

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Friday, August 22, 1986 10:00 a.m.**

[The House met at 10 a.m.]

**PRAYERS**

[Mr. Speaker in the Chair]

**head: READING AND RECEIVING PETITIONS**

MR. SCHUMACHER: Mr. Speaker, I move that the petition of the board of trustees of the Canadian Native Friendship Centre building for the Board of Trustees of the Edmonton Canadian Native Friendship Centre Building Amendment Act, 1986, be now read and received.

[Motion carried]

**head: TABLING RETURNS AND REPORTS**

MR. RUSSELL: Mr. Speaker, I beg leave to table the annual report of the Westerra institute for 1984-85.

**head: ORAL QUESTION PERIOD****Western Accord**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Premier. I have a ministerial statement from March 28, 1985, a couple of statements I want to make quoting from that, and then ask the question. It has to do with Mr. Zaozirny talking about the Western Accord, and he says:

As our Premier said at that time, we moved Ottawa out of our living room and onto the porch ... I am pleased to be able to report that with the support of our new federal government Ottawa has moved right off the porch ...

The federal government is meeting its commitment of the election campaign: the PGRT is being eliminated. I could go on. It's very laudatory about the federal government.

Seeing as we signed this wonderful accord, Mr. Speaker, my question is: does the Premier now admit that this government's policies over the last year have caused the economic difficulties the province is facing, or is everything the fault of someone somewhere else?

MR. GETTY: He asked two questions there, Mr. Speaker, and the answers are no and no.

MR. MARTIN: Mr. Speaker, to the Premier. No and no. From that answer then the Premier would now admit that the Western Accord we asked for, got, and signed has caused the economic problems we're facing in this country. He said no.

MR. GETTY: Mr. Speaker, he asked if the Western Accord and our policies are the result of the economic difficulties facing the province, and I said no.

MR. MARTIN: A supplementary question then to the Premier. Flowing along that then, the Premier is saying that the Western Accord, which was signed by this government, has been the cause of the great economic revival we've had in this province since that time.

MR. GETTY: Again, Mr. Speaker, if he's trying to draw a black and white line in some way, I don't agree with him. There are a variety of reasons why there are problems facing Alberta. One, of course, is the instability of energy prices on the international scene. The other is problems that our agriculture producers are facing with subsidies from both the European Economic Community and the United States and other factors of oversupply in agricultural products. There are a variety of reasons, and we are working hard to try and help the people of Alberta through this period of time.

MR. MARTIN: Mr. Speaker, a supplementary question to the Premier. It's rather amusing that a year ago the federal government was great, and now they're not so great. A recent economic forecast by the Royal Bank predicts that in 1986-87 Alberta will have the slowest growth rate of any province in Canada. Has this sort of information about investor uncertainty given the government any reason to review its blind commitment to deregulation?

MR. GETTY: Mr. Speaker, there are all kind of forecasts, and whether it's the Royal Bank, a corporation I have some familiarity with, or others, the fact of the matter is that the province of Alberta in two of its vital areas of economic activity — one the field of energy and the other agriculture — is facing some problems brought on by circumstances beyond our borders. Nevertheless, we are working to try and counter those circumstances to help the people of Alberta. We will continue to do that.

MR. TAYLOR: A supplementary, Mr. Speaker, to the Premier. Going back to the energy accord, could he give the reasons now why this government, when given the choice of throwing out either the floor price or the PGRT, chose instead to throw out the floor price and keep the PGRT when they signed the accord?

MR. GETTY: There was no floor price in the NEP, Mr. Speaker.

MR. R. SPEAKER: Mr. Speaker, I have a question to the hon. Premier. I understand the Deputy Prime Minister was in Edmonton yesterday; I'm sure to have conversations relative to the oil and gas industry. Could the Premier indicate whether progress has been made relative to discussions on the PGRT specifically and other matters relative to the items raised by the hon. Leader of the Official Opposition?

MR. GETTY: Mr. Speaker, the Deputy Prime Minister was here to attend a meeting that we've been trying to set up for some period of time. It was a good meeting. We were able to discuss the problems facing Alberta in the agricultural area, some in transportation matters, and others in the energy field. I find the Deputy Prime Minister an

outstanding Albertan, very aware of the problems facing this province, and wanting to work closely with us to see if we can help Albertans with their problems on a co-operative basis. We did have a good discussion on energy matters and agreed very clearly that there was no linkage between the PGRT and Alberta royalties.

MR. STEVENS: A supplementary, Mr. Speaker, to the Premier. At his meeting with the Deputy Prime Minister was the Premier able to take the opportunity to convey to him the deep discussions and consensus he had been able to reach with other Premiers of Canada and express those views to the Deputy Prime Minister?

MR. GETTY: Mr. Speaker, it was one of the things that we did discuss as well, because I wanted the Deputy Prime Minister to know that in his efforts to obtain national assistance for Alberta, some considerable progress had already been made in that regard by the 10 Premiers agreeing that national assistance was necessary. He was very pleased with that, because the federal government obviously has to know that there is support throughout the country for national assistance, and he felt it was a major stride to have the Premiers, particularly the Premiers of Ontario and Quebec, advocating that kind of assistance. He felt very good about that particular matter being accomplished at the Premiers' Conference.

MR. MARTIN: That's nice. Then again, Mr. Speaker, perhaps the separatists won't feel so good.

#### **Tax Reform**

MR. MARTIN: If I may, Mr. Speaker, my question is to the Treasurer. The prospect of a \$5.5 billion deficit has startled many ordinary Albertans, although it didn't seem to phase this government. My question has to do with revenues; what is the policy of the Treasurer on establishment of an all-party task force on tax reform which could report to the Legislature before the 1987 spring session?

MR. JOHNSTON: First of all, Mr. Speaker, with respect to the reference to the amendment to Bill 30 which allows the government to borrow the \$5.5 billion, let me be very clear that that is not an estimate of the deficit, and the hon. leader continues to cross the assumption with the facts. Be very sure that included in that is a very large potential for the requirements of the province between now and the end of '87.

With respect to tax reform, Mr. Speaker, it is again enlightening to see the socialists start to talk about the need to disentangle and correct the tax system of this country. It is a problem which has not been reviewed in any great way since approximately 1971. This government has always urged and underscored the need to have a substantial amount of reform in the tax system to do two things: first of all, to ease the burden on the middle-income and low-income earner in this province, but secondly, to ensure that the rewards are there so that when investment takes place it does have a larger marginal return to the investor and therefore triggers the kind of economic growth which this province has been characterized by.

Of course, it has been this government's policy all along — in fact it has been the model for some time in Canada — to ensure that the average tax rates in this province are low and the disposable income earned by the wage earner

and by others in this province is therefore protected. We have done that in a variety of ways, and the facts are clear. I don't have to echo the fact that Alberta does have the lowest marginal average tax of any province in Canada.

As to the tax reform itself, Mr. Speaker, I do believe there is some merit in this province for following the initiatives laid down by the federal government, one of which has just been criticized by the hon. Member for Edmonton Mill Woods. In fact, would like to see the shape of the tax reform recommendations which Mr. Wilson is suggesting. It would be easy to say that we could simply follow the American precedent, which the conservative government in the United States and Mr. Reagan is now going to implement, and we could in fact take some selective suggestions from those recommendations in terms of shrinking the brackets or reducing some of the tax shelters. I think that would be a commendable recommendation.

But before we decide about the government's position, Mr. Speaker, I think we'd have to see and have an ample opportunity to discuss with the federal government just how fully they intend to embark upon a tax reform. It should be known that as ...

MR. SPEAKER: The Chair appreciates the ability of the minister to foresee some of the eventual supplementaries. Leader of the Opposition.

MR. MARTIN: I thought I asked about a task force, but I'll have to go back and check, Mr. Speaker. I might point out that he talked about rewards. Yes, we have rewards for the rich in this province. Over the last five fiscal years corporations in the province paid only 14 percent of income taxes, while individuals paid 86 percent, and that's gone up since this government. My question: other than the talk, what specifically is the government prepared to do to try to shift the balance back to the corporations, as the Americans are doing now?

MR. JOHNSTON: Mr. Speaker, the member is of course faulty on his analysis as usual with respect to the tax system, and there's no doubt he's never had to deal with the investment side and therefore does not understand how the reward system works. Let me go on to say that there is no doubt that through the initiatives of this government, by putting in place our own corporate income tax, we have been able to target certain objectives which the members opposed have talked about: the need to target certain industries, to stimulate some kinds of economic activity, and to find reasons to stimulate jobs in this province. We have used the tax system to do just that, Mr. Speaker. In particular, we have used the corporate tax system to engender those kinds of rewards to the private sector, the risk-takers who very seldom support that party.

To go on, Mr. Speaker, let me say that if you start to tax the corporations at too high a marginal rate, those tax costs are of course passed on to the consumer in one way or another. I think it's a bit of a myth to suggest that there is an unloading of taxes onto the individuals in this province, because as I've already stated, the personal tax rate in this province is the lowest in Canada, if not in North America. The fact that there is no sales tax and a variety of other marginal taxes does one particular thing: it protects the disposable income or the after-tax income of the citizen of this province. All Albertans and all Canadians are aware of it. They would like to be here, and they'll be here soon with their investment dollars.

MR. MARTIN: Our version of Robin Hood: rob from the poor and give to the rich. He talked about this Conservative government, and he might point out that with the help of the liberal Democrats, the U.S. tax reform includes a 21 percent minimum tax on corporations and a closure of numerous loopholes. My question is . . .

AN HON. MEMBER: Question.

MR. MARTIN: Do you want to ask it, hon. member? What would the backbenchers do if they couldn't yell "question" in the House?

My question is to the Treasurer, Mr. Speaker. The previous Treasurer was opposed to the concept of a minimum tax. What is the position of this Treasurer on the concept of a minimum provincial tax?

MR. JOHNSTON: Mr. Speaker, when you start getting into specifics about tax, it's going to take some time to unwind and come to a conclusion. If the hon. member wants to trigger those kinds of questions, I'd be glad to take the time to unravel and explain to him how this tax system does work in this province and across Canada.

Let me come back to the original point, rather than to provoke debate, because I would never want to do that. We are looking at a variety of ways, Mr. Speaker, to add to the federal discussion on tax reform. One of the recommendations is an all-party task force, which the members said. In this province and in this government over the past three years, as a consequence of the white paper we have had a special committee at work dealing with the personal income tax system and the corporate income tax system. We would like to see just how determined Mr. Wilson is, and the federal government in particular, to move toward some form of tax reform. Until I see the shape of his initiatives and how fully involved they will be in terms of our own provincial legislation, be it on personal or corporate tax, then it would be difficult for me to agree to the recommendation. However, I must say, at the margin, talking in tax terms, there is some merit to the member's recommendation.

MR. MARTIN: Gee, I feel quite humble. He actually agrees with me on something.

Flowing from the minister's answers, why is it that we have to wait for Mr. Wilson? Surely we could be looking into tax reform in our own provincial portion. Why is it that we have to wait until Mr. Wilson gets around to it?

MR. JOHNSTON: There again, Mr. Speaker, the member should go back and look at the record of the events as the tax system has unfolded. Time and time again this government has taken the lead in terms of tax reform. We have argued vociferously that at some points and some times it's necessary for us to have economic levers available to the government so we can stimulate activity. We did that by bringing back our own corporate tax system in this province. That was not following any other federal government lead.

But with respect to the reality of the personal and corporate tax system, it is well known that in the case of the province of Alberta, we are essentially involved with the federal legislation. In fact, I'll be bringing forth legislation probably next week which will be the Alberta Corporate Income Tax Amendment Act. In that legislation there will be a series of amendments which will follow or replicate or be a result of federal initiatives. We work

essentially under the federal legislation. Therefore, until we can see how the federal changes are going to impact on what we want to achieve here in this province by our economic policies and our vision as to what needs to be achieved, then we of course cannot really react until we see it fully.

I should go on to say that there are a series of meetings with the various finance ministers scheduled for this fall, and the essence of that discussion will in fact be what the measure of tax reform is, how the provinces would participate, and what kinds of initiatives need to be shown in the federal legislation. Of course, until we see that, I think it would be foolish for us to recommend any policy until we know exactly what it is that the federal government wants to achieve. That's the way we operate. We don't go out in front, and we don't draw red herrings across the trail. We act in a very sound management position in this government.

MR. R. SPEAKER: The Provincial Treasurer had a very nice sleep last night, and I congratulate him.

