that is, the companies building those plants could search for markets for surplus sales of power. There has been no change in the policy as enunciated in earlier question periods.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. With respect to this Edmonton application that I filed with the House today, it indicates on page 2:

The additional operation of thermal plants to generate energy for export will not result in an unacceptable environmental impact.

Mr. Speaker, my question is with respect to the phrase "additional operation". From the minister's knowledge of this joint NEB proposal, what additional operations are being proposed at the moment?

MR. BOGLE: Mr. Speaker, very clearly, within the parameters that I outlined earlier — either the potential for the development of a hydro-electric project on the Slave River or the sale of surplus electricity from one or both of the two plants that are currently under construction, the Sheerness plant and the Genesee plant, and there are two units at each of those plants — the decision by government does not include the building of a new plant that would be dedicated to the export of power from the province. We're speaking solely of the potential on the Slave River as well as power surplus to our own needs within Alberta from the two plants currently under construction, Sheerness and Genesee.

Methanol Production

MR. R. SPEAKER: Mr. Speaker, my question to the Minister of Energy and Natural Resources is with regard to the proposed methanol plant at Waskatenau. In the 1982 application, cabinet approval was necessary for the Biewag project. I would like to ask the minister if, following the ERCB considerations at this time, cabinet approval will again be necessary for that project to proceed.

MR. ZAOZIRNY: Mr. Speaker, I refer that question to my colleague the hon. Minister of Economic Development.

MR. PLANCHE: I'm not aware of a formal application by Biewag again to the cabinet through the ERCB. Biewag has been restructured financially. However, one thing I can assure the member is that the requirement for an indication of who

the sales contract is with, so it's not upsetting the present customers of our methanol, will again be mandatory.

MR. R. SPEAKER: Mr. Speaker, could the hon. minister indicate the time line that's possible with regard to approval for Biewag at this point in time, or is there any schedule that the minister is aware of?

MR. PLANCHE: The proposal would be expedited by my department when it gets to us, as we do with all applications for construction. As far as I know, it's running its normal course, and we've had no representations directly from Biewag in that regard.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate whether factors beyond the purchaser will be taken into consideration? Would considerations such as market potential be considered as well?

MR. PLANCHE: Mr. Speaker, we tend to stay out of the commercial merits of an application and leave that up to the investor, who we assume has a very real concern in that area. We will look again at whether or not the gas requested is a suitable use of a resource, we will look at the environmental ramifications, and we will want to know who they're selling it to. Beyond that, it will just follow the normal course of an application.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Have the minister or officials of the department met with Biewag officials, administrative or owners, to determine who the purchaser of the methanol is and whether that name will be provided quite easily at the time of approval by the ERCB?

MR. PLANCHE: Mr. Speaker, we've had extended meetings with Biewag's representatives over the years. This is a new group operating under the name of Biewag, newly structured in a financial sense. I'm not prepared to answer at this time whether or not the name of the purchaser would be publicly disclosed. But for sure, before the industrial development permit is issued, I will want to be satisfied that it's not disturbing the commercial contracts of our present methanol producers.

Alberta Vocational Centre — Edmonton

DR. BUCK: Mr. Speaker, my question to the hon. Minister of Advanced Education has to do with the Alberta Vocational Centre. Can the minister indicate if he's in a position to tell the Assembly if the renovations to AVC are going ahead or will be going ahead in the near future?

MR. JOHNSTON: As we discussed in this Assembly, Mr. Speaker, the institute itself has in its budget some money for ongoing and necessary maintenance, renovations, et cetera. If you want some specific reply as to the kinds of renovations, obviously I'd have to check and report back.

DR. BUCK: Mr. Speaker, is the minister in a position to indicate to what capacity that institution is filled at this time and what he projects for the fall, in light of the fact that we have many people unemployed and people are going back for upgrading? What capacity do we have in enrollment in that institution now?

MR. JOHNSTON: Mr. Speaker, because of the range of programs which are offered by a vocational centre, not just the

Edmonton vocational centre — programs which are specifically patterned to pre-employment, language instruction, and preparation for the work force in general — these courses are designed to be fairly adaptable to the needs of the student. It's in that context that we attempt to maximize the use of the facility by working over a six-week to two-month period or in a shorter span, so in fact we can provide a heavy-emphasis program in certain areas.

Mr. Speaker, it is my understanding that the facility is running at fairly close to its potential. Wherever possible, we will continue to supplement the objectives of the vocational centres across the province and in Edmonton by continuing the high level of assistance we have provided to them.

DR. BUCK: Mr. Speaker, to the minister. The information I have is that the full complement for the coming year has already been nearly filled or will be filled. Is the minister in a position to indicate at this time if his studies indicate that a second institution will be needed in the near future, and the immediate near future?

MR. JOHNSTON: Mr. Speaker, as is the case with many institutions, the student numbers are in fact there. There is no denying the numbers of students that are showing up at all institutions. But I hesitate at this point to commit public money, even though some have advocated that we should be spending more money in this time of a more difficult financial situation. What we have to weigh carefully, Mr. Speaker, as I pointed out before, is whether or not these student numbers are going to continue to be there for the next five-year period. If we had more particular information about the five-year projection, I'm sure we'd be able to complement that projection with capital funding.

As is our policy with other institutions, however, we are attempting to be very specific in the capital programs we undertake, to ensure that the maximum benefit is provided across the province. In the last couple of weeks we have already heard speeches here, arguing that other advanced educational institutions should be a priority. For example, Olds and Lakeland have been mentioned already. Mr. Speaker, I will simply add Alberta vocational college to the list, and I certainly appreciate the representation by the member.

DR. BUCK: Mr. Speaker, is the minister telling the Assembly that his department has done no studies to indicate what we'll need in the future? Is that what the minister is telling this Assembly, that the department has done nothing to tell us what they're going to need four or five years down the road?

MR. JOHNSTON: Mr. Speaker, of course we do studies. I know that as soon as I say I've done a study, he will be up asking for the study. I'm not going to give it to you, so I'll tell you that right now.

We have good information about the projection of student numbers. As I indicated before, we're on a five-year capital budgeting process where, through the budgeting process, we tie in the allocation of provincial resources to various objectives. As is well recognized by everybody in this Assembly and across the province, the province can't do everything with a limited number of dollars. As you well know, my capital budget this last year is in the order of \$150 million, providing an exceptional level of service to all institutions across the province, and that list is fairly exhaustive. We're doing more than any other province is, and we'll continue to do so. To argue that we're not conscious and not doing planning is in fact wrong.

Social Allowance Changes

MR. MARTIN: Mr. Speaker, I'd like to direct my question to the Minister of Social Services and Community Health. On November 1, 1983, the minister stated in the House that the study by the Edmonton Social Planning Council on the social allowance cutbacks on March 23 was unscientific. My question to the minister is: what scientific report has the minister initiated on this important policy change?

DR. WEBBER: Mr. Speaker, we are going over old ground with regard to the social allowance changes of a year ago. We're now into a new budget year, and I hope the hon. member would direct questions toward the new budget when we get into that process. We discussed different studies in the budgetary process the other day. The department does in-house research for me on particular issues and questions, which was done on this particular area.

With respect to the social allowance changes that took place last year, Mr. Speaker, I think the important point relates to the rental and housing markets in Alberta and the vacancy rate situation. We had the shelter ceiling at a particular level that was high. In view of the fact that people on social allowance really had no choice in terms of what kind of accommodation to go into, we thus really had no choice in terms of the amount we were to pay. When times changed and the vacancy rate went up, then there was the opportunity for those people on social allowance to look for alternative shelters and accommodation, and we adjusted our ceilings accordingly. In preparation for this, a great deal of thought and work went into it in-house as well as outside consulting groups.

MR. MARTIN: A supplementary question, Mr. Speaker, dealing with that great deal of thought. As a follow-up to that answer, does the minister formally monitor, in the form of reports or studies, the effects of policy changes like the social allowance cutbacks, or is it done in a more unscientific manner?

DR. WEBBER: When we do studies, Mr. Speaker, they're generally very scientific. The process we use is that I have reports coming to me on an ongoing basis from the department. If questions arise that I want answers to, then the department would respond accordingly.

MR. MARTIN: A supplementary question, Mr. Speaker. Could the minister tell this Assembly why it took over six months to answer Question 205, dealing with shelter allowances?

DR. WEBBER: We wanted to make sure it was scientific, Mr. Speaker.

MR. MARTIN: I assure you it's one of the better studies, and I'd like to come to it. My question is to see if we have any more scientific studies. Are the July 1983 statistics the most current figures the minister has on similar social allowance cases?

DR. WEBBER: Is there more coming?

MR. MARTIN: Well, that's the question.

DR. WEBBER: I didn't get it, Mr. Speaker.

MR. MARTIN: A supplementary question to the minister. The answers to Question 205 dealt with July 1983 figures. My

question to the minister is: are these the latest available figures the minister has on these social allowance cases?

DR. WEBBER: Mr. Speaker, the response to Question 205 was of course in response to the question posed by the hon. member. We specifically did the work to accommodate him. The work we have here is the work that was done. We have not done any work since then, in terms of analyzing the particular question he asked for.

MR. MARTIN: Mr. Speaker, I remind the minister that that's six months old. Based on Question 205, my question is: what assessment has the minister made of the determination by his officials, his own report, that 50 percent of single parents on social assistance paid rent in excess of their shelter allowances after the shelter allowance decreased? Specifically, is the minister not concerned about the impact on these people, mainly women and children?

DR. WEBBER: Mr. Speaker, the question asked for the number of people who had moved or changed their address. I believe the hon. member was trying to get at the fact that the changes of address occurred because of the social allowance changes. However, with the information we provided, we could only come up with the change of address, without the reasons attached to it. The change of address by reasons of family size and assistance may not have been due to the shelter ceiling changes. Unless we were to do another study — and we could — there's no way to determine whether or not that situation was much different from normal. In addition to the information provided there, we found that about 950 of the 6,500 people who moved at that particular time were above the ceiling. So that's a considerably small number of the 6,500.

MR. MARTIN: A supplementary question. The minister is in the wrong part of the information. My question had to do with the almost 50 percent of the cases that at July 1983 were paying above the ceiling. The average was \$123. My question specifically was: what is the minister's assessment of that? Because it is mainly women and children, would this not be creating a hardship on this group?

DR. WEBBER: Again, Mr. Speaker, when you look at these numbers, it's a snapshot picture of the situation at that time. Unless we do another study, there's really no way of knowing or determining whether it's any different from the normal situation. With respect to single parents, approximately 40 percent of all social allowance recipients are single parents. So in terms of the snapshot we have there, I'm not sure the hon. member can draw any conclusions.

MR. MARTIN: I was drawing my conclusions from where it says that in this scientific study that came from the minister's department. My question is from this scientific study. What review has the minister and his department made regarding the over 22 percent of physically ill on social allowance who paid rent in excess of their shelter allowances in July 1983?

DR. WEBBER: In terms of the response to the question, Mr. Speaker, there are probably many interpretations one could put on the particular results. It was a snapshot at the particular time of the situation with respect to a change of address by family size, a change of address by reason of assistance, and a breakdown of the number of cases above the shelter ceiling. That information, which really is statistical data, was presented to the hon. member. He can draw whatever conclusions he wishes

from it, but I'm sure he'd better be careful when he draws those conclusions.

MR. MARTIN: A supplementary question. It's the minister's own study, based on a 5 percent sample survey. He told me they have scientific studies, so I was basing my conclusions on that. My question is: can the minister indicate what measures are in place to aid those families on social assistance who are paying in excess of their shelter allowances? If we go by his study, I believe there are some 17,600 individuals on social assistance who paid rent in excess of the shelter ceiling allowance.

DR. WEBBER: In terms of accommodating those individuals who were on social allowance, Mr. Speaker, the hon. member well knows how we accommodated those individuals. It was well outlined in this Assembly. It was also well outlined to social allowance recipients themselves and to the workers across the province. We had the system accommodate these people in terms of special considerations by the regional director and by the appeal and advisory committees across the province. I think they've done a good job in their response.

MR. MARTIN: One final supplementary, Mr. Speaker. I point out that it has to create some hardships when single parents are paying an average of \$123 above the ceiling allowance, and physically ill people \$117.

SOME HON. MEMBERS: Question.

MR. MARTIN: You'll get the question. Don't get concerned about it.

The question is a very simple one. Does the minister have any plans to change the shelter ceiling allowance in light of his own statistics?

DR. WEBBER: Mr. Speaker, there's a big jump from changing plans in light of the statistics that are here. The situation is such that we are finding that individuals are being accommodated within the rules that are in place now. Special considerations are taken into account by regional directors and the appeal committees. We certainly do evaluate the regulations that are in place on an ongoing basis.

MR. MARTIN: Scientifically.

DR. WEBBER: Yes, scientifically as well. We have no plans at the present time to change the regulations from what they are right now.

Hospital Construction

MR. PURDY: Mr. Speaker, I'd like to ask a question of the Minister of Economic Development. It regards the announcement the minister made last week for the two hospitals that will be built, that there will be a 500-mile radius for contractors to bid on those. Is the minister contemplating any new directions to other government departments for the same policy?

MR. PLANCHE: Mr. Speaker, I didn't make an announcement; I was asked to comment on some remarks the Premier made on the construction of those two hospitals.

The fact is that it's important that the people who inspect fabricated steel for use in government buildings have ready access to the suppliers. I thought a 500-mile drive was an appropriate maximum for that kind of inspection.

MR. PURDY: A supplementary question, Mr. Speaker. Will the Minister of Economic Development be seeking further input into the report called Public Sector Purchasing Study, and will he request the authors for further elaboration on that report?

MR. PLANCHE: Mr. Speaker, the issue of provincial purchasing preference by other governments is a serious problem for Alberta and our industry. The two sides to it are that to balkanize this country in terms of economies of scale and manufacturing supplies is basically wrong. The only option we seem to have to get that message across is to retaliate in kind, which is something we're very reluctant to do. We'll be looking at ways to encourage our fellow politicians in other jurisdictions to try to see the light on this issue as opportunities for Canada to export and to drop their unit prices evolve.

I guess the very real difficulty is that it works a hardship on everyone. First of all, we have a lot of people in Alberta whose activities along the border are interprovincial, and they might be affected if Alberta makes a precipitous move. The fact of the matter is that Alberta is a very active place commercially, and people from across the country tend to tender here freely, often at incremental, variable costs. We find it distasteful in the extreme and are looking for ways to cure it. If we don't get the kind of response we think is necessary from our neighbouring provinces and jurisdictions, I guess we'll have to rethink our position.

MR. PURDY: A supplementary, Mr. Speaker. Will the minister then be making further representation to his provincial counterparts and the federal minister, so a firmer policy could be in place?

MR. PLANCHE: I hope it would become an agenda issue at the next premiers' conference, because I think it warrants that kind of consideration. It's interesting to notice that the last federal tender from Canada Place in B.C. specified suppliers from the lower mainland in British Columbia on a federal project. It was indicated to me that that in fact was an oversight and was quickly corrected. Just the same, in my judgment it is reflective of the mentality of people who try to protect themselves against the realities of competitive economics.

Again, we'll be making every possible representation, short of crossing a line and protecting the barriers, unless we don't get a response. Then we would have to consider that.

MR. PURDY: A final supplementary, Mr. Speaker. Has the minister had any discussion with private Alberta companies on adopting a more practical made-in-Alberta policy?

MR. PLANCHE: Yes we have, Mr. Speaker. Our policy always has been that where all things are equal in terms of price delivery and quality, Alberta suppliers are preferred. We think that's perfectly appropriate and would take no umbrage with other jurisdictions doing the same. The problem is that even with low bids, our manufacturers and providers of service find themselves being summarily rejected in other jurisdictions, and that's just unacceptable.

MR. DEPUTY SPEAKER: Before we proceed to Orders of the Day, might the hon. Minister of Tourism and Small Business revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. NOTLEY: Is Ken Read in the audience?

MR. ADAIR: You guys are still going.

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

MR. ADAIR: Mr. Speaker, it's my pleasure today to introduce to you, and through you to members of this Assembly, some 50 young and enthusiastic grade 6 students from McGrath school in the town of Peace River, in the constituency of Peace River. They are accompanied by teachers Mr. Julian Packer, Mrs. Jen Imray, Mrs. Wilma Watson, and Mrs. Sandra Christensen, and by seven parents: Mr. Babiuk, Mrs. Peacock, Mrs. Hall, Mrs. Stuebing, Pastor Schelp, Mr. Pobuda, and Mrs. Reimer. I ask them to stand now and receive the warm welcome of this Assembly.

ORDERS OF THE DAY

head: **MOTIONS OTHER THAN
GOVERNMENT MOTIONS**

216. Moved by Mrs. Fyfe:

Be it resolved that the government consider the upward integration of early childhood services with grade 1.

MRS. FYFE: Mr. Speaker, I have the pleasure this afternoon of discussing Motion 216, which looks like a rather innocuous motion. It's a rather simple statement, and it doesn't look like it would have that many implications. However, I assure you that there are implications, and I'm sure that in the hour and 15 minutes we have available this afternoon, some of those implications will come forward in the debate.

My intention in introducing this motion is to consider the principle of upward integration of early childhood services, rather than getting into all the administrative problems and details that would arise from such a policy change. I cannot provide the Assembly this afternoon with all the answers regarding the impact this study would require, but I would like to address some of the implications and principles involved with this statement.

Basically the intention of the statement would be to allow students who are assessed to be ready, to proceed with instruction at a grade 1 level, not on a chronological year but when the child is assessed and ready to proceed. I recognize some of the problems that have to be solved, but there are also some significant advantages for some children.

The current early childhood services program has provided leadership in North America in developing skills, developing the child socially, and detection of health, mental, social, and educational handicaps. Information on Alberta's early childhood services has been provided to many educators from across North America who have looked to our program, which is well known for involving the community and the family in the program.

My concern is not with the accomplishments we have made at the early childhood services level but with a concern I have that for some children, a full year of early childhood services does not provide a great enough challenge. For those who could be challenged and are both academically and socially capable of doing more, I think those children should be able to proceed with work at the grade 1 level. Now I emphasize that some children are intellectually capable of proceeding but may not have the social development to proceed. It would require very

careful assessment as to whether these children are able and capable of proceeding to a higher level.

One criticism of students that leave our schools at a high school level is that there's often a need to improve basic reading and writing skills. I believe that a more flexible system in the first two years could provide our students with a greater foundation on which basic language and communication skills are built. Those are the basis of further learning. Unless the student has the foundation, they will have great difficulty developing their skills as a reader and a communicator in the future.

I have asked a number of people for advice on this issue. I communicated with the kindergarten and grade 1 teachers in the constituency I represent and a number of others that I know have an interest in this area. I talked to trustees and to some administrators, and one point brought forward unanimously by all I spoke to was that the school entrance age should revert to December 31 rather than the end of February. That would apply both to the early childhood service level and to the grade 1 level. A study was carried out several years ago in St. Albert by the St. Albert protestant separate school board on students that entered school with birth dates between January 1 and the end of February. More than 80 percent of those children did not do as well as those that were left for one more year before they entered that level of schooling. For some of those children who begin too early, school becomes a frustration. Instead of entering school and succeeding, having the accomplishments of the success of learning, there's frustration. This motion does not directly refer to the school age. I include that as background information, because I certainly think it impacts on the early childhood service and the grade 1 level.

Many parents wish to have their children in structured programs from the time they are very young. For a number of years, I instructed preschool arts and crafts programs. On a number of occasions — too frequently — parents called and said: oh, my child is still just two years old, and even though the requirements of your program are three, please take my child in; my child needs the stimulation of a program. My feeling is that the stimulation those children need is the stimulation of their parents and their home, and that the child would be far better off sitting on the mother's knee being cuddled in the morning or being read a story and having that interaction that is necessary between parent and child. However, our society has fallen into the general feeling that our children should be structured at a younger age. Some I spoke to felt there really is not a need to even have children enter the early childhood service level at four and a half or five years old, that we should be waiting till at least six. In fact one kindergarten teacher suggested we should wait until eight years old. The child will still pick up as much. They will learn more quickly when they're more mature.

I bring this motion forward on the premise that we already have our children involved in early childhood services. In fact about 95 percent of the children in Alberta attend early childhood service programs. If we are in fact going to educate our four and a half and five year olds, it is my feeling that the program should be as flexible as possible.

One of the great benefits of early childhood services is the philosophy of the program that is dependent upon parent involvement, upon the social development of the child. I think this is a philosophy that could be carried into the grade 1 program. I realize we have a great incidence of family breakdown and that there are many one-parent families in our province. But where possible, if we can involve the parents in the education, the school structure and setting, we will have benefitted. That's a philosophy that has worked well in early childhood services. If we could find a way to carry this into the

primary grades, I'm sure our children would be the beneficiaries.

Some of the other implications of the motion I have brought forward today regard teacher training, and I'm not going to get into any detail in teacher training, other than to recognize that this is an area that would have to be carefully studied and that would be taken into consideration. Another area is funding. If we move into an integrated program of early childhood services with grade 1, we are in fact saying that that early childhood year is a mandatory year. It would encourage all children to enroll at an earlier age and would have a direct impact on the funding and ownership of the programs. A majority of the programs today are run by societies or private organizations. If this motion were adopted, there would certainly be an impact on how these programs would be integrated with the publicly supported school system.

