

LEGISLATIVE ASSEMBLY OF ALBERTA

Monday, March 20th 1972

[The House met at 2:30 pm.]

PRAYERS

[Mr. Speaker in the Chair.]

INTRODUCTION OF BILLS

Bill No. 9

The Research Council Amendment Act, 1972

MR. YOUNG:

Mr. Speaker, I beg leave to introduce a bill being The Research Council Amendment Act, 1972. The purpose of the amendment is to increase the number of members on the Research Council to provide for greater industrial representation.

[The bill was read a first time.]

MR. PEACOCK:

Mr. Speaker, I move, seconded by the hon. minister Horst Schmid, that the bill be placed on the Order Paper under Government Bills and Orders.

[The motion was carried without debate.]

Bill No. 10

The Public Service Vehicle Amendment Act, 1972

MR. HANSEN:

Mr. Speaker, I beg leave to introduce a bill being The Public Service Vehicle Amendment Act, 1972, which controls riding on large trucks and so on.

[Leave being granted, Bill No. 10 was read a first time.]

MR. COPITHORNE:

Mr. Speaker, I would like to move, seconded by the hon. minister Mr. Peacock, that this bill be placed on the Order Paper under Government Bills and Orders.

[The motion was carried without debate.]

Bill No. 12

The Judicature Amendment Act, 1972

MR. LEITCH:

Mr. Speaker, I beg leave to introduce a bill, being The Judicature Amendment Act, 1972. This amendment, Mr. Speaker, arises because of recent federal legislation which enables judges appointed by the federal government, on attaining the age of 70, to become

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supernumerary judges for the next five years, and this amendment creates these positions.

[Leave being granted, Bill No. 12 was read a first time.]

Bill No. 14
The City of Calgary and Calgary Power Ltd.
Agreement Authorization Act, 1972

MR. FARRAN:

Mr. Speaker, I beg leave to introduce a bill to be known as The City of Calgary and Calgary Power Ltd. Agreement Authorization Act, 1972. The purpose of the bill is to ratify an agreement entered into by the City of Calgary and Calgary Power Ltd. for the use of the Bearspaw Water Reservoir and Dam for a water supply for the City of Calgary, and this agreement contains a general liability clause to save Calgary Power harmless from the use of its facilities and land.

[Leave being granted, Bill No. 14 was read a first time.]

MR. RUSSELL:

Mr. Speaker, I would like to move, seconded by the hon. Miss Hunley, that the bill, The City of Calgary and Calgary Power Ltd. Authorization Act, 1972 be placed on the Order Paper under Government Bills and Orders.

[The motion was carried without debate.]

Bill No. 11
The Public Highways Development Amendment Act, 1972

MR. COPITHORNE:

Mr. Speaker, I would like to introduce a bill called The Public Highways Development Amendment Act, 1972 which is a bill that gives tenure to certain highway properties when there are other assets placed on them, and gives the department the right to have them removed.

[Leave being granted, Bill No. 11 was read a first time.]

Bill No. 24
The Margarine Amendment Act, 1972

MRS. CHICHAK:

Mr. Speaker, I beg leave to introduce a bill, being The Margarine Amendment Act, 1972. The passing of this amendment will result in the removal of all restrictions relating to colour of margarine.

[Leave being granted, Bill No. 24 was read a first time.]

DR. HORNER:

Mr. Speaker, I'd like to move, seconded by the hon. minister Mr. Crawford, that this Bill No. 24, The Margarine Amendment Act, 1972, be placed on the Order Paper under Government Bills and Orders.

[The motion was carried without debate.]

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POINTS OF PRIVILEGE

MR. KOZIAK:

Mr. Speaker, I rise on a point of privilege to inform you of the various charitable acts which hon. members of both sides of this House performed so ably on Sunday, firstly in assisting the crippled children and secondly, in permitting the members of the news media to defeat them 7-4 in a game of hockey.

DR. BUCK:

Mr. Speaker, I also rise on a point of privilege. But this matter I believe is very, very serious. And I would like the hon. Premier to take it under consideration in bringing in his new bill on human rights, the Bill of Rights. I believe there was gross discrimination in that the hon. minister responsible for the Medicare Commission was not permitted to dress with the rest of the MLA's in the dressing room.

MISS HUNLEY:

Mr. Speaker, I rise on a point of privilege. I appreciate the concern of the hon. member. I really believe I was permitted to dress with them. And I wouldn't like to feel that I am discriminating, but I just preferred to put my skates on outside.

MR. SPEAKER:

Some unusual latitude has been allowed with regard to these points of privilege, and the reason is, that it's surprising that the hon. members are able to rise at all.

INTRODUCTION OF VISITORS

DR. PAPROSKI:

Mr. Speaker, I beg leave to introduce to you and through you, ten students from the Diagnostic and Treatment Centre, accompanied by their very capable teachers, Mrs. Haave and Mrs. Metcalfe. I would like to recognize them and also indicate to them that it's excellent that they should demonstrate their interest in the legislative process, and I hope they continue this way. I'll ask them to rise at this time.

MR. ZANDER:

Mr. Speaker, I beg leave to introduce to you and to this Assembly, 31 Grade XII students of the Social Studies class from the Frank Maddock Memorial High School in Drayton Valley. It certainly is a privilege to introduce these bright students and to commend them on coming to this House to see the democratic process of law. I would certainly ask them to rise, and also their teachers, Mr. Mitchell and Mr. McCulla and Mr. Bootsma. Would you please rise and be recognized.

MR. DICKIE:

Mr. Speaker, I'd like to introduce to you and through you to the hon. members of this Assembly, 22 Grade IX students from the Calgary Hebrew School in Calgary, in my constituency. They tell me there's less snow in Calgary and they brought the Calgary sunshine with them to help the situation in Edmonton. I ask that they stand to be recognized.

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MR. ALCAR:

Mr. Speaker, I beg leave to introduce to you and through you to the hon. members of this Assembly, two students and their teacher from High Level, Miss Bonnie Reid, a Grade IX student, Mr. Brian Napier, a Grade X student, and their teacher, Mrs. Cheryl Marx. They are all of High Level, and just recently Bonnie and Brian won the Northern Alberta High School debating contest, and this past weekend, participated in the Provincial High School debating contest at Okotoks. Although I understand, Bonnie and Brian, your team did not place in the finals, I did have a telephone call from a gentleman in High Level, stating that he and the people from High Level were very proud of you for your achievements. I ask you now to stand and be recognized -- Miss Bonnie Reid, Mr. Brian Napier, and their teacher, Mrs. Cheryl Marx, of High Level.