Mr. Speaker, my question is to the Provincial Treasurer. The Canadian Real Estate Association and last evening the Alberta Real Estate Association made a strong presentation to us against a federal business transfer tax. Could the minister indicate Alberta's position relative to that tax? What presentation will be made to the federal government on that matter?

MR. JOHNSTON: Again, Mr. Speaker, I have to some extent spoken in other question periods with respect to a business transfer tax. It is my impression that the federal government is attempting to defer implementation of that tax, although there was suggestion that Mr. Wilson would bring forward a green paper at approximately this time to provide some discussion points for all governments to look at.

Obviously, in the case of Alberta we want to be very careful about an introduction of a federal business transfer tax. There are certain sectors in our province which could be affected by that tax. Again, until we see the shape of their policy, it's very difficult to react. We don't want to stab in the dark; we want to have clear positions, as we have always done. We will either add substantially to the discussion or clearly present the government's position. Again, until we see the design of their policy, it's very difficult for us to react.

MR. TAYLOR: Mr. Speaker, to the minister. In view of his statement that he'd like to keep the money in the hands of the consumer to keep the economy rolling, could he explain why just a couple of budgets ago his government increased the personal income tax by 13 percent? What was the reason for that?

MR. JOHNSTON: Mr. Speaker, on one hand the Member for Westlock-Sturgeon talks about the size of the deficit, and on the other hand, he's suggesting tax reform. You know, the federal Liberal Party were the most profligate spenders with the worst taxes in the world. If that's the policy he wants us to emulate, then get up and say it.

MR. NELSON: Mr. Speaker, to the Treasurer. Is it not true that the percent of provincial income tax is less today than it in fact was in 1975?

MR. JOHNSTON: Mr. Speaker, the member makes a very valid point, a very solid question based on information and good research, contrary to other questions. As I've indicated, first of all, it is true that Alberta has the lowest tax regime in North America. Secondly, it has a vast opportunity in terms of tax room. Moreover, in terms of nominal dollars versus real dollars, the tax load on the consumer in the province of Alberta is in fact again the lowest, the point the member made.

But you just have to look at the makeup of the Alberta economy to see how powerful the tax regime can be. If you look at the consumer expenditures in this province, the per capita expenditures in Alberta are the highest of any province in Canada. There is one good reason for that. That in fact is because we're protecting the disposable income of the wage earner in this province, and we're allowing them to get the money back into the economy, and that's why the consumer expenditures are higher in Alberta than in any province in Canada.

#### Federal/provincial Energy Discussions

MR. TAYLOR: Mr. Speaker, this is to the Minister of Energy. The energy industry is certainly in a serious state of decline, and this condition is amplified by disagreement and confusion between the federal and provincial governments. Furthermore, industry is suffering from a lack of clear direction. I believe Canada's policy toward the provincial government is a clear indication of the minister's incompetence. Can the minister confirm that his meeting last week with his federal counterpart was scheduled only after the minister learned through a newspaper announcement that Marcel Masse would be in Calgary?

DR. WEBBER: Mr. Speaker, I'm sure there are those out there judging the competence of all of us, and we would suggest to the hon. member not to point fingers, otherwise the fingers might move in his direction.

However, in terms of our discussions with the federal government, our office had been working with the office of the federal minister of energy to arrange a meeting, and we were able to do so last week. I've subsequently had discussions with the federal minister and feel that we are making considerable progress. We laid a proposal before the federal minister. Our officials are working on that proposal. We feel very confident that we are making good progress and will be able to come up with a package in the near future to assist the industry in this country.

MR. TAYLOR: I guess he did only find out through the newspapers.

A supplementary, Mr. Speaker. While the Premier alleges that the communication problems between his government and the federal Tories are due to language problems, isn't the real problem the federal government's disregard for the Alberta government? For example, the Prime Minister not returning the Premier's phone calls, and the federal minister of energy not communicating with the provincial Minister of Energy. Isn't that the real reason?

MR. GETTY: Mr. Speaker, I have to respond to the hon. member. He has completely misled the House. There has not been one time when I have phoned the Prime Minister that he hasn't returned my call. I think that kind of distortion or misleading should not be presented in the Legislature.

MR. TAYLOR: Mr. Speaker, to the Premier. I wasn't talking about getting the Prime Minister's answering machine. I was talking about getting the Prime Minister himself. Can the minister confirm . . . [interjections] Quiet down, fellows. It sounds like the Calgary Zoo.

Back to the minister then. Can he confirm that there are no longer any federal conditions to the removal of the PGRT in light of the Deputy Prime Minister's statement that removal of the petroleum and gas revenue tax is not linked to provincial royalty cuts?

DR. WEBBER: Mr. Speaker, we made it very clear to the hon. federal energy minister and when questions were subsequently asked in this House that there's no way we would be tying our responsibilities for royalties to any removal of the PGRT. That was something completely separate and something that we expect to come off soon.

Royalties are our economic rent as owners of the resource, and we are considering proposals from the industry and will work with them to see what we can do. There are a number of factors that we'll be looking at to see how we can help the industry out of the current situation.

MR. TAYLOR: Mr. Speaker, a supplementary to the minister. If all these things standing in the way have disappeared, is the federal government's reluctance to remove the petroleum and gas revenue tax due to the fact that this government has no plans whatsoever for the \$600 million or \$700 million which will be freed in Alberta?

DR. WEBBER: Mr. Speaker, if I understand this question, it's misdirected. If the PGRT is removed, then it will be the industry receiving the moneys for that. In the past industries in this country have demonstrated an excellent record in terms of their reinvestment, and we don't see any reason why they shouldn't do it in the future.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the hon. minister. In terms of the presentation to Ottawa, could the minister indicate what consensus or agreement or co-ordination has occurred with other western provinces in terms of the western Canadian proposal to Ottawa?

DR. WEBBER: Mr. Speaker, in terms of the Western Accord and the natural gas pricing agreement, those were agreements with Alberta, Saskatchewan, and British Columbia, and we are working very closely with those provinces. I recently met with the minister from Saskatchewan; officials have been meeting. There's excellent co-operation between Alberta and those provinces, and we will be working together with the federal government to further our discussions, because all three provinces are affected by the results.

MR. MARTIN: Mr. Speaker, it's my understanding that the federal government wants to push ahead with the November 1 date for gas deregulation, which would further hurt our economy. Has the minister at least pressed the federal government to ask for a year's moratorium or a year's delay on this agreement at this time?

DR. WEBBER: Mr. Speaker, I think we are being much more responsible than just to indicate that we want delays and delays. We are trying to resolve the concerns of the industry. Our objective is to try to remove the barriers, remove the concerns industry has, and be able to proceed. That is an objective we're working for. However, in sub-

sequent weeks we'll be working with Saskatchewan and British Columbia as well on those. It's still our position that if we can resolve all those concerns, then we will proceed November 1.

#### **Wildlife Damage Fund**

MR. R. SPEAKER: Mr. Speaker, my question is to the minister of lands and wildlife. As of now, the ducks in southern Alberta are starting to fly into the crops. [interjection] You're right, and I'm sure the Premier would enjoy a few days there as well. I wonder if the minister could indicate whether the terms of reference for the Wildlife Damage Fund are going to be changed for this fall's potential compensation.

MR. SPARROW: No, Mr. Speaker, I don't feel there'll be time this fall to make any changes to the fund. I would like to refer the member, though, to the hail and crop review committee that is being undertaken this summer and fall, headed by Dallas Schmidt. We are discussing that crop damage fund in light of the hail and crop review that's going on.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Could the minister indicate whether one of the items of discussion would be a differentiation in terms of compensation between irrigated crops and dryland crops?

MR. SPARROW: Yes, Mr. Speaker, that is one of the points of discussion, and I will be making that point to that review committee. I've had discussion with the irrigation districts in southern Alberta, and input costs on crops in irrigation versus dry land are about double. Basically, the \$75 per acre, which is the top on the fund, is not sufficient to look at the input costs in irrigation areas.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. In a number of areas of the province, specifically southern Alberta, Ducks Unlimited has placed feeding stations in various places to divert the ducks' attention from the crops. Could the minister indicate whether the plan would be co-ordinated with Ducks Unlimited in terms of compensation?

MR. SPARROW: Yes, Mr. Speaker, we have quite a number. We have some 20 projects going on throughout the province with Ducks Unlimited, and we're looking at habitat enhancement throughout the province. In each location plans are definitely under way to look at the crop damage problems the increased habitat creates. Lure stations, bait stations, and that type of thing are part of the operational plan, but very definitely we've got to confirm to the farmers and ranchers in the area that the damages will be looked after if we increase those damages.

I urge all members to discuss this in the farm communities and to make sure presentations are made to the hail and crop review committee that's going around the province. It's a very important item. Wildlife damage in this province has basically been paid for on a 50/50 basis with the federal government. The 50 percent we spend comes from the hunting permits. Six dollars per certificate goes into the fund. Last year that fund only supplied enough for one-half the costs. We had a lot of damage this spring, and we definitely do have to review the whole funding of wildlife damage, not just with upland birds and game. We

have to look at all types of deer damage and other types of wildlife damage that are being created. The devastation in southern Alberta with the drought the last two years very definitely brought to light the necessity of looking at wildlife damage.

MR. R. SPEAKER: Mr. Speaker, could the minister indicate whether recommendations will be available for the spring session of 1987 and also in co-ordination with the 1987-88 fiscal budget?

MR. SPARROW: My colleague the Associate Minister of Agriculture may want to supplement, but my understanding is that the review is taking place this fall, and reports should be in late this fall. I don't know the exact timing.

MR. TAYLOR: A supplementary, Mr. Speaker, to the minister. I've met with some farmers about wildlife damage, and I wonder if the minister could clarify. They claim that when push comes to shove between Ducks Unlimited and the farmer as to who has the rights to the water, Ducks Unlimited has been winning. Can he tell me whether priority lies with the farmer or with Ducks Unlimited when it comes to the use of the water?

MR. SPARROW: If I had my way, we'd have to say they both should win, and they can. Very definitely, no projects go forward without the co-operation of the farmers in the area. We've never gone into an area where we've had to expropriate land or anything like it. Projects have been delayed because of concerns locally, and it's very important that we have the insurance fund reviewed to make sure that if there is damage, we're going to be looking after it.

MR. FOX: A supplementary, Mr. Speaker, perhaps to the Associate Minister of Agriculture in regards to the review of the hail and crop insurance program. Could the associate minister explain why the major hearings for this review are scheduled during the first two weeks of September when farmers will be largely unable and unwilling to participate in the hearings?

MRS. CRIPPS: Mr. Speaker, I'd be happy to answer that question. My understanding is that the hearings will be all over the province. There are 40 hearings scheduled for areas throughout the province, so they can't possibly all be held in September. In fact, the hearings are scheduled to start in southern Alberta, presumably after they're finished the harvest, and will move north as the other areas are finished harvesting. So the hearings will go on into December and possibly even the first of the year, but December for sure.

#### **Labour Legislation Review**

MR. STEWART: Mr. Speaker, my question is to the Minister of Labour, and it concerns the labour relations review committee. Although I understand that one member has now been replaced, will the resignations of the members of the committee result in any delay in the committee getting at its work?

DR. REID: Mr. Speaker, I don't anticipate any delay. The first meeting of the committee is scheduled for next Tuesday. Mr. Kelly has been appointed to replace Mr. LeClaire, who expressed much regret at resigning. Mr. Kelly may not be

able to rearrange his schedule to fit the next Tuesday meeting, but that meeting will go ahead as scheduled. I intend to have another meeting perhaps some 10 days later. At next Tuesday's meeting we'll be presenting the members of the committee with the briefing material that I've been going over and giving them some 10 days to go over that before the next meeting.

MR. STEWART: A supplementary, Mr. Speaker. Can the minister advise when the other replacement may be named?

DR. REID: Mr. Speaker, I have not as yet formally had any resignation from any other member of the committee. All I have is very indefinite reports from third parties that Mr. Murray may be resigning from the committee, but I've had no confirmation of that. However, I do have a replacement available if that resignation comes forward.

MR. STEWART: A supplementary, Mr. Speaker. Is the minister in a position yet to advise when the schedule of the committee's work with respect to when public hearings will be held, when briefs will be received, et cetera?

DR. REID: Perhaps I can add to the statement I made in the House on August 1. In that statement I indicated that the committee would be reviewing legislation in other jurisdictions. That's the process that will occur at next Tuesday's meeting and perhaps some 10 days later. Subsequent to that, it is the intention to have the committee travel to and meet with labour, management, and government representatives in other jurisdictions.