The curriculum is another area of impact. This is one in which the early childhood service program currently allows a tremendous amount of flexibility. It allows for local values, local programming priorities, to be set in the communities. This is a great strength, because the child that grows up in the city has a different value system and different surroundings from the child that grows up in a rural or northern setting. One of the advantages of having teachers that are trained to recognize these differences is to be able to take the materials available, the textbooks and curriculum, and adapt these to local circumstances and the local environment.

Our current curriculum at the ECS level is completely flexible. By integrating the program with grade 1, we may lose some flexibility, but I think the flexibility could still be accommodated. As a result of a more standardized curriculum that would still recognize the differences of locale, comes the need for evaluation. I talked to some kindergarten teachers who, in my opinion, do an excellent job at the early childhood service level an excellent job of evaluating. But I'm not convinced that this is necessary in every classroom at that level across our entire province. I may be wrong, but I don't have sufficient knowledge to say that it is true. I suspect it is an area where evaluation would be of assistance. If we're going to allow flexibility so that a child is not required to spend a full eight or 10 months at an early childhood service level, evaluation would be essential to ensure that the child has the full opportunity to participate at the next level.

One of the difficult problems that arise in this motion is the transitional time entering grade 1. If a child is assessed at January 1 as being capable of doing grade 1 work, there has to be accommodation at the next level. We would have to consider alternatives such as double entry or some form of streaming, where a child could progress at his own level in grade 1. These are challenges that could be faced, and certainly not challenges that are impossible to meet. I think they are very possible, and the teachers who gave me advice feel there would be a minority of students that would actually be ready to proceed. One kindergarten teacher I spoke to last week said that out of her class, she felt probably about six out of 25 would be ready to proceed. She thought that was a fairly small number. But if it's six students that could have a better basis, an enrichment program rather than perhaps being bored or not fully challenged. I think it's worth while to consider a program that would accommodate these children. An assessment across the province may reveal that it is a much larger percentage than that. I cannot give you those figures today, Mr. Speaker, without having the studies that would be necessary to assess that. But I do think it's worth while that we find a way to enrich the opportunities for all children entering our primary grades.

I would like to conclude by saying I appreciate the well thought out comments that have been provided to me by inter-

ested persons that I have requested assistance from in the constituency. I sincerely appreciate their help in formulating my ideas and developing this concept, and I look forward to the comments that will be made by other members of the Assembly this afternoon.

Thank you.

MR. DROBOT: Mr. Speaker, I would like to make a few observations about this worthwhile motion. I'm not an educator, as quite a number of our hon. members in this Assembly are, although my wife is. However, I have had the experience of being a school trustee, and I'm familiar with the earlier kindergarten programs to our present early childhood services. I also had the pleasure of guiding two daughters through the early childhood stages.

The hon. Member for St. Albert is to be commended for her foresight in bringing forth this motion. Bringing the integration of early childhood services with grade 1 has a lot of merit. This province has been a leader in early childhood services, and perhaps the time is now right for us to move forward and give our young children a broader scope of learning by moving them into grade 1. These children will develop behaviour patterns with our older children as models.

Many of our rural schools have community school status, and integration of ECS pupils into the school system could be done quite handily in those areas. Community schools foster a closeness between a community, its people, and its school staff. The closeness of the community school concept continues to be brought into play as parents experience the ability to share in the education and social development of their children. Further, students participating in community schools in my constituency, such as Lafond, Ashmont, Mallaig, and Elk Point, have established their place in the sun and have identified themselves in relation to the community. Teaching staff and parents are actively involved in all facets of education, including early childhood services.

An increasing number of parents feel that creative learning, which is common to both ECS and grade 1, should be common to all schools. Mr. Speaker, the more gifted children will have an opportunity to move forward. The more immature children will receive help from other children. Children have a natural curiosity to learn, and blending them into grade 1 will further their learning tendency. I believe it will make their emotional and intellectual development much easier. This could be another of our basic goals for education in Alberta. However, the program should be voluntary.

MR. BATIUK: Mr. Speaker, it's a real pleasure for me to participate in this motion. I think it's a very timely and important motion. However, I must say I have mixed feelings, and when it comes to a vote, I'm still not sure of which direction I will vote. I'll have to listen to the following members, if they'll be able to convince me.

I think it has its merits. There are things that we have to look at. I believe that integrating early childhood services into grade 1 may have its benefits, but at the same time may have some detriments. By integrating a child, I think one benefit is that there would be a standardization program for kindergarten. This way, I guess everyone makes their own ways and so forth. No doubt it would also be good for the teachers. At present, I guess the teachers are compensated much less than they would be if it were grade 1. They do not have the benefits of other teachers, whether it's pension or other benefits, and I think teachers would find it much better.

However, I also feel there would be no discrepancies between the rich and the poor. When we see that some areas

have kindergarten and others maybe would like to but for some reason or other are not able to, if it were integrated, there would probably be availability of kindergarten for all children.

It may be considered disadvantageous at times, because all children are not ready for school at the same time. How very true that this would give the probability for many parents to shove their children out of the home for various reasons, whether to go to work, to go shopping, or even to go to afternoon tea with the neighbouring people. It seems that this happened before, that children went when there was play school. There was even some provision for grants a number of years ago, but it didn't last too long.

Are we going to forsake voluntarism? At present we know there is some help from the county, school boards, and so forth. They provide a classroom and the bus service for the rural children, but the parents get involved. They have their bingos, tea parties, and other things. They get involved in the programs, and I think once this comes, it would be the end of one group that has played an important role. I know parents look after much of the financing of the kindergarten school. They look after the tours. Whenever they go on tours, you'll find several parents going with them. They make arrangements for the buses and so forth.

When we look, maybe this is the start of having a grade 13. Maybe the present kindergarten should be grade 1 and the present grade 12 should be grade 13. I know they have it in the province of Ontario, and maybe they have it in other places.

When I think back to when I started school, fortunately I lived less than a mile from the school. I started to go to school at age six, but in my classroom there were students seven, eight, and nine years of age. They were in grade 1 because some of them had to walk three and four miles to school, and the roads at that time were not what they are today. So sometimes I wonder whether we should be pushing children at such an early age.

It is assumed that children who attend kindergarten are more advanced when they start school than those who don't. Research has shown that this is true to some extent, but after three months of schooling in grade 1, there is no difference between the one who has had kindergarten and the one who hasn't. I just wonder, are we going to start thinking of regimenting the children just like they are in Russia? Once the child is big enough, he is taken and his future is determined by the state. I agree that maybe children should stay at home until age six.

We like to push everything off on the school, but I feel there are three very important teachers in a child's life. Number one is the parents and mostly the mother. I think it's an obligation of the parents, particularly the mother, to teach the child, from when he's starting to recognize things, to love, obey, and respect. If that child, when starting school at the age of six, has those built into his system — to love, respect, and obey — we can say that the parent or parents have been successful. But if that child comes to school and bullies the other children around and so forth, it would show that somebody has failed. Maybe the school would get the blame for it, that the teacher isn't doing the best job.

Once the child reaches his first year of school. I think there are two other teachers that have to play a very important role. One is the teacher. If that child gets a good education, goes through school well, passes his grades well, we know that teacher was successful. But if you find, as we sometimes do now, that somebody finishes high school and you can't read their writing, you sometimes wonder where the success should be.

Another teacher that is very important when the child begins school is the minister of the gospel. I think it is his job to teach

the children that they should be good citizens, that they should not steal, and so forth. If that child is going to grow up to be a respectable citizen, again we can say the minister of the gospel has been successful. But if that child is going to spend a good portion of his time in jail and so forth once he's an adult, somebody has failed them.

I can remember that as a child of seven or eight years of age, we used to go to Sunday school. I just can't forget an incident that happened. We used to come in, and if we were early we played around. The minister heard one of the children. He always used to say, honest to God, honest to God. It was just built into him. When we were all in there, the preacher said, I heard somebody saying "honest to God". Then he referred to the second commandment, do not use God's name in vain. He said, it's not very nice to use, and I ask that you refrain from using that. So that was it.

Once it's in a person's blood, I guess it's very hard to break. The next Sunday when we came for our religion classes. I guess the minister watched quite closely for it. Again this same boy used that word a number of times — honest to God, honest to God. So when we came into the church, the first thing the minister said was: a week ago I asked you not to use that phrase, and I heard somebody use it. Who did it? Nobody. Did you do it, George? No. Did you do it, John? No. Did you do it, Nancy? No. Did you do it, Albert? The minister knew it was, but Albert said no. He said, are you sure it wasn't you? And he said: honest to God, it wasn't. So this is the situation. This is the training you get when you're young.

Many times I wonder whether we should be pushing our children into this. Or maybe they should get the best instruction at a young age, and to integrate kindergarten or play school into grade 1 for that purpose is all right. I believe it has its merits. It teaches children to play together, to respect one another. But I do not know whether the learning is advantageous or not, because I think it's burdening the child. If you're going to get them out, particularly the rural children, on a school bus at 7:30 or 8 o'clock, I think it's tiresome. Maybe the effect of that could be a detriment to the child's future studying.

With those few comments, Mr. Speaker, I will have to see what the other members have to say and then make my decision on which way I will vote.

Thank you.

MRS. KOPER: Mr. Speaker, it is a pleasure to be able to speak today to this motion brought forward by the hon. Member for St. Albert. On May 3 last year, I brought forth a motion in this House discussing this program as well. I feel so strongly about it. I believe this is an extremely important program in Alberta today and one that's much overlooked and perhaps underrated by those looking at revisions of the school system. I believe this proposal also is an essential step in attempting to have the program accepted as an integral part of our educational system.

We've heard before about the history of the program, how it originated. I guess one of the main criticisms about the upward integration of this program into basic education is that the goals perhaps differ from the goals of basic education as outlined by this House. I'd just like to briefly run through the goals of early childhood education services; first of all, to contribute to the development of a positive self-concept in young children; second, to enhance the physical development of young children; third, to enhance the emotional, social, and moral development of young children; fourth, to enhance the intellectual development of young children; fifth, to enhance the creative development of young children; sixth, to contribute to the involvement of parents in their children's education:

seventh, to enhance the competence of staff by providing opportunities to acquire the knowledge, attitudes, and skills required to develop and implement the programs which are consistent with the philosophy of ECS; and eighth, to contribute to a comprehensive and co-ordinated system of early childhood services programs, which includes — there are five phases here — providing opportunities for individuals, families, and communities to identify needs as they relate to young children, identifying gaps in services for young children and their families, using existing services for young children and their families, developing and providing required services and, last of all, planning and implementing a co-ordinated delivery of services. Those are the goals of the early childhood services program.

Because of the feeling that they are separate and distinct from the goals of basic education, the ECS programs operated by community and public and separate school boards are often operated as altogether separate entities from the rest of schooling. For instance, in most schools in this province, the ECS program has a separate budget. Of course in the community ECS centres, they have their own budget. Financing is very difficult sometimes, because sometimes they have not enough. As the hon. Member for Vegreville mentioned, the volunteer sector does till in the gaps and helps to get things for the ECS programs that they do not have.

Books are another problem. You can never get enough of them for children that are starting to read. In some public schools, believe it or not, they don't like to let the ECS into the libraries because they don't have enough librarian time to help them. It's very important. The initial experiences with books are crucial with young children.

The next problem I think ECS encounters in any program is the use of the facility. They have to fight and struggle for use of the music room or the gymnasium. They are last on the totem pole for every kind of use of shared space in the school. They need it as well as the others.

I think another factor is that there are different regulations for early childhood services as far as the staff development component. Very often that brings about the envy, I guess, of other teachers on staff, in that they too are interested and would like to pursue these methods of teaching children, the different techniques that are used at that level.

I think there is also increased funding, as much as \$800, for the actual identification — pardon me, I may be wrong on that figure — of a child with learning disabilities at this level. There is a great deal of help at this level to identify the children that are going to have potential learning problems in school.

I think the last factor in the ECS program that makes it very different is that they must initially prepare proposals that involve the parents. For the most part, these proposals are left to the teacher to develop with the parents. They also must evaluate and project their plans each year and spend quite a lot of time developing these plans and proposals. It is different. There is a heavy load indeed, and this administrative part of the program usually falls on the ECS teachers and is over and above the planning time. Unless they have an administrative staff that will step in and take over some of that responsibility and integrate it into the process, they must do it themselves.

I believe that the kind of integration we're talking about can only happen with leadership from the administration and encouragement from the government and an emphasis from our government on the importance of continuity throughout the years at school. When you look at the goals that are emphasized in ECS. It is very hard to imagine that they will be accomplished in one year. We must look at the upward extension of these same goals. We cannot drop them. I think the continuity of

these goals is an extremely important point in both teaching and learning.

When a child enters school for the first time, Mr. Speaker, I think it's vital that a teacher start where the child is and build upon the experience he has had by providing new experiences that advance his understanding and confidence in both himself and the world around him. I think learning in these programs is the primary mode, not teaching. I think early years in school must be an active experience rather than a sort of teaching shop, a workshop, if you like. As well, I think it's essential in the early years to know the child. The best way to do this is through knowing the whole family. That is quite an extra load for anyone in the schools. But if we think we are educating the child apart from a family, I think we're fooling ourselves. Parents play a very much more decisive role than teachers do in contributing to what the child is and what he will be. I think education and research has made this point abundantly clear many, many times.

I also feel that people are unique genetically and need unique environments to maximize their potential. Education in the earliest years in general has long practised individual learning, with the teacher creating a kind of unique environment for the child. This is especially so in ECS. But it is not always so after that. Part of the reason may be because of the training, and part may be some incompatibility between an individual's needs and ours in society.

My conclusion, Mr. Speaker, is that the goals of ECS programs are not always naturally followed after the first year in the early childhood program. In order to proceed smoothly to the next year, some changes should be made. In a recent longitudinal study of a thousand classrooms, some patterns of teaching and learning that were found most frequently were delineated. They sound so different. If I may share this with hon. members, first of all, it appears that

the dominant pattern of classroom organization is a group to which the teacher most frequently relates to as a whole.

The teacher talks to the whole group. This is far more true in the later years of schooling than it is in the first few years, but I think it's very important to realize that because of that, we don't get to know the children as well as we should. As they grow up, and later through the years, they fail to realize their importance and potential as individuals.

The second thing this study pointed out was that each student essentially works and achieves (by themselves, all by themselves) within a group setting.

Very often the sum of their performance is what is judged, rather than their individual performance. One of the very important objectives of ECS is that a person should realize how they are growing and achieving. It becomes very obvious to us as adults. Our advances day by day are how we get better at things. We don't look at everybody else and judge our progress by what they are doing. Otherwise I would be quite intimidated at standing up in this House and speaking at all, because I know there are many better speakers.

The third item they discovered was that the teacher is [usually] the central [person] in [identifying] the activities, as well as the tone, of the classroom.

The teacher actually makes all of the decisions about what's going to happen, what materials to use. We're constantly looking at the graduates from our schools and wondering why they don't know where they're going, why they don't know how to choose between right and wrong selections in their lives. When a child walks into the early childhood services program, they are taught how to choose and to choose wisely about the things they need to do, in order to learn more and to find out how they can enlarge their experience and knowledge.

The fourth thing this study found was that the domination of the teacher is most obvious in how they instructed. I guess most of the time the teacher was engaged in what they call "frontal teaching", in other words, standing there and talking, monitoring students' seat-work, or conducting quizzes. [Very] rarely are students actively engaged in learning directly from one another or in initiating processes of interaction with others and getting experience in talking. The other thing they discovered was that there is a paucity of praise and correction of students' performance.

In our early childhood service programs, this is essential. Does this carry on? Does it go ahead into year 1? If it isn't part of the plan, how do we know this is happening? Are these not good things that should happen in early childhood services programming? We must see that. I know that one of the problems with learning disabilities is that a child very often does not receive the encouragement, the time, and the attention at the critical point where they are having difficulty in school, and I think it's extremely important that we pay attention to this when we're considering this motion.

If I may again point to another point in this study that I feel is crucial, students engage in a very narrow range of classroom activities in most classrooms in our province:

... listening to teachers, writing answers to questions, taking tests and quizzes.

I guess they're called "schooling activities". That's not so in early childhood services. In fact as a principal, sometimes it's very difficult, working with parents, to show them what the children are learning. You really have to hold a lot of hands until about February or March of the year, when suddenly the parents see the child coming home and say, hey, he can write, or he can read, or look at what they've done.

The seventh thing this study discovered was that the patterns usually were most observable in later elementary, that the teachers of early elementary school had far more techniques in handling the different kinds of learning strategies that were needed.

I think the saddest thing it discovered is that students in later life are very content with their passive role in the educational process. They don't see themselves as active. They express like or dislike for the teachers as a reason why they pass or fail. It seems so evident that often our children do not use or exercise the choices we all have to make as adults. They don't always get the experience. I'm saying this after early childhood programs in our schools, because I know in early childhood programs, they do have to choose what they want to do for the day in most instances.

I know some schools are not like this. I know that in many schools — I can think of Calgary; there's a Project Interface. Five Calgary schools are involved in this project. With the co-operation of their principals, they have actually done a great deal. The programs are operative at Elbow Park, Bowcroft, Hillhurst, Queensland Downs, and Wildwood. They have all worked hard to interface the year 1 program with the early childhood program so there is no such thing as having to repeat kindergarten, repeat ECS. Mr. Speaker, I feel that there must be a greater effort to introduce programs of this kind into the schools. I feel that Alberta Education could do a great deal to show leadership in this direction.

The hon. Member for Vegreville admired the volunteers and the fact that families should be doing this kind of thing, and I couldn't help but agree more. I feel that the very important part of early childhood services is that they do service the family. They look at the needs of families, and they try to encourage family responsibility to work with the child to achieve the ambitions and goals they decide upon. But I think

we must recognize the fact that some families today are having difficulty hanging together and trying to establish the goals we have set for them, and they need the help. I think the school is one of the most stable institutions to try to help them at this time.

In closing, Mr. Speaker, I'd like to tell you a little bit about a little boy I ran into called Jamil. Jamil is a nine-year-old. He's from another culture. Jamil was a student at a quite structured school. He was in his third year. He seemed a bright little boy when you talked to him, very active and interesting to talk to, but he had been diagnosed as learning disabled. It was very sad to see, because of course nobody could seem to get down to the fact of what we could do to help Jamil. He could read every word on a page. He could talk quite fluently. He had fun. He was aggressive and rather inattentive in classes. But one day they asked Jamil what the difference was between joy and anger. Jamil said: that's easy, teacher; joy is what you wash the dishes with, and anger is what you hang your clothes on. Jamil could read every word in the book. But you knew he could not understand it, because there were not enough opportunities in his three and a half years of schooling, counting kindergarten, for the teacher to talk to him, to sit down and really get to know him and his family.

In conclusion, Mr. Speaker, I think there are a lot of Jamils who are in trouble. But they needn't be, if we had offered the opportunity for a greater involvement of the family in the school, if we had shown leadership in trying to get the parents involved in the school and in making the kind of educational decisions right at the school level for their children. In closing, I hope our House will support this motion.

Thank you, Mr. Speaker.

MR. WOO: Mr. Speaker, I'd like to speak in support of the motion presented by my hon. colleague the Member for St. Albert. I think of the various statements of objectives by teachers, parents, school trustees, the Department of Education, and even student groups, who perhaps in some cases put it better than most. These statements, generally speaking, reflect the ideal in terms of the goals of early childhood services, the goals of schooling, the goals of education, and the goals of our institutions of higher learning. In a collective way, I believe the fulfillment of these principles is to give to our children, insofar as possible, the environment, the resources, and the necessary knowledge to make their way in the world. This knowledge or education will hopefully enable these future adults to function as individuals in society according to their own economic, social, political, cultural, and physical needs. Hon. members who have spoken before me have put their cases forward in a very substantial manner and certainly on a number of very important and relevant points and issues.

Mr. Speaker, I would simply like to comment on two or three points in relation to the purpose of my colleague's motion as I see it. We often find ourselves speaking of future generations in terms of rights or entitlements. Certainly when we speak of future generations as children and students, the intensity of such rights, statements, and entitlements becomes much more magnified in terms of education. This is because as a society, I think we are great believers in education as the means or answer to the future and, as such, we attach great importance to it.

Basically we find agreement in the principle that the provision of education will give each child the opportunity to develop to his or her greatest potential. I think we also accept the fact that an unfettered and equal access to an education is every child's right, regardless of race, colour, religion, and so on. Just as importantly, if not more so, I believe all such rights

should apply equally to those children with learning disabilities, the physically disabled, the hearing disabled, the blind, and certainly the special needs of the bright children and the mentally disabled.

We are also now faced with the debate concerning the quality of teachers, school facilities, programs, and equipment. Mr. Speaker, if we consider all these things in the context of providing for or giving to our children an all-encompassing education, I would simply put forward this proposition. All the providing and giving would accomplish very little if children have not developed the ability to acquire, either through motivation, influence, or by example, that education of which we speak. It is by way of this proposition that I and perhaps others might, through another dimension, develop a greater appreciation for the motion by my colleague from St. Albert. I see the upward mobility of early childhood services at the kindergarten or preschool level, in grade 1, and perhaps even further, as a desirable and practical continuum which will enhance a child's ability to acquire that all-important education.