FILING RETURNS AND TABLING REPORTS

DR. HOHOL:

Mr. Speaker, I am happy to file returns regarding Orders of the Assembly No. 116, No. 117 passed by the Assembly on March 9, 1972.

MR. YURKO:

Mr. Speaker, I beg leave to table Sessional Paper No. 123 ordered by this Assembly.

ORAL QUESTION PERIOD

MR. SPEAKER:

With regard to oral questions, might I just suggest that hon. members might give some consideration to the numbers of supplementaries, and that if a question is of such a detailed nature that it requires more than say two supplementaries, perhaps it ought to be put in writing. I don't know of any rule to this effect but I believe the custom in some Houses is to limit the number of supplementaries.

Easter Recess

MR. TAYLOR:

Mr. Speaker, I wonder if I could address a question to the hon. Government House Leader. Has the government decided if there is going to be an Easter recess, and if so, when will the announcement be made?

MR. LOUGHEED:

Mr. Speaker, we have given some consideration to that matter and we wanted to give notice. Now is as good a time as any to inform all of the members of the Assembly that we are going to propose that the Easter break on this occasion be five days rather than the customary four. That would mean the House would rise on Thursday, March 30, and would reassemble at 2:30 o'clock on the Wednesday. The reason for the proposal is that it is felt that it is in the interest of the members to have an opportunity to spend some time within their constituencies. We felt for that reason we were going to propose the additional one day, being the Tuesday, having regard to the fact it is very difficult for members, and to some extent, inappropriate on that particular holiday, to be involved in matters of a constituency nature. So we are going to suggest that for the wish and the concurrence of members.

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Edmonton Telephones - AGT

MR. LUDWIG:

Mr. Speaker, I would like to direct a question to the hon. Minister of Telephones. Has he had any success in locating a copy of the agreement that he approved between Edmonton Telephones and AGT with regard to the services provided by ET beyond the borders of the city, and if he has located one I would like him to table the agreement as he has undertaken it.

MR. WERRY:

If the hon. member would care to look into the documents that I did table last Tuesday, I am sure that he would find the agreement.

MR. LUDWIG:

Mr. Speaker, it is customary to send a copy to the party requesting it, but I will check this out. Generally we get a copy.

MR. SPEAKER:

The hon. member for Spirit River-Fairview.

Great Canadian Oil Sands

MR. NOTLEY:

I would like to direct this question to the hon. minister of Mines and Minerals. I wonder if he would clarify his answer to a question asked him on Friday respecting an application for a further remission of royalties by Great Canadian Oil Sands. By further remission, does he mean a remission at the present rate or a lower rate?

MR. DICKIE:

Mr. Speaker, perhaps I can answer that by saying this, that there were two previous Orders in Council by the previous administration. One in 1969 dealt with the variation of the royalty, one in 1970 which dealt with a 50 per cent remission of royalty for a three year period which would terminate March 31 of next year. The further request is that we have would again deal with a variation of the royalty to cover short fall production and also extend the remission of royalty for two years, from the first of July of this year.

MR. NOTLEY:

Supplementary Mr. Speaker, to the hon. minister. In view of the \$6 million windfall that Great Canadian has received from the federal government, is the Cabinet giving any serious consideration to a further continuation of this 50 per cent reduction in royalties?

MR. DICKIE:

Mr. Speaker, in answer to that I believe that I have to advise the hon. member that I have personally received a request as the Minister of Mines and Minerals. That request entails an investigation of certain financial information set forth in the request. That will be considered by certain members of the Cabinet, then a committee of Cabinet will consider and make their recommendations to the Executive Council.

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MR. GHITTER:

A supplementary question to the hon. minister. I wonder if you could possibly advise us as to the number of jobs that will be involved in that very same development that is being discussed at the present time?

MR. DICKIE:

Mr. Speaker, the job opportunities presented by that operation at the present time is in the neighborhood of 1,400 people.

MR. FARRAN:

Another supplementary, Mr. Speaker, to the hon. Minister of Mines. Is it not true that this company invested some \$230 million in Alberta and has a running loss of about \$60 million?

MR. DICKIE:

Mr. Speaker, I haven't the exact figures, I think the estimates now of their investment would be in the neighborhood of \$350 million. They have, in submitting their request to us, admitted what their operating losses are at the present time and I am not sure if I would be in the proper position to make that information available to the members of the Legislature at this time.

Syncrude Royalty

MR. NOTLEY:

Mr. Speaker, a supplementary question, will the Syncrude royalty be calculated on the same basis as the Great Canadian Oil Sands royalty structure?

MR. DICKIE:

Mr. Speaker, in answer to the question of the royalties on the Syncrude application, that question has not been resolved at the present time. The government at the present time is doing some research into the question of the nature of the royalty and what it's based on. At a future date we will meet with Syncrude and have a discussion on royalty. Thereafter, we will be in a position to decide the question of royalty.

Oil Flow Rates

MR. DIXON:

Mr. Speaker, I would like to direct a question to the Minister of Mines and Minerals. The State of Texas has recently done away with its quota system on oil where it has 100 per cent flow of any well, and I was wondering, in view of the shortage of oil on the North American continent, if Alberta is looking at its flow rates in regards to raising it?

MR. DICKIE:

Yes, Mr. Speaker, in answer to that - the Energy Resources Conservation Board have presently before it an application for a discovery allowable. The question of the discovery allowable will bring the points out that the hon. member has raised.

Expropriation Procedures

MR. KOZIAK:

Mr. Speaker, I have a question for the hon. Attorney General. This is in connection with The Expropriation Procedures Act. In Edmonton Strathcona there are a number of people who are going to be,

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and are losing their homes to freeways, and I was wondering if your department is proposing any legislation or planning any legislation that would improve the compensation which homeowners would receive on expropriations for purposes such as these?

MR. LEITCH:

Mr. Speaker, my department is not planning any such legislation this year. The Institute of Law Research and Reform has been carrying out, for a year or so now, a very extensive study into the expropriation procedures, and I have received an undertaking from the institute that they will have a report to me on that study by the end of this year. I would think it advisable to wait until we receive the report from the institute before introducing any legislation dealing with that subject.

Statute Repeal

MR. WILSON:

Mr. Speaker, I have a question of the hon. Premier. Keeping in mind your previous public statement, sir, would you summarize in what area you feel that we have unnecessary statutes?