A firm decision has now been made to visit at least West Germany, Britain and Washington, D.C., because we have some elements that are available to us in those other jurisdictions which are not currently incorporated in Alberta legislation. After the visits to other jurisdictions, it's the intention to submit to Albertans on a broad base, perhaps some 2,500 organizations, an interim report that will lay before them other concepts that we may find and that the committee — and I mean the committee, not myself — may feel can usefully be incorporated in Alberta legislation.

I would suggest that in the interim any individual or organization who wishes to may start considering their experience with the current legislation and any proposals they may wish to make. But before submitting written submissions, I would suggest that they look at that interim report, because it may raise issues they may wish to address.

We're not going to hold public hearings. We're going to hold public meetings around the province. The intention is to have them somewhat less formal than public hearings so individuals and others will be willing to come and express their opinions freely at those meetings. As I said before, eventual scheduling is intended to approach legislation in the spring of 1987.

MR. STRONG: I think it's just great that we're going to go on a world tour. I think the minister could probably stop in at a building trades office, any office in Edmonton or in the province of Alberta.

A supplementary question, Mr. Speaker. Does the minister intend to contact the Alberta Federation of Labour to have that umbrella organization place somebody on this labour review committee and stop playing games with labour?

DR. REID: Mr. Speaker, I object to the inference that I am playing games with labour. What I have started into is

a very sincere attempt to respond to statements made by the Premier since he became Premier of the province, by myself since I became Minister of Labour, and the statement in the throne speech of June 12.

This is an open committee. The people who have been appointed to it have been appointed because of their individual characteristics. There is a fair representation: three from labour, three from management, and three from the general public.

AN HON. MEMBER: You have two to one.

DR. REID: The people who have been appointed ... In regard to the interruption about two to one, I would say to the member from Calgary who made it that the labour statutes of this province apply to everybody in this province: all employees, all employers, and the general public.

The representation is fair and it is even. The process will be open throughout. The aim is to develop legislation, if there are any changes needed, that will be fair and reasonable to all Albertans: employees, employers, and the general public alike. That is what we are going to proceed with, and I anticipate the result will fulfill the commitment of the throne speech of June 12.

MR. TAYLOR: A supplementary to the minister, Mr. Speaker. How can he possibly say it is fair when he has not asked the leader of the largest labour organization in the province for their recommendation? How can he possibly say it's fair?

DR. REID: I'm delighted to give the hon. Member for Westlock-Sturgeon the answer. The reason is that the people have been selected as individuals. They are not representatives of those from whom they have come. The three members from labour will represent the broad aspects of organized labour. They will be there to address the issues of all employees, especially in the organized sector. I did not approach any employer groups, chambers of commerce, construction owners' associations, or the construction companies. [interjections] On that basis we did not approach any labour organizations specifically as individuals.

MR. SPEAKER: Thank you, hon. minister. There were too many interruptions in disregard of Standing Order 13.

#### Suspended Drivers

MR. WRIGHT: Mr. Speaker, my question is to the Solicitor General. In view of the deaths and serious injuries that have occurred for many years at the hands of suspended drivers who have been able to get their licences in their own names and thereby avoid detection because relevant systems in Alberta and other provinces didn't show them to be suspended and in view of the recent disclosures that contrary to earlier impressions all pertinent information has nonetheless been available to police computers in Alberta at least since 1981, what steps is the Solicitor General taking to discover the people or mismanagement in his department or elsewhere that have permitted such a state of disorganization? Will he be taking appropriate action?

MR. ROSTAD: Mr. Speaker, I certainly welcome the question from the Member for Edmonton Strathcona. However, I believe that in past question periods I have specifically addressed those concerns. First of all, I'd like to indicate

that I have the utmost confidence in the staff in the motor vehicles division as well as the police in this province. There have obviously been occasions where suspended drivers have not been apprehended. That's an unfortunate circumstance. We have initiated an in-depth study to close off any openings that are discovered in our paperwork processing.

I have also indicated to the House that we have the suspended driver apprehension program, which is being initiated in our department in conjunction with the police forces effective September 1. This system will allow detection of suspended drivers after another infraction, at which time the police will be able to incarcerate and prosecute these people for suspended driving. There are many situations where people want to defy the law and drive while suspended. We are working to our utmost to remove them from the road.

MR. WRIGHT: Mr. Speaker, the minister says he has the utmost confidence in the staff, having regard to the major foul-ups disclosed recently: in 1979 an incorrect annual report re suspended drivers interfacing; 1981 onwards, lack of use of the interfacing capacity; 1982 onwards, carelessness in the accounting end of the computer; and, last Friday, very misleading information supplied by the department to the minister.

Having regard to the fact that the two assistant deputy ministers responsible and some other staff have remained the same throughout, will the minister not agree it is time for a major shake-up in the department?

MR. ROSTAD: Mr. Speaker, I recently addressed the apparent or alleged inaccuracies in the annual reports as being a little overenthusiastic by our department. In fact, the technical side would be able to result in interfacing more quickly than it did happen. That's unfortunate. The reports didn't follow along with the technical ability. Unfortunately, I think the member should realize that's water under the bridge, and definite and strong action is in fact being taken.

MR. WRIGHT: Mr. Speaker, I ask the minister then: what extra information is to be provided the police computer from September 1 onwards, as he says; i.e., information it wasn't supposed to have been getting all along, at least since 1981?

MR. ROSTAD: Mr. Speaker, the member is again indicating a befuddled thought process. I indicated the program that will be coming into effect on September 1 is a new program. This is a program whereby our department will be advising the police force of suspended drivers incurring subsequent infractions with the law. In the past there was interface if the police in fact had the time or the capacity in the computer to do a direct check. There are incidents, and unfortunately too many, whereby that time is not allowable to the police officer on the street. This will encourage the suspended driver to stay off the road, because there is a definite apprehension program in effect.

MR. WRIGHT: There must have been . . .

MR. SPEAKER: Order please. The time for question period has expired. Does the Assembly agree to the completion of this complete set of questions?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

MR. WRIGHT: I'm much obliged, Mr. Speaker.

If I can ask the minister: what is the explanation for the malfunctioning from 1981 onwards of the systems which allowed cases like Mr. Konkolous' case last week to occur?

MR. ROSTAD: Mr. Speaker, in the specific case of Mr. Konkolous the driving while suspended occurrences were because he had licences from other provinces. That is also part of the study. In fact, the failure of the system from 1981 onward mainly comes from about three situations. Quite often the police stop or apprehend people and don't have the time to check licences through the CPIC, which interfaces with our motor vehicle division computer. If it's in a radar trap and they've got 10 or 20 people aside, by the time it takes to check each one there is great unrest among the people that have been stopped by the side of the road. Unfortunately, at times there are technical malfunctions, and the computer is down. The police force uses the Canadian Police Information Centre computer for various other criminal activities besides traffic offences. Those particular things compounded result in not as many people being checked as possible.

As part of this study we are now also trying to initiate programs that will overcome this. Although the member is trying to give a higher profile to the incidence of suspended drivers being on the road, I believe this Assembly and the public are more than well aware of that. I think now they should be more than well aware of the intensive study we're undertaking, that we as a government think it is a problem and we are trying to overcome it.

MR. CHUMIR: Mr. Speaker, will the minister agree that the problems we are facing are less those of the civil service than a reflection of a lack of political will for many years on the part of this government to deal with the problems of impaired driving and suspended drivers?

MR. ROSTAD: Mr. Speaker, it is on rare occasion that I disagree with the hon. Member for Calgary Buffalo. Vocally, this is one occasion that I'd like to say I think he's totally in error. We have taken strong action against suspended drivers. This particular incident has arisen. It's given a little higher profile, and it fortunately has. I think it's given the public an indication that it's the public that has to stop the suspended drivers, not just the government. We are taking strong initiative to try to stop this. I think it's the public that also has to be aware. If their neighbour doesn't have a licence, tell us about it.

## ORDERS OF THE DAY

MR. SPEAKER: The Chair understands there is a request for unanimous consent with regard to a particular motion.

## head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

MR. TAYLOR: Mr. Speaker, I rise to request the unanimous consent to move the following motion under Standing Order 40:

Be it resolved that the Legislative Assembly express clearly its opposition to and abhorrence of racist groups such as the Aryan Nations: and

Be it further resolved that the Legislative Assembly affirm that people of all races, religions, and colours are and will continue to be welcome in Alberta as equals and are entitled to be treated with dignity and respect as human beings; and Be it further resolved that the Legislative Assembly urge each Albertan to fight discrimination and intolerance on a daily basis wherever it is found.

MR. SPEAKER: Is there unanimous consent for the consideration of this motion?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Consent has been given by the House. Would distribution of the motion please take place?

MR. TAYLOR: The Liberal Party is presenting this motion today because it believes that elected representatives of our community should speak out clearly, forcefully, and on a timely basis when racist groups such as the Aryan Nations appear on the scene and grab the public spotlight. By passing this motion, the members of this Legislature demonstrate to the people of the province and indeed the world that we stand united in opposition to and abhorrence of racist groups of this nature. We also say unequivocally that people of all races, religions, and colours are and will continue to be welcome in Alberta as equals and that they are entitled to be treated with dignity and respect as human beings. We are a multicultural and multireligious community, and we are much the richer for this wonderful diversity.

As a lifelong Albertan, I know the people of this province well. I know the values which we are expressing here today reflect the near unanimous attitude of tolerance and understanding of our citizens. There will always be a few fringe bigots in any community. The task is to maintain a social climate which is not receptive to their growth. Our job as legislators is to provide leadership, to speak out clearly on the issues, and to provide policies for the future. But each citizen has an important role to play. Accordingly, we urge each Albertan to fight discrimination and intolerance on a daily basis wherever it is found.

MR. CRAWFORD: Mr. Speaker, I would like to speak briefly to support the motion of the hon. Member for Westlock-Sturgeon. Perhaps some perspective is needed in issues of this type. People in the Assembly and elsewhere in positions of leadership in the community should at all times speak out against hatred and discrimination and all things that undercut and impair our society. I believe that strongly. The balance that is required would be that hopefully by declaring this by the Assembly, by that act we won't further advertise and give prominence to this type of cheap and insidious movement.

The members of the Assembly, some of whom are younger than I but many of whom are not, who are of my age will remember as small children listening to the progress of World War II. For anybody who is of that age, that was an occasion when the memories of that and the banding together of the peoples of the world to fight hatred was a very moving time. It appears we must still fight hatred. I think it important that we do so. I have the wish that having made this declaration today, this outfit will sort of go away.

As Attorney General for some years, I suppose I was privileged to know something of the basis upon which similar organizations operate in this province. That fact is that the numbers of people involved are so miniscule that

the existence of something like this cannot be taken as an indication of the views or feelings of our people in any way at all. That perhaps does not even need emphasis. I think we all know that. Those who are misguided enough to believe in hatred and discrimination fly in the face of the legislation of this country and this province in the sense of the Bill of Rights of Alberta, the Individual's Rights Protection Act, and the Constitution of our country.

Mr. Speaker, I would like to conclude. I hope hon. members would agree that at the same time the Assembly makes a declaration of this type it is suitable that the government of the day also have its policy as part of the declaration of the Assembly, because the government of the day of course has the responsibility on a day-by-day basis to administer the justice system and to provide all protection to the citizens of our province from encroachments of this type.

I want to move an amendment to the motion which I believe reinforces and supports the proposition I've just made that the government of the day should also make a declaration. Just before reading it, Mr. Speaker, I note that reports from the area involved of a meeting last night show that the people there don't approve either. I would therefore move the following amendment. It incorporates the key words of the last paragraph of the hon. member's motion, but it withdraws the last paragraph and restates it in this way:

Be it further resolved that the Legislative Assembly endorse and support the position of the government of Alberta in opposing the aims and objectives of the Aryan Nations, as declared in the Assembly by the Attorney General on August 7, 1986, and urge each Albertan to fight discrimination and intolerance on a daily basis wherever it is found.

MR. SPEAKER: Perhaps, hon. Leader of the Opposition, we might wait until all copies of the amendment are distributed, and then the Chair will recognize the leader of the Representative Party.

MR. R. SPEAKER: Mr. Speaker, I appreciate the opportunity for delay, but I believe I can speak wholeheartedly in support of the amendment as well as the motion before us this morning. I wish to speak on behalf of not only myself but my colleague in the Representative Party.