Mr. Speaker, a second point I raise concerns the public or parent perception of ECS and preschool or kindergarten activities in general. In many instances some parents, because of their modified roles in today's society, still look upon preschool or kindergarten activities as a more sophisticated style of baby-sitting service. On the other hand, those in the fields of education are constantly examining ways of making such activities more meaningful, not only in terms of the child's benefit but in the greater interests of both family and community. Undoubtedly the success of such activities — and certainly within the philosophical statements which underlie ECS, there is a need to bring about a greater substance of interrelationship between parents and children within the educational framework of ECS. Amongst its many considerations, the upward integration of ECS with grade 1 would call for the need of a much broader program of awareness directed towards parents.

Early childhood service programs perform a very valuable service in their application to the broad sector of pre-grade 1 students or children. On a collective basis, common benefits will be shared by all children. On an individual basis, Mr. Speaker, select benefits of an ECS program will become much more evident, and this will occur according to the interest of that child.

A factor I consider important, and one which is of added value, is that ECS programs enable the early identification of temporary or lasting learning disabilities. Because the age groups we are talking about centralize on a very important and critical stage in the child's early development, the advance identification of such problems will allow an earlier start on a remedy. In other cases, where a disorder of a permanent or long-term nature occurs, it is possible within this critical stage to shape individual attitudes and treat disorders in such a way that removes a child from an environment of being consciously different.

Mr. Speaker, I believe early childhood services serve another aspect of education which perhaps sees its upward integration go beyond grade 1. I refer to the area of early acceptance as a natural consequence of differences such as race, religion, language, and so on.

Finally, Mr. Speaker, I want to say a few words about the Asian experience and their version of early childhood services. We are all familiar with the manner in which countries in the Far East, particularly Japan and China, initiate and operate their preschool activities. We see the regimentation and discipline that takes place. Although we may not agree with the intensity with which we see this occur, I think we all grudgingly admire the end results. The North American perception of the

way young children in the Far East are prepared for schooling is perhaps a perception of assembly line production. We have a fear that if we adapt the methods used in the Far East to our Canadian models, our children will lose their individuality. There is also the concern that objectives of foreign programs, when compared to our own objectives, differ greatly in terms of philosophical and educational goals.

Mr. Speaker, I'm not so sure I totally agree with that particular opinion. If we extend our present goals beyond the narrow parameters of education by itself, we will find many similarities between our own programs and those of other nations. We are already talking about linking educational goals to national goals of an economic and international nature. In this way we are no different from what is now being said in terms of those goals of other nations, particularly with respect to their ECS and lower grade-school programs. Nevertheless I am not in a position to say one way or another how correct this perception is. But I do suggest that with specific modifications, such methodologies in foreign early childhood services might prove to be of additional value to our own programs.

Mr. Speaker, I believe the individual is important. I believe the individual, as a child, should be given every opportunity to preserve that individuality in terms of likes and dislikes, personal preferences, tastes, and so on. On the other hand, I also believe we can learn and enrich our own programs by examining and taking from programs of other countries. That balance, which we must strive to maintain, is one of allowing our children in the ECS programs to continually use their imaginations and exercise their freedom to make choices and decisions — and that this opportunity continue upward into grade 1 and beyond. I believe this is a distinct difference that underlies foreign and domestic programs. This balance will mean the difference between the assembly line concept and the individual development of mental, physical, moral, and ethical disciplines of our children.

Mr. Speaker, I believe in the value of the motion as put forward by my hon. colleague from St. Albert, and I support it. Thank you.

MR. NELSON: Mr. Speaker, I would like to make a few comments with relation to the motion before us, that being the upward integration of early childhood services into grade 1. First of all, I'd like to suggest that I basically support the intent of the motion, based on a number of factors. Number one, we've operated many ECS programs in our communities in northeast Calgary for many years, especially those years when there were no schools around the area and what have you. Of course much of this activity, including kindergarten, was operated out of community halls. These halls were approved, safe, and generous, at least by the various agencies that examined them, including the fire department, et cetera.

Of course a lot of things have happened since that time. The government has built a lot of schools in northeast Calgary. In fact in my constituency, we now have something like 23 or 24 schools with another couple under construction. To balance the educational needs of all the children of northeast Calgary, a high school would certainly assist in completing that activity. I'm sure the hon. minister knows that every time an opportunity occurs, I do wish to make that point known. Interestingly enough, on the east side of Calgary, where there's about a quarter of the population, there's one public high school and one separate high school, which means that young people out of a number of communities, particularly in my constituency, are bused to at least four separate public high schools within the city, plus the separate system.

[Mr. Purdy in the Chair]

Mr. Speaker, it appears the concept of ECS was first debated in 1972 on a motion proposed by a government member. The program, via Bill 44, was introduced and passed in 1973. Of course the Bill was to permit regulations to be made for the purpose of implementing this program. I guess we have to examine, why an ECS program? As in anything, there are some positives and some negatives, and we should examine all these activities. I'm certainly not qualified to go through this in any great detail, other than examining some of the activities of my own children as they grew up and some of the programs we worked with in the community. The hon. Member for Calgary Foothills and the hon. Member for St. Albert are certainly much better qualified to make comments than I, as they are in the profession that develops education for our students and passes that on to our children.

AN HON. MEMBER: Agreed.

MR. NELSON: A number of members back here are suggesting they agree with that statement, but it was meant in all sincerity. I certainly don't have the training to educate children, although I think a parent has a certain amount of inclination when they start educating their children at a very young age, as when they're born.

My question is: in developing programs such as kindergarten and early childhood services prior to grade 1, do we pressure or force our children, through peer jealousy or whatever you might want to call it, if such is or could be the case at such a young age, into a learning area when in fact they may not be prepared for it? And through peer pressures by young children of another family attending a school or a program they may not have been offered, do we force people to offer that program and have children attend something they may not be ready for? Of course this is a parental decision that will ultimately be made.

However, the need of the child is always there, and the child has a lot to do with what he feels his need is. A lot of it of course is to have somebody around them, and usually they like to have people their own age to play with. Are we trying to get children to grow up too fast? How do we evaluate a child and their progress? And again, why should we push them so fast, so hard? Can't we try to remember that they are small children, and shouldn't we let them remain children for a little longer than what we might propose, either through group peer pressure or parents maybe wanting to get rid of the kids in the morning or afternoon or something along that line? Are we not pushing them too hard prior to their entering a school program in grade 1?

These are considerations that are certainly out there and need to be given consideration. My young son is a grade ahead of children his own age. Of course my daughter, who has 80 percent in school in junior high, is two years behind him but in essence should only be one year. There is certainly some jealousy between the two of them with relevance to that. I'm sure young children of a similar age who grow up together would ultimately have some pressure — at least if not in the early stages of their development, certainly as time goes on — especially those who are living in a community in which they play sports and various other games together.

Mr. Speaker, in developing needs of young children, I think we should place more emphasis on the developing of parental skills in seeing to the needs of the children. Certainly the development of a child is primarily the responsibility of parents. The development of their attitudes, especially in the area of

their initial educational and social needs, maybe even a little bit of learning how to read and write — I know when my children were starting out, we got them a little book, and we taught them how to read and how to add and subtract without any great deal of pressure. There was no peer pressure. They used to be able to count. I guess some of the positive aspects are that the transition from a home environment to a grade school setting can have a dramatic effect on a young child. Even though many of the students who attend that school are those they've grown up with for a number of years, the difficulty of attending a structured class with a teacher who looks like a very large person with a whip or whatever — all of sudden there is intimidation to that young person. So integrating the two areas of the early childhood service into the grade 1 situation certainly has its positive effects.

The other concern I have is the participation of the volunteers, the many parents who, over the years, have participated in the programs developed. I ask the question: would parents continue to be involved with a structured program as far as an integration of ECS to grade 1, or would they be excluded from that program? What would the additional cost be? I know the Department of Education is developing a program. In fact it appears there is a time frame and a study and possible implementation of an integrated ECS primary education program that is supposedly going to be concluded in mid-1986. I ask the question: are we considering developing an expensive program to assist children, when parents could possibly be doing more in the development of their young children? I guess that's a pretty bold statement. What more can a parent do? I guess the department may be able to assess that as they're going through the report I just mentioned a few moments ago. Mr. Speaker, it's a very interesting issue.

I might also like to comment that we've been told that as far as the early childhood services program is concerned, Alberta has a leadership role in North America. We also talk about various leadership roles with regard to education. We tend to stand out and pound our chests that we have a tremendous education program compared to many other jurisdictions, both here in Canada and in North America. That could be quite possible. When I attend a school, I'm normally one who tries to pat the teachers on the back, because generally speaking, they've got a pretty tough job. In general terms, they do a good job.

Mr. Speaker, teachers today work in an environment that is not always as easy as what some of us laypeople might think. A lot of it is not their doing or even necessarily the child's doing, but in some cases it's the upbringing and the discipline they may or may not receive in the home environment. I was talking one time to a teacher who taught young people. The environment that some of these children came from was such that they interrupted classes. Because of the number of children in a class who were not as well disciplined as we might think they should be, they interrupted the class in such a fashion that of course pressure was on the government to reduce class sizes.

It always seems that we go back to the child or something that may not be there. Rather than spending all these dollars and more dollars to emphasize a particular area, maybe we should be out there examining the parents and their responsibilities in bringing up their children. It concerns me that we want to examine possibly placing additional pressure on these young people. I certainly would not like us to pursue any area where additional pressure is put on very young children. The integration of programs into a primary setting of a structured nature can be very difficult and very hurtful to a very young child.

I would like to examine this in the positive sense. I suggest that I'm not going to disassociate myself from a motion of this

nature, because I think the intention is a good one. We should await the results of the study being examined now and have an examination of that particular proposal when it's concluded. Additionally for myself, I will be attending a few of these ECS programs and kindergarten classes in my own constituency in the near future. Over the next number of months, I will examine these from a different perspective than what I possibly have in the past. I can assure you it will be from an objective perspective. As such, the next time we speak to this, especially once the study the minister's department is involved in is concluded, I hope I will have some basic knowledge, that I will be able to stand in my place and discuss this in a fashion where I will be somewhat more qualified than I may be at the present time. I look forward to that study. I wish the hon. Member for St. Albert best wishes. Certainly I'm here to assist, and I will do so as best I can.

Thank you.

MRS. EMBURY: Mr. Speaker, I'm very pleased to participate in the debate this afternoon on the resolution before us regarding early childhood education. I'd like to start my remarks by saying that I agree wholeheartedly with the comments made by the Member for Edmonton Sherwood Park. First of all, I think he identified a very important concern when he talked about an individual child's ability to acquire knowledge. I think that's extremely important at the particular age level of child we're talking about. He also went on to mention models of education for this age group in the Far East, and I certainly have to support that. When I was in Hong Kong a few years ago, I was privileged to visit not only day care centres there but also early childhood educational centres. I think we have an awful lot we can learn, particularly from the citizens of Hong Kong, who tend to do things with strong parental involvement where possible, because of the large number of women that work, but also because of their system of believing that other people can do things better than government. They like to have a lot of participation in the education of their children.

Although we were teasing the Member for Calgary McCall, I really do agree with his comments, primarily when he commended a member of the Legislature who is an educator. But I think many of us in this Assembly feel very strongly that as parents people are very, very much involved in this issue and probably would like to be involved.

MR. ACTING DEPUTY SPEAKER: Order please. I hesitate to interrupt the hon. Member for Calgary North West, but the time for Motions Other Than Government Motions is now concluded.

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

Bill 205
Elevator Braille Act

MR. LEE: Mr. Speaker, I move second reading of Bill No. 205, the Elevator Braille Act.

Mr. Speaker, 1981 was the International Year of Disabled Persons. In its publication *Architectural Accessibility: Directions for Action*, the Canadian organizing committee defined the distinction between disabled and handicapped. Disability refers to any physical or mental condition which may affect the functioning of the individual. Handicapped refers to a con-

dition which arises from an environmental situation. A visually impaired person is disabled, but he or she becomes handicapped if society does not make provisions for that disability.

Mr. Speaker, I want to ask the question of most people: how many sighted individuals have considered the real implications of being blind or visually impaired? How many of us with sight have really had any kind of insight into the experience of some 10,000 Albertans who are either blind or visually impaired? Most of us who are not visually impaired of course have a great deal of concern and empathy, but to what degree have we actually thought about being blind? It would be an interesting experiment to blindfold all the Members of the Legislative Assembly and ask them to try to function independently for one day or, for that matter, one afternoon or possibly even an hour.

Mr. Speaker, I introduced Bill 205 in order to accomplish two goals: first of all, to create an awareness amongst Members of the Legislative Assembly of the issues and problems facing many Albertans who are visually impaired and, secondly, to promote the idea of removing one of the many existing barriers which many of us do not even recognize. In so doing of course, it is necessary to deal with the role of government and the role of the private sector in aiding the disabled. There are different points of view on this subject. Some people feel government should baby-sit the disabled, that governments must take all the initiatives and all the responsibility. Others feel it is the responsibility of the individual to overcome their disability and develop the ability to function independently within society.

William Ellerly Channing, an American minister, once stated:

The office of government is not to confer happiness, but to give people opportunity to work out happiness for themselves.

It's very obvious, Mr. Speaker, that government cannot remove disabilities, but it can provide an environment of opportunity for those willing to work and overcome their handicaps. By removing or at least reducing barriers to accessibility, government and the private sector can provide the disabled the opportunity to function independently. But it will always be and always should be the responsibility of the individual to take the initiative.

Mr. Speaker, Bill 205 serves to remove one of the many barriers facing the visually impaired. It would allow the visually impaired partial freedom of movement, a freedom most of us take for granted. The Bill specifically provides the following. Subject to regulations, it would require that every elevator in Alberta "shall have symbols in braille to assist blind persons to operate it". The symbols would be prescribed by regulation and eventually, following a deadline, there would be provision for a fine for building owners who did not comply.

But an important element of the Bill is to provide the minister responsible, the hon. Minister of Labour, flexibility in implementing these regulations so there would be co-operation between the public and private sectors. The minister could prescribe the design, size, and location, could establish a date when new buildings must comply with the Act, could establish a date for which existing buildings must comply with the Act and, of course, retrofitting older buildings. I should point out, Mr. Speaker, and it's very important to note this, that the Act would exempt certain classes of buildings to which the public has no access by right or by licence.

Mr. Speaker, if we look at the history of the evolution of this concept, there are a number of important reports that really began to identify the need for change. The report entitled *Obstacles*, a report of the Special Committee on the Disabled and Handicapped produced for the House of Commons in 1981,

presented a general recommendation "that the National Building Code be revised to include comprehensive standards of accessibility for all disabled persons". The report noted the difficulty visually handicapped persons face using elevators, due to a lack of raised or auditory symbols.

Another report, entitled *Buildings Without Barriers — Planning with the Handicapped in Mind*, was produced by Alberta Culture in 1980. It was intended as a guide to organizations contemplating facility development. This study recommended the use of sound and visual signals and raised letters or numbers in elevators to meet the needs of the handicapped. Another report by the Canadian organizing committee, entitled *Architectural Accessibility: Directives for Action*, called for revision of the National Building Code to address "more adequately the needs of visually and hearing impaired persons".

Mr. Speaker, for a moment I would just like to direct our attention to the legislative and private initiatives that are taking place in other provinces throughout Canada. The Human Rights Commission of Saskatchewan adopted an accessibility standard in 1980, addressing the needs of various types of physical handicaps. This standard was passed into statute in 1983-84 by Bill 19, the Uniform Building and Accessibility Standards Act. Standards set in regulation are to be followed in all new construction and in major renovations of existing buildings. Included are requirements for raised lettering in elevators for the use of blind persons.

In general, Mr. Speaker, most provinces, including those with specific building accessibility Acts — namely Nova Scotia, Newfoundland, and Prince Edward Island — have provided only for adaptation relating to the needs of persons confined to wheelchairs. Ontario and Alberta are the only provinces to specifically exempt from the provisions of the human rights legislation buildings without adequate access for the handicapped. In 1979, British Columbia adopted part 10 of its building code: building requirements for the physically handicapped. These regulations apply to all buildings except small stores, boarding houses, convents, houses, lodging houses, and monasteries. Where elevators are provided, they must be equipped with raised indicators and audible signals to make them usable by the blind.

Mr. Speaker, what has been happening and evolving in Alberta? The elevator industry, in concert with the Elevator Safety Committee, has been working for some time. As a result of that, they have developed a standard to be used as a reference for architects, contractors, and inspection authorities. This standard is included in appendix E of the Building Code. However, it is not mandatory. The good news is that it is being complied with by major developers and major private builders throughout Alberta. I would point to two particular buildings I'm familiar with in Calgary: Western Canadian Place and the Nova Building.

Mr. Speaker, I became interested in this subject over four years ago — it was actually in December 1980 — when I received a letter from a community group in Calgary called the Bow Trail Council. They represent seven communities in west Calgary. Almost all of them were part of my aldermanic responsibilities in ward six, and half of them are now within the provincial constituency of Calgary West and half within the provincial constituency of Calgary Buffalo. They wrote me a letter and indicated that they felt it was timely that we look at reducing the barriers for the disabled within elevators. As a result of that letter I received from them, I consulted with representatives of the Canadian Institute for the Blind and with the engineering department of the city of Calgary, and I introduced a resolution in late 1981. In April 1982 the city commissioners presented a report to city council in Calgary, and

that report was essentially prepared in consultation with Calgary's equal opportunity co-ordinator, the personnel department, the Architectural Barriers Committee, the planning department, the CNIB, and the Calgary Action Group for the Disabled.

That report in 1982, Mr. Speaker, recommended a number of things. First of all, it recommended the provision of funds for the installation of proper numbers and symbols in all city-owned elevators. It's interesting to note that there are 27 city elevators in city-owned buildings and another seven in leased buildings. At a cost of about \$200 per elevator, all the elevators could be retrofitted. That policy was adopted, and in fact the new city hall that is under construction in Calgary at this time has provision within elevators for raised numerals for the visually disabled.

As a result of that interest I developed in Calgary as an alderman, I took the opportunity in March of this year to introduce Bill 205. I was very pleased to do so with the cosponsorship, in a way, of the hon. Member for Edmonton Kingsway. I understand he will be speaking to the Bill a little later.

Mr. Speaker, the installation of raised indicators in elevators will greatly enhance the independence and mobility of the disabled. While other improvements could also be implemented, I believe raised indicators would constitute a viable and useful first step. But before we get to that step, we should look at some of the objections to this proposal that have been offered. As I see it, there are six potential objections: number one, the cost; secondly, the evolving national and Alberta building codes. Thirdly, there has been the suggestion that rather than impose this throughout all Alberta, why not just take the initiative with provincially owned and leased buildings? There is a fourth argument that we ought to wait for the changing technology, a fifth argument that the private sector would oppose this, and finally the suggestion that we ought to amend the Individual's Rights Protection Act, rather than by way of a special Bill.

Mr. Speaker, the cost of incorporating indicators into future construction would be minimal. A cost of \$200 — in fact I doubt it's even that amount — in a new elevator is just going to be a common course of action for architects in the future. The more significant cost would be retrofitting existing elevators. As I said, we have a quote of about \$200, but \$200 would be about one-fifteenth the annual cost of servicing the smallest elevator we have in this province. It is not a significant amount; over 20 years it's insignificant.

The installation of such indicators could be undertaken concurrent with the regularly scheduled maintenance so as to minimize labour costs. Time frames for installation would be established by regulation and could take into consideration the interval between maintenance checks. I think it's very important here that this be done in close consultation with the private sector. As well, the time allowance would permit the owner to budget for the costs and to minimize the labour hardship.

The second argument, and I think the most cogent argument I've heard, is why pass a separate Bill when really evolution is taking place by way of the National Building Code? Just by way of clarification, Mr. Speaker, the National Building Code is a set of regulations pursuant to the Uniform Building Standards Act. The Alberta Building Code in almost identical to the National Building Code, with some exceptions. At the moment it provides an appendix indicating and suggesting that raised indicators be added to elevators, but it is not a requirement.

At present, the goal of those involved in design is that the National Building Code be amended by 1985 and the Alberta Building Code be amended by 1986 to make the provisions of

this Bill a mandatory requirement of those regulations. That would be just great, if in fact those objectives could be met. But many industry observers and those involved in this area expect that very likely the National Building Code will not be amended until 1986-87 and, as a result, we wouldn't see a change in Alberta until 1987-88. At the moment we're conceivably three to five years away from mandatory provision of this suggestion.

The third argument, Mr. Speaker, would be that the province simply take its own advice and install raised indicators and symbols within its own buildings. At a very minimum, I think that ought to take place regardless of whether this Bill is passed today or not, if in fact the principle applies for government, it really ought to apply elsewhere as well. The case has been made that we should wait for technology, and in fact we're not that far away from the day when you could enter an elevator and select a floor by simply indicating verbally the destination you'd like to go to. You would arrive at that floor, and a voice would announce your arrival. That option is expensive. I understand the estimates of cost now are about \$10,000 for retrofitting or perhaps even including this in a new elevator, and the technology is not yet perfected. I hope we would not wait for that time.

Mr. Speaker, I think one of the most cogent arguments that might be given against this Bill would be that we are simply creating more regulations, more red tape, more confusion for the private sector. I suppose to a degree that's true, but I really believe that we ought to take any and every initiative we can to eliminate barriers for the disabled. If that means a little more difficulty for the private sector, then so be it.