MR. LOUGHEED:

Mr. Speaker, I think that that is a matter for the legislative program for the government. I take notice of the question raised by the hon. member and would be pleased to deal with in the course of my general debate on the budget. It is the intention of the government to bring forth a bill being a Statute Repeal Bill that will list a number of statutes which we think should be repealed for the concurrence of members.

Alberta Health Care

MR. LEE:

Mr. Speaker, I have a question for the Minister without Portfolio, Miss Hunley. Through what procedure is the decision made to include for coverage in the Alberta Medicare Plan or the Alberta Blue Cross package areas which are not now involved? I am thinking specifically now of those people who have undergone osteonic surgery and require certain medical apparatus not now covered, and wish to request coverage for these, although this would have relevance in a number of other areas.

MISS HUNLEY:

Mr. Speaker, in reply to the question concerning osteomies, this is only one of many areas in which we are being asked to extend the coverages. For your information, some coverages are cost shared by the federal government, and some coverages are not. And those that are cost shared, of course, receive priority and have done with the previous administration, and also, of course, would have priority with our own administration because we would have received funding from the federal government.

Some aspects are not funded federally, and consequently they are direct cost to the people of Alberta, of course subsidized by the premiums. The more we extend the coverage, the more it is going to cost the people of Alberta, so it's a matter for us to decide where our priorities are.

Other things we are being asked for are physiotherapy, for an example, as well as appliances for the osteomy patients. And there are many others. Mind you, I would be most interested in hearing from both sides of the House, where members feel there is need that

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we should be considering; I would certainly appreciate receiving opinions on this subject from those of you who do have opinions concerning the service we are offering through the Alberta Health Care Insurance Commission.

Senior Citizens

MR. CLARK:

Mr. Speaker, I would like to direct a question to the hon. Provincial Treasurer. In light of the announcement included in the budget for the \$50 to senior citizens who rent private accommodation, does the government plan any legislation which would, at the very least, discourage and at the very most make it impossible for the owners of private accommodations to take indiscriminatory advantage of this increase?

MR. MINIELY:

Mr. Speaker, I think that the hon. member will appreciate that although in my budget I might announce the programs, that this would be a program for the Minister of Municipal Affairs, and I will refer the question to him.

MR. RUSSELL:

The thrust or intent of the proposed legislation, Mr. Speaker, is to try and give relief on the property tax as it now exists, so it's meant to relate back to residential municipal property tax that is now levied by the municipal government or collected by the municipal government, in this case on behalf of the Government of Alberta for the education foundation levy. I see no way, without rent control, where it would be possible to freeze the rents as a result of introducing this property tax relief. You understand that the Government of Ontario is adopting roughly the same attitude in their income tax rebate policy with respect to trying to judge, in as fair a manner as possible, what portion of rent indirectly does go towards the payment of property tax. In this case, it's taken one step further in trying to adjudge what portion of that, in turn, goes to the education foundation levy.

MR. CLARK:

Mr. Speaker, so that I don't misunderstand the answer, the government plans no legislation in that area?

MR. RUSSELL:

That is correct, Mr. Speaker.

MR. SPEAKER:

The hon. Member for Calgary Bow followed by the hon. Member for Pincher Creek.

MR. WILSON:

Mr. Speaker, I have a further question of the hon. Premier. What steps are you taking, sir, to effectively utilize the resources of senior citizens and their talents, many of whom wish to make further and continued contributions to the province?

MR. LOUGHEED:

Mr. Speaker, that's a matter I think we can more appropriately deal with in debate. Generally speaking, we are trying to assess ways in which there can be a greater involvement of senior citizens, not just in particular aspects that involve the senior citizens as

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such (and that is important), but equally to take a look at the makeup and the composition of the various boards and tribunals and commissions of this province, to ensure that we are getting a reflection of the views of the senior citizens. We are giving some further consideration, as well, to ways in which the senior citizens, as an overall council, might be given a greater opportunity than they have had in the past to put an input into the development of some of the policies that would come onto the floor of this House. At the moment I am not able to say much more than to express the view that certainly there is a highly desirable intention in the matter raised by the hon. member, but as yet we haven't been able to come up with something that we think is completely workable, and we would welcome any suggestions.

MR. WILSON:

Supplementary, Mr. Speaker. I'm sorry I didn't quite understand your explanation when you were talking about tribunals and boards and so on. Have any senior citizens been appointed to any boards, commissions or tribunals since September 10th last?

MR. LOUGHEED:

Mr. Speaker, I'm sorry I can't answer that question specifically, but I'll make a note to try to give the hon. member an answer to it. We haven't looked at it in a specific way of saying, there should be a senior citizen on such and such a board, and that's what we would like to do. Frankly, we haven't got far enough along in terms of the total review of the composition of the boards to really establish any answer to that question. But we are considering all of the boards in terms -- when I use the word 'boards', I'm talking of boards, commissions, tribunals and agencies -- as to whether or not there is an appropriate function to be fulfilled by a senior citizen in many of them. That is part of our ongoing review, but frankly we haven't reached that point as yet.

Lesser Slave Lake Development

MR. NOTLEY:

Mr. Speaker, I'd like to direct this question to the hon. Minister of Industry. Is the minister in a position now to advise the Assembly what level of government has a responsibility for funding projects in the southern and western extremity of the Lesser Slave Lake Special Development area?

MR. PEACOCK:

Mr. Speaker, in answer to the hon. member's question, the area that was defined as the southwestern area of the special area was a special agreement arranged and entered into between the federal government and the provincial government, signed September 1st, and published or given to us in printed form in February. There is no change in the agreement as previously set out by the previous government, and that is that The Incentives Act did not apply to those areas where they were offered federal assistance.

MR. R. SPEAKER:

Mr. Speaker, a question to the Minister of Intergovernmental Affairs. Has the hon. minister had a response to the presentation that he made to Mr. Marchand?

MR. GETTY:

Mr. Speaker, there was a response in the presentation, and there was a course of action left from that meeting that we had to provide

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some additional ideas and additional proposals. We are now preparing these, and they too will go to Mr. Marchand.

MR. R. SPEAKER:

Mr. Speaker, a supplementary question. Is it the intention of the hon. minister to make a request to the federal government to make up the 70 per cent reduction in budget for the Lesser Slave Lake project?