I want to say three things: first of all, to issue our support and, secondly, to say that what we are actually doing this morning is affirming and reaffirming the ground rules for Alberta society and what we as Albertans believe and what we will not tolerate. It's very important for us as legislators to do that. Often we allow our value system to evolve without any leadership or any kind of direction. I think what we're doing this morning is placing before Albertans on paper what we believe and the direction we want for Alberta society.

The third thing I would like to say very clearly in my remarks is that we are issuing notice this morning that we are not prepared in any way to accept discrimination or intolerance in this province. I think that's to our credit as legislators and certainly a credit to the Alberta Legislature here today, Mr. Speaker.

MS BARRETT: Mr. Speaker, I too would like to support the amendment which is in front of members. First of all, I would like to point out that on August 7, 1986, when the Attorney General made the comments implied in this



motion, he was responding to questions posed by the New Democrats, the Official Opposition, in which I think a mutual concern was shared.

Secondly, Mr. Speaker, given the amendment and its broad implications with respect to fighting discrimination and intolerance, I would like to point out that the people of Caroline themselves exercised the most powerful pressure they possibly could — that is, peer pressure — by holding a larger than expected public meeting last night, I believe, on the matter of the organizing of this fringe group called the Aryan Nations.

MR. SPEAKER: Hon. member, there seems to be some concern in the Assembly that there's a bit of noise in the galleries. Perhaps the Sergeant-at-Arms would keep an eye on that and call order if it is indeed required. Hon. Member for Edmonton Highlands, please continue.

MS BARRETT: Mr. Speaker, I'd like to point out that it is my political experience that one cannot completely outlaw all forms of hatred and intolerance. Peer pressure and support and leadership from Members of the Legislative Assembly, standing as they do as community leaders, are the effective ways to encourage people to think twice about their levels of intolerance or prejudice.

The Minister of Municipal Affairs, Mr. Speaker, noted that the numbers in this instance may be miniscule and that he hopes they go away. I think that sentiment is shared by all members. However, one cannot understate that they may be miniscule at this time but all sorts of rump movements in the history of human development have turned into major catastrophes. I have personally witnessed a small group turn into a large group, namely the National Front in Britain. What has made a difference is that community leaders themselves have spoken out strongly against the principles on which such organizations operate. Community people themselves organized to discourage, not by the letter of the law but by peer pressure and an understanding of what it is to be part of humanity, and have been successful in so fighting.

Therefore, Mr. Speaker, on behalf of my caucus I support not only the amendment but also the motion.

SOME HON. MEMBERS: Question.

MR. SPEAKER: With respect to the amendment...

MR. TAYLOR: I thought I would just close it off. I would thank everyone, but perhaps we should be on the amendment.

MR. SPEAKER: Hon. member, the Chair appreciates the acceptance of direction. There indeed seems to be a willingness to call the question with regard to the amendment.

[Motion on amendment carried]

MR. SPEAKER: May the mover of the motion as amended conclude debate?

HON. MEMBERS: Agreed.

MR. TAYLOR: Thank you, Mr. Speaker. I want to thank all members of the House. As often happens in a democracy, everything works out so that I guess each of us can take some credit. The Liberals propose it, the Conservatives amend it, the NDP take credit for bringing it up in the

first place, and the Reps make a stirring speech to confirm that we all believe so. I want to thank the House very much, and with that we'll go with the question.

MR. SPEAKER: All those in favour of the motion as amended, please say aye.

ALL HON. MEMBERS: Aye.

MR. SPEAKER: Let the record show that the motion as amended carried unanimously.

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

[Mr. Gogo in the Chair]

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

#### ALBERTA HERITAGE SAVINGS TRUST FUND CAPITAL PROJECTS DIVISION 1986-87 ESTIMATES OF PROPOSED INVESTMENTS

#### **Department of Technology, Research and Telecommunications.**

#### **2 — Microchip Design and Fabrication Facilities**

MR. CHAIRMAN: Are you ready for the question?

AN HON. MEMBER: Question.

MR. GIBEAULT: I believe the minister would like to respond to some questions that were left hanging from yesterday.

MR. YOUNG: Mr. Chairman, with leave of the committee I'd like very briefly to advert to the previous vote and supply some information, which I indicated I would try to do. It will only take a moment. That had to do with the Electronics Test Centre. I was asked about the number of companies and the number of proposals which had been involved in that test centre. I can respond today that last fiscal year the test centre was very much in a start-up mode. It received 59 specific inquiries for testing, evaluation, and consulting from Alberta companies in that year; 22 of those projects were completed by the end of the fiscal year. There were also 260 written requests for information along with numerous personal and phone contacts. In 1986-87 there is a very substantial increase evident to date. By July 31, 1986, the centre had 109 testing projects for Alberta companies in various stages of development.

Mr. Chairman, with respect to the microchip design and fabrication facilities, vote 2, a number of questions were asked of me at the last meeting of the committee. I would respond not quite in the order of the questions, but I think my response will in fact cover all of the questions. We'll try to do that. The electronics test centre has two components, one in Calgary and one in Edmonton. The Calgary one is more for the design of circuits; the Edmonton one is hopefully intended for their manufacture. It is important that the committee understands the state of development of the centre. To this date neither the Calgary nor Edmonton

portion has opened for activity, although they are very close to reaching that stage.

MR. CHAIRMAN: Order please. If we're going to have all these subcommittees functioning as a part of this committee, I wonder if they would either find another corner or tone down their conversation. Mr. Minister.

MR. YOUNG: The state of development is such that it is proposed that the Calgary portion of the centre will be opened next month and Edmonton hopefully in 1986, although if so it will be very late in the year. To this date most of the equipment has been ordered, but obviously neither facility is up and running. I think that covers a number of questions about how many requests, et cetera. The development hasn't occurred so far that would admit to that kind of activity on behalf of the centre.

There was a question about funding, and I would indicate that the comparable estimates shown in vote 2 for 1985-86 were not expended. The total amount that will be expended on behalf of the project from these estimates is the \$7,750,000. The reason it appears twice is that it was provided for but progress to permit the full utilization of that amount was not achieved. Therefore, it is carried over into this fiscal year.

MR. CHAIRMAN: Are you ready for the question?

MR. GIBEAULT: There are two questions I feel haven't actually been answered. One is the question about the future financial support anticipated for the microchip design and fabrication facilities beyond the current '86-87 estimates. I think the Assembly and the committee would like to know what future commitments we may be expected to support down the road. The second one is whether there is any provision to look at recovering some of this public investment through some kind of mechanism, and I suggest perhaps a royalty, when chips become commercially successful.

MR. YOUNG: Indeed, I did not completely address those two questions. It is hoped and intended that the governmental contribution, apart from what is in the estimate here which deals primarily with the capital aspect, would be completed by the fiscal year '88-89. I'm not sure whether we will achieve that, particularly because there has been some delay, but it is hoped that the centres can be self-supporting, which I guess leads us to the second part of the question raised by the hon. Member for Edmonton Mill Woods.

It is intended that the companies using the centres would be charged sufficiently for their projects, that the operating costs could be met. However, it's important to understand that the current view of how the centre would operate is that the companies or businesspeople in Alberta, whoever they are, would come forward with their particular projects. It would be their proprietary information which would be developed in the centre. In that sense we wouldn't be looking at royalties — at least we're not anticipating that at the moment — but would be sort of doing a service for them. Whatever proprietary advantage there might be would accrue to the company after they paid the cost for the service they would be getting from the centre. Does that help?

MR. CHAIRMAN: Are you ready for the question?

Agreed to:

Total Vote 2 — Microchip Design  
and Fabrication Facilities

\$5,496,300

MR. YOUNG: Mr. Chairman, I move that the votes for Technology, Research and Telecommunications be reported.

[Motion carried]

### Transportation and Utilities

#### 1 — Universal Rural Private Telephone Line Service

MR. CHAIRMAN: Comments, questions, and amendments? Mr. Minister.

MR. ADAIR: If I may just make some comments on this particular vote, Mr. Chairman. The \$30 million provision in this vote of the Heritage Savings Trust Fund capital projects division will really offer the services of the granting section of the utilities division of the Department of Transportation and Utilities to provide the government commitment and contribution of 75 percent of the cost of the changeover from party line to individual private line service. It's a provision strictly within the Department of Transportation and Utilities and that granting section, to be paid out to those who will be doing the work on the basis of progress payments as bills are submitted to us from AGT. The design and implementation rests with AGT through the Department of Technology, Research and Telecommunications.

MR. PIQUETTE: I would like to start off by congratulating the provincial government for moving ahead with the installation of private lines in rural Alberta. As all members in this House realize, the New Democrats were the first party to advocate this new type of service. [interjections] I think if we check the records we can prove that we have spoken about it for a number of years, and it was part of our election platform. We're quite happy that to some extent you have taken to heart and applied a recommendation, although maybe not the same as we recommended. However, we would like to compliment the government for moving ahead in this direction.

I have a number of questions about the program, though, that I'd like to ask the minister. The first one is whether the government has set up a schedule at this time in terms of the areas in rural Alberta where these private lines will be installed. Have you developed a schedule yet? We would like to have this schedule if, or as soon as, it's available so that we can answer at least some of our constituencies' concerns.

The second question I have is in relation to the cost of \$450 per customer. If there's any way this can be reduced to people, we would appreciate it, because I think there are perhaps going to be a lot of individuals who won't be able to afford this amount of money. I know there are a couple of ways it can be paid: on a monthly basis, I believe, or a lump sum basis, depending on how the customers would like to subscribe.

The third concern we have relates to the rural small businesspeople who are presently having to operate with a party line situation. A lot of them cannot afford to wait for the two or three or four year phase-in program. We on this side of the House wonder whether AGT could make available perhaps on an interim basis some other types of private line service or even put in some lines on a temporary basis to service at least the individual small businesspeople

who are most affected by having a number of party lines attached to their business line. I know I've already made the minister of telecommunications aware of some of the situations in my constituency.

I notice that Aurora cellular telephone services are available. Along with this announcement of the universal rural private telephone line service, I wonder if some means of funding could be made available for small businesspeople in rural Alberta so they could have at least some access to a private line more quickly. I think these should be a priority for the government. If you talk to some of the small businesspeople who have to operate in rural Alberta, very often a lot of service calls or orders that might be coming to their desks cannot be accessed because their telephone lines are tied up. There are a lot of problems out there relating to the private telephone service that should be addressed almost immediately.

The last question I have is in relation to the type of telephone that the government will be installing in rural Alberta. Is the government or your department investigating the possibility of making sure that the latest technology is used in the implementation of these private telephone lines? Knowing a bit about computers, unless we have some of the best lines available in rural Alberta, I know that down the line we could be looking at the lines the provincial government is proposing not being compatible with computer line service.

There's no doubt that rural Alberta deserves that kind of service in the future. I might make a comment that in the future, with a lot of companies now able to de-citify themselves in terms of where their employees can be, a lot of people would be able to move back into rural Alberta if the telephone services were set up in a way that they could be hooked up to very advanced computer systems. People would have a choice of living in the city or in rural Alberta in order to work for many companies who communicate through computers. It's already starting to happen in some locations; individuals are able to live in rural communities and still work for major companies by being on-line on a computer system. I think we have to address that in the future perhaps we will not all have to live in the city because we work for a major company or a government service. We can provide services in rural areas whereby computers can communicate with the employees of a government service or a private firm throughout a given territory.

I think that is a very important technological thing we have to look at right now. I would suggest that if we are not putting in the most advanced types of telephone lines available to us, like fibre optics, we could be spending a lot of money unwisely right now which we will then have to spend in the future to upgrade our services, ensuring greater cost in the long term.

Thank you very much.

MR. FOX: Mr. Chairman, I too have a few comments and some questions to the minister regarding the universal rural private telephone line service program. I would like to reiterate that I think it's an excellent program. I think it's an idea whose time has come. I think we need to recognize that people in rural Alberta have not only the same needs but the same rights as the people who live in the major urban centres. Surely one of those is the right to some sort of private, convenient, modern form of communication. Anyone who has lived on a party line with two, three, or perhaps even four separate lines would understand the

inconvenience and in fact the danger that people are sometimes placed in by not having access to that phone in the event of an emergency or things like that.

There are problems that my hon. colleague from Athabasca-Lac La Biche alluded to in terms of people desiring to computerize their farms, having access to other computers through telephone modems, and involving themselves in some of the activities provided by ACCESS — even education is provided through telephone computer hookups. I think it's very progressive that the government is moving ahead with this program and will be able to provide some of these benefits of modern communication and technology to people living in rural Alberta.