But, Mr. Speaker, this is not an initiative that is opposed by private industry. I have in my file here a letter dated April 19, 1984. It was written to me by the executive director of the Building Owners & Managers Association of Calgary, and it was copied to the Edmonton branch as well. The executive director stated in his letter:

We have reviewed Bill 205 for which you are a sponsor.

We have no quarrel with the intent of Bill 205.

They went on to further state that BOMA, the Building Owners & Managers Association, is available as a resource for implementing the Bill. When the Legislature has concluded this session, it would be my intention to meet with BOMA in Calgary and discuss some of the details and some of their concerns.

In addition to support from the private sector, Mr. Speaker, there is support from the principal organization for the visually impaired, the CNIB Alberta/Northwest Territories division. I have in my file a letter from the executive director, dated May 4, 1984, in which he states:

CNIB supports in principle this national initiative including the raised large-type Arabic numerals.

Mr. Speaker, during my remarks today I've made reference to two pieces of legislation: one that would require braille, and the other that would provide for elevator symbols, Arabic numerals that are raised. Subsequent to consulting with the CNIB and introducing the Bill, we've had considerable feedback and input from the membership and from the visually impaired. They've pointed out that a very small minority of the visually impaired can actually discern or are actually familiar with the braille system. Accordingly, after consultation with the CNIB, I believe this Bill ought to be amended when it arrives at Committee of the Whole or sometime thereafter, that the amendment ought to basically change the Elevator Braille Act to the elevator symbols Act, and rather than using the word "braille", that word be stricken and "symbols in braille to assist" be replaced with the words "the floor designations and

necessary instructions in raised symbols to enable the visually impaired".

MR. SZWENDER: On a point of order, Mr. Speaker. Is the member introducing an amendment? Could the Speaker clarify that, please?

MR. ACTING DEPUTY SPEAKER: The member cannot introduce an amendment in second reading, but he can give notice.

MR. LEE: Thank you, Mr. Speaker. I would and I do.

Mr. Speaker, in closing, I believe this is an idea whose time has come. I think there are many logical reasons for supporting it. There is support from those who are visually impaired, there is support from the private sector, and I believe there is support from the public generally. Since introducing this, I've received many letters and indicators of public support. But more than anything, I call upon members of this Assembly to demonstrate their support and their commitment for eliminating barriers for the handicapped, the disabled, and the visually impaired, and to try to bring about a safer and fairer environment for those who are less fortunate than we are.

Mr. Speaker, I want to acknowledge the hon. Member for Edmonton Kingsway for the enthusiasm and interest he has shown in this. I look forward to hearing his debate and the debate of those who speak hereafter.

MR. SZWENDER: Mr. Speaker, I rise to participate in the debate on Bill 205, the Elevator Braille Act, brought forward by the Member for Calgary Buffalo. I'll begin by commending the member and his cosponsor, the Member for Edmonton Kingsway, for bringing forward this Bill. It certainly does raise a very important issue with regard to the handicapped people, particularly the blind handicapped, of this province.

Mr. Speaker, last year during our first session, I had the opportunity of bringing in a Bill, An Act to Amend the Blind Persons' Rights Act, which I think was similar in principle in many ways to this Bill and which helped extend rights and opportunities to deaf people, as it was at that time, that they previously did not have. Of course the Bill was very successful, and since that time I've had much communication with respect to the importance of extending opportunities to people who are handicapped.

However, Mr. Speaker, as I read through the Act, I find that although the principles are very sound, there are a couple of questions I would like to have clarified, at least in my mind, before I could give my full and unequivocal support. Maybe this was just oversight or poor drafting in terms of some of the wording or terminology found in the Act itself.

Firstly, I'd like to bring to the member's attention the words in clause 1, "every elevator in a building". If every elevator is cited, I guess that means "every". I'm just wondering if every elevator would need that. There are things like service elevators, which would of course not necessarily be accessible to or used by blind people — I guess "visually impaired" would be more appropriate. Of course there are private elevators only used by people who have admittance to them.

I guess what I'm trying to do is visualize in my mind how a visually impaired person who has entered a building, has used an elevator, assuming he has the braille or the symbols, as is recognized — I guess we're talking about buildings with a significant number of floors or storeys to them; otherwise they wouldn't have elevators. Once that person leaves the elevator, he is still in a position of looking for further information, because unless he's very familiar with an office space or with

a floor in a building, how would he know where to turn next? Then the question would be, would we have to put braille lettering or symbols on each door of a floor in an office building so that that person could then find their way to the proper location they were aiming for?

What I'm really getting at is, what are the limits? I'm trying to compare the Bill I had the opportunity to introduce last year and this Bill. Simply, what are the limits in terms of our responsibilities to take down these barriers for handicapped people? In the case of the Bill I presented last year, there was virtually no cost to the public that I am aware of at this time, other than costs borne by private institutions for the training of hearing ear dogs. In this case, we are looking at significant expenses.

Then the question becomes, what are the limits to extending symbols or braille? Is it just to elevators, or are we going to go to other means or services for the visually impaired? What about stores? Visually impaired people must shop. Do we need symbols or braille on every item in a grocery store so they can determine what they're paying? Should we then go to money? Should there be symbols or braille on bills? In terms of coinage, I'm sure they would have no difficulty at all determining what those are. We have the Member for Camrose who is not visually impaired that I'm aware of. He can take a handful of nickels and tell you exactly how much money is there. But the question then becomes, how far do our limits extend in terms of our responsibilities? They almost seem limitless to me.

Mr. Speaker, some of my research has indicated that only about 15 percent of visually impaired people can actually read braille. I am not certain how much this Act would help them. I know the Member for Calgary Buffalo has indicated that he has given notice of an amendment, which will be changed to the symbols Act. I'm not exactly sure how that will differ from braille in its entirety, but maybe that can be clarified by one of the later speakers.

Another thing I identified from the Act as raising some concerns for me is clause 4, the liability "on summary conviction to a fine of not more than \$5,000". Mr. Speaker, with my limited knowledge of law, I have some idea of what I think would be a fair or equitable deterrent. I certainly question the figure of \$5,000. Other bylaws have maximums of \$500 for things like smoking or littering. But upon investigation into a far more serious area, and that's conviction of drunken driving, where an individual could have actually killed someone or certainly created a lot of damage and in fact is identified as a criminal, the maximum is only \$2,000. So in terms of the equity in fining someone, if indeed the maximum were given — and the judge has that option — I can't see how we could justify fining someone \$5,000 for not complying with this Act, for not instituting the changes, whereas in much more serious offences, which affect the public good, the fines are much, much less. So I have serious concerns about the Act with respect to the figure of \$5,000, as it applies to the offence and penalties.

[Mr. Deputy Speaker in the Chair]

Also, Mr. Speaker, the information I have in my research is that in British Columbia and Saskatchewan, whose building codes now require the inclusion of these symbols for visually impaired, the directive is very clear in that these are only to be added to new building construction. Thus there's obviously far less cost than in renovating and exchanging existing buildings, some of which may be many, many years old, and the parts are outdated and may be difficult to replace. Yet in section 5(c), the Act reads: "establishing a date or dates by which existing buildings must comply with this Act". So we are more or less forcing a retroactive compliance with this Act. Again,

I wonder how much that would cost, how much inconvenience it would pose for those individuals involved.

Mr. Speaker, again I would like to emphasize that the principles are solid; the principles are sound. I think we in this Legislature all have the concern of all people in the province, particularly the handicapped, those that may need assistance in having equal opportunities in whatever areas, especially in their mobility, accessibility, employment, or whatever. But we cannot provide opportunities or equality for certain groups at expense to other groups or to the public at large. This is really what my concern centres on.

With those words, Mr. Speaker, I will listen to the words of other speakers.

MR. PAPROSKI: Mr. Speaker, I am very pleased to enter the debate on Bill No. 205, the Elevator Braille Act. First of all, I would like to commend the Member for Calgary Buffalo for his extensive research in bringing this Bill forward today. I believe he has worked diligently and has proposed a Bill that will indeed benefit tremendously those citizens in Alberta who are blind and visually impaired. I also want to thank the Member for Edmonton Belmont for his concurrence with the principles of the Bill.

Mr. Speaker, this is a Bill of opportunity. It is a Bill of opportunity for blind and visually impaired Albertans to have accessibility to more leisure activities, to employment, to post-secondary institutions, to hospitals, to apartments, et cetera. This Bill, if approved, will provide to thousands of Albertans an ability to be more free in their movement throughout their environment, a key to the principle of this Bill.

Mr. Speaker, handicapping conditions are extremely common in this province and throughout our country. At some point in their lives, many individuals experience a condition under which they are considered to be handicapped. In essence, what this is saying is that they are prevented from participating in a particular activity because of the design of a facility or building which is not suited to their particular needs. For example, an elderly or pregnant woman may have difficulty climbing a long flight of stairs. A young child may be unable to reach over a counter. An individual in a wheelchair may not be able to enter a building through a narrow doorway. These individuals are indeed disadvantaged because of the barriers which exist in their particular environment. While these barriers have not been caused deliberately, they have nevertheless been responsible for severely restricting the mobility of tremendous numbers of persons and their consequent ability to participate fully in all aspects of life.

Mr. Speaker, there are many types of barriers. Barriers which hinder accessibility include curbs and sidewalks, stairs, signs that obstruct corridors, steep slopes, slippery surfaces, or lack of audible cues and tactile signing. There is a need for sensitive design to reduce and eliminate these barriers in order to make facilities and buildings usable by all persons.

Mr. Speaker, Bill 205, the Elevator Braille Act, is attempting to zero in on one aspect of environmental design that has created extreme frustration, extreme anger, and extreme upset for many individuals in this province. This Bill is an attempt to alter one major barrier for blind and visually impaired persons: elevators, elevators that do not have proper or adequate numbering systems so that these individuals might be as mobile as those with sight.

Mr. Speaker, it is important for all members to attempt to put themselves in the situation of a blind or visually-impaired individual attempting to visit his doctor in a high-rise office building, attempting to visit a friend in a high-rise apartment building in Edmonton or Calgary or Red Deer, attempting to

go for a job interview in one of the many buildings with elevators throughout this province, attempting to locate a seminar room in a hotel or large building in one of our many centres, or staying at a hotel and attempting to locate the floor where a banquet or special meeting is to be held. The frustration must truly be immense. Why frustration? Because of the inability to locate, like you and I, with vision, the floor that one requires.

Mr. Speaker, we are not talking about a small number of individuals who are experiencing difficulties in this area. I was fortunate to represent the provincial government at the annual meeting of the Canadian National Institute for the Blind held in Edmonton approximately a month ago, in their 1983 annual report, they indicate that there is a population of at least 3,218 visually impaired people in the Alberta/Northwest Territories region. That is a very large number of individuals who CNIB has recorded are visually impaired or blind. But surely we can talk about many, many senior citizens — and that population is indeed growing in this province — who are experiencing visual impairment too and have real difficulty seeing, unless the numbers or letters are extremely large. The Member for Calgary Buffalo alluded to a figure in the area of 10,000 in this province. I think that would indeed be a fair estimate.

Mr. Speaker, the guest speaker at the CNIB annual meeting was a Mr. Robert L. Storey, the director of international services of the CNIB national office in Toronto. This gentleman became aware that this MLA had extensive interest in Bill 205. He welcomed the opportunity to indicate to me that such a Bill is indeed needed across this land. He talked about his own personal experience and his own personal frustration when he was in attendance at a conference in Toronto approximately a month ago as well and was staying at one of the hotels — a new hotel, by the way. This individual, Mr. Storey, is blind. Mr. Storey stated that he was late for three meetings because he kept getting off the elevator on the wrong floor. That drew some humorous comments and some chuckles from the audience, because indeed he was in the presence of many blind people. Mr. Speaker, although somewhat humorous, it is extremely sad as well. What he is saying is: Carl Paproski or anyone else who's in this particular Legislature, please pursue this type of approach, this type of legislation, to assist individuals who are blind and visually impaired.

Mr. Speaker, it is most unfortunate that many school jurisdictions throughout the province provide excellent mobility training for youngsters who are blind or severely visually impaired. The children become so well aware of how to move from one area of the city to another, how to locate buildings and offices that are important to them with respect to the world of work, or how to utilize a public transportation system in a fashion that would permit more freedom and indeed more accessibility. It is still unfortunate, however, and perhaps ironic that with all that training, the blind or visually impaired who arrive at a certain location still have extreme difficulty getting to their place of interest because of the fact that elevators are not marked properly for them.

Mr. Speaker, this Bill is not requesting a major alteration of elevators. It is suggesting that in new elevators and elevators that will require renovation, alterations will occur to assist the thousands of blind and visually impaired people in this province. It is also recommending, through a phase-in process — and I underscore phase-in process — all elevators should have their markings altered to assist blind and visually impaired citizens.

Mr. Speaker, I began my comments by indicating that this is a Bill of opportunity. I know that in 1984 we are attempting to cut down on regulations in the private sector. I believe this is a regulation that is long overdue, that is required. Indeed,

if we are attempting to utilize the words "equalizing opportunity for those with disabilities", I believe this Bill will go a long way in doing just that.

Mr. Speaker, I would just like to allude briefly to the possible amendments the Member for Calgary Buffalo mentioned. There is no question that the communication I've had about this particular area with people who are blind and visually impaired, with those who are sighted, stresses the fact that braille is utilized by such a small number that it would be a poor step to go ahead with braille only. So I believe the suggestion of the hon. member that we look at some type of raised symbols is an excellent one. I look forward to support of this particular Bill by the Legislature. I look forward in the future to having the elevator symbols Act brought forward to this House and approved.

Thank you, Mr. Speaker.

MR. NELSON: Mr. Speaker, I would like to make just a few comments this afternoon. First of all, I would like to commend the Member for Calgary Buffalo for giving us the opportunity to debate the issue at hand and for bringing it forward. The intent of ensuring that our handicapped people are able to perform as they are best able to is certainly a credible issue to bring forward. I think all of us certainly recognize the difficulties many of our handicapped people have to live under and of course the difficulty they have in transporting themselves around.

In dealing with the issue at hand for a few moments, I have had the opportunity to have a good examination of the Bill and certainly had an amount of research and what have you done. I would just like to deal with some of the issues that we have at hand. Although, as I said, I commend the member for bringing the Bill forward, I think we should examine where the Bill is, how far it goes, and maybe how far it does not go. First of all, we are dealing with a Bill that suggests that braille symbols should be placed in elevators. It also suggests that they should go in every elevator, although there is an exempting portion to the Bill. I am wondering exactly what "every elevator" means. Should elevators in a commercial or an industrial setting or even in a hospital for that matter, where they are used as service elevators, have an exemption, or should they be party to this Act?

It concerns me that we're also suggesting that buildings, especially those that are existing, should be included in a Bill when in fact the owners may have some expense placed into their operating of those buildings. When people put up a building, they do it at a certain cost, and then they balance their rents, mortgage payments, et cetera, on those costs that are put into those developments. So when government comes along and thinks maybe it's a good thing to do something, all of a sudden there's an additional cost. The government doesn't want to pick up these costs. They just like to make regulations that say: look, private guy, we don't care about what it costs you to do a lot of things; do it anyway.

The other area I want to touch on briefly is some of the support that may have been attended to. BOMA in Calgary certainly represents a number of people, but I am wondering if they represent all the owners, managers, or builders of these properties, and also how the Edmonton chapter might feel as far as this type of Act might be concerned. Also various other members and other people within the province may have other thoughts too.

Mr. Speaker, I might just mention that I've had the opportunity of belonging to the Lions Club in Calgary Marlborough. We have worked with blind people for many years, assisting them with various equipment and other things to assist in their

everyday activities. I have worked directly with many handicapped people and raised a lot of money for them over the years. Whilst I was living in Australia, I was especially involved with people who were handicapped. The reason I want to bring that forward is that I have very sensitive feeling for handicapped people because of their handicap. But at the same time, when it is considered that less than 15 percent of the population of blind people actually reads braille, I question what the value of this particular operation would be, other than having a special learning experience.

Additionally, braille is not necessarily the appropriate elevator signage for the blind. Tactile sensory signage, based on Arabic numerals and international signage, rather than braille, may be the way to go. We should examine the international language with relationship to placing something of this nature in an elevator or any other thing.

The other question I have is: when a blind person reaches a floor, how do they know which floor they're at? In looking at this thing, maybe we should develop a Bill that's all encompassing, such as having an audible signal that sounds when the elevator is stopping at or passing a landing.

I also question if the Bill will necessarily influence what now happens, as that is already covered in the Uniform Building Standards Act and by the economics and technology available. If I'm reading this correctly, I believe that under regulations 3(1)(a), (b), (c), et cetera, we may already have regulations available whereby the minister has the opportunity to do this. Looking back again I guess, considering that there may be regulations already available, I'm just wondering why we want another one in the same area, when in fact our opportunities, according to the throne speech, are that we're trying to deregulate. We should be examining these deregulations rather than trying to duplicate regulations already available.

It also seems to me to be the case that many companies that either have just built or have the opportunity of building new buildings, including the government, are voluntarily complying with the proposed type of regulation or Bill. Let's let these people do their thing voluntarily if possible, rather than adding a burden to them.

When we're doing an elevator Act, I'm also wondering whether we should look after the deaf. If there's a fire in an elevator or a building, they can't hear an alarm. I'm just wondering if we should set up a lighting system within the elevator so that in one uniform building code or one uniform Act, we look after everybody rather than one particular handicapped group.

Mr. Speaker, it's certainly a difficult issue. In thinking about the government's projected future intentions of deregulation and various other things, I would suggest encouragement rather than regulation. We should be encouraging the private sector, and even the public sector for that matter, rather than trying to regulate them to such an extent that they can't afford to do their job. It's very well and good for us to continually do this I guess; it certainly has its opportunities. But at the same time in my opinion, we should be making every effort to assist the private sector rather than trying to continually regulate them into oblivion. Certainly this one Bill isn't going to regulate anybody into oblivion, but at the same time we should be examining other Acts and what have you so we can assist these people rather than making it difficult.

Mr. Speaker, I think the intention is certainly credible; I concur in that. However, I think we should be examining something that may be all encompassing, whether as a separate Act or by discussing with the minister what additional things may be needed in that one particular area under the Uniform Building Standards Act rather than more new activity.

With that, Mr. Speaker, I will sit. Thank you for your attention.

MR. MILLER: Mr. Speaker, in view of the importance of this Bill, the concerns which have been raised, and the remarks which I would like to make, and in view of the time, I beg leave to adjourn the debate.

MR. DEPUTY SPEAKER: Does the hon. member have leave to adjourn debate? Is it agreed?

HON. MEMBERS: Agreed.

MR. KING: Mr. Speaker, it is the intention that the House sit in Committee of Supply this evening to consider the estimates of the Department of Utilities and Telecommunications. I move that the House stand adjourned until the Committee of Supply rises to report progress and begs leave to sit again.

MR. DEPUTY SPEAKER: You've heard the motion by the hon. Acting House Leader. Are you all agreed?

HON. MEMBERS: Agreed.

[The House recessed at 5:22 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 for consideration of the estimates.

Before we do that, may the hon. Member for Vermilion-Viking revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

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

MR. LYSONS: Thanks very much, Mr. Chairman. It's indeed a pleasure for me tonight to introduce several young people in in the Speaker's gallery and the members gallery: group leader Linda Ciurysek; Cameron Laux; Angela Perry, a counsellor; Darren Larsen, a counsellor; Blair Stolz, a former page of this Legislature; Karen Hebson, and 44 students that belong to the Young Albertans. They have been touring our Legislature and learning all about politics from various people. I would like them all to stand and receive the warm welcome of the Assembly.

head: **COMMITTEE OF SUPPLY** (*continued*)

Department of Utilities and Telecommunications

MR. DEPUTY CHAIRMAN: Has the minister any opening comments?

MR. BOGLE: Thank you, Mr. Chairman. I thought it might be helpful if I gave an overview of some of the important features of the department. Then, of course, I'll welcome questions and comments from members in the Assembly on the Department of Utilities and Telecommunications.

One of the most exciting initiatives taken by the government of Alberta in 1973 was the creation of the rural natural gas program, a program to help Albertans in rural parts of the province receive natural gas — a goal which, although discussed by governments in other parts of Canada and the world, had never been achieved. As we look back over the years since 1973, we see an accomplishment unparalleled. Today there are over 50,000 miles of pipeline serving more than 250,000 individuals across the province. The cost to government to provide assistance to individual farmers through their gas co-operatives has been in excess of \$290 million. During the current year we expect an additional 4,000 new services to be installed. This will primarily be as in-fill in the various co-ops that are now in operation across the province.

I'm also pleased to say, Mr. Chairman, that the co-operatives — and members of the Assembly who have had an opportunity either to meet with their own co-operative executives or to attend the annual meeting of the Federation of Gas Co-ops which is held in Red Deer each year will know that these rural gas co-ops are planning ahead for the future. Many of them have already paid off their debt. Many have established deposit reserve accounts, and they're planning for the day when they indeed must replace pipe. There's an understanding and recognition that when that day comes, they cannot and should not expect the massive kind of support they received from government for the initial start-up costs. There will indeed be a challenge that will be passed on from the existing members to the members at the time when those new lines are required.

As all hon. members will recall, there was an unfortunate experience with a defective pipe, commonly referred to as PE 3306. I'm pleased to report to the Assembly tonight that, for the most part, we will have completed the replacement of that pipe during the current fiscal year. There is approximately \$2 million allocated for that purpose in our vote.