MR. GETTY:

Well, Mr. Speaker, that's a broad statement on something that can be handled well in the estimates and I'd be pleased to go into that with the hon. member when we are in the estimates.

MR. NOTLEY:

A supplementary question, Mr. Speaker, to the Minister of Intergovernmental Affairs. This goes back to the Lesser Slave Lake Special Development area, where it is my understanding, at any rate, that the federal government is prepared to fund large projects throughout the length and breadth of that area. Did you make representation in Ottawa to Mr. Marchand to extend to the entire special area -- the southern and western extremities of it -- the full federal government program that will fund not only the large operations but also smaller operations?

MR. GETTY:

We discussed that, Mr. Speaker. The federal government was not prepared to change the agreement that they had already entered into with the government through the previous administration. However, we have, of course, the problem that Alberta's own Industrial Incentives Act does not work in that area -- at least that's one interpretation you can put on it. And so I think the problems involved by the federal government, continuing on in the way that they have, can be tackled in another manner, which the hon. Minister of Industry and Commerce will do.

MR. NOTLEY:

Supplementary question, either to the hon. Minister of Industry, or to the Minister of Intergovernmental Affairs. In view of this confusion that reigns in the area, when can we expect a clear statement from the government delineating the provincial responsibilities? More specifically, when would enterprises in the western and southern extremities of the area be able to make applications, either under the Industrial Incentives Program provincially, or the Alberta Opportunity Fund?

MR. GETTY:

Mr. Speaker, the problem -- and there's no confusion on this side of the House, it may be in the hon. member's mind -- the problem is, you are dealing with legislation which is about to come in. We certainly have the courtesy to the House to allow them to see that legislation before we start to talk about it.

DREE Program

MR. WYSE:

Mr. Speaker, I'd like to direct a supplementary question to the hon. Minister of Industry. Is the minister in fact opposed to the DREE program?

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MR. PEACOCK:

Mr. Speaker, I'd rather reserve that for my talk about the department in the budget speech.

MR. SPEAKER:

The hon. Member for Bow Valley followed by the hon. Member for Hanna-Oyen.

Senior Citizens (cont.)

MR. MANDEVILLE:

Thank you, Mr. Speaker. I think I need a spring-loaded chair here as my age is against me. I'd like to direct this question to the hon. Minister of Municipal Affairs. He will be removing the 30 mill education tax contribution to the school foundation fund levy on all home owners over 65. How will you relieve citizens over 65 years of age of this tax, for example, where their home is included in the same assessment as the land, and I was thinking in particular of the case of a farmer?

MR. RUSSELL:

Mr. Speaker, that's a detail of the legislation that will be brought in, but I should just like to assure the member that those farm residents of Alberta who are now receiving the homeowners' tax discount will in fact be eligible to receive the extended benefits under this new legislation.

MR. LOUGHEED:

Mr. Speaker, if I could, I was asked a question a few minutes ago by the hon. Member for Calgary Bow with regard to senior citizens. I received a note from the Minister of Culture, Youth, and Recreation that bears on it. I wonder if he might have an opportunity to develop that answer?

MR. SCHMID:

Mr. Speaker, we have developed a program to let all senior citizens of Alberta's 73 lodges participate directly in the recreational programs of their own community.

DREE Program (cont.)

MR. WYSE:

Could I ask a supplementary question, Mr. Speaker, to the Minister of Industry? Did he say that he was opposed to it, or didn't he answer my question?

MR. PEACOCK:

Mr. Speaker, the hon. member is asking me for an opinion, and I don't give opinions.

MR. WYSE:

A supplementary question then. Does he feel it is unfair to establish industries then?

MR. SPEAKER:

The hon. Member for Hanna-Oyen.

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MR. WYSE:

A supplementary question, Mr. Speaker, then. Are you aware that the proposed hcg plant for southern Alberta asked for a grant under DREE and are you in favour of the plant getting the grant and the plant in fact being built?

MR. PEACOCK:

Mr. Speaker, I'm certainly in favour of industry coming to Alberta and for any private corporation to take advantage of any federal fund that's available to it.

MR. WYSE:

Could I ask one more supplementary question, Mr. Speaker?

MR. SPEAKER:

I think perhaps we should give the hon. Member for Hanna-Oyen a chance at the floor.

Senior Citizens (cont.)

MR. FRENCH:

Mr. Speaker, I have a question for the hon. Minister of Municipal Affairs. Could the minister advise the effective date of The Senior Citizens' Shelter Act?

MR. RUSSELL:

The legislation that's going to be put before the House will provide for the relief to become effective this taxation year.

MR. FRENCH:

Mr. Speaker, the reason I'm asking the question is that I presume the legislation will be effective on or before July 1st. I'm just presuming that. What's concerning me are these people who will attain the age of 65 between that date and the end of the year. My question is this. Will these people that attain the age of 65 during the current year be eligible for this extra exemption when they normally pay their taxes which would be on July 1st? The reason for asking the question is simply this, many municipalities have a discount if taxes are paid on or before the first of July, and I was thinking it may be a very difficult situation for the municipalities if a lot of these taxes are deferred over to the end of the year just to take advantage of the new legislation.

MR. RUSSELL:

Mr. Speaker, with respect, I think that goes into some detail of the proposed legislation. Those questions will be answered. I can say this, in order to give some assurance to hon. members who will be receiving inquiries from their constituents, this is set up as an extension of the homeowners' tax discount. So if they're qualified under that, if they're 65, they'll qualify under the new legislation, and the objective of this government is to extend substantial property tax relief to our senior citizens at the earliest possible date.

MR. DIXON:

I'd like to ask a supplementary question of the hon. minister, if I could. Is there going to be any limit set on these over 65? I'm taking, for example, people who are living in very substantial homes, who, in my opinion, will get the real advantage of this. I was wondering if there was going to be a ceiling set on how much of the educational grant would be allowed?

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DR. HORNER:

Mr. Speaker, on a point of order. It would seem to me -- and I would draw it to your honour's attention -- that this kind of questioning should rather be left for the debate on the bill when it comes in. I submit to you, sir, that the question period should be used to secure answers from the ministry in a general way, and that details in regard to legislation and budget are not properly subject matters for the question period.

MR. TAYLOR:

Mr. Speaker, on the point of order, there's no requirement for the minister to answer, and if the hon. members need information at the present time, I see nothing wrong with asking the question. Ministers have the privilege of not answering, if they choose.