My questions to the minister also concern the scheduling of the program. I wonder how they will determine just where the program starts and when. Is the construction going to begin at one end of the province and go to the other or will it radiate outward? Or will it indeed be going on simultaneously at many places around the province? Although we've done without private line phone service for a number of years, now that it has been announced, I think there's an understandable desire on the part of everyone in rural Alberta to have their phones immediately. We know that's not possible, but could the minister indicate to us just how this scheduling will be approached?

My colleague from Athabasca-Lac La Biche referred to some of the special needs of businesses trying to operate in rural Alberta with party line systems who have perhaps a more pressing need for private line phone service because they rely very much on the telephone.

Another concern was expressed to me on the part of some elected officials in rural Alberta. Shortly after I was elected, I was provided with a private line to the farm. It's of course necessary; you can't carry on the business of being an elected representative and deal in a confidential way with constituents' concerns unless you have this private line. There are many county councillors, for example, that really need service like this. I wonder if there would be any prioritizing of the installation of this kind of service as it relates to people who can demonstrate urgent need, be they county officials or businesspeople.

I have a question to the minister about the \$450 per installation cost too, Mr. Chairman. While it might not seem like much, I think it's punitive in the sense that it does kind of discriminate against rural Albertans. Urban people don't have to endure that large an expense when they get a telephone installed; they come to take it for granted. I think that we on this side wouldn't object. Indeed, the program that we envisioned would have made the program a little more generous in order to provide this service to people and perhaps would have recovered a bit more of it through a nominal monthly increase in the cost of the service.

If the minister would care to respond, I look forward to his answers.

MR. CHAIRMAN: Before we proceed, I notice there are visitors to the gallery who look somewhat puzzled. I would share that the Legislature today is sitting in Committee of Supply, dealing with the Alberta Heritage Savings Trust Fund for the year 1986-87. The process, when members may discuss with each other different aspects, is somewhat informal compared to other times in the sittings of the House. The hon. Member for Taber-Warner.

MR. BOGLE: Mr. Chairman, I have one question relating to the program. It's with regard to the approximately 25,000

rural telephone subscribers who opted for private lines sometime over the past ten years or so, paid a portion of the capital cost of the installation of that line, and are today paying a surcharge on top of their normal telephone bill. I would like to direct the question to either the Minister of Transportation and Utilities or through him to the Minister of Research, Technology and Telecommunications. It has to do with when the current surcharge being paid by those 25,000 subscribers in rural Alberta will be removed so the rates those individuals are paying will be compensatory with those of their neighbours in other parts of the telephone exchange.

MR. ADAIR: Mr. Chairman, two things, if I can just reiterate again. This particular vote relates to the government portion of the capital costs and the provision of the payments based on progress payments. The questions that were asked referred to the last part of my statement earlier, that the design and implementation of this program rests with the Minister of Technology, Research and Telecommunications. I would ask him to respond, if he would, to the questions that were asked.

MR. YOUNG: Mr. Chairman, first of all, dealing with the question of the technology and whether it will be the latest or not, the intention is that the technology should be such as to enable the transmission of computer data; in other words, data transmission. In short, it will be as modern as is currently available. It will be digital equipment at the switching end.

In terms of the transmission lines, I think the hon. Member for Athabasca-Lac La Biche is a mite confused in terms of some of the characteristics of fibre-optic cable. One of the very desirable characteristics of that kind of cable is that it transmits a lot of data very quickly. However, there is a cost trade-off between that kind of cable and alternative types of lines. Generally speaking, fibre optics are used primarily where there is a high volume of messages between major switching stations. In fact, Alberta Government Telephones, Edmonton Telephones, and other telephone companies are installing more and more of it for that purpose.

However, the economics are very, very different when we're talking about the subscriber loop; that is, the connection between the switching station and the individual subscriber. At this present time my information is that it would cost us substantially more to use fibre optics for that purpose and that it isn't necessary in order to achieve the level of technical development that I think the hon. member is interested in. In fact, the individual line service program will provide to rural Alberta a service as good as is available from any urban telephone at the present time and better than is available from some of them, because not all of them are connected through digital switching equipment; that conversion is only in process now.

I think I can assure the hon. member that the technology will be sufficient for the purposes that are of interest to him, and I will give the further assurance that this question of technology is one that has concerned me, because I've wanted to be very much assured that we would be installing the very latest of equipment. First of all, I think in the long run it's cheaper. It appears that digital equipment requires less servicing, is less susceptible to breakdown and therefore, from a maintenance point of view, will be less expensive to operate, not to mention the additional services which can be rendered through that kind of technology.

In trying to develop a sequence in responses here, I think the next one would deal with scheduling, which two members have raised. The question of when and where the individual line service program should be brought in is partly related to technology. Some of the switching stations are already converted to the digital system and therefore, from that constraint, it would be possible to proceed right away. Other stations are not, and it would not be fiscally responsible to try to convert those areas until the switching stations have been modernized. Therefore, one of the significant factors in terms of which areas will be turned up to the individual line service first has to do with the current level of modernization of the system.

From an economic point of view, a second one is that we should be turning up a whole switching area at one time. In other words, that switching station and all the subscribers connected thereto should be receiving individual line service at the same time. Otherwise, it's a very uneconomic and much more expensive procedure.

The third — and this one gets a little bit more sensitive, I guess — is that it would be my preference to deal with a number of areas simultaneously, and I think it is possible. That is, we don't start from south to north or north to south but rather, based upon the capacity of the switching stations, we try to have some balance. I realize that this is going to be a very sensitive question, but I think it's the only fair way, at least on a regional basis, to try to approach it across the province. I know the subscribers in the neighbouring switching station aren't going to be very happy if their neighbours get it and they don't, but the only alternative to an approach of that nature, as far as I can tell, is to get everybody prepared and then try to flip all the switches overnight right across the province. The effect of such an approach, even if it were feasible, is that some people would be delayed in getting the service much longer than they would have to be otherwise, and I don't think that's what any of us wants to have happen.

With respect to the question of the 25,000 or so subscribers who have taken private line service at their own initiative and at very great cost to themselves, I understand it was the intent of the program that they should not have to pay those charges once the program was announced. I still hope to achieve that target. It's important, however, to recognize that the telephone system cannot discontinue those charges until after it receives Public Utility Board approval, and therefore that decision isn't totally within the hands of government. However, I have stated what I understand to be the intent of the program, and we will try to achieve that.

With respect to the concern raised about businesspeople, municipal councillors, or others who have some very special reasons for wanting private line service immediately, that's not a new problem. Perhaps it's becoming more frequent, but it certainly isn't new. It's been with us for many years. It's obvious to us all that if we start moving on a selective basis, however we do the selection and by whatever category, to offer some subscribers an individual service now — and let's presume that they could be in all the switching areas — would first of all be very expensive. It would be as expensive to the telephone company as the original system. It wouldn't be fair to the subscribers who wouldn't get access to that service or the subscribers who paid their own way up to that point. As reluctant as I am to advise hon. members, I think the fairest comment to make to people in that position is that the rules of the game prevail now as they used to until a switching area can be turned up.

Hon. members may be interested in a device currently being tested which I understand is intended to be made available privately — that is, through commercial sources — which can be attached to a multi-party line system by a subscriber and precludes that subscriber's ring being heard by other members on the line and also prevents their hearing the conversation. Apparently, it does enable one of the other members on the party line to cut in, but not without first giving a signal. There is a slight delay after the signal, so the two parties who think they're having a private chat would be alerted that perhaps they are no longer. That device has the weakness, if I may call it that, or the disadvantage that it doesn't add any more time to that line. If there is a competition for service among the members on the party line, then there's still the inconvenience of having to wait for one another, but it does have the advantage of privatizing the conversation.

My understanding is that it would cost in the order of \$200 to \$300, but I speak without very much information about it and perhaps shouldn't speak about price at all. As an interim suggestion to at least privatize the conversation — if the product is as good as I'm told and is as near to commercialization as I'm told, it should be available later this year and would assist in that respect.

Mr. Chairman, I believe in my comments I have addressed all of the questions, although I haven't addressed them in order.

MR. FOX: Mr. Chairman, I'd like to thank the minister for his answers. He did an excellent job of explaining to us just how the whole project has to be staged, co-ordinated, and proceeded with, and I appreciate that. I just wonder if in his capacity as Minister of Technology, Research and Telecommunications he has any idea of what sorts of technologies lie ahead in terms of communication. Is it possible that in the future we might be able to communicate through the air as in microwave transmission instead of by phones that are connected by lines? I know the signals are transmitted between stations that way. Is that something we're looking at? If we are, how far into the future is that sort of technology? I'm just thinking in terms of money spent now versus money that will need to be spent in the future.

Another question: am I right in assuming that the moneys for the program come from the Department of Transportation and Utilities but they'll be administered and directed entirely through the Department of Technology, Research and Telecommunications? Is that the long and short of how it's divided?

MR. YOUNG: Dealing with the last question first, I think it's fair to say that I have the responsibility of being satisfied as to the technology and the staging part of it, and the Minister of Transportation and Utilities is the paymaster once the job is done. We're working quite closely together so that that ministry is familiar with the requirements we're expecting from the system. I would indicate to the hon. member, in case there's a question as to why it works that way, that because utilities has long had a capacity to monitor contracts and pay for them, it simply saves the development of another establishment within government; it is simpler and cheaper, we hope.

With respect to technology and the inquiry about the state of radiotelephony at the moment and whether we can substitute airwaves for telephone lines for individual subscribers, the answer is that I believe we can. I say "I

believe" because one of the things that I'm watching right now and want more answers on is the state of the technology prior to the program proceeding. It may indeed offer a significant economy. Again, we would only embark upon that if it could meet the requirements for data transmission through that medium. I believe we have reached that stage, but it hasn't been commercialized yet, and we want to be satisfied that in fact everything is acceptable in terms of the level and quality of service.

Once that's done, and hopefully that will be known in 1986, we will be able to proceed with much greater conviction on my part as to where we are with respect to technology. I'm sorry I can't give the committee a firmer response except to say that we are at that stage of development. I am simply unable to make a stronger commitment than that.

MR. PIQUETTE: Thank you very much for your answers, Mr. Minister. You're probably aware of Athabasca University and the special needs they have for correspondence telecommunication in terms of the long-distance learning type of system they're working with at the present time. I'm not quite sure of the state of the AGT service stations in the town of Athabasca, but I would want you to perhaps look at that as an area to address very early in the whole review process of how the areas are going to be prioritized.

With the government having located Athabasca University in a rural setting, there's no doubt that they have special needs that will have to be addressed in terms of the whole aspect of fibre-optic and digital line communication. I was just speaking with the president, Mr. Terry Morrison, about that situation. He hopes that the minister will look at Athabasca University and perhaps meet with them to address some of these potential problems. They are moving into long-distance learning not only within Alberta and Canada but also throughout the world. They're setting up a number of pilot projects. I would hope that their special needs are taken into consideration.

MR. TAYLOR: Mr. Chairman, it's always difficult when you're sitting next to a very popular blonde to get your seat back.

To the minister. One of the things that's worrying me . . .

AN HON. MEMBER: Maybe the member has some aspirations that we're not aware of.

MR. TAYLOR: I fought many years to get a seat. I don't want to give it up.

Mr. Chairman, I want to ask the minister to enlarge a little on his earlier statements about fibre optics and that they'll be used between the stations. Then I think he said digital work will be between the stations and farmers when you convert from party to private lines. I wonder, just out of a word of caution, whether the minister would double-check with his advisors or his experts and ask them if they could sit down and really do some far-out thinking on the possible draw and the need of farmers for the use of private lines.

I know that out in my constituency, many farmers are not particularly daring and others have computer setups right on their farms. If they had access to central computers — this is what's likely to happen in the next number of years. There's everything from the genetic response or even crop forecasting. The whole thing is all wired in on computers. The use of a farm private line is not like a private

line to a resident of a city. It's not a place to shoot the breeze and ask when the convention is coming to town or what the hockey scores were last night. The private lines to farmers will have a tremendous demand, almost the same as a small industry would have. I am very concerned when I hear the minister say that whether or not we own fibre-optic stations we're going to get into a position where a lot of obsolete equipment will be hooking up the farmers and the private lines so the farmers in our society can't take advantage of what all is available to them.