Moving on to Vote 3, another exciting program that was developed a year later, in 1974, was the natural gas price protection plan, a program which has effectively shielded Albertans from the rising costs of natural gas and which has seen an investment by the government of Alberta of over \$900 million to date. In the current fiscal year, 1984-85, we expect to invest an additional approximately \$130 million in this program. The program currently runs until March 31, 1985; that is, to the end of the current fiscal year. As all members are aware, through correspondence they have had from constituents as well as the discussions government members have had through our own caucus committees, this is a matter which is being reviewed. It will be very thoroughly reviewed during the summer and fall of this year, so that a final decision may be made as to the program's future in 1985-86 and thereafter.

The magnitude of the program I have mentioned, \$130 million provincially, breaks down to a support price of approximately \$96 per household. So for every home in the province, there is approximately \$96 of shielding provided through this program.

Over the years, Mr. Chairman, we as a government have tried to initiate innovative approaches to meet the needs of Albertans who have very special circumstances. One such group would be those individuals who possibly live within a franchise area of a natural gas co-operative, or more likely are on the fringe or just outside an area but cannot be served economically by natural gas, or on the other hand, an elderly couple who, for a variety of reasons, do not wish to invest in the necessary equipment to bring natural gas to their home. Therefore a remote area heating allowance program was established to provide a direct rebate of up to a maximum of 35 percent of the purchase price of propane and heating oil to be used by those residences.

One of our primary thrusts, Mr. Chairman, has been to ensure that this program does not become an artificial crutch that would at the same time provide too great an incentive for individuals not to hook up to natural gas. It's a program that is reviewed on an annual basis with the individual users. I'm pleased to say that since the fall of 1983, when we had approximately 10,000 recipients of this program, the figure this spring has dropped to 7,000.

One of the most popular programs introduced in the fall of 1982, along with a sister program, was the senior citizens' home heating protection program, a program that provided a rebate of \$100 to senior citizens living in their own homes. During the current fiscal year, we have distributed approximately 73,000 cheques to senior homeowners; another 4,000 are in the mail or ready to be mailed. This program, as hon. members are aware, was announced in the fall of 1982 to cover the calendar years 1982, 1983, and 1984. Earlier this year, in the Budget Address by the hon. Provincial Treasurer, we announced that there would be an extension of the program into 1985.

The same is true of the primary agriculture producers' rebate program, a companion program which was announced in the fall of 1982. That program will be extended through the calendar year 1985 as well. That program provides assistance to approximately 5,000 farmers, including specialized operations such as greenhouse operators, irrigation, grain drying, sod and peat moss farmers. Most recently we have included the alfalfa producers as eligible recipients of that program.

Moving on to Vote 4, Mr. Chairman, the rural electrification program is one that I don't intend to spend a lot of time on in my opening comments. Hon. members will recall that on Monday of this week, in a ministerial statement, I announced major changes to the program, from both a policy point of view, primarily through the master contracts, and changes that we see as necessary in the Electric Energy Marketing Agency regulations. As well, legislation was introduced to bring about changes to the program affecting the membership so that whereas in the past, individuals who were small users served by a small single-phase transformer were eligible to be members of an REA, we have now indicated that as government policy we want an expansion of that concept to include large single-phase and three-phase power operations that are farmers. Therefore we'll see the REAs expand and serve a greater number of customers within their area. It's important to recognize that in 1983 we had approximately 1,500 new rural hookups across Alberta. We expect the same number in 1984.

Wind generation is a topic that has received considerable interest across the province, particularly in the southern part of the province. I'm pleased that we are very carefully monitoring the progress which is being made in a current application before the Energy Resources Conservation Board. We're also keenly aware of the fundamental and important role that the Public Utilities Board must play in this area. As I stated in our estimates a year ago, it is a principle that we believe in very sincerely. There should be alternate sources of energy, and individuals who can tap wind power and use that energy source for their own operations should also have the ability to sell their excess production back to the utility company. We believe that the hearings currently under way are a very worthwhile and necessary step in developing the mechanism by which that goal can be achieved.

The proposed Slave River hydro project is a matter that's received a lot of attention. It's an exciting concept that could see a 2,000 megawatt hydro-electric dam built on the Slave River. Just to put that into perspective, the total capacity of the integrated system in Alberta today — the capacity of

TransAlta Utilities, Alberta Power, the city of Edmonton — is approximately 5,500 megawatts. So hon. members can see the magnitude of this one proposed project.

The project is being very thoroughly reviewed by both TransAlta Utilities and Alberta Power, along with the government of Alberta. I expect that over the summer months, the companies and the government will be in a position to make a decision whether to proceed with the project to the next phase in the preinvestment scheduling. That will primarily be dependent upon two very important factors. Number one, do we have a market for the energy? Is there a need to build the dam at this time? Number two, can the project be built at an economically feasible cost and provide electricity that would be competitive in the markets we would intend to serve?

In April of last year, we retained a provincial government co-ordinator, who is the primary link between the government and the utilities companies, as well as our primary link with the local communities, environmental groups, and other provincial and federal departments.

Vote 5, Mr. Chairman, deals with communications. I would be remiss if I didn't make at least a general comment about Alberta Government Telephones and Edmonton Telephones. Two days ago I tabled the annual report of Alberta Government Telephones, and hon. members will be aware that in 1983, AGT lost in excess of \$22 million. While we can take some comfort in the fact that that's down substantially from 1982, when the losses recorded were approximately \$56 million, it's still important that all members recognize that the very aggressive programs initiated by Alberta Government Telephones to reduce staff through attrition and the early-retirement program and to reduce the capital budget in Alberta Government Telephones must be aggressively maintained and pursued. We must aim for a balanced budget. While it's fair to say that the taxpayers do not support Alberta Government Telephones directly through any kind of subsidy, it's also common sense that a company cannot sustain losses year after year without very seriously affecting the equity base it has.

The current dispute with Edmonton Telephones over the sharing of long-distance toll revenue is an issue which of course is not reflected in the annual report. Based on information I tabled in this House two days ago, hon. members will be aware that there certainly is a cost associated with the operator intercepts, and will be aware that as well if you believe in principle, if you believe in fairness and equity, then you have to stand up and be counted. It may be that additional moneys will be required in order to protect the integrity of the company and to stand up for those principles.

Having said that, it is my belief — and I believe I speak for my colleague the hon. Member for Edmonton Gold Bar, who as the chairman of the Edmonton caucus committee has joined me in the negotiations with the mayor and one alderman from the city — that there are some prospects that we may indeed be able to reach a negotiated settlement. A negotiated settlement with the city is by far the preferred course of action. There are two other courses of action, which all hon. members are aware of. But as long as there are reasonable chances for a negotiated settlement, that's where our energies and thrust will remain.

One other item I'd like to touch upon under communications is a symposium sponsored jointly by the department and the University of Calgary within the past few weeks, a symposium which brought together industry, government, university, and elected officials to discuss contemporary and long-range issues in the field of broadcasting, cable vision, and telecommunications, as well as public policy, with a particular reference to the situation here in Alberta. I think it's very important, Mr.

Chairman, that we keep abreast of the new technologies, the new challenges facing our province and our nation, because we're in an ever-changing world. It's very, very important, therefore, that the private sector and the public sector share ideas and thoughts on how best to stay on top of this ever-changing field.

In Vote 6, financial assistance for water and sewer projects, I'll be very pleased to get into that in some detail. As hon. members are aware, in July 1983 some significant changes were made to the program. We no longer required municipalities to provide the first \$300 per capita towards a project. As members know, that was followed with a 90/10 contribution by the province; in other words, 90 percent by the province, 10 percent by the municipalities. We've changed the program dramatically, so that the projects are cost shared on a 75/25 basis for the first 600 people, which means that the province puts in 75-cent dollars and the municipality 25-cent dollars. For the population above 601 to a maximum of 100,000, we'll match on a 50/50 basis.

In my view, Mr. Chairman, one of the most impressive features of this program is the fact that we've returned to the municipalities a degree of autonomy and decision-making which they did not have in the old program. By protecting their investment, they are in turn protecting the investment of the province. We're getting more cost-efficient programs, our dollars are going further, and ultimately it's working well.

Under the regional water and sewage treatment program, we're currently completing the regional system around Edmonton. The regional waste water treatment plant is approximately 85 percent complete. It will be completed early in 1985, and we are currently working with the city of Edmonton on a cost-sharing agreement whereby the city will use the regional plant to service the northeast portion of the city and, in turn, the province will encourage those municipalities south of Edmonton to tie into the Edmonton system. This makes economic sense for both the city and the region, and it's a matter of good economics. As well, the southeast regional trunk sewage line is about 70 percent complete, and the Parkland sewage system is about 40 percent complete. The northeast sewage system has had approval for design and land acquisition, and that is expected to be complete by the summer of this year.

The northern supplementary assistance fund program is a very unique fund. I want to give credit to the federal government for joining with the province, through the Alberta North Agreement, in providing assistance to small isolated communities that do not have a tax base, that could not otherwise support the installation of proper sewage and water treatment facilities. That's one program we're extremely pleased with. During the past year, we helped approximately 12 communities. We expect about the same number to be assisted this year. Mr. Chairman, I'd like to conclude my opening comments with some remarks on Vote 7, the Alberta Electric Energy Marketing Agency. This was the unique concept developed by my predecessor, a concept to bring about one pooled rate for approximately 80 percent of the electric bill, the 80 percent that covers the cost of generation and transmission, setting aside the local distribution system and recognizing that there would always be some economies of scale in the larger cities and towns. That is a program that requires our constant attention. It's a program that could not be modelled on anything else in the world, because there's nothing else like it. Other jurisdictions have tackled this problem by nationalizing the utility companies and forming Crown corporations. We chose not to do that. The real challenge for this Assembly is to ensure that we do in fact have common rates across the province for common customers. That issue was addressed recently with the Union of REAs, to ensure

that the REAs in the northern part of the province, served by Alberta Power, and those in the southern part of the province, served by TransAlta, all have a common rate. Of course the same principle applies to other classes of customers.

With those comments, Mr. Chairman, just before responding to questions, I'd like to acknowledge and thank Mr. Vance MacNichol, the deputy minister of the department, Mr. Gordon Haase and Mr. Doug Brooks, the two assistant deputy ministers, Mr. Dave Shillabeer, the executive director of our municipal water and sewage treatment program, and Mr. Eugene Tywoniuk, who is executive director of administrative services; he's our financial administrator, in other words. These gentlemen have worked very, very hard over the past year on initiating the new program thrusts I've mentioned, on improving the quality of service, as all departments have attempted to do, to ensure that our dollars are stretched as far as possible in providing the most efficient service with the least amount of interference from government so that local communities can make their own decisions.

With those comments, Mr. Chairman, I welcome the comments and questions of other members.

MR. NOTLEY: In rising to enter this particular debate tonight, I'd like to make a few general observations and then perhaps spend more time on several of the larger issues that I think are before us in terms of the utilities development in this province.

May I say at the outset that I am pleased to see at least some interest in alternative energy on the part of the government. I think that is an area we should encourage. If one looks, for example, particularly to the northeastern seaboard of the United States, a good deal of progress has been made in the development of alternate energy by individuals, whether it's people who live beside streams or use wind power, who are able to sell surplus power through the power systems of several of those states. I think that is a useful thing to explore.

I am pleased to see a little more recognition of local autonomy in the financial assistance program for water and sewer projects, although it is interesting to note, Mr. Minister and Mr. Chairman, that while the government seems to be loosening up in this department, we have the Minister of Transportation announcing his street improvement program with all kinds of strings that he proposes to attach. So while one department goes in the direction of a little more local autonomy, we have another government department tightening the strings. I think that's unfortunate. In this particular instance, perhaps the Minister of Transportation might take some lead from the Minister of Utilities and Telecommunications.

Mr. Chairman, I also want to comment briefly on the Edmonton Telephones/AGT issue. My colleague will be along a few minutes later. I know the minister would not want to miss the opportunity of hearing a few words of wisdom and sage advice from the hon. Member for Edmonton Norwood. But I want to say just a couple of things on this issue as well. I am pleased to see the minister indicate tonight that he intends to pursue negotiations. I also note that this afternoon, the mayor of Edmonton expressed some optimism that a negotiated settlement is possible. However, I was a bit concerned when — and I hope I took the minister's words down correctly: that the thrust will remain negotiation as long as that is possible. The only problem of course is that it is the government caucus and the minister who basically decide when that is no longer possible. We get into a situation where we have not a legislated settlement but a legislated decision. Mr. Chairman, this has been a long-standing issue that has festered for many years, and I can certainly understand the concern about resolving it.

I want to say one thing about the Milvain committee report. I have mentioned it outside the House; I think it would be appropriate during the estimates to mention it inside the House. I gather the government has temporarily, at any rate, dropped this particular suggestion in the Milvain report that the two companies be basically merged into one company and privatized in part, or at least a new company set up to take over the assets of Edmonton Telephones and AGT. Then some kind of privatization similar to either the Alberta Energy Company or perhaps PWA, or what have you, would be considered.

Mr. Chairman, I just want to make it absolutely clear that I for one would oppose such a move, as would the party I represent. I think it is a highly questionable proposition to sell something which is owned by all Albertans — and, in the case of ET, owned by all Edmontonians — and take that asset which we all own together and sell it to some Albertans or to some Edmontonians who happen to have enough money to be able to purchase shares. While that move toward privatization may be in vogue with some of the members in this Assembly, in my view it would not be in the public interest at all.

Mr. Chairman, as a rural member I have an opportunity, as I'm sure other members do, to get complaints on an ongoing basis both from people who are a little ticked off with Alberta Government Telephones and from those people who are a little ticked off with the private power companies that serves — in my particular constituency case, it's Alberta Power; in many of the members' in this Assembly, it's Calgary Power. But most of us, as rural members at least, have an opportunity to deal on a personal basis with complaints stemming from the supply of both telephone service and power.

Notwithstanding some of the difficulties any large utility has to face, Mr. Chairman, I would say that over 13 years I've found Alberta Government Telephones a very good organization to work with. I think they have been especially sensitive to the needs of rural Albertans. The whole principle of cross-subsidy in a huge integrated provincial system, one that is not based on the profit motive, allows us to provide service to areas of the province that would otherwise have to wait a long time.

With respect to my dealings with Alberta Power, Mr. Chairman, I also must acknowledge that in terms of coming to grips with issues and contacting the local office in Fairview or Spirit River or the regional office in Grande Prairie, I have found them to be very co-operative. So I'm not here to take a few cheap shots at Alberta Power. By and large, I think the local administration has been concerned about its customers and doing the job properly.

But, Mr. Chairman, I think there are differences between a monopoly which is owned by the people and therefore has the mandate of serving the people, and a monopoly which is owned by private investors and has the mandate of returning a profit to the private investors. That is not necessarily that the private monopoly is any more efficient than the public monopoly. Having had an opportunity to meet with REAs for 13 years now, most recently this winter with the Region 6 Action Committee, they can tell stories, that in my view are accurate, of the inefficiencies that creep into any monopoly. If the marketplace is no longer a factor in determining the price, if you have a pass-through of costs, inevitably you're going to have inefficiencies that corrode the delivery of service to the customer.

Mr. Chairman, I raise that because we had the announcement earlier this week — a useful announcement by and large. I'm not sure I agree with every aspect of it, but I do know that Mr. MacNichol has taken an active role in this committee of deputy ministers. I commend him for his work, as well as the other people who worked on that particular committee. I'm not sure

they have solved all the problems of Rural Electrification Associations, at least as I understand the concerns of the Region 6 Action Committee and the concerns of, if not everyone in the Union of REAs, at least many of the people in the Union of REAs.

I remember being at a convention of the Union of REAs in 1976 in Grande Prairie, where one of the major concerns expressed by delegates was — I suppose the best way of describing it would be the franchise of REAs. They certainly concurred with some of the suggestions I see in the ministerial statement: that there should be a uniform contract, that REAs would have the option to provide all farm services, that the deposit reserve fund should be administered by the REAs, and that REAs would be able to hire their own contractors. That's been a long-standing view of Rural Electrification Associations. But in 1976, the union went somewhat further. They suggested at that convention that the real question was the issue of membership and that they would be able to determine who would be a member of their REA. If that member happened to be an industrial user, then that member would be served by the REA.

It seems to me that that's rather important, just as — when I come a little later on to some of the cross-subsidy in other areas — having a number of relatively large users can make the viability of the rest of the association stronger, can improve the viability. So at that time, the union went on record making that recommendation. I've been at other conventions, in Red Deer, where this matter was discussed. I wasn't at the convention last year when the minister announced we were going to have this task force of deputy ministers. But we still have not dealt with the issue of membership, and we also have the problem that the power companies are still buying off one REA after another. Despite the suggestion of the minister, we have seen a number of these REAs purchased — 6 to 1, is that the score? Too bad the hon. Minister of Advanced Education isn't here; we could agree on something then.

I have to talk about the little REA that I happen to reside in, the Waterhole REA, which decided last year not to sell. I think the vote was about 2 to 1 not to sell, as I recollect. But because of the condition of the line, this year, after a very heated debate and quite a bit of lobbying on both sides, the members voted to sell. I think there are a number of REAs that sold this year before this particular policy came into effect, and I regret that.

I am of the view, and I say this from the standpoint of being a proponent of public power — I'm going to come to that in a moment — that one of the really good programs we have in place in this province is the rural gas program. The difference between the rural gas co-ops and the REAs is that we have given the rural gas co-ops much more autonomy to be functioning business units and make important decisions and to be able to set aside and administer reserves, as opposed to the situation where REAs have essentially been vehicles to make the rural electrification program possible, but they did not have control over their deposit reserve funds, they didn't have the opportunity to go out and hire their own work done, and they were caught in so many ways by being, if you like, vehicles for the power company as opposed to being rural electrification associations in the broadest sense of the word. Notwithstanding the narrowness of their mandate, many of them did an excellent job.

What concerns me with the decline of REAs, Mr. Chairman, is that we can say, as one of the people from the power company did at this little meeting we had in the Dunvegan Inn, you don't need to worry because the Public Utilities Board will protect you as consumers. But the fact of the matter is that the Public Utilities Board, sitting in Edmonton, isn't going to be able to

make a reasonable judgment on whether or not it costs \$500 or \$1,000 or \$1,500 a pole to replace poles south of Fairview, or what the brushing costs would be out of Hines Creek — haven't a clue. You can't expect the Public Utilities Board people to sit down and have any clear idea at all. So what will happen is that we'll have the pass-through of all these things, and the control the REAs represented, if you like, the protection for the consumer, will be lost.

I've cited this example before, but I think it's worth citing again. Shortly after I was elected, one of the REAs came to me. They were concerned about a tap-in. I really don't think it's necessary to name the REA, but I certainly could. I have all the correspondence if the minister wants to look at it at some point. The tap-in cost was \$1,100; that was the demand of the company. That seemed a bit high to the secretary, so he had me write to Saskatchewan and Manitoba. We got estimates from those two provinces; one was \$550 and the other, as my memory recollects, was about \$400. The interesting thing is that after the company received these estimates, they wrote the REA back and indicated to the secretary that they had made a mistake, and they brought their price down from \$1,100 to \$700. Mr. Chairman, I raise that because all over the province I think we have a situation where that kind of protection is in danger of being given up.

One of the problems I think we face with our REAs is not only the enormous cost of rebuilding the lines but the fact that we've had a number of people over the years who have faithfully done REA work, who haven't received any remuneration for doing it, who undertook this work as a sense of obligation to their neighbours, and they're getting tired. They are just not sure that they want to do this forever. I suspect that that is probably as big a problem to the future of Rural Electrification Associations as anything else.

Unless we can encourage the younger generation of rural people to sort of move in and take these positions on the directors, and unless we can provide the mandate for the REAs so that in fact they have some important decisions to make, then notwithstanding this ministerial announcement and the new Act — and I'll go into that in more detail when we get to the legislation at whatever time we deal with it — the fact of the matter is that unless we can encourage younger people to take a role in the REAs, I suspect it really won't make much difference, that 10 years from now we will find that the vast majority of these REAs will have sold out. I regret that. I underline again: I would regret that just as much if we had public ownership of power as I would with the situation we have at the present time, where we have private investor-owned utilities.

Mr. Chairman, I want to move from the REA question to deal with the basic question of ownership of the utility system. It has been a little while since we've had a discussion on the merits of public versus private power. Whether some members like it or not, we're going to have a little discussion on that tonight, because that has a direct relevance to the way in which we provide utility service to the people of the province.

The minister talked about his Electric Energy Marketing board. Notwithstanding the Electric Energy Marketing board, there are still problems in the system. I think the major problem we have to deal with is the fact that right off the top, these investor-owned companies are not only making money — there's nothing terribly wrong with that — but at a time when the economy is going down and there is hardly a private business in the province that would register an increase, we find that without exception the utility companies are recording not only an increase but a record increase. This is from the standpoint of companies that don't have to compete in the marketplace.

I'm not going to ask the minister to be responsible for the Public Utilities Board, because we know that comes under a different department. We'll have an opportunity to discuss the Public Utilities Board when we bring back the Attorney General. I want to discuss not only the Public Utilities Board but a recent appointment to the Public Utilities Board, when we bring the hon. Attorney General back. But what I want to say in this committee tonight, with the Minister of Utilities and Telecommunications present, is that the private ownership of what in fact is a monopoly position is not protecting the consumer. No matter how one tells it, pleads it, or argues it, the Public Utilities Board is not a substitute for social ownership of the utility system.