DR. HORNER:

Mr. Speaker, in response to the hon. Member for Drumheller's point on the point of order, surely he agrees that there are some rules related to the oral question period. Those rules are very well set out in Beauchesne and in our own rules, and they relate to the kind of information that should, in fact, be garnered in the question period. I understand that the opposition is gradually finding so very few things to ask questions about that they're down to trying to engage in debate during the question period.

MR. LUDWIG:

A point of order. If the hon. member would give us a citation as to which specific rule he is referring to.

DR. HORNER:

No. 171 Beauchesne, Mr. Speaker.

MR. DIXON:

Mr. Speaker, on the point of order. I have had numerous inquiries over the weekend from my constituents, and as I understand it, during the question period when there is quite a bit of action from your constituents in a broad way, this is the time to bring it up. Otherwise, you'd have to wait for a considerable length of time, and this is the reason I asked the question. I just asked a simple question -- is there going to be a limit to the amount payable under this rebate to people over 65 for 30 mills for educational purposes?

MR. SPEAKER:

With respect to the point of order. Perhaps the question, on a topic which is known will be dealt with in legislation, could be postponed until the legislation has been introduced. Then if the legislation doesn't answer the questions, perhaps they could be placed afterwards. Otherwise, we're going to be dealing with these topics, to some extent, twice, it would seem.

Hansard

MR. FRENCH:

Mr. Speaker, I have a question for the hon. Premier or the hon. minister who would be reporting on Hansard. Is it the intention of the government to advertise the subscription rates which have been established for Hansard in the weekly papers in the province?

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MR. HYNDMAN:

Yes, Mr. Speaker, I believe there were advertisements in the local newspapers just before the session started prior to March 2nd. But as for any future decisions, I would suggest the hon. member contact the Speaker, insofar as this is a responsibility under the Speaker.

MR. FRENCH:

A supplementary question, Mr. Speaker. Do I understand the hon. minister to say that advertisements were in the weekly papers? They were in the daily papers, but not the weekly. My question was simply with the weekly paper, not the daily.

MR. HYNDMAN:

I don't know the answer to that, Mr. Speaker, but I think the hon. member has brought up a very good point. There may well be numbers of people who would wish, all over the province, to take a subscription. I would certainly, if the hon. member wishes, talk to the Speaker of the Assembly about that, with a view to perhaps getting together with all members of the Assembly interested and working out with the Hansard editor expenditure of further public monies on advertisements in all news media.

Hog Marketing

MR. WYSE:

I'd like to direct a question to the hon. Minister of Industry. When the hon. Minister was in Ottawa a week or so ago, did he, in fact, try to discourage the federal government in giving a grant to the proposed hog marketing plan?

MR. PEACOCK:

Mr. Speaker, No.

The Alberta Liquor Act

DR. BUCK:

Mr. Speaker, I'd like to ask a question of the hon. the Attorney General. Have there been any recent amendments or will there be any amendments to The Alberta Liquor Act in relation to illegal possessions -- or in layman's language -- open booze in cars?

MR. LEITCH:

Mr. Speaker, I do not contemplate introducing any such legislation this year.

MR. SPEAKER:

I believe the hon. Premier intends to deal with the question further.

Big Horn Reservoir

MR. LOUGHEED:

Mr. Speaker, I was asked a day or so ago with regard to a question by the hon. member for Wetaskiwin-Leduc what we would do regarding the Big Horn reservoir development, and did we want to provide hon. members with the information on that matter.

There are two crown land leases in the Big Horn reservoir area, one by a private commercial developer, and one by the University of Alberta. There is one major lease application before the government

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at this time. The entire shoreline of the Big Horn reservoir has been reserved under the Department of the Environment. Before committing itself to major land dispositions, the government of Alberta plans public hearings by the Environment Conservation Authority on future land use and development in the Big Horn reservoir area. Any leases given in this area would be widely advertised. If there are any further questions that the hon. member has, perhaps he could direct them to the hon. Minister of the Environment.

Alberta Liquor Act (cont.)

DR. BUCK:

Mr. Speaker, I have a supplementary question to the hon. Attorney General. Mr. Minister, in view of the fact that the .08 legislation is now in effect, do you not feel this section of the act is unnecessary now?

MR. LEITCH:

Mr. Speaker, I'm not sure I perceive the connection between the two.

DR. BUCK:

Mr. Speaker, if I may explain what I am trying to get across. If you are convicted now on being over .08 it doesn't matter if the booze is in the trunk, under the car, or where it is -- you've got it. Many people are picked up. Maybe your wife will leave a half-filled bottle under the front seat, and you'll get charged. The hon. minister should be able to answer that question, Mr. Speaker.

Mr. Speaker, may I have an answer to my question? Does the hon. minister not consider this is unnecessary now that the federal .08 is in effect?

MR. LEITCH:

Mr. Speaker, the hon. member raises a good point about the question and the need for that legislation, but I don't think it's related to the federal legislation dealing with .08 alcohol in the blood. But the point he raises about the legal possession of liquor in the manner to which he referred, is a valid one that we will take under consideration.

MR. TAYLOR:

Mr. Speaker, I was going to ask another supplementary on the same thing. Perhaps it is unnecessary now, but I was going to suggest that it may be better to have the liquor in the bottle rather than in the body of anyone driving a car. However, the matter is being investigated.

Expropriation Procedures (cont.)

With regards to The Expropriation Act, I'd like to direct a question to the hon. the Attorney General. Is the Institute of Law studying this matter in regard to changing the principles of expropriation, or changing the procedures of expropriation?

MR. LEITCH:

Mr. Speaker, the Institute has under study all aspects of expropriation, in fact they divide the study into two areas, one dealing with the principle which would include the amount of compensation, and the other dealing with the procedure, that is,

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relating to notices and hearings, and things of that nature. So the Institute is and has been studying both of those areas.

MR. TAYLOR:

Mr. Speaker, supplementary. Could the hon. the Attorney General tell us the names of the lawyers who are carrying out this study, or is this available?

MR. LEITCH:

I'm sure it's available at the institute, Mr. Speaker. But I don't have personally that information at hand.

MR. TAYLOR:

One other question, Mr. Speaker. Will the report be made available to all members of the Legislature when it has been completed?

MR. LEITCH:

My understanding of the reports of the Institute is that they are available to the public generally.

Environmental Responsibilities

MR. D. MILLER:

Mr. Speaker, I have a question for the hon. Minister of the Environment. In percentage terms, what responsibility do you place on mining and manufacturing as related to environment?