I think the ministers of Agriculture — neither is here right now — should bear in mind that our agriculture, more than any other agriculture industry in the world, is hinged on exports and consequently has to be on its toes, has to be able to compete, and has to keep the cost down as much as possible. I'm very concerned that you're putting in a set of antiquated equipment for the farmers today rather than the very best at very little extra cost and that within maybe 10 years we'll rue the day that we have all this stuff in there that's only good to sell for copper rather than the proper lines.

MR. ADAIR: Mr. Chairman, I again would refer that to the Minister of Technology, Research and Telecommunications in the sense that I think the point was covered earlier but may have to be repeated.

MR. YOUNG: Mr. Chairman, first to the Member for Athabasca-Lac La Biche, to my knowledge I haven't heard from Mr. Morrison concerning his concerns. I'd be delighted to have him be quite specific, because I don't understand what problems he would have that others wouldn't. I guess I see a university as not much different from a farm or business in terms of communications requirements, except maybe the volume is higher. If he has some specific requirements . . . One thing I haven't achieved yet and don't expect to is extrasensory perception adequate enough to focus on a particular person. Please, hon. member, if you would, have him direct his inquiry.

With respect to the observations and questions from the hon. Member for Westlock-Sturgeon, first of all, observe that if he checks closely the colour of his seatmate's hair, I think there are a number of things fading. Perhaps the hon. member's eyesight is fading even faster than mine. That's just one of the things that is fading about the two seats that are so conjoined.

MR. TAYLOR: You shouldn't talk.

MR. YOUNG: It's shining.

With respect to the question about the technology, Mr. Chairman, I don't know how to express it again, to somehow remove the hon. member's confusion. Fibre optics is a means of mass transmission of data, but other than speed and economy in the sense of mass transmission I'm not aware of what it could do with respect to computer linkups that other means couldn't also achieve. The distinction may be speed, but if we're talking speed in terms of computer links, I think that what is already possible over the wires would befuddle both the hon. member and me with its speed and with the mass that's available. As I've stated many times in the House even though the hon. member can't seem to believe me, it's my commitment that when we move to digital technology, we are in fact providing the kind of communication facility for the most modern of farm units. It will link computers. It will handle and process

data at a very fast clip and of the type that I think is necessary in the modern age and, for that matter, into the future.

There are three kinds of switching links: the old step-by-step, the analog, and the digital. The digital is the most recent. In some cases we are moving from step-by-step to digital. What the hon. member may be concerned about is that for the expansion of the extended flat rate system we are, on a very temporary basis, moving some of the older equipment into old exchanges as we phase out some of the old exchanges. In order to meet the expansion of need, the additional volume, that emanates from the introduction of extended flat rate, we have to have that switching station competent to handle that volume. Because Alberta Government Telephones is unable to put in the digital equipment everywhere at the same time, they are simply adding on to the existing equipment in a few of those exchanges. It is being done strictly on a temporary basis as the most economic way to proceed and will be replaced when the digital modernization occurs, which will be within about three years. If that's the source of discomfort or unease, I think that's the explanation for it. I trust that helps.

MR. TAYLOR: Mr. Chairman, just a supplemental to that. We're not interfacing quite right on our questions. I'm not stating them correctly. Your answer for what you're doing was correct, but when you mentioned that fibre optics only increase speed, that's the only point in any hookup of computers. What I'm getting at is that computer banks belong to different spots of the world. Things click in and they do work 24 hours around. Speed is important. The shorter you can make the length of time to get in a computer message, the more computer messages you get in. Agreed; as you're saying now, when you go to the analog or the present system, it doesn't give you any more lines, but if you speed it up, that many more things can be done, because computers can sit and wait until the moment comes up. Maybe it's two o'clock in the morning before they get it through. Speed is the very essence of a computer. Consequently, it's not the number they are doing; it's the speed that goes through. If fibre optics indeed increase the speed, it increases the capacity of the line that much.

But then you led into another thing, and this is what's worrying me about it. They're saying, "Sure, they're good for farmers today." But I don't think they may have projected ahead enough. Even if they extrapolated the present curve of the use by farmers of computers over the last five years ahead for 15 to 20 years — which you like your equipment to last — I think you would find that the huge volume that's going through would increase. You would have to increase the speed in order to get the volume through.

Then you flip over into another area, flat-rate dialing, and that, of course, is another question entirely. I would love to see flat-rate dialing in all of Alberta, as a matter of fact. I think the present system of selective long-distance rates that the minister and the utility systems have — you can call into Edmonton from nearly any place in my constituency without a toll, but you can't talk to the next town — does nothing more than try to discourage businesses from setting up in these small towns. It discourages all kinds of commerce from taking place in small towns and has to be one of the worst things I have ever seen. If you're going to go to flat rate, at least do it on geography. It's hard for me to explain to my constituents. It's hard for the phone company to explain to me just why, if you

live in Morinville, you pay a long-distance toll to talk to Legal, or Legal to Morinville, but both of them can call Edmonton toll free. To me that does nothing more than attack business in the small towns in a deliberate attempt by somebody to try to make sure all the business comes to Edmonton.

MS BARRETT: Mr. Chairman, if the minister would take questions from me as well, that would be appreciated.

I note, first of all, that it's the minister's contention that digital equipment, digital lines, between the rural destinations of subscribers to more central locations, whereby the transmission would be conducted through fibre optics, will be sufficient for the need to accommodate the high-tech age of computers, which increasingly will be in every home. However, it's not my understanding that the digital equipment being referred to by the minister would be able to handle, for example, cable signals.

When we're talking about completely redoing an entire telephone network, it seems to me that what's a whole lot more sensible is to make sure we're accommodating as many future needs as we possibly can, if we're going to spend the kind of money we're talking about in upgrading. For example, if going to a partial use of digital equipment will handle what we perceive to be useful functions for the next couple of years but by going to fibre optics for the entire system we can actually handle a whole number of nonaudio telecommunications requirements over the next several dozen years, it makes a lot more sense. Relative to the amount of money we're talking about, it seems to me that what we should be doing is going for the best future capabilities and not doing half the job. The money we're spending initially, because this project is so labour intensive, warrants going that extra step. In the first place, I'd like to know if the minister has any technical explanations that would answer this concern. Are we actually going to spend our money on the most useful effort possible?

Mr. Chairman, it seems to me there's another problem here, and that is this: if we're going to be spending this vast sum of money, not just this year but in other years, what we also need to do is get a commitment from this government that we're going to start providing the means by which rural telephone subscribers can link their home terminals to mainframe computers. Specifically what I'm thinking about are the capacities that now exist in the Olds agricultural college. They have a number of data programs that can be accessed on a daily basis for marketing and breeding information, all sorts of things. The software that a rural subscriber would want to purchase to use this facility is relatively minimal once one has purchased a terminal. If we're going to talk about the long-term implications of making rural Alberta high tech, so to speak, when it comes to communications, surely we have to have some kind of commitment from other departments to make sense of this whole project in the long run.

Mr. Chairman, last year the Official Opposition proposed a number of considerations with respect to revamping the entire rural telephone system. Another consideration proposed, aside from the ones I have just mentioned, was that of changing the structure of the extended flat-rate calling system so that the important part of communication could be accomplished by rural subscribers. That is not necessarily that they can call anywhere for free, but that as a central mandate, every rural subscriber would be entitled to call to the nearest commercial centre at no charge per call. What that means is being able to contact veterinarians,

doctors, schools, school boards, and all sorts of things without having to suffer punitive charges, which is the way the system works right now. The Member for Westlock-Sturgeon alluded to part of this concern, but the complete concern is: what are we going to do to make sure that rural telephone subscribers have access to the basic, fundamental services that urban subscribers do? If we're going to make a system fair, let's do it properly in the first place.

I'd like the minister to answer these questions.

MR. CHAIRMAN: With respect, flat-rate calling is really not the topic under discussion.

MR. GIBEAULT: Mr. Chairman, one more question to the Minister of Technology, Research and Telecommunications about this particular project to upgrade the telephone line service in rural Alberta. There are some people in this province — and I'm not suggesting that I'm one of them — who for whatever reasons in the past have come to believe that the way government projects are implemented, the scheduling and so on seems to have some relationship to whether or not the riding is represented by a government member. I would like to have the minister, if he would, give the Assembly and the people of Alberta an assurance that the staging for this particular project will in no way be influenced by that kind of criterion and, further, just to make sure that the project goes ahead in a balanced way, that he will advise the Assembly of the staging plans for this particular project as they develop.

MR. ADAIR: Mr. Chairman, I'll refer the last couple of questions to my colleague the Minister of Technology, Research and Telecommunications.

MR. YOUNG: Thank you.

Mr. Chairman, dealing first with the hon. Member for Edmonton Mill Woods, I want to assure him that in the manner that this government has always done, we've been very fair. Regardless of whom citizens in a constituency choose to represent them, the constituency is still regarded as an important part of Alberta and should be dealt with in the usual fair manner.

Mr. Chairman, I have currently opened up a discussion of extended flat-rate calling, which I didn't wish to do, but I did it because I thought it would help in my explanation to the hon. leader of the Liberal Party for some concerns he was expressing and to try to indicate to him the link between the use of old equipment and that particular program on a temporary basis. I could get into extended flat-rate calling, but I think it would be out of order. I will simply make this observation. In all of the upgrade of services that we are looking at, somebody has to pay sooner or later, and we need to have one eye on what has come to be called in telephone circles a basic service. Just how extensive should that basic service be for people? Should people who don't want to link to computers, who don't want to have to pay an averaged-out cost, a flat rate for a tie to communities that they never call, have to pay that additional charge? In other words, should we say that there is a basic charge and raise it to a point which flattens out the costs all over the province? I think that's something hon. members should address. It is becoming significant enough that in the United States concern now is coming to the telephone companies that they have to provide a low rate for the very minimum amount of telephone service. That gets us back to some distinctions based upon user

pay, which I won't go into here but I would just alert members to think about.

With respect to the technology, the hon. Member for Edmonton Highlands and, I think, several others may be suffering from a misunderstanding of what is a communication system. There is on the one hand the subscriber who is trying to link up with a subscriber some place else, be it a computer ... In between that there are segments of line or segments of distance, which is a transmission of data over that distance. The data doesn't go on one line directly from the subscriber to the computer or wherever; it comes through a series of switching stations.

The kind of switching equipment which is used in those stations is in the most modern version called digital switching equipment. Digital switching equipment functions on the basis that it converts signals, the same as a computer does, to zeros and ones or negatives and pluses or however you want to look at it — but into a kind of binary code — and even if you have fibre optics between those switching stations, you still have to have these switches. The most recent version is what I've just indicated. So let's not confuse that we can have fibre optics without a switching station; it's not possible. The digital equipment is able to interface with fibre optic cable, and those interfacing devices are still undergoing evolution and development. As a matter of fact, Northern Telecom and the Bell-Northern labs — quite a number of places — are working on these to get a faster rerouting at the conjunction of these cables.

I can't foresee what the future will hold, nor do I think anyone can. I can advise hon. members that the best information we have from the labs indicates that as this manipulation of data at switching stations progresses, the component that will do it can be tied in with our existing technology, and it will be, in size terms, smaller than the kind of equipment currently being used. So it doesn't get us into a larger building or what have you. In short, it should be economically possible to do those replacements.

I have in front of me an article on telephony from Alexander Graham Bell to the present day. If hon. members want to get into an extended discussion, I'm prepared to take us through it, but I don't think that's what we want to do.

Mr. Chairman, I would like to conclude by assuring hon. members that we are not putting any more analog equipment, which was the original old equipment — pardon me; the step-by-step was the old equipment. The analog equipment is being phased out. You may notice it on your phone in Edmonton. If you dial quickly, you will find that the phone keeps processing the number after you've used it. That is an old system; that's the analog system. That is not what we're putting into rural Alberta. We are only extending the old system where we are trying to introduce on a hurry-up basis extended flat-rate calling, simply because when we do that the number of phone calls going through that switching station increases tremendously and we have to provide for that volume. AGT doesn't have the digital switching equipment that they can install — plunk — right across the province as quickly as we would like. It is being phased in, and it should be completed in four or five years if not sooner. As far as I am aware, digital switches will handle computer data and the transmission thereof.

MR. CHAIRMAN: Are you ready for the question?

SOME HON. MEMBERS: Question.

Agreed to:

Total Vote 1 — Universal Rural Private

Telephone Line Service

\$30,000,000

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

[Motion carried]

MR. CHAIRMAN: Members of the committee, that concludes the capital projects division of the Heritage Savings Trust Fund. I appreciate your co-operation.