Mr. Chairman, let's just take a look at the profits of the two major investor-owned utilities. In 1982, TransAlta had a profit of \$188 million; in 1983, a profit of \$215 million. But compare that to 1980. In 1980, they had a profit of \$101 million. I certainly am not surprised at that kind of profit in 1980, because we know those were buoyant times. Those were the times when we had massive profits in the real estate business and the oil industry; small business was opening up and expanding, and the figures were in the black. But to go from \$101 million to \$215 million during one of the most significant economic setbacks in the history of the province, I think is a very nice position to be in. I think the hon. Minister of Advanced Education would be very happy if Mount Allan, our publicly owned operation, could be in that kind of position, but I suspect it won't be.

It makes a lot more sense, Mr. Chairman, to have public ownership of the utility companies than a ski hill. Private ownership of a ski hill — nothing wrong with that. Private ownership of ski hills is exactly what we should have. But let's look at public ownership of a natural monopoly where the profits have gone from \$101 million in 1980 to \$215 million. I know that the minister and others jump and say, but that's because they've increased their equity. Of course. We get back to an argument we had in this committee four or five years ago. What they've been doing is increasing their equity, because they get a guaranteed rate of return on their equity. So they've been shifting the basis of their capital structure — perfectly reasonable from the standpoint of the shareholders of TransAlta, but I really question whether it's in the interests of the consumers, the people in Olds or Didsbury or some of these other places that have to buy their power from TransAlta.

Let's take a look at Alberta Power, Mr. Chairman. In 1980, they had profits of \$38 million. In 1982, that had risen to \$68 million. I don't have the most recent figures yet; nevertheless, in a period of two years, an increase of some 76 percent — again, in part because of this shift in the capital balance between debt and equity capital. [interjection] What was that, Mr. Minister?

MR. JOHNSTON: [Inaudible] to understand how that happened?

MR. NOTLEY: Yes, indeed I do. Yes, we've discussed it. Do you want me to discuss it again? We've got lots of time. I think that is exactly one of the problems. When you shift debt capital to equity capital and then you get a rate of return on your equity, what you do is gradually shift your entire capital structure to a more costly basis for the consumer.

MR. JOHNSTON: [Inaudible] complete the analysis.

MR. NOTLEY: No, no, Mr. Chairman. The minister is going to have a chance if he wants to get into the debate. I welcome

him to do that. The minister would like to participate. We have all evening, till 12 o'clock tonight. I'm quite prepared to discuss equity versus debt capital with the Minister of Advanced Education. Ski hills, fine; debt versus equity capital; whatever the case may be. [interjection] I just mentioned, Mr. Minister, when you were out watching the game, that it was encouraging to see it was 6 to 1, that that was something we might agree on.

We probably won't agree on the ownership of the power companies, but I suspect more Albertans agree on this than this government thinks. It's been a long time since we've had a plebiscite on the ownership of power, but in 1948 — the Minister of Advanced Education is getting a little light on top, there. He would remember this as a boy.

MR. JOHNSTON: Do you remember it?

MR. NOTLEY: Yes, as a matter of fact I do, Dick. And you should as well.

In any event, out of about 300,000 people who voted — the Chief Electoral Officer has just compiled this. It's in your little book, Dick. Look at it; I commend it to you. You'll find that only about 100 votes separated the proponents of public ownership of power and of private ownership of power, and for many years that raged as an issue. Quite frankly, rather than moving in a direction of privatizing AGT, this government should be moving toward the public ownership of power.

When I look at the rates, Mr. Chairman — I just happen to have some of those rates tonight. I thought the minister would be along, and we'd be able to compare some of them. I look at the Alberta Power rates, the charge versus the kilowatt fee, and I compare it to Saskatchewan or British Columbia with their public systems. I certainly would be quite prepared to read all this out, but perhaps I could have it photostatted and provide it as useful information, especially to some of the ministers here. But without going down each of these rates, there's little doubt that the systems in Saskatchewan and British Columbia are less costly to the consumer. That stands to reason, because when you have a private company in a monopoly position, and that private company is provided by the regulatory authority with a pass-through of their capital costs and a guaranteed rate of return on their equity base, you cannot help but have a higher cost. You are dealing in both cases with natural monopolies, and it seems to me that under those circumstances the argument for public ownership is very strong.

Mr. Chairman, I leave that issue to move to one that I think is perhaps even more controversial. I'd like to know from this government just what we're getting into in terms of future policy as it relates to electrical generation. Are we going to be basing our policy on the requirements of Albertans? Are we going to be basing our policy on the requirements of Albertans, with very minor export? Or are we going to be basing our policy on the needs of Albertans as one part of the factor but with very significant export? It seems to me, Mr. Chairman, that what has been the policy of the power companies and of the government in this province over the last number of years, as I understand it anyway, is that our whole approach has been to develop power, electrical generation, whether it's hydro or thermal generation, to accommodate the needs of Albertans. That has been the policy, as I understand it. Unlike Manitoba, which developed expansion on the assumption that there would be an export market, unlike Quebec, which developed projects on the assumption there would be an export market, or British Columbia, that got into its two rivers policy with a very clear understanding that they would have an export market, our pol-

icy has been essentially an internal accommodation of domestic requirements.

Mr. Chairman, I think one could make the argument for a share of the export market. The fact is that Québec Hydro is signing deals to export power to the United States, Manitoba has recently undertaken an export commitment to the U.S., and British Columbia has recently signed a significant export of power addition to the U.S. market. So I suppose one could argue that this is the sort of thing we could get into.

There are complications. One complication is that we don't want to disrupt our natural gas markets. We are a major producer of natural gas, so it really doesn't make sense for us to get into a situation where we substitute electrical generation, power produced that way, for natural gas. Another complication is that other provinces are somewhat ahead of us. Other provinces have facilities in place where they can add additional generation units at a much lower cost and can accommodate an export market more easily than we can. Those are difficulties. [interjection] But, Mr. Chairman, that being as it stands — and I am not sure that even the Minister of Advanced Education would disagree with what I've said so far, although I certainly look forward to his participation in a formal way.

I'd like to deal with this agreement between the three power companies on the proposal to the National Energy Board. My understanding is that the three companies have indicated to the National Energy Board that they are going to make a submission with respect to the export of power from Alberta. In past question periods, as well as again today, the minister has pointed out that if the power companies, the two private ones and the city of Edmonton, can find additional markets, fine; all the more power to them, as it were. As I look at this agreement, though, I find on page 3 that we have a section called "arrangements for exports", and we have under "definitions":

"Interruptible Sales" means that means sales of either electric energy or electric power which are made under an agreement that permits the curtailment or cessation of delivery at the option of the supplier,

In other words, at the option of Alberta Power, Calgary Power or, in this case, probably our electrical marketing agency.

"Firm sales" means sales of electric energy, electric power or power production capacity which are intended to be available at all times during the period covered by the agreement governing the sale thereof.

My understanding is that the proposal is for a five-year period of time. If I'm wrong, I'd like the minister to set the record straight.

I understand as well, from reading this document, that if we're talking about "firm sales", we are not talking about a very minor increase in export. We are talking about a deal which will involve firm sales as well as interruptible sales. So we're not looking at a fairly modest effort. If we're going to have very costly transmission equipment in place, in order to make the thing at all viable it seems to me one has to get into firm sales.

Mr. Chairman, the reason I raise that is that I don't think it is good enough for the government to sit back and say, shucks, it's up to these companies to find markets, and if they find markets that's okay.

MR. BOGLE: Mr. Chairman, I rise on a point of order and ask the hon. member to give clarification as to the agreement he's referring to between the three power companies.

MR. NOTLEY: Mr. Chairman, I'm referring to the agreement I tabled this afternoon. I tabled three copies, Mr. Minister. I'm sorry if you don't have one; I'd be glad to send you one over.

MR. BOGLE: Mr. Chairman, on the point of order, I do have a copy of the document the hon. member tabled today with the Legislature Library. I hardly believe it constitutes an agreement. It has not been signed by any parties. There's no date on it. There's a covering document. It appears that it's a working paper for the executive committee of the city of Edmonton. Is that what the hon. member is referring to as a signed agreement between the three parties?

MR. NOTLEY: Mr. Chairman, I'm not talking about a signed agreement at all. I'm talking about the background paper for the city of Edmonton, along with the principles ...

MR. BOGLE: On the point of order, Mr. Chairman. In question period today I clearly remember that the hon. member referred to an application by the three utility companies to the National Energy Board. I was not aware that the hon. member has now changed his position so that it is a working paper of the city of Edmonton.

MR. NOTLEY: Mr. Chairman, the minister gets a little excited. Let him not get too exercised. We will certainly explain exactly what was tabled this afternoon so that people across the way don't get excited. What was tabled this afternoon was a working paper by the city of Edmonton and, along with that, as an enclosure, principles for the AIS power export agreement. That was what was tabled this afternoon.

What I raised in question period was what I have raised before and what I raise now during the course of the estimates; that is, it is my understanding that all three companies are making a proposal to the National Energy Board. Obviously I do not know what that proposal is. If I confused the minister today with the rules of question period and he thought I was in fact tabling the submission, that was obviously not what I did. I am sure we all know what was tabled.

MR. BOGLE: On the point of order, Mr. Chairman. Possibly the hon. member could check the Blues to see exactly how he did phrase his question. If a correction is necessary, I am certain the hon. member would want to make that.

MR. NOTLEY: Mr. Chairman, the fact of the matter is that the Blues, as of tonight, will read exactly what it is. I hope the strictures of question period didn't cause me to confuse the minister any more than he's confused already. I would hate to see that happen, because I think what I did table today was important. It is also important that we know precisely what it was and what it is.

MR. BOGLE: Mr. Chairman, on the point of order, I think it is necessary that we distinguish. We're not talking about an application which has been filed with the National Energy Board. We're talking about a working draft paper of Edmonton Power, prepared for the executive committee of Edmonton city council, and a draft of an agreement that, in turn, might be shared with the other utility companies. That's a very different position from an actual application made, which I think needs to be clarified.

MR. NOTLEY: Mr. Chairman, no one is suggesting otherwise. As I suggested to the minister, he's getting somewhat agitated unnecessarily. Perhaps it's a pity that the background information didn't go to the minister, just the documents. What was tabled today was not the application to the National Energy Board. What we know, checking today with the chief secretariat of the National Energy Board in Ottawa — I can even give the

phone number to the minister if he's concerned about it; he can check it himself — is that an application is expected shortly. That is May 17, 1984. The document I tabled was the draft discussion paper for the city's joint application with TransAlta Utilities and Alberta Power.

Whether or not this particular agreement is signed doesn't in any way alter the issues that I want to raise.

MR. HYLAND: Mr. Chairman, on a point of order. I just went out and looked at the unofficial Blues on the tabling that the hon. member made this afternoon. It reads:

I file with the Legislature three copies of the NEB application from the city of Edmonton on this matter. Could the minister [please] tell the House whether the government, at this stage, has formulated a policy on the export of power?

I would like that clarified for the record.

MR. NOTLEY: Mr. Chairman, I will check the Blues in the morning, but I don't think there's any question what it is. If that in fact is an accurate assessment, then fair enough. I want to clarify exactly what it is. I think all hon. members, including perhaps even the Member for Cypress, might recognize that if one follows the rules very closely, from time to time it's possible that we might have a misstatement of fact. If there was I would want that absolutely clear, because the issue at stake is too important to have it other than clear.

Mr. Chairman, what we have is a working paper that involves not only interruptible sales but firm sales. I want to get from this government some indication as to exactly what the government proposes to do in the area of export of power. I think we need to know from the minister, when he responds — and we may take some time tonight to discuss this — whether this government is committing itself to significant export of power and whether we're going to have a fundamental change in the policy of serving Alberta needs first and almost exclusively, or whether it will be the decision of the government, through the two privately owned utilities and Edmonton Power, to get into the export business.

I raise that not only as it relates to the Genesee proposal, because I think one could perhaps make an argument for Sheerness and Genesee, but I really would ask the minister to what extent we can seriously get into the Slave proposal — a \$6 billion, 2,000 megawatt dam — without some indication as to whether we have the markets. I want to know whether this application that the minister is so exercised about tonight, the application that is to be made to the NEB, was fully discussed with the government of Alberta. I want to know whether the Slave project is contingent upon a very important shift in policy by the government and an agreement by the National Energy Board to authorize massive exports to the United States.

Mr. Chairman, I say that because I look at this working paper, this proposed agreement, and I see some things in it that may have missed the Member for Cypress but I think are important. To what extent are we going to have a price that is firm? If we do, that's one thing. But are we going to get into the kind of situation Newfoundland got into vis-à-vis Quebec? What happened in the Newfoundland Legislature is that Mr. Smallwood was able to convince the Legislature to look the other way, and we had an agreement signed. I remember being at a federal/provincial conference where the former Conservative premier, who did so much to get rid of Joe Clark, was crying his eyes out over the agreement the government of the province of Newfoundland had made with the province of Quebec. But I have to wonder where that opposition was. When the agreement was made, it was the job of the opposition in

the province of Newfoundland to find out what the province was getting into.

Similarly in British Columbia — we all know Mr. Bennett's two rivers policy had a major impact on power rates in that province. We know that the former Conservative leader in British Columbia, Davie Fulton, when he was Minister of Justice, was extremely concerned about the arrangement Mr. Bennett had made over his two rivers policy, getting into massive export. We know the views of General McNaughton and his opinions about that particular issue.

Mr. Chairman, what I'm saying to the minister is, let's not slide around this and say it really doesn't mean anything because it's just a working paper; therefore let everybody go to sleep again; bring out the nice music, and everybody can slumber peacefully away; we'll let the minister make his decisions behind closed doors. I don't think this government could be credible at all in dealing with the two private power companies or Edmonton Power if the minister just simply said, you guys see if you can find the markets and we'll just sit back and take a passive role. I just don't think it's going to work that way. I think there has to be some pretty frank talk among the proponents. In these preinvestment stages the minister talks about in question period, there has to have been some discussion about where we're going to sell this power.

Mr. Chairman, I think it's important that if the government is going to attempt, if you like, to get a little bit of the action, a slice of the export market, it may be that some of us might even agree with that. But we're not going to agree with it unless we know what the ground rules are. I would say to this minister that what we need from him — not after some announcement is made at a press conference when the Legislature isn't in session — is a white paper, outlining the government's objectives as they relate to hydro-electric development. We've had a yo-yo, roller-coaster power policy for the last four or five years that really leaves anyone who's attempting to follow it scratching their heads.

We had the Premier stand in his place in 1980, I believe, and say, we want to go ahead with the western power grid but we're also going to call for a request for proposals on Dunvegan. Dunvegan appears to have been left high and dry. Then we have the government showing less interest in their power grid, coincidentally with the change of government in the province of Manitoba. But before that election, in the fall of 1981 I believe, they were certainly indicating all kinds of interest. All of a sudden the government changes and we no longer have any interest in a western power grid. Then just before the election, suddenly the former minister gets the message from somewhere on high — I don't know — and we have the announcement of the Slave. The Slave is now the panacea. Then, Mr. Chairman, after campaigning on the need to get into, at that time, an \$8 billion power project, the government gets its ERCB report on Sheerness and Genesee in 1983. We then have the government saying, Genesee can't proceed.

What is the policy of this government?

MR. LYSONS: They didn't say Genesee couldn't proceed.

MR. NOTLEY: No, they didn't say Genesee couldn't proceed, but they weren't going to commission it. [interjection] Just calm down, Mr. Member; don't get too excited. We had letters going out and various people saying, support the ERCB recommendation for delay in the commissioning of Genesee.

Mr. Chairman, I'd like to know what this government has in mind with respect to a power policy. Perhaps tonight is as good a time as any to fully get an explanation from the minister as to what the Tories are — I shouldn't say up to, Mr. Chair-

man, but at least actively discussing. I for one know that there would just not be this kind of activity under way, especially with respect to an expected submission to the National Energy Board, without at least very close consultation with the minister and with the government.

So perhaps we could ask the minister to bring us fully up to date on where things stand in terms of government initiatives and government policy, and whether we are going to have a white paper outlining the export strategy in particular — I think that's most important — but beyond that, the overall policy with respect to electrical generation in Alberta.

MR. DEPUTY CHAIRMAN: For the hockey fans, the score at the start of the third period is 6 to 2 for Edmonton.

MR. BATIUK: Mr. Chairman, I have a few comments, a few concerns, and probably a few questions, but I'll be a little more positive than the previous speaker. At the outset, I would like to express my appreciation to the minister. In the short time as head of this portfolio he has made some remarkable changes. I'm sure many members feel that it would have been much better if some of the changes had been done considerably earlier.

When I think back to 1973, when the Rural Gas Act was introduced, at that time 80,000 Albertans did not have the opportunity to use this clean fuel. When this Rural Gas Act was brought in, it provided an incentive for people to take that gas. I believe that today — I don't have the number, but I wouldn't be surprised if the number could be less than 10,000 who still do not have natural gas because of the remote areas and that.

One thing I really appreciate is the natural gas price protection plan. As the minister mentioned earlier today, approximately \$900 million has been put in up to now for this program. When we consider that the province of Alberta uses maybe only 12 to 15 percent of the gas it produces, it shows that 85 to 88 percent is exported. When you look at the \$130 million the minister said will be appropriated for price protection, that shows it's exactly between that 12 and 15 percent. So it's very obvious that the province provides natural gas at cost for its residents.

I particularly am very happy that the senior citizens' rebate of \$100 is continued. There is a reason for that. I presume that the Vegreville constituency has more senior citizens than any other. When I think back, less than four years ago, to the distribution of gold medallions for those senior citizens who were born in Alberta in 1905 or earlier, I distributed slightly over 300. I think that was the greatest number in this province. When I look at the statistics of the senior citizens' home protection program, I find that in the towns and villages in the Vegreville constituency, excluding rural people — I don't have that figure — well over 1,000 received \$100.

The remote area heating allowance is also a great help for those people who live in places where it's far too costly or uneconomical to provide natural gas. I wonder whether the minister, in responding, could advise whether senior citizens who live in rural areas qualify continuously for this. I know there are senior citizens in my constituency over the years who state that at their age, they cannot see their way clear to investing several thousands of dollars for natural gas. I wonder whether that has been changed, whether there is provision that senior citizens can get this continuously.

I would like to go into the REAs. I've been a member of the utilities caucus committee since it was formed, but even before that three members of our caucus served on the REA committee. That was the Minister of Recreation and Parks and

the MLA for Whitecourt, our Deputy Speaker and the Member for Athabasca, and myself. We met with every interested group, I guess. We met with many REAs; we met with the power companies. We couldn't resolve some of the issues that were brought up, because there wasn't agreement among them. The other day, in the minister's ministerial announcement, some of those things that had been questioned and concern expressed over in the last 10 years are coming into being, which is the master contract. I guess the REAs signed the contract, and it was hard to change it. A decision couldn't come, but I'm glad the minister made a statement that those contracts are going to be reviewed. There's already provision that REAs will be able to administer their own deposit reserve accounts. They'll be able to look after their own reconstruction and maintenance, which is going to help a lot and fulfill the desires of these REAs over a good number of years.

I would also like to mention that one thing I am quite happy about, even though I receive a lot of flak, is the regional projects; that is, the water line from Edmonton to Vegreville, serving five communities along the way. During my time I thought that was one of the biggest accomplishments in the constituency. When I think back, in 1974 the town of Vegreville was flooded by the Vermilion River. There was several millions of dollars damage. Yet when a drought came the following year, the people in the area came to the Minister of the Environment for assistance to pump sloughs into the Vermilion River because there wasn't enough used. As I say, it was quite a job. But I'm glad the former Minister of the Environment, who is presently the Minister of Hospitals and Medical Care, had a study set to see the possibilities of a water line from Edmonton through the communities to Vegreville.

Here again, when that study was completed, it showed it would cost \$14.5 million, or something. I thought, and so did the minister at that time, that it was a reasonable cost. When this went through it ended up \$27 million, almost twice the cost. Maybe the study didn't show exactly, but I still think some things were probably done that were wrong, particularly when you look at that water line going from Edmonton to Vegreville just like a snake. Somebody didn't like the water line in his front yard, so they drove around his field. When you find that that line is considerably longer than what it should be, when you think how much pressure is needed to put the water through the pipe with all the curves there are, I can see where there is a fault. Maybe the communities should have set an agreement with whoever, but there was no agreement. Some from the department managed it, and now we have the great concern of who is going to pay for the line. The water costs are high. I hope the minister can respond.

What really bothers me most is that the mayor of the town of Vegreville is always writing in the paper that the water is very expensive. Previously it cost them \$2.08 per thousand gallons, and now with water coming from Edmonton it's \$5.91 plus a \$5 a month service charge. I just can't see it. It's the most expensive water on that line, yet distribution should be considerably less because of the population. However, the other communities seem to be happy. I am still glad that water line went through; I think it's a must. With next to no snow this year, I can imagine that the communities would have been on the minister's doorstep continuously asking for assistance to provide water. The thing was that people in Vegreville in particular, and in some of the other communities, despite having very little water, had pasteurized water — that water used to flow through 43 pastures before it reached town.