MR. YURKO:

Mr. Speaker, if I had a computer brain I would be able to answer that question, but I have a human brain rather than a mechanical one so I can't answer the question at this time.

MR. SPEAKER:

The hon. member for Olds-Didsbury.

Teachers' Right to Strike

MR. CLARK:

I would like to direct a question to the hon. Minister of Education and ask if he has had an opportunity to check back and find out if in fact there was legislation presented by his department to that joint meeting with the trustees and teachers' associations in December concerning teachers losing their right to strike. Was in fact tentative legislation presented by people of the department?

MR. HYNDMAN:

Mr. Speaker, I don't recall in the previous question by the hon. gentleman that he wished further information on it, but I would be happy to check into it and bring the information back to him.

MR. SPEAKER:

The hon. member for Spirit River - Fairview followed by the hon. member for Calgary Millican.

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Film Censorship

MR. NOTLEY:

Mr. Speaker, I would like to direct this question to the hon. Minister of Labour and Manpower. Has the hon. minister received any information as yet or any notice of appeal from Warner Brothers with respect to the film, A Clockwork Orange?

DR. HOHOL:

No, Mr. Speaker, there has not been an appeal turned into our office yet.

Labour Act Amendments

MR. DIXON:

Mr. Speaker, I would like to direct a question to the Minister of Labour. Is the minister anticipating recommending to this House a change in the Labour Act that would force union employees to work with non-union employees?

DR. HOHOL:

Mr. Speaker, with respect, I would prefer to deal with rather comprehensive statements on the matter of The Manpower and Labour Act which will be a major set of revisions to the existing act. This falls into two parts, one being The Manpower and Labour Act which will be a new act, and the other being amendments to The Labour Act in which area the hon. gentleman's question would be considered and discussed.

MR. DIXON:

I would like to ask a further supplementary question, Mr. Speaker. Would he also be considering putting it under The Human Rights Act because it does come under that category as well?

DR. HOHOL:

I suppose my first answer would apply, when we consider legislation in both areas, these considerations will be important ones, and I prefer to leave it for when we bring in the legislation and have a full debate on the second reading.

MR. SPEAKER:

The hon. member for Medicine Hat-Redcliffe followed by the hon. member for Vermilion-Viking.

Canada Packers

MR. WYSE:

Mr. Speaker, I would like to direct a question to the hon. Minister of Agriculture. A rumour is circulating that the hon. minister held a meeting with some people from Canada Packers in the last few days. Is there any truth to this rumour?

DR. HORNER:

Mr. Speaker, the hon. member would like a itinerary of mine, I meet with a lot of people in the course of a day, and hopefully we will continue to meet with all groups interested in agriculture to obtain the end of improving the general good of agriculture.

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MR. WYSE:

Supplementary, does this mean that the hon. minister did not meet with the people from Canada Packers?

MR. GETTY:

On a point of order Mr. Speaker, if the member wants to confirm a rumour he should confirm it in his own way. The question period of the House is not the time to do that.

Assembly Plant for Romanian Tractors

MR. COOPER:

Mr. Speaker, I have an easy question for the hon. Minister of Industry? Last fall, Representatives of two Romanian tractor companies were in western Canada seeking a location for a tractor assembling plant. My question to you, Mr. Minister, is, was any approach made to the Alberta Department of Industry for the location of the plant in Alberta?

MR. PEACOCK:

Mr. Speaker, we came into office after the initial approaches had been made by these two respective companies from Romania to other provinces; we tried to revive the situation for Alberta by inviting them here and did meet with them.

MR. COOPER:

Supplementary Mr. Speaker. Where is the plant finally located?

MR. PEACOCK:

Mr. Speaker, I don't think there has been a decision on that yet.

Auctioneering

MR. WILSON:

Mr. Speaker, I have a question of the hon. Minister of Industry. What steps if any have you been taking, sir, to prevent the pirating of pure-bred Alberta sales by other than domiciled Alberta auctioneers?

MR. PEACOCK:

Mr. Speaker, we are revising the regulations under The Auctioneering Licencing Act and it will be available April 1st.

Senior Citizens (cont.)

MR. RUSSELL:

Mr. Speaker, I wonder if I might rise and reply to the hon. Member for Calgary Millican's question earlier on, because I recognize the tremendous number of inquiries some members are getting with respect to the Senior Citizens Shelter Assistance Act. There is no means test with respect to the act. The important thing is whether or not the property owner and rate payer has achieved the age of 65 in order to meet the requirements of the home-owner tax discount plan, so this is meant to apply as far as possible to all senior citizens.

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Trade With China

MR. DIXON:

Mr. Speaker, I would like to thank the hon. minister and I would like to direct a question to the Minister of Industry. Ontario has just recently conducted a successful industrial fact finding tour of China and as Canada has very good relationships with China, I was wondering if Alberta is going to follow up to help manufacturers here in our own province.

MR. PEACOCK:

Mr. Speaker, extensive plans have already been made in that regard and the House will be informed at a later date.

MR. DIXON:

Mr. Speaker, I wonder if the plans have already been made, if he could announce if they are going to go forward with negotiations.

MR. PEACOCK:

Yes, Mr. Speaker.

Senior Citizens (cont.)

MR. FRENCH:

Mr. Speaker, I have a question for the Minister of Municipal Affairs. Would the minister now be in a position to answer my question asked earlier this afternoon, with respect to senior citizens who will attain the age of 65 before the end of the year as to the effective date they will be able to apply for coverage under this new legislation?

MR. RUSSELL:

Mr. Speaker, I don't want to go into the details of the regulations with respect to the act, but generally in order to keep this thing as simple as possible, it's open to all senior citizens of Alberta; it's meant to tie in as an extension to the home-owners' tax discount plan, so that if the resident is able to qualify as a senior citizen, with 120 days of residency at his place of residence prior to the end of the calendar year, he would be eligible.

Trade With China (cont.)

MR. NOTLEY:

Mr. Speaker, a supplementary question to the hon. Minister of Industry with respect to this move towards China in terms of trying to get additional trade. Does the minister anticipate opening an office in China?

MR. PEACOCK:

Mr. Speaker, not at this time.

Senior Citizens (cont.)