MR. CRAWFORD: Mr. Chairman, the Committee of Supply will meet again next week for the supplementary estimates, so I would move that the committee rise, report, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

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

Resolved that from the Alberta Heritage Savings Trust Fund sums not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1987, for the purpose of making investments in the following projects to be administered by Technology, Research and Telecommunications: \$565,000 for Electronics Test Centre; \$5,496,300 for microchip design and fabrication facilities. Transportation and Utilities: \$30,000,000 for the universal rural private telephone line service.

MR. SPEAKER: Having heard the report and the request for leave to sit again, does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

#### head: GOVERNMENT MOTIONS

##### 12. Moved by Mr. Johnston:

Be it resolved that the Legislative Assembly, pursuant to section 6(4.1) of the Alberta Heritage Savings Trust Fund Act, authorize, for the fiscal year ending March 31, 1987, the making of investments under section 6(1)(c) of that Act in:

- (1) the Alberta Agricultural Development Corporation, in an amount not to exceed \$149,500,000 in the aggregate;
- (2) the Alberta Mortgage and Housing Corporation, in an amount not to exceed \$188,000,000 in the aggregate;
- (3) the Alberta Opportunity Company, in an amount not to exceed \$33,000,000 in the aggregate;

and that the amounts authorized by Order in Council 226/86 pursuant to section 6(4.3) of the Alberta Heritage Savings Trust Fund Act be included in, and not be in addition to, the amounts authorized herein.

MR. JOHNSTON: Mr. Speaker, Motion 12, which has been on the Order Paper for the last couple of weeks, provides the authority for the Legislative Assembly to give to the Heritage Savings Trust Fund committee the expenditure



of the amount of money noted here for the reasons of providing assistance to those agencies of the provincial government which provide a comprehensive of services to the people of Alberta, particularly the Agricultural Development Corporation, the Alberta Mortgage and Housing Corporation, and the Alberta Opportunity Company. These investments fall under the Alberta investment division and, as you well know, have been very successful in providing services to these entities to deal with agricultural loans, housing loans, and small business loans. Accordingly, this motion therefore provides the authority to advance this money to these agencies.

I should note that in the Heritage Savings Trust Fund, Alberta division, at the end of March 31, 1986, approximately \$8 billion had been invested in Alberta companies and agencies and had served to do several things: first of all, to ensure that the interest on these mortgages and investments flows back to the Heritage Savings Trust Fund, as opposed to flowing to agencies outside of Alberta or, for that matter, offshore; has been a source of money to diversify and provide jobs and a variety of opportunities for economic expansion within the province; and has been, in fact, a very successful approach in the use of these funds.

The resolution points to the three amounts of money. I would say by way of a footnote that the legislation provides that an order in council, almost a special warrant, can be provided to allow interim spending of the money, and on March 26, 1986, Executive Council approved an order in council advancing \$130 million to the three entities described in the resolution. Of course, the aggregate amount of money provided by the resolution will include the special warrant amount.

Accordingly, Mr. Speaker, I move that Resolution 12, standing in my name, be adopted by the Assembly.

MS BARRETT: Mr. Speaker, I'd like to talk about two of the three components of Motion 12, specifically the components dealing with the Alberta Mortgage and Housing Corporation and the Alberta Opportunity Company. With respect to the AOC, I'm able to see that year by year there is no substantial decrease in the amount of money that actually goes toward the administration costs of this program. The figures for new applications accepted and the amounts and so forth vary from year to year. But we do see a huge chunk of the money being spent on sheer administration. With regard to this item, I wonder what consideration the Provincial Treasurer has given to the recommendations of the Official Opposition over the last many years that what the AOC might be better advised to do is dissolve itself, dissolve its bureaucracy, and allow for the incorporation of its function into the existing structure of the Treasury Branches, which have existed for a number of decades to the credit of the Alberta public service and Alberta governments.

The reason we've recommended this, Mr. Speaker, is because the Alberta government itself would free up an enormous amount of money by dissolving the AOC and allowing those transactions to go through the Treasury Branches, such that it would have an effect of diminishing the need for deficit borrowing with respect to general operations of the government, which at this stage, I believe, have potentially escalated into the area of about \$5.5 billion. It seems to us that the way to handle this is to dissolve some of the items that come under the assets of the trust fund, borrow the money that we need to operate those on

the open market, and use our own money for development purposes.

This is all the more profoundly true in light of the fact that the AOC itself does not necessarily serve all the best interests of economic diversification. To some extent it is the financial institution of last resort for those who want to initiate or expand businesses in the province. Those who have ever tried to apply for funding under the provisions of the AOC will know that they are frequently asked to go through a number of channels before coming with a formal proposal to the AOC. First of all, one is asked to go to the regular chartered banks, then perhaps credit unions, then Treasury Branches, then the Federal Business Development Bank and, finally, the AOC. In other words, if it's intended purpose is to be of service to the enhancement and diversification of Alberta businesses, it seems to me it fails in this regard, and if it is failing so in this regard, then perhaps one of those initial stages applicants are referred to, namely the Treasury Branches, might be more inclined, given their expertise and long history of existence and functioning in the province, to accept those applications and deal with them in a more quick and efficient fashion than is evidently true of the AOC, given its overall administration costs.

Next, Mr. Speaker, I would point out that the AOC, if it were to remain as it has — and I have every reason to expect that it shall — might do well to incorporate the requests of the business communities and the Official Opposition that small business incubators become an intrinsic component of the entire program. It is true that if one is finally accepted for a loan under the provisions of AOC, some business help may be available. However, if the AOC itself is designed to promote enhancement and diversification of business in the province, surely a business incubator program should be an inherent part of that structure. In other words, it should be one of the initial stages that every applicant can seek out and a forum in which items of business can be discussed and worked out, formulated, and so forth.

The implication of that recommendation, of course, is that facilities be designed so that applicants who are at the initial stages of acceptance be provided with services, perhaps on a shared basis, such that they can actually get their operations off the ground. Obviously, Mr. Speaker, that would be for those persons establishing businesses as opposed to those primarily expanding, diversifying, or enhancing existing businesses. It would be interesting to note if the government has any plans to make this a permanent feature of the AOC, given what I anticipate would be a defeat of my recommendation that the AOC be dissolved and incorporated into the Treasury Branches.

Another problem with the AOC, as I see it, and the amount of money legislators are asked to vote in support of it is that it seems to me it's fallen down on its job of protecting businesses which otherwise might have survived under the economic conditions of the bust part of the cycle commonly referred to in this province. It's a cycle with which all Albertans now have firsthand familiarity. What I'm getting at, Mr. Speaker, is that with the collapse of the Canadian Commercial Bank a number of businesses that had their financing arranged through the CCB found themselves being chased after by the companies in charge of dissolving the CCB's assets. Some of these companies were viable; some of them had fairly highly leveraged financial arrangements but nonetheless had held their market share in Alberta and were holding on despite the most adverse economic circumstances.

When they went to the AOC or perhaps first of all the minister — I'm not sure in which order these applications took place — there was no help forthcoming from the government or the government's agencies to help them survive. Rather, the liquidators of the bank's assets were basically allowed to put some businesses out of business. It seems to me that this stands in direct contradiction to the stated aims and goals of the AOC. It would be interesting to find out why this was allowed to happen, particularly given the massive investment the taxpayers of Alberta placed into the so-called bailout of the CCB before it finally collapsed.

I'd like to also address some concerns with respect to the Alberta Mortgage and Housing Corporation, Mr. Speaker. Unless I'm mistaken, the amount of money that is being asked for under this resolution, \$188 million, meets exactly what the corporate account of the last annual report of AMHC shows as an excess of expenditure over revenue for the year concluding 1985. If that's the case, then what we have to look at is the internal management ability of this massive government corporation. I know, for example, that a number of problems were encountered since 1984 under the provisions of CHAP, specifically the rural and native housing program which is a division of CHAP.

The minister who previously held the portfolio I'm sure is painfully aware of some of the events which went on. What they amounted to were instances of what I think can be called conflict of interest, such that the people who were purchasing houses under the provisions of the program and its financing found themselves getting something less than that which they signed for on the dotted line and for which they committed themselves in respect to substantial mortgages and down payments. This difficulty has not yet been fully ironed out. I understand that part of it is still within the courts, so I'll avoid talking about it.

However, what I would like to know is what measures either the Provincial Treasurer or the housing minister have made to prevent internal conflicts of interest and potential corruption from taking place in the administration of this program, which is intended to be for the best purposes; that is, providing housing or access to housing for those who otherwise would not have the wherewithal to finance it themselves.

I also would be interested in knowing under these circumstances if it's the government's assessment that those people in the five areas who were affected by the conflict of interest from within the management of the program have been adequately compensated. I'm talking about the rural and native housing program's projects in Black Diamond, Irricana, Turner Valley, and so forth. If that compensation is not adequate and if in fact the individual families that took out mortgages — out of which they cannot get, by the way — have not been satisfactorily dealt with and have expressed that opinion to the government agencies, I think it is incumbent upon the government and all legislators to make sure that the people who, by no will of their own or no action of their own, inherited deficient housing, smaller lots than were agreed to, and that sort of thing be thoroughly compensated. In other words, we take the extra step to make sure that they don't pay the price for something over which they had no control.

It seems to me, Mr. Speaker, that there's another item of concern here, and that is with respect to the lodge programs that are funded by the Alberta Mortgage and Housing Corporation, of which there were a total of 63 beds in the planning stage, 106 in the progress stage, and

214 completed in the fiscal year of the last annual report. The problem is that a number of inquiries have been lodged with the offices of the Official Opposition with respect to lodge foundations and their reporting requirements. Having personally checked on this through a number of government agencies, I have discovered that the lodge foundations are under no obligation to make their annual financial reports public. This causes a great deal of concern, given that it is public money, taxpayers' money, being spent. Local foundations, I believe, usually have the respect of the communities in which they operate. However, that respect would be more properly earned if it were the case that they were obliged to make their annual financial reports public.

One of the problems that occurs to me that the Alberta Mortgage and Housing Corporation encountered in running up this deficit is that it itself engaged in profligate spending at a time when both land speculation and property speculation and all factors of inflation were themselves running at a very high rate. It is not considered prudent by any economist's observations, to my knowledge, for a government to engage in high-level spending in areas of speculation when you have those other circumstances prevailing, partly because it actually promotes the escalation of the inflationary cycle and partly because one then takes the risks that private speculators do. That's entirely up to private speculators if they want to do that. As an investor I myself wouldn't when things are running that high, because one always faces the danger that the bottom will drop out. Indeed, the bottom did drop out, and I see that it's the Alberta Mortgage and Housing Corporation, the taxpayers of Alberta, in my view, holding the bag. This has resulted in a substantial deficit for the public to carry, and I believe that's what we're being asked to support at this level.

Another measure I consider imprudent was the AMHC's participation in the race to foreclose upon homeowners who couldn't make their payments because they may have been suddenly unemployed or had to transfer jobs, which left them with a drastic reduction in personal income. Having already engaged at the inflationary part of the cycle in land banking — and I'm not in principle opposed to land banking — and in the furor of speculation and building and all the rest of that, it seems to me it would have been more appropriate for the government to slow down when it came to actually filing statements of claim in pursuing foreclosures. Rather, to look at ways of refinancing those people who could not meet all of the mortgage obligations for which they had signed or, alternatively, to look at policies renting out the properties to those people and putting those mortgages in a state of suspension for a temporary period — such as a moratorium — might have been a wiser use than literally forcing these people out of their homes, freeing up yet more housing on a market that had already been saturated with a lot of empty housing and an industry that was being plummeted into the worst part of a downward cycle.

I'd also be interested in knowing if the administration of the Alberta Mortgage and Housing Corporation is prepared to beef up its efforts with respect to renters' projects. I know, Mr. Speaker, that Alberta Mortgage and Housing Corporation does fund the construction of apartments, particularly in smaller towns in the province, so that those who can't afford to purchase homes or those who aren't interested in purchasing homes can have places to rent, and that is an admirable endeavour. However, if we're going to be spending so many millions of dollars every year in supporting housing, perhaps what we should be doing is

looking at ways that we can be supporting more of this emphasis on renters' assistance.

As we know, the renters' assistance tax credit program amounts to — close to \$50 million a year is what the government takes as a loss on that program. I might be wrong, but I think it's around that. That's a good step, but not all renters will qualify, and of course the level of qualification at a certain point is redundant if one is relatively low income. So I'd like to see that area beefed up. I think we have to justify this program not just to those who want to or do participate in home ownership but for those who rent either by choice or by need.