Insofar as the municipal water and sewage treatment program, I really haven't been involved in it. When the minister mentioned that a program was going in place, I just wonder

whether the minister could advise whether there have been agreements, or is this going to be another Vegreville water line — when it's completed, the costs may be so exorbitant that another problem will be created.

Mr. Chairman, there are more things that probably could be said. I'm quite happy with AGT. I would say that the cost and service is one of best on the North American continent. I sure hope to see extended lines go through some communities where they still don't have extended service.

However I would ask if the minister would reply to some of those questions anyway. Thank you, Mr. Chairman.

MR. NOTLEY: Mr. Chairman, on a point of order. One has to be chivalrous. I just read the unofficial transcript. I wasn't quite sure how we could have gotten into this situation, but in reading the transcript and looking at the document I tabled, I understand how it happened. I do apologize, through the committee, to the House. The document reads. Application to the National Energy Board to Export Power, and the attachment was the working paper. I see that I said "three copies of the NEB application from the city". In actual fact it wasn't the application to the NEB but was a document called Application to the National Energy Board to Export Power. That's the reason for the misunderstanding. I regret that I confused the minister; I always hate to do that. I certainly regret it if I misled the Legislature in any way.

MR. JOHNSTON: We accept it.

MR. LYSONS: Mr. Chairman, I too would like to address a few positive statements to the minister regarding his budget. I have to say that the Member for Vegreville said most of the things I would have liked to compliment the minister on, from the response I've had from my constituents regarding the natural gas rebate for senior citizens and the overall natural gas rebate in particular.

I would also like to thank him very much for the Electric Energy Marketing Agency and the way it's being handled. I've had ever so many complimentary expressions about that. As well, the new policy regarding the REAs: I'm sure farmers are delighted with the fact that they can now do things they couldn't do before.

One thing we do have a problem with, though, is the battle Edmonton city is launching with AGT. The way city council is now behaving reminds me of this little story. I'd just like to read it: it won't take but a minute. Two drunks registered at a hotel and asked for twin beds. However, in the darkness they both got into the same bed. "Hey," yelled the first drunk, "they gypped me; there's another man in my bed". "There's a guy in my bed too," called the second. "Let's throw them out." called back the first. A terrific wrestling match ensued, and finally one drunk went sailing out of the bed. The drunk on the floor called, "How did you make out?" "I threw my guy out," the bedded drunk replied, "how about you?" "He threw me out." "That makes us even; get into bed with me."

That sounds sort of like the game that's being played in city council with this telephone dispute. How those people can think they're scoring great points on us by seeing us lose money as a province, when it's really all the same people . . .

Mr. Chairman, I'd also like to say to the members how much I appreciated the trip to the Slave River with the minister and other members. The Slave River would be — if I can give you some example. If you went from the southern boundary of Alberta to here in the Legislature, and you added up all the water courses from here south — if you added all that together and probably triple it, you'd get something of the size the Slave

River. It's a tremendous river, and it has miles and miles of rapids. I sincerely believe that now would be, and should be, the time that we take a look at building there. We need the construction jobs. You would have a run-of-the-river type power project, which we lack in Alberta.

I am in no way suggesting that it would be economically feasible to build the power line at this time, but certainly if we can expedite the structure and the dam and the facilities, I'm sure it will be money in the bank, a good investment for us. We have to realize that electrical power from coal is very costly and sort of dirty. When you have a renewable resource like waterpower, where you can use run-of-the-river without damming up large portions of river valley, I think we should really take a serious look at it.

The other thing I'd like to point out about this trip is that contrary to some of the letters that were written to newspapers about the minister and his trip up there, from my point of view there was only one group that seemed to be opposing the dam. From what I could gather, they were new residents to the area. I would almost suspect, as is so often the case in this country of ours, that they were people financed by governments, particularly the federal government. I think Canada is the only country in the world that funds people to go out and harass the government. I believe it was these same sorts of people doing it. There were letters to the editor written by some of these people. But the man on the street, the people we talked to generally, were very impressed with the minister and what he had told them. I would just like to thank the minister again for allowing us to go up and have a look at it first hand, meet the people that were there, and sort of enjoy some new country.

Thank you very much, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The score of the game is now 7 to 2, with about 10 minutes left.

MR. ALEXANDER: At the beginning, I wanted to ask two or three fairly simple questions and, I guess, have been tempted off that track by the interesting and, I think, important observations by the hon. Leader of the Opposition. I say "important" because many of the points he allegedly made — if I might say that — are in fact broadly shared in Canada, although I don't find much of a following for them in Alberta. I think he has raised two or three questions highly relevant to this minister's portfolio, so I'd like to take just a minute and offer the alternate viewpoint, if you like, a viewpoint which I think is based on reality rather than on unreality or Utopian expectations, I suppose.

The first one has to do with the concept of privatization. It is frequently said, Mr. Chairman, that a Crown corporation or an asset purchased by government is an asset which we all own. I suggest to hon. members that you own nothing, absolutely nothing. You may own the right, through your tax bill, to pick up any deficits that the Crown corporations or government agencies may accrue on your behalf, but that's not my idea of ownership. It certainly is not anyone's consistent, defensible, real definition of private property; thus the sense of ownership is missing. For example, you are not able to sell your share of Petro-Canada, let's say, because I'd dearly love to sell you mine. As a matter of fact, I'll give it to you if you'll take the obligation off my hands at the same time, and I make the offer to the hon. member who raised the issue. The same applies to many of our Crown corporations and so-called public monopolies and so on.

What in fact we own is the debt accumulated. We do not own any proceeds, retained earnings, or whatever. There is no sense of ownership. There is no access to them. You can't

dispose of them, you can't take them to the bank and use them as collateral, you can't sell them, and therefore you do not own them.

I just wanted to put that on the record and make it clear that if there is a debate — and that's what the hon. member suggested — then as far as I'm concerned the debate has to take place on those kinds of grounds, at least as it relates to the matter of what we own, whether the monopoly is public or private and whatever service it may be providing.

The other thing that's been raised is the matter of public ownership as a category, not raising the question of who owns it. The member raised the matter of public and private monopolies. I guess the difficulty with monopolies is that they tend to be very large in size and capital intensive, and thus the scope is very often beyond the range of private capital — I say very often, not always. Capital intensity requires a consistent, steady, and fairly substantial diversion of savings into investment. That happens in either case. Where do the savings get diverted to, and how?

In the case of public utilities, the savings are diverted through either debt or taxes. In the case of a private utility, the savings are diverted through either debt or equity. The question then becomes one of choice. I suppose the bottom line is which you prefer, which is the most productive, which is the most economically viable, and which in fact maintains success over the long term in terms of 'financability' — taxes or equity. For those of us who believe in the private market, we choose equity. I think it's as simple as that. In the capital markets, utilities use debt extensively. By and large, the rates of return are dictated by interest rates. That applies whether it's private or public. Rates of return are most frequently determined by such boards as the Public Utilities Board or any other body which mediates the rate of return, whether the rate of return is on public or private investment.

Incidentally, there is always a rate of return, whether it's public or private. Members might care to examine the recent AGT annual report. The difficulty of rates of return, as I see it in the mind of the member, has to do with how much profit flows to the bottom line. He describes that as allowable by the PUB, a phenomenon allowed to private utilities and not to public utilities. In fact there are retained earnings in almost every utility. Those retained earnings had to come from the consumer. Thus if there are retained earnings, or equity, presumably some consumer somewhere has been exploited if one uses the Spirit River-Fairview alternate formula B.

It's inescapable that investment, whether in a public or private utility, has to maintain its integrity in the face of inflation. There's no choice. If it doesn't do that, the nation's capital base simply erodes. For those of us who are conservative, taxes are a very unproductive way of trying to produce a cost-effective utility performance. We think the equity way of doing it is a more accurate measurement of what's really going on in the market.

Mr. Chairman, to the minister and to members of the House: it's my view that in a world that is clearly drowning in debt — that's not a disputable fact; we can't disagree about that; it's simply a statistic. We have just discovered that Canada is among the worst of the world's debtors in many, many ways. Large utilities are among the largest users of debt, in both Canada and other places. It seems clear to me that the more we can do to transfer the debt side to the equity side in the utility business, the greater favour we're going to do a debt-overloaded world and a debt-overloaded country. Thus, in my submission, equity is a very valuable component in terms of the utility business or any other business. Simply speaking, it's the bottom line of the difference between public and private

ownership. In my view, there's no case to be made for public ownership, particularly in these kinds of circumstances.

Having said that, I must hasten to add that it strikes me as being quite clear that the way utilities are run in Canada, the difference between public and private utilities in terms of the service delivered is really very little. I agree with that. I think many Canadian utilities deliver a very high quality of service, whether they're publicly or privately owned. But to me, the argument over how the capital is formed, how it is disposed, and what the balance sheet looks like, is clearly in favour of private ownership. I don't think we should spend very much more time in terms of that argument.

I want to get a couple of other points on the book as far as this portfolio is concerned, particularly as far as AGT is concerned. I'd like to refer to the AGT/ET dispute and ask the minister about some of the elements of Milvain, the current status, and what he might foresee. In the Alternate Appendix B formula, the agreement, the negotiations that are now in place, it seems to me that from the beginning it was clear there had to be some procedure for settling who owes how much to whom. Could the minister tell us whether the parties to the negotiation have sat down and decided how to work out appendix formula B without the PUB or the experts, and is a solution viable and possible by agreement, as has been talked about in the last couple of days? In other words, can we agree between ourselves as governments on alternate appendix formula B and what the number would be that AGT would pay to ET, or will it in fact have to go to some independent arbitrator?

As the minister is aware, Mr. Chairman, since the very beginning in this discussion I have been concerned that the mayor and some members of council have rejected the PUB as an independent arbiter. They have clearly said — it's more than just allegations — that the PUB is an arm of the provincial government and has a vested interest in one side of the dispute. I have said, and I repeat, that I think that argument is irresponsible. As a quasi-judicial body, set up by this government to determine such matters on an objective basis, in the course of my investigations of this matter I find absolutely nothing on which such a judgment could be based, particularly having to do with the city of Edmonton.

I would like the minister to tell the House where we are, if anywhere, in terms of city council's acceptance or rejection of the PUB as an arbiter. Is he prepared to defend the integrity of the PUB as the proper body, which was clearly suggested and defended by Justice Milvain in his report?

Finally, in terms of the Act I have also been worried since the beginning, unhappily I might say, because the city is presently in violation of the Act, which prohibits the sharing of toll revenue with the city of Edmonton. The computer interrupt and the diversion of revenues from long-distance tolls away from the Alberta Government Telephones system has, in my view, been a clear violation of what is stated in a provincial Act. Perhaps the minister could tell us whether he in fact agrees with that. If so, are representations being made to the city of Edmonton to cease their violation of the Act?

[Mr. Appleby in the Chair]

Having said what I said at the beginning, I now arrive at the fourth point, and that is Milvain's final recommendation that the two utilities form a new company and privatize it. Would the minister offer a view as to whether we can unilaterally proceed with privatization with or without Edmonton Telephones at their choice? Would it interfere with the procedure of privatization because they did not agree? Can we go on our own? I suggest that's the best solution for us, for reasons

other than those already indicated, some of which are as follows.

As the annual report of the company shows, and as hon. members know, and as a great many of our constituents frequently remind us, some of the subsidiaries of Alberta Government Telephones are very tough competitors for private-sector operators. Altel Data is highly successful; NovAtel is moving in a highly complex high-tech market, also successfully. Others are having a great deal of difficulty competing against these well-financed, if I might say, very muscular companies. It raises the problem of fairness. It is always difficult to compete against one's own government, particularly because one's own government has a bottomless pit as far as its funds are concerned and doesn't have to deal with the same constraints of the marketplace.

On another front we have frequently said in this House that one of the things we must do to diversify the economy of Alberta is to enable the private sector to compete successfully in high technology. Everybody knows that high tech is desirable because it's clean, there are no smokestacks, it employs people and produces products which presumably will help to keep this government in the 20th century. Mr. Chairman, it's difficult for private-sector companies to do that when they're up against competitors like Altel Data and NovAtel and others. I suggest that because they're in a capital-intensive area, considerable investment required, very, very complex market development, management of financial resources — all these things require a combination of capital, labour, management, ingenuity, a high degree of currency, and a lot of luck. But when you offset all those requirements with the element of competition against a successful Crown corporation, the odds are very long that you're able to succeed.

I note that the minister was quoted in the press today as saying there's no way he would shut down those subsidiaries, with which I fully agree. There's no way they could be shut down, nor should they be. But I think the problem may well be on its way to solution if we could privatize the whole works and then not have to face this criticism that we are in fact competing against the private sector in a way which cannot be fair. I don't mean to paint the minister into a corner here, but I would like to hear his observations on that matter. There's a very unfair transfer of competitive advantage going on here, and I hope we can sometime bring it to an end.

I'll end here with the comment raised by the hon. Leader of the Opposition in the very beginning, the advantages of social ownership. It strikes me that if we were to follow this recommendation of Milvain, we may finally come to the end of this 65-year running battle between these two utilities over various jurisdictional and revenue disputes. It has never been clear to me, I guess, that this particular kind of dispute is advantageous because it's in the public domain. If we could get rid of this dispute between two different levels of government, it's my suggestion that the public interest would be equally well served or better served than maintaining or taking public other utilities.

So I would like to get it out of the public sector. I don't think it belongs there. I don't think it's soluble there. It has shown itself to be an intractable problem which could be solved if we'd follow the Milvain formula.

Mr. Chairman, I'd like to close by simply remarking on the AGT annual report, particularly one element in it. As I read it this year. I wanted to compliment the management of the company on its cost control and productivity improvement. That was emphasized to the staff at the beginning of the year, and I think the company has done a first-class job of doing more with less, which is another characteristic that private-sector

companies usually show. I think it's very encouraging to see that AGT was able to do that. So I want to compliment the management, from the technicians all the way up to the top, where resides that venerable golf player and old friend of mine, Mr. Hobbs.

Thank you very much.

MRS. EMBURY: Mr. Chairman, I'd like to say that I heartily endorse the comments made by the Member for Edmonton Whitemud, although on the ending note of his comments I think I have one slight disagreement with him. Although it was very pleasant to read the attractive annual report of Alberta Government Telephones, I don't know if it struck other members as it did me that it was so colourful and attractive this year. You'll see that so many other companies have produced annual reports that are of a little more austere nature. So I'm quite surprised that the member didn't comment on that, that they probably could have done just a little bit more cost cutting in producing that annual report. However, I suppose it might be viewed as being worthy if more people read it.

While there are many topics I would like to make comments on, since I am a member of the caucus committee on utilities — it's a particular committee that I'm enjoying very much, as it's a chance for an urban member to learn a lot about some of the major concerns in the rural area. But tonight I would just like to ask the minister pretty well one question. It's in regard to the fact that the city of Calgary recognized the need to control the phosphorous discharge into the Bow River and special equipment has been installed at the two sewer treatment plants, at Bonnybrook and Fish Creek. I understand that the other process and plant modifications associated with phosphorous control, such as sludge handling and disposal, are still under construction at the two plants. I would ask the minister how much financial assistance the province has provided to this present time. Will the city of Calgary be receiving further funding for this ongoing project?

Thank you very much.

MR. MUSGROVE: Mr. Chairman, as a member of the utilities caucus committee, I have to commend the minister on how hard he works with the problems he is faced with today. I certainly would have to say that in my opinion he is doing a terrific job in the way he handles his portfolio.

Mr. Chairman, in the Bow Valley constituency one of the benefits in recent years has been the primary agricultural producers rebate. I got numerous letters during the winter from people that were receiving the primary agricultural producers rebate, particularly in the use of natural gas for pumping irrigation water. However, that is not the only benefit of that program in Bow Valley. As in all Alberta, before this program came into effect the greenhouses were having some very serious problems trying to compete with greenhouses in other climates. This has put them on a basis where they are now able to compete with the southern climates, to produce small vegetables, tomatoes, et cetera, in Alberta. It's certainly a benefit to the people in grain drying and heating of hog and chicken barns.

I would also like to say a few words about the REA master agreement, which certainly is quite exciting to the people in rural Alberta. The one part of it I see as being the most beneficial is that the REAs have the option to provide all farm services, including single-phase and three-phase customers. There are getting to be considerably more three-phase power customers in rural Alberta, at a cost that until now was completely paid by themselves. Also, in those cases, they couldn't be a customer of the REA but had to become a customer of the utility company. The real benefit to those people is that they will be able

to take part in the funding program that is available to REAs at quite a minimum interest rate.

Another thing that is going to be quite exciting is that the deposit reserve funds can be administered by the REAs. Presently the deposit reserve fund is administered by the power company, and I feel the REAs are probably as good administrators as the power company.

The REAs will be given the right to hire their own contractors for original- and re-construction of their own distribution systems. Formerly, the contractors were hired by the power company or, quite often, belonged to the power company. The cost of repairs was quite exorbitant, particularly in places like Bow Valley, where quite often the contractor was hired out of Calgary. When they came they were paid an hourly rate. While they were there they were paid subsistence at a rate that was established by the power company. Under the new program, the REAs will be allowed to tender their construction if it's a major job, and certainly that should be a benefit.

One of the questions that came up at the recent meeting with the REAs was, will this be optional? Mr. Minister, I wasn't clear on whether or not the power companies, if they didn't feel they wanted to hire their own contractor for reconstruction or building new distribution lines, would be able to use the power company's contractor. In some places, the REAs were concerned that there might not be a contractor available in their area.

Again, Mr. Chairman, I would like to congratulate the minister on a good budget and a good program. Thank you very much.

MR. MARTIN: Mr. Chairman, I'd like to take a couple of minutes. I won't go into the whole area, but I think the minister would be disappointed if I didn't come back and talk just a little about Edmonton Telephones and AGT. Being an Edmonton MLA, I know he'd be disappointed if I didn't. At this point I'd like to go through what I see happening. If I'm wrong in any way, I'm sure the minister will certainly correct me in his closing remarks.

I think part of the frustration that people feel in the Edmonton area is that it has been an ongoing issue. I suppose some people would exaggerate and say it's been going on for 50 years. But it is an issue that has been raised a number of times. I recall reading some information about an issue of the Social Credit government. In 1970, I believe, the official opposition — I think the Provincial Treasurer might have been there at that time — was talking about the issue, basically on the Edmonton side. It had to do with the new annexation. But for many years I suppose it's been a sort of ongoing sore, if you like, between the provincial government and the city government.

Running in the '82 election, one of the things I was aware of was that it was an election issue. All candidates were asked where they stood on the particular issue. I'm sure the minister is quite aware. Going back to refresh my memory and looking at the press clippings of the day, I noticed that the old pros, like the hon. Provincial Treasurer sitting across there, said they'd wait for committee stage. Knowing what was going on, they didn't make a commitment one way or the other, which, I suggest, is smart politics. The newcomers, though — it's rather interesting. It says here that Edmonton Belmont PC candidate Walter Szwender said Edmonton Telephones should receive its fair share of the profits for calls originating in the city. Another fellow, by the name of Tony Falcone, PC, Edmonton Norwood, also pledged to back the city's position. Anyhow, it was an issue in the city, and they made it an issue at the time. We were asked as candidates to take a stand, looking at the figures.

The other day in question period, when I asked the minister specifically about the losses that AGT is taking and basically whether or not this was coming to an end, the minister said something about principles. I'm sure the minister would recognize that principles are thought of on the other side too. If you watch city council — Mr. Leger, Mr. Decore — they're also talking about principles. I suppose it's a matter of finding out, among both groups' principles, what is fairness and what is equality.

I look at it and try to understand this as much as I can. But I don't believe the city received anything on long-distance calls up to 1979. In 1979, I believe, there was an agreement for some of the costs. Then the city started to receive something for their costs. But the previous figures were that AGT got a little over \$76 million and Ed Tel \$3 million. I say this frankly to the minister: I don't think that most people, at least in Edmonton, consider that particularly fair. Maybe that's where the principles break down. The minister said to me that it's not just figures, it's principles. Ultimately I think it has to do with taxpayers' dollars, AGT profits, long-distance calls, and with the services that both levels of government can provide. So it has to do very much with figures and money.

The other day, when the minister tried to reverse question period and asked me questions, which is quite unusual — maybe I was getting prepared for his job; I don't know — he asked about Milvain. Of course, I shouted out "Milvain". He knew what I meant. I meant Appendix B. Admittedly, they were talking about privatization. But in terms of Appendix B, they said there should be some figures worked out ahead of time, before the privatization occurred, if the governments followed their recommendations. If my memory is correct, it looks as though the city of Edmonton could receive anywhere from \$18 million to \$21 million. As I understand the city's position, Mr. Chairman, those sorts of figures would be acceptable to the city. When I look at that, the bulk of the money would still be going to AGT. To me — maybe I'm wrong in my principles — that seems relatively fair. I look at the position that the city acknowledges, that they recognize they have a very important principle of cross-subsidization — I think we in this House would all agree — because we have to pay for the less profitable rural ones. I think that's an important principle. It seems to me that the city is saying that, at least in their opinion, that is inherent in the Alternate Appendix B formula. So I guess it's a difference of opinion. But I would still come back to the figures. Whether it is or isn't, it seems to me that \$18 million to \$21 million is still a reasonable amount of money to be looking at.