MR. FRENCH:

Mr. Speaker, I don't like to labour this point, but I did have inquiry over the weekend and I would like to get an answer from the hon. Minister of Municipal Affairs. You state that it will be available to people 65 and over, but you're missing my point. My point is simply this: people pay their taxes on July 1st and take

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advantage of the discount, but are we now going to be in the position of saying, you'll have to wait until you attain that particular age, say December 1st, before you qualify for this particular discount -- is this what we are doing?

MR. SPEAKER:

I think we are getting back into a detailed discussion of the act and perhaps answers to those inquiries could be left until after it has been introduced. We have two minutes remaining of the question period.

ORDERS OF THE DAY

BUDGET DEBATE

MR. DICKIE:

Mr. Speaker, I was extremely pleased to have the opportunity to second the motion permitting the first budget of the Provincial Treasurer. It was indeed an impressive debut.

The budget, as presented last Friday together with additional documents, is not only a tribute to the hon. Premier, who established the framework and participated in its drafting, a tribute to the Provincial Treasurer for the manner in which he presented it, but it is also a tribute to the profession of which he is a member. I understand, Mr. Speaker, our Provincial Treasurer has the distinction of being the first chartered accountant elected to the Alberta Legislature. Truly the documents reflect the depth of training and the understanding of a member of his profession. I have many personal friends in that profession. I know the hardships and hazards they face in their five years of articles. First, with a stiff primary exam, second with a difficult intermediate exam, and third a devastating final exam. It is a difficult course before they finally obtain their Chartered Accountant degree.

I also know the benefits they can receive as a result of the courses they take; in auditing, accounting, business methods, financial statement analysis. And on that, Mr. Speaker, many of the chartered accountant friends that I am associated with consider it a Saturday evening entertainment to sit down and discuss financial statement analyses. So with that kind of background they get a thorough knowledge of the problems. They also, Mr. Speaker, have an extensive course in municipal accounting, which is a real asset to the position that the Provincial Treasurer now occupies. In addition to that they have a course in law and economics. They study borrowing, the methods of borrowing, the type of securities that are involved.

Mr. Speaker, when we are talking about a new direction, it is a new direction, truly a business approach to government -- a modern business approach. I think this is highly desirable.

Now, Mr. Speaker, in expressing my endorsement of the Provincial Treasurer and his budget, I would also like to suggest that it exemplifies one of the great characteristics and strengths of the hon. Premier. I know many accolades will be paid to him during the course of this sitting. One of them I would particularly like to mention is his ability to attract, work with, and participate with people of great ability and capability in diverse fields. They are attracted to him like a magnet. The team of 48 is an example. To me they are the cream of their crop in their constituencies. I am proud to be one of them. The Loughheed team in the campaign was another example. It did an excellent job and had an excellent group of people working.

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I would also like to mention, Mr. Speaker, that during the past four years in this Legislature, the word that was perhaps used more often than any other, was the question of leadership. There is no question that the hon. Premier has shown in many ways in his first seven months in office, to the people of Alberta, this quality of leadership. He has also shown this to the people of Canada. At the First Ministers' Conference, which I was privileged to attend, and where there were gathered the Prime Minister and the Premiers of the ten provinces of Canada, as I sat and listened to him I could not help but think that the 1,500,000 people in this province were fortunate to have the voice of the Premier putting forth their position.

Mr. Speaker, I make these remarks today to the hon. Premier as today marks the seventh anniversary of the hon. Premier becoming the leader of the Progressive Conservative party of Alberta.

Mr. Speaker, in dealing specifically with the budget, I know hon. members on this side and hon. members on that side will find many things that appeal to them, many things that they would like to comment on. One of the things that certainly hit me was the call for restraint, a brake on spending, and I am proud to be a member of the team of 48 that did just that.

Mr. Speaker, I can also say that it wasn't easy. The Executive Council room has the signs of the ministers' blood, sweat, and tears, shed to achieve their goals. I'd say to you, Mr. Speaker, that the Provincial Treasurer is a hard task master, but fair and understanding. I had a little difficulty finding that last word, Mr. Speaker, but I did put it in.

And Mr. Speaker, to the members of Her Majesty's loyal opposition, we appreciate the problem that confronts them. We appreciate it is a challenge to have to spell out in their debates, where they would cut further expenditures. What programs would they cut? Would they get into agriculture and make cuts there? How about the Alberta Opportunity Fund? We're going to welcome and listen with interest and see what course they follow in their remarks.

Now, Mr. Speaker, I would like draw to the hon. members' attention to the comments in the budget dealing with petroleum and natural gas revenues. It will be observed that they are projected to reach \$311 million, accounting for 27.2 per cent of the income. Mr. Speaker, I did have our department do some checks for the percentage of income that the petroleum and natural gas revenue provided over the last 10 years. It's interesting to note that in that 10 year period, two years, they were over 40 per cent, the highest being 43 per cent in the years 1965 and 1966. There were six of those years in the 30 per cent area, and two in the 20 per cent area.

Mr. Speaker, I have additional information on the percentages of petroleum and natural gas revenue, some of the figures dealing with lease and royalty, crown sales, and so forth, and I welcome questions from all hon. members on both sides of the House, if they would like to have some additional information that our department could provide so that we can perhaps deal with them in greater detail during the consideration of the estimates.

It's not my intention, Mr. Speaker, at this time, to deal further with those figures. I would, however, like to deal with some of the areas that our department has been vitally concerned with. And I might say that I find it one of the most exciting departments of all in the government, I can say that to my colleagues. And I'd like to deal first Mr. Speaker, with the question of natural gas. Two of the key questions that are being asked and discussed, and will face all hon. members in this legislature are the removal from the province, and the price.

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Dealing first with the question of removal, Mr. Speaker, I think my preliminary remarks on natural gas would have to be, to say, that at one time, it was an unwanted orphan or a byproduct, and now it is a premium fuel. Since Leduc, the share of national energy markets supplied by natural gas has risen from less than 3 per cent to over 23 per cent. It is estimated that there are over 60,000 miles of natural gas pipelines and utility mains in Canada. This, Mr. Speaker, gives you some idea of the question of natural gas. And some of the investigation, it was interesting to note, that it was reported that primitive man discovered natural gas quite by accident. The everlasting flame of the oracle of Delphi in ancient Greece and the temple fires of Baku on the Caspian Sea were fired by natural gas seeping from rock fissures. The mysterious burning springs in North America and other parts of the world were also evidence of escaping natural gas, probably ignited by lightning. It is further reported that the first persons to use natural gas for industrial purpose were the Chinese. They transported it by bamboo pipes and burned it to evaporate brine and produce salt.