I was deciding on whether I would go into another point. I think my point has been made with respect to the AOC and our recommendations that it be actually dissolved. I would recommend that at this stage the Alberta Mortgage and Housing Corporation also be funded through the selling of debentures — similarly for AOC — so that we could free up the total funds combined in these programs and use those for the operating of general revenue or particular programs that really are designed to enhance economic diversification. If it is true, as the Provincial Treasurer said just a few days ago in this Assembly, that virtually no province, no state in the world is considered more worthy for investment than Alberta, then I'm sure we'd be able to sell those debentures with no problem at all. Rather, we would then not have to be looking at direct deficit financing for the general operations of the government. I believe this suggestion would be welcomed by Albertans in the long run. At the same time, if we were to require of AOC that it participate in the world of financial administration on the same terms of administration that those in the competitive world do — that is, what we ordinarily call the banking sector but which does include publicly owned institutions such as credit unions or Treasury Branches — we may find the overall administration costs coming down.

Similarly, if we put the same caveat on the operation of Alberta Mortgage and Housing Corporation, we may find that its ability to make sound investments, which in the long run do not tally up such enormous deficits, would meet with public recognition and sympathy.

Thank you, Mr. Speaker.

MRS. CRIPPS: Mr. Speaker, I was asked a couple of questions last week by the Member for Edmonton Meadowlark on these estimates. I might initially say that the \$149 million that you see in (1), together with the principal repayments from borrowers, estimated at \$17.7 million, will be used to finance \$110 million in new direct loans, \$16.8 million in claims from lenders on guaranteed loans, \$26 million in principal repayments on existing Heritage Savings Trust Fund debentures, and other capital requirements of \$14.5 million.

The first question that was asked last week by the Member for Edmonton Meadowlark was: has the repayment on the principal of \$22,280,000 been made? Yes, it has, and there is provision in this year's budget for this year's payment. That's part of the estimates. The second question was: could we please find out how many directors there are, what each one is being paid, and whether there are MLAs sitting on the committee. The first answer is that there are 10 directors. Each of them receives \$185 for a full day, based on regulations that are in effect, plus travel. Those are expenses in accordance with regulation 2. There are 10 directors and no MLAs sitting on the board of ADC.

The other question he asked indirectly was whether he could be assured that it was properly managed and effectively implemented. With regard to that question, I think you have to look at the original terms of reference, or the role and mandate of ADC, to see if indeed it is meeting that area of need in finance in agriculture. I think that over the next few months we will indeed have an extensive review which would answer those questions explicitly. I read into the record the terms of reference for the ADC review. I'm sure that will put the member at ease.

1. Review of original purpose and intent of ADC
  - have ADC's programs and objectives been met since inception
  - is the original purpose and intent of ADC applicable to today's agricultural financing and lending requirements
2. Review of current agricultural lending programs for Alberta farmers as available from other sources, i.e., F.C.C., banks ... Credit Stability Program [and otherwise].
3. Assess current financial status and needs of the industry.
4. Review of the corporate structure, administration, and program delivery system of ADC.

That's in direct relation to your original question, or to the member's original question. I noticed the frown, Mr. Speaker.

5. Review [other] mechanisms for financing agriculture ...
6. Make recommendations.

I think that would adequately respond to the concern the member raised.

MR. FOX: Mr. Speaker, in speaking on Government Motion 12, I'd like to say at the outset that I believe this is the first opportunity the House has had to consider a motion of this nature. I think the discussions of moneys under this program in the past were dealt with in the trust fund committee, and I credit the government for giving us the opportunity to discuss these expenditures in the House. I think it would be easier for the Assembly to undertake this sort of discussion and investigation of these funds in the context of a budget committee consideration, so that we could not only decide whether or not we want to allocate these funds for the programs but take a closer look at what the funds are going to be directed to, how they're going to be allocated, and that sort of thing. Given the experience of the last few days with the consideration of the estimates of the capital investments division of the heritage trust fund, I think that flow has been very positive and helped members on both sides of the House be more clear as to the objectives and procedures.

It's difficult to speak against a motion that advocates the advancing of funds and programs that help farmers stay in business, help people buy homes, and help businesses establish themselves. For that reason I'm in favour of this motion, but I do share some of the concerns that my colleague from Edmonton Highlands mentioned, and perhaps I might just talk about the ADC briefly. I think the program, which I believe came into effect in 1972, had as its mandate and original intent to provide lending in cases where traditional sources were unavailable — a lender of last resort, if you will — where farmers could seek or access government moneys in the event that they were turned down by two lending institutions. I think that was a positive thing. I myself was perhaps one of the first people to apply under

the program as a beginning farmer. The program was of benefit to me, and I appreciate that.

Many things have happened in the interim. The minister alludes to that when she talks about the scope of the review committee, the kinds of things that the committee will be looking at. There are a number of things that concern farmers, especially those who have gotten themselves into a bit of difficulty over the last few years, and we need to take a closer look at the ADC and its mandate. I hope the review will accomplish that.

I would say, though, Mr. Speaker, that I'm concerned about the form that the review will take. It's an important process, and one that we've advocated for some time, but I think it's regrettable that there is no organized input from the opposition side of the House on this committee. I don't mean to question the abilities or the intent of any of the members on that committee. I have confidence that they'll do a very good job, but I think it's important when you establish a review committee that it be seen to be objective, that there be that general public perception at the outset that a fair and objective job of review will be conducted. By ignoring in the establishment of this committee the fact that 49 percent in the province voted for parties other than the governing party, I fear that it taints that process. I think the minister has time to reconsider that before the review process actually gets under way.

Some of the things we hear, concerns expressed about the ADC from individual producers who have had difficulty — and I must say that I've brought some of them to the attention of the associate minister and received thoughtful and courteous help on some of these cases. But there are some real difficulties on just how the corporation proceeds in the event of a lack of viability on the part of some farms or when people are unable to make their commitments. In some areas of the province there are large quantities of land which are now in the hands of the corporation. People are foreclosed on. In some cases they're encouraged to quitclaim the operations. I'm just wondering what the corporation is going to do from that point on. How does the corporation dispose of these assets? How does the corporation handle the assets in the interim? It's fairly common knowledge that the corporation has experienced losses that average somewhere in the neighborhood of \$110,000 on foreclosures and quitclaims.

I wonder if there wouldn't have been some other way of handling this. I know it's difficult to advocate in any sense writing down someone's deficit. People undertake commitments, and they need to live up to them. But we've had many instances where the corporation has taken over farms and turned around and sold them at a great loss when it may have been possible to somehow reduce the obligations of those farmers, keep them in business, and sort of circumvent that dislocation of farm families. I think that's one thing the corporation needs to look at and something that concerns me in an ongoing way.

I think some things the ADC is doing are positive. I had occasion to meet with the subregional committee of the ADC in Two Hills about a week ago, and that's a positive process. There's a committee in place that helps review applications and deals with complaints. More than that, it acts as an information gathering group, if you will. It makes proposals and recommendations on general agricultural policy, and I think that's a positive thing.

Mr. Speaker, I have a few concerns about the AOC. I've heard them expressed on both sides of the House in terms of the lending practice and activities of the AOC and

whether or not they do things that wouldn't be better accomplished in other ways. During the estimates I asked some questions of the Minister of Economic Development concerning the lending activities of a particular branch located in St. Paul, and he provided answers. I had a complaint from a constituent that he felt there was a bias toward applications from the St. Paul area and that applications from farther away in the region, specifically Two Hills, were in some way put on the back burner and not dealt with in the same way. When I asked how many applications had been approved in a given time frame from the Two Hills area and from St. Paul, the answer from the minister was that the ratio was 26 to 1. I realize that that doesn't tell all. What we need to know is how many applications were actually received, because it could mean that only one person applied. But I do think the ministers responsible will be taking a very close look at the AOC and trying to discover more about its role and its activity. Indeed, a review of the role and mandate of the Alberta Opportunity Company may be in order, much the same as a review of the Agricultural Development Corporation is taking place.

With that, I will resume my seat.

MR. MITCHELL: Mr. Speaker, I have several questions to ask of the Treasurer, reasonably technical questions, and I'll make them brief. One of the important objectives of the Heritage Savings Trust Fund is the development of income to replace nonrenewable resource income for the province in the future. That raises the question of the efficiency or worth of these kinds of investments. This motion concerns three of five Crown corporations which in total borrow about \$8 billion from the heritage trust fund and which are responsible for the bulk of the interest earned by that fund. Yet those Crown corporations, these three included, actually lose money, and the Alberta Opportunity Company is, I believe, one of the most glaring examples.

The Alberta Opportunity Company currently, on a debenture of about \$167 million, pays \$20 million in interest to the Alberta Heritage Savings Trust Fund, but in its most recent annual report the Alberta Opportunity Company was seen to have actually lost about \$8 million after having received a grant from the government of \$13 million. Therefore, in total its operations lost \$22 million or \$2 million more than it actually pays to the Heritage Savings Trust Fund. That draws into question very seriously the worth and nature of these investments in Alberta Crown corporations.

When I look at the motion, I see that it refers to section 6(1)(c) of the Alberta Heritage Savings Trust Fund Act. That authorizes the government to make investments which

- (i) will yield a reasonable return or profit to the Trust Fund, and
- (ii) will tend to strengthen or diversify the economy of Alberta.

But after analysis these investments cannot be seen to be in fact returning a reasonable return to the Heritage Savings Trust Fund. While the Heritage Savings Trust Fund will receive the money, in fact the organizations paying the money are being heavily subsidized by the General Revenue Fund. So if we are making the reference or making the decision to do these investments on the basis of their return capacity or their return value to the Heritage Savings Trust Fund, in fact we're not really clearly expressing what they're doing for Alberta and Albertans because they are not, by definition, a good investment. They do not return to Alber-

tans the kind of money, from a purely investment return point of view, that is being construed and that is being demanded under section 6(1)(c) of the Alberta Heritage Savings Trust Fund Act.

The second question. I'm wondering why it is that the potential borrowings of \$2 billion for the agricultural loan stabilization program and the \$750 million for the small business loan program aren't being included in this motion as well. I realize they are assumed in Bill 30, the Financial Administration Amendment Act, 1986, but somehow they're not as clearly apparent nor are they as evident to people, to the public, as these ones are, yet they're exactly the same nature. We are borrowing from the Alberta Heritage Savings Trust Fund. I'm wondering why that particular \$2 billion loan to the Alberta government from the Heritage Savings Trust Fund wouldn't be debated under this particular motion. It just seems that they're exactly the same kind of decision.

Finally, the Agricultural Development Corporation. My thanks to the associate minister for answering questions that I didn't think I was allowed to ask. I would like further clarification on the question of directors' fees. It seems that \$185 a day times the number of directors times my understanding of the number of times the board of directors meets, in no way, shape, or form adds up to \$228,000, which was expended by the Agricultural Development Corporation in 1984-85 for directors' fees. I wonder if that minister could please indicate how that can add.

Thank you.

MR. HAWKESWORTH: Mr. Speaker, in view of the hour, I'd like to adjourn debate on this particular motion. When it's back on the Order Paper, then I'll be able to speak.

[Motion carried]

MR. CRAWFORD: Mr. Speaker, the Assembly is not to sit on either Monday or Tuesday night next week. In respect to Tuesday, we have the Lieutenant Governor's dinner for all members, and it was thought that that would be the evening there for the members.

On the process of business, we would call this motion recently adjourned again on Monday afternoon. I think the most likely time for the supplementary estimates on the Capital Fund would be Thursday night. If there's a change in that, I'll advise members by Tuesday. As to Bills, if there is time on Monday and Wednesday, we would propose to call for second reading of certain Bills. I think it is always something that — if the opposition have spokesmen away at a time when we're proposing to call Bills, if they'd let us know. We have a similar situation with the presence in the House of ministers and other sponsors of Bills. But for a tentative look at Monday afternoon, and Wednesday if there's time, we would like to start with Bill 30 followed by Bills 19, 17, 20, and then 27 and 16. As we progress through those, we will forecast the time of the other Bills to be called.

MR. SPEAKER: The clock reads 1 o'clock. The Assembly therefore stands adjourned until Monday afternoon at 2:30.

[At 1 p.m., pursuant to Standing Order 4, the House adjourned to Monday at 2:30 p.m.]