The point I would make, though, is that the hon. Member for Calgary North West was saying she was a little dismayed that AGT lost money. Let me say here, and let it be clear for the record, that I think Alberta Government Telephones is an excellent telephone system. One of the reasons it is, frankly, is that we are providing services in the rural areas that they don't in other provinces. I can give you an example of a private telephone system in the next province, B.C. Tel. They make their money precisely because they don't provide the rural services. It's easy to make money off the cities. I remember being in Quesnel not that long ago, in the middle of a small city of about 10,000, and they were still on party lines there — they may have changed it now. They weren't providing the services. So one of the ways you can cut back in terms of your losses or small profits is to cut back on services to rural areas. I don't think that's what people in Alberta want. I suggest that's not what they want. As a result, AGT is doing a good job. I've said for many years that I think they are doing a good job.

I think Edmonton city council has accepted cross-subsidization; I think we in the Legislature accept that. But the other

point I would make — and maybe the minister would comment on this. If it goes to court, I understand that there is a precedent, and it had to do with the Prince Rupert case. Based on that, I think Edmonton's case might be fairly strong in the courts. Maybe the minister thinks otherwise, but I would like his comments on that, because there is a precedent.

When I look at other cities that are similar, there aren't many cities that own their own telephone systems. But remember, Edmonton has had this. My understanding is it was even ahead of AGT. Even in Thunder Bay, if we look at that — if AGT were willing to share revenue with Edmonton Telephones in the same manner that Bell Canada, a private company, shares with the city of Thunder Bay, the net revenues to Alberta would be approximately \$9 million more. They have their own city system in Thunder Bay, and they are of course co-ordinating with Bell. So they are doing much better there than Edmonton Telephones is.

The other point I would make, I am told — and I have no way of knowing this. It's a question to the minister, and this may be some of the problem. I am told that Bell has a better deal with Telecom Canada than AGT in terms of the amount of dollars. I'm not sure of that. That's a question to the minister: I would like confirmation if that's true or not. Following up on that, if that is the case, what is the minister doing about that? Because we should be going after them.

The other thing I would like to see. At this point I think Edmontonians, Albertans generally, are probably tired of the whole thing. Maybe the minister is too, but that's what I'm feeling. Mr. Minister, when I go around at least in Edmonton, I believe most people support the city for at least some more revenue. That doesn't mean they necessarily like the rhetoric on both sides, but I think they believe that the city of Edmonton needs much more money than they have. For that reason, they support city council. At least I firmly believe this from the majority of the people I've talked to.

I saw something encouraging tonight — and this is my other question to the minister. I saw Mayor Decore on television. He was very optimistic, he was smiling, and he said he was very happy. As far as the mayor was concerned, the negotiations were going along well. There wasn't an agreement yet, but he was optimistic. He said that very clearly on television. Maybe some of you saw that. I guess my question is, is the minister as optimistic that things are going well and sharing the same optimism as the mayor? I am hoping the answer to that is yes. I'm certainly not asking specifically where you are with negotiations, but when half of the people in the dispute say they're optimistic. I'm hoping the other side is optimistic also.

Just in conclusion, I want to be clear, so I'm not associated particularly with the hon. Member for Edmonton Whitemud. When the minister was shouting across about Milvain, I was talking specifically about money. I do not believe in privatization of Edmonton Telephones, because I don't believe there's competition there. I think Alberta Government Telephones, as I heard many members say here today, has served people in Alberta well. I believe we have one of the best telephone systems in the world right here in this province. We're providing good services, and it has worked very well for many, many years. Just for the sake of ideology, because the code word is now "privatization" — I think we as a government should be much more pragmatic. If a service is working well, then I think we should keep it. I want to be clear where we stand on that issue. I know the hon. minister knows where I stand on that issue.

If people want to look at privatization, and if they have to make that profit, it seems clear to me that they're going to be

making a good profit in the cities of Calgary, Edmonton, and Lethbridge, the major centres. But I'm sure the minister will confirm that the costly part of a telephone system is in the rural areas, if you want to provide services there. Privatization would inevitably lead to some sorts of cuts there, if they want to make a good profit. If they want to turn that around, I believe AGT runs as well and is as lean and tough as any other company. They have been over the years. Up until the recession, they usually made a small profit almost every year, if I'm correct. They could have made bigger profits if they didn't provide the services. But they provide the services in rural areas, and rightfully so.

So I hope we don't get carried away with the code word "privatization", which makes them get all excited and sort of froth at the mouth and everything. If a service is working well, I would suggest: leave it. I don't think the minister is going to go ahead without Ed Tel anyhow, because Ed Tel would be too much of a profitable part. I do not believe there is anybody in the private sector that would want AGT without one of the major cities in it. I expect that maybe city council has that to stop privatization anyhow.

With those few scintillating remarks, Mr. Chairman, I will leave that with the minister.

MR. ALEXANDER: Mr. Chairman, I wonder if I could just add a supplementary here. Obviously there has been a substantial misunderstanding. I would like the minister to be clear about what I think I said, as opposed to what the hon. Member for Edmonton Norwood just represented me as saying.

MR. MARTIN: No, I just said I didn't want to be on your side.

MR. ALEXANDER: I realize what you said. That was clear from the beginning. I don't think there's any doubt about it. But what I said had absolutely nothing to do with ideology. Neither I nor, I think, any other members or the minister is frothing at the mouth about privatization.

It was also raised by the hon. member from Calgary that I had perhaps gone a little too far in my attempt to be upbeat at the end about AGT. In fact, I did that. Due to the comments just made here, I just want to reiterate that AGT as a utility standing alone has a rather different problem than AGT married up with its subsidiaries like Altel Data and the others. There is no doubt that the utility just providing telephone service is less profitable than the utility married up with its subsidiaries, which are more profitable.

The point is, however, that the situation doesn't change, as far as I'm concerned, in terms of the merits of privatization. I don't believe Edmonton Telephones is necessarily the key. It may well be that the impact of privatization would be much more severe on Edmonton Telephones than it would be on AGT. If AGT, standing alone as a telephone utility without its subsidiaries, is not a marketable entity, then perhaps the minister should address that too.

That problem has been addressed extensively in the U.S. with the breakup of AT&T. The U.S. is now in the process of rationalizing its system in terms of transferring true costs. One of my arguments in favour of privatization and against public ownership is that the true cost is never really known, very seldom accurately measured and, when it's negative, is always transferred to the tax base. It's therefore an inefficient allocation of capital and poor market discipline. Those are the reasons, and they don't have very much to do with ideology. They have to do with finance, viability, and better economics. Perhaps

the minister might want to talk about those supplementary matters as well in his concluding remarks.

MR. THOMPSON: Mr. Chairman, I'd like to make a couple of remarks on this Edmonton Tel/AGT controversy. I would like to commend the minister on how skillfully he has avoided, up to this time at least, polarization of this issue. I don't care which side of the House you're on, if this issue becomes polarized — the city of Edmonton versus the province of Alberta — no one is going to win on this thing. So I really want to commend the minister in his ability up to now to keep this thing from getting polarized.

Thank you, Mr. Chairman.

MR. BOGLE: Mr. Chairman, I'll attempt to respond briefly to the various points raised by the various members. The Leader of the Opposition, the Member for Spirit River-Fairview, made reference to a change in the government's position relative to the first recommendation of Milvain. I just want to state for the record that, as all members are aware, that was something contained in a letter I sent to the mayor following our full caucus meeting in late February. So the position of the government had in fact changed. While we still saw that as a very viable alternative, there was a recognition that the city council was not interested in discussing as one of the recommendations of the committee, a merger of the two systems and the creation of a new company with sale of shares to the public. So that in fact has now been our position for more than three months.

The question of the Rural Electrification Associations was raised by a number of members in the House. It's a very important issue to many of us across this province. I look forward to the debate that occurs on second reading of the Bill that was introduced on Monday of this week, so that we can further solicit input from various members in the House.

Again, without debating the merits of public versus private utility companies, I would only like to caution the hon. Leader of the Opposition in the enthusiasm he showed for the advantages of public institutions versus private, free-enterprise institutions when he made reference to the profit motivation that can occur. It's very important that our utility companies not lose sight of long-range objectives. If the short-range objective is to hold down the rates artificially, then surely we will find the same occurrence in other jurisdictions as has occurred in Manitoba, where Manitoba Hydro artificially held down the cost of power to customers within that province. The end result today is that the company is in a lot of trouble and, as a result, the credit rating of a Crown corporation that should be one of the brightest stars of that government has dropped from AA to A. That's a concern we should all have. And while I'm not one to stand on a podium or on a soapbox and comment on the virtues of all utility companies, I think it's important that we give credit where credit is due. Recently a very prestigious national business organization rated the 10 top companies in Canada in terms of their management skills and abilities. I'm pleased there were two Alberta companies on that list, one of which was TransAlta Utilities. That's something I think we can be proud of as Albertans.

The Slave River hydro project and the export of power to other provinces is an ongoing issue. We'll certainly be back discussing that in more detail. As I've outlined on a number of occasions, the position of our government with regard to Slave River is very clearly the opportunity that's been made available to the companies participating in that project and also to the owners of both the coal-fired plants that are under con-

struction at the present time, Genesee and Sheerness, looking at the export of surplus power.

I would like to acknowledge the admission made by the hon. member today. I can see how the mistake occurred, because clearly the title of the document tabled in the House this afternoon was, Application to the National Energy Board to Export Power. When looking at the document in more detail, hon. members will note that it is in fact a recommendation by Edmonton Power to the city of Edmonton for its participation in a tripartite agreement with the other two utility companies. Attached to that is a document which is unsigned and undated, and that of course has been filed with the hon. member.

Questions were raised by the member on Dunvegan as well as Slave River in terms of timing. The hon. member will recall that last year we completed the last of our studies on the Dunvegan site. That information is now public, and it's very easy for anyone, whether a layperson or a professional person, to ascertain the advantages, the cost-efficiency, and what's necessary to make Dunvegan a viable project.

The hon. Member for Vegreville made reference to both the natural gas price protection plan and the senior citizens' rebate programs, and I've certainly appreciated those comments. With regard to the remote area heating allowance, a specific question with regard to senior citizens was raised by the hon. member. Very clearly they are some of the most important recipients of support under the program. While it's necessary to make an application on a yearly basis, clearly the senior citizens, as well as other individuals with special needs and circumstances, are given first consideration. We encourage the gas co-ops to do that when they review the applications. The appeal committee, which acts as a final referee, has also been asked to do just that.

Again the hon. member raised some questions about the REA program. I certainly look forward to his participation as we debate the legislation which has been presented.

The Vegreville regional water line is a matter of ongoing importance. I would like to indicate to the hon. member that in determining the cost of water to the various communities served by the Vegreville water board, we must first consider the charge that the city of Edmonton makes, which is 99 cents per 1,000 gallons. There is then the transportation cost of 55 cents per 1,000 gallons charged by the Northeast Water Board and the cost of \$1.26 per 1,000 gallons which the Vegreville water board itself assesses its members. Therefore the total cost to bring water to the gate of each of the municipalities served by the Vegreville water board is \$2.80 per 1,000 gallons.

It's interesting to note, then, that when you're looking at average consumption, and we use a figure of 7,200 per month, the cost of getting water to the town gate — whether you're in Bruderheim, Lamont, Chipman, Mundare, or Vegreville — is \$20.16. When you look at the actual customer bills in the various communities, they range from a low of \$18.80 in Bruderheim, where the water rates are actually subsidized, to Lamont at \$36.00, Chipman at \$49.00, Mundare at \$39.90, and Vegreville, at the high end, with a charge of \$53.31. So, very clearly, all the communities obtain water at the same price, \$20.16; all deal with the matter differently. One community subsidizes the rate; the other communities add an extra charge for a variety of reasons.

[Mr. Purdy in the Chair]

Mr. Chairman, it's also important that I outline to the hon. member that we have not yet finalized the agreement with the Vegreville water board as to the capital costs of the program. As the hon. member is aware, the total cost of that project was

just over \$21 million. If we're using the normal 90/10 formula that was in place at the time, obviously there would be an expenditure of approximately \$2 million on the part of the various municipalities, the remaining portion being picked up by the government as its share.

The hon. Member for Vermilion-Viking made some comments about the Electric Energy Marketing Agency and the fact that that's appreciated in his area, and also about Slave River. One of the important aspects, in my view, was the opportunity by a number of members of the Assembly to in fact visit that project this past summer.

The Member for Edmonton Whitemud got into the Alberta Government Telephones/Edmonton Telephones question in a very extensive way. While at this time I don't feel comfortable getting into the detail of discussions that are now taking place. I think it's fair to say that dealing with the principles, which appear to be acceptable to both sides — principles based on fairness and equity, principles based on the fact that Edmonton is entitled to a greater share of toll revenue, and that there is an obligation on the part of Edmonton to pick up a portion of the costs for the rural areas that are not self-supporting — we are approaching the issue as four individuals in a slightly different way. I am not going to speculate on where those discussions will take us, but I would certainly say that as long as there's a reasonable chance of success, obviously the preferred course of action is the negotiated route. The question re the violation of the present Act is a very legitimate one. It has been raised and, as the hon. member is aware, there are a variety of court cases at various stages — either actions or counter-actions by one party or the other. So that's all taking place.

The basic question: do we need Edmonton Telephones in order to have a privatized AGT? I was interested in the hon. Member for Edmonton Norwood's reaction to that. My view is no, it would make a more desirable approach, but it is not a prerequisite to considering whether or not AGT as a Crown corporation should be privatized. I think that's a matter that can stand on its own in terms of how we as a government deal with it.

I think the hon. Member for Calgary North West raised an excellent point when she made reference to the glossy cover on the AGT annual report — not only the glossy cover but the very colourful report itself. I will certainly commit to the hon. member that I'll discuss this matter with the chairman of the board and the commission members, because in these particular times when we're seeing rather plain reports from most corporations, I think the Crown corporation AGT — while they're doing a very good job in many areas, this is an example where I think a bit of discretion would have been appropriate.

With regard to the phosphorus removal program, that was a special, unique, one-time program entered into between the Department of the Environment and the city of Calgary to assist the city in upgrading a couple of its sewage treatment plants. The province's commitment is for approximately half the total dollars. To date we've invested about \$17 million. There's \$1 million in this year's budget. We think there may be another couple of hundred thousand dollars required the following year. That will complete the program: that will end the program as an actual program of government.

The hon. Member for Bow Valley also raised his feelings about the natural gas price protection plan, and I appreciate those on behalf of his constituents. As well the rural electrification program was raised, and a very important question was asked by the member: if an REA chooses not to hire its own contractor, can they continue to use the company contractors? That's under the proposed changes to the master agreement. Obviously the answer to that is yes. None of the moves we're

making with regard to the REAs was intended to be dictatorial — that REAs must administer their own deposit reserve accounts, that they must hire their own contractors. These are optional. What we really want to ensure is that the authority, the ability, rests with the REA board; that they make the decision whether the work is to be done by themselves, contracted by themselves, or continued to be done by the company.

The hon. Member for Edmonton Norwood raised some concerns about AGT and Edmonton Telephones. I can't read my notes. [interjections] I think it relates to the report made, and going back to the last election and the position of Edmonton members on the government side. As I recall, a commitment was made by my predecessor, by members of the Edmonton government caucus committee, and by the entire government caucus that we wanted a fair and equitable settlement of the issue. To achieve that, a commitment was made that a committee would be struck. When I became minister, I worked very hard with then mayor Cec Purves, first of all to come together on a set of terms of reference and, secondly, to select five Albertans to do just that. The city nominated one member, we nominated one, and there were three joint nominees. The committee came in with a unanimously approved set of recommendations. I might mention that not only did this committee recommend merging the two systems into one and selling shares to the public, but the idea of merging the two companies into one was not novel to the Milvain committee. It was made by the 1972 committee and other studies that have been done on this issue, as a way to bring the two matters together.

One of the most difficult things we have to wrestle with in trying to understand why the situation between Edmonton Telephones and AGT is unique relates first of all to the fact that the toll building in Edmonton is part of the Alberta Government Telephone system. A call made from this building, from the hon. member's home, or from any business establishment in this city must go through the Alberta Government Telephones building in Edmonton, through Alberta Government Telephones digital equipment, to interconnect, whether it's with Vegreville, Toronto, or Beijing. AGT has about \$140 million worth of investment in this city. So Alberta Government Telephones feels pretty proud of its stake in the city of Edmonton. They're part of Edmonton. That's one of the reasons the matter is not as cut and dried as some might suggest. I think some people believe Edmonton Telephones is a completely integrated, freestanding telephone company that has the ability to make calls outside.

There's another factor that's important to recognize, and I believe the Milvain committee recognized it. When they recommended that consideration be given to the Alternate Appendix B formula, they recognized that Thunder Bay, Ontario, contributes less than one-third of 1 percent of total long-distance revenue to Bell Canada. Prince George, B.C., contributes less than one-half of 1 percent to B.C. Tel's total toll revenue. Edmonton contributes 24 percent of AGT's total long-distance toll. So we're in vastly different leagues. That has to be recognized as a very important point.

The formula used in Telecom Canada — a lot of suggestions have been made that we could in fact obtain more money back. We've invited Edmonton to make a presentation, either as a city or through their subsidiary Edmonton Telephones, to Telecom Canada. We've opened the door so that can be done. Very clearly, if there are more dollars to be had through the Telecom Canada formula, we want to ensure they're obtained for Edmonton and for all of Alberta: that just stands to reason. We've said that even if there's only a one in fifty chance that that's possible, let's take that chance. Let's do it; let's move in that direction.

I'd like to conclude my remarks by thanking my colleague and neighbour, the MLA for Cardston, for his comments, because I think that's very important. It's awfully easy to throw gasoline on a fire. It's awfully easy to walk out and say in a very aggressive way some of the things one might be thinking. But I think it's important that as Albertans and as Edmontonians we recognize that this issue isn't a case of us versus them. It's an interrelated issue, because Edmontonians are also shareholders in Alberta Government Telephones. It's a system that we want to find an adequate solution to, that's fair and just to both parties, and that recognizes those two very fundamental principles I've identified.

While I can't go back and confirm or deny the very optimistic reports attributed to the mayor, I will say, as I have before, that I have reason to believe there is an opportunity to reach a negotiated settlement. As long as there is that opportunity, then that will clearly be our course of action. That's where our energies will be directed, as they are today. With my colleague the Member for Edmonton Whitemud putting forward his best efforts, along with, I would hope, the mayor and the alderman representing the city's point of view, I believe we'll be able to bring this matter to a satisfactory conclusion over the weeks — and it may even be months — ahead.

Thank you.

Agreed to:

1.0.1 — Minister's Office	\$218,965
1.0.2 — Associate Minister -- Telephones	—
1.0.3 — Deputy Minister's Office	\$206,012
1.0.4 — Special Projects Branch	\$136,063
1.0.5 — Assistant Deputy Minister — Gas Utility Division	\$104,893
1.0.6 — Assistant Deputy Minister — Finance and Planning	\$105,728
1.0.7 — Natural Gas Audit Services	\$82,514
1.0.8 — Administrative Support	\$646,407
1.0.9 — Development and Training Branch	\$152,460
1.0.10 — Records Management Branch	\$459,518
Total Vote 1 — Departmental Support Services	\$2,112,560
2.1 — Financial Assistance for Natural Gas Development	\$25,069,000
2.2 — Engineering and Technical Support Services	\$1,962,243
2.3 — Gas Alberta	\$1,768,294
2.4 — Finance and Business Advisory Services	\$793,135
Total Vote 2 — Gas Utility Development	\$29,592,672
Total Vote 3 — Natural Gas Price Protection for Albertans	\$13,373,986
4.1 — Electric Development Services	\$1,110,448
4.2 — Financial Assistance for Electric Development	\$1,835,000

4.3 — Hydroelectric Development	\$4,000,000
Total Vote 4 — Electric Utility Development	\$6,945,448
Total Vote 5 — Communications Development	\$509,092
Total Vote 6 — Financial Assistance for Water and Sewer Projects	\$81,199,594
Total Vote 7 — Electric Energy Marketing	\$52,564,755
Total	\$186,298,107

MR. BOGLE: Mr. Chairman, I move that the votes be reported.

[Motion carried]

MR. KING: Mr. Chairman, there is nothing commendable in devotion to duty if there are no temptations. Devotion to duty is commendable when people are tempted to other things, which has certainly been the case this evening. Before we adjourn, I'd like to commend all the members who, in spite of conflicts with other commitments and temptations, were assiduous in their duty to the House this evening.

I'd like to move that the committee rise, report progress, and beg leave to sit again.

[Motion carried]

[Mr. Deputy Speaker in the Chair]

MR. PURDY: Mr. Speaker, the Committee of Supply has had under consideration the following resolution, reports as follows, and requests leave to sit again:

Resolved that sums not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1985, for the Department of Utilities and Telecommunications: \$2,112,560 for departmental support services, \$29,592,672 for gas utility development, \$13,373,986 for natural gas price protection for Albertans, \$6,945,448 for electrical utility development, \$509,092 for communications development, \$81,199,594 for financial assistance for water and sewer projects, \$52,564,755 for electric energy marketing.

MR. DEPUTY SPEAKER: You've heard the report and a request for leave to sit again. Are you all agreed?

HON. MEMBERS: Agreed.

MR. KING: Mr. Speaker, the business of the House tomorrow morning will be Committee of Supply for consideration of the estimates of the Department of Municipal Affairs.

[At 10:44 p.m., on motion, the House adjourned to Friday at 10:00 a.m.]