The first use of gas manufactured from coal dates back to the early 17th century. It was called 'Geist', meaning ghost, because of its elusive nature. From this the name 'gas' was derived.

Now, Mr. Speaker, I'd like to deal briefly with the Alberta Government policy and, highlighted over the last few years, deal with the question of export.

The oil industry boom followed the Leduc discovery in 1947 led to the development in the province of substantial gas reserves, at a time when natural gas markets in Canada and the United States were rapidly expanding. This led to the fear in Alberta that gas transmission projects would force up the domestic gas prices and leave consumers in the province with insufficient supplies. There were the slogans, "Conserve or Sell", "Export, or Hold for Canada".

The Dinning Commission was appointed by the provincial government in November, 1948, to investigate the proven and potential reserves of Alberta, the present and future requirements in the province, and such further matters regarding the use of gas in Alberta, as should be necessary in the public interest. The Commission reported in March, 1949. It recommended that Alberta users had priority in the matter of supply.

The commission also contemplated the assurance of a supply of gas, and the method given most consideration was the maintenance of a ratio of reserves to annual consumption of fifty to one which would require that increases in consumption be balanced by the discovery or development of new reserves. In 1949, when The Pipelines Act of Canada was passed, the dominion government refused to incorporate provisions for the protection of local requirements, on the basis that this could be done by the province itself. Accordingly, this province enacted The Gas Resources Preservation Act providing that gas could not be removed from the province without a permit issued by the Petroleum and Natural Gas Conservation Board. This board was later renamed the Energy Resources Conservation Board. The Act provided that a permit should not be issued unless the gas is surplus to the present and future needs of the people of the province.

In 1951, following the first hearing under The Gas Resources Preservation Act, the Board established the broad principles which have been followed since then, though some modifications of detail have been made from time to time. In an interim report in 1951 the Board recommended that in light of the favourable prospects for discovery of additional reserves, the province would be adequately protected if sufficient established reserves of pipeline gas were provided to maintain the supply and deliverability at expanding market requirements for 30 years in the future.

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In 1959 the act was amended to require the board to give consideration, not only to the present reserves of gas, but also the trends in the growth of reserves in the province. Thereafter, for the next approximately 14 years, the Board in calculating the gas surplus that might be available to an applicant, included the increase in reserves that might be expected in the next two years as a result of new discoveries or appreciation of old reserves.

The Board since 1966, in assessing the gas surplus position of the province, has categorized requirements in reserves into 'contractual' and 'remaining'.

'Contractual requirements' are the total of Alberta's requirements which would normally be under contract to a utility company or large industry and the existing permit commitments.

'Remaining requirements' are those for delivery, to meet local needs in the latter portion of the 30 year period and to sustain peak deliveries in the 30th year.

'Contractible reserves' are those available for delivery now or in the near future, which are under contract or which could be contracted for.

'Remaining and future reserves' include those currently beyond economic reach, those where production has been deferred, but is expected within 30 years, and certain reserves not yet discovered or developed which are expected to be developed within an early period.

In 1969, the Board heard an application by the Alberta division of the Canadian Petroleum Association for changes in the formula appraising future reserves. This resulted in some further modifications. In the decision that year, they summarized the Board's policy respecting applicants for the removal of gas from the province. There are 25 entries, comprising 11 pages, and I would be pleased to furnish the hon. members with details of those 25 entries if they so require.

I would like, very briefly, to summarize the Board's policy for the past number of years, that has been appraised to Alberta's requirements for gas for a 30-year period and has considered them in terms of (a) contractible requirements to be met with contractible reserves, and (b) future requirements to be met with deferred reserves and reserves expected on the basis of trends to be discovered within a short period.

Mr. Speaker, that briefly, is the position of the Province of Alberta. Now I'd like to deal with the position at the federal level, and deal with the decision of the National Energy Board.

In its decision of November, 1971, the National Energy Board concluded that Canada's current gas requirements exceeded the availability of Canadian reserves by 1.1 trillion cubic feet, and in the light of this supply deficit, three applications to export additional volumes of gas to the United States were denied. Before commenting on the impact on Alberta of the National Energy Board's decision, it is important to emphasize to all hon. members that the Alberta Government's policy, as expressed in The Gas Resources Preservation Act is to ensure that the gas requirements of Alberta consumers will have priority over requirements of consumers outside the province. Furthermore, the policy of the Government of Canada that Canadian current requirements have priority over exports has not been questioned or challenged.

Having made these statements, I now suggest that the National Energy Board's method of determining Canadian requirements is unrealistic and results in significantly overstating what are reasonable, foreseeable requirements, as required in The National

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Energy Board Act. The supply deficit of 1.1 trillion cubic feet, as calculated by the National Energy Board is fictional and a realistic assessment would establish a surplus of at least 8 trillion cubic feet.

I submit to hon. members today that such a determination would be completely compatible with the policy of giving first priority to Canadian requirements. Not only are the National Energy Board's estimates of current requirements unrealistically high, but it results in a serious regional problem. A breakdown of the National Energy Board estimates of Canadian requirements and supply by regions reveals that eastern Canada, that is, Saskatchewan, Manitoba, Ontario and Quebec, had a large supply deficit, 9.7 trillion cubic feet, whereas Alberta had a large surplus, 8.8 trillion cubic feet.

This regional breakdown focuses attention on the basic inconsistency of the current system. On the one hand, the National Energy Board estimates result in a deficit supply east of Alberta, but on the other hand, there is a surplus supply in Alberta. Moreover, this situation has prevailed throughout the '60's. It is apparent that eastern Canadian consumers have chosen not to take advantage of the availability of reserves in Alberta.

Alberta thus suffers the double penalty of not being able to sell its gas in export markets because the estimated current Canadian requirements are unrealistically large, because gas distributors in eastern Canada have arranged to purchase only some two-thirds of the gas that the National Energy Board has estimated that they currently require. It is this gap between purchases and estimated requirements that causes the surplus situation in Alberta.

The National Energy Board's decision to deny export applications results in the large surplus gas supply in Alberta continuing to exist for some time and has the following serious implications to the province. I propose dealing with five points:

(1) Loss of revenue to the industry and the citizens of Alberta.

One of the direct consequences of the National Energy Board's denial of application to export some 2.7 trillion cubic feet of gas from Canada is the virtual immediate loss of revenue to the industry and to the public. A realistic estimate of this annual loss in revenue would be \$25 million, of which \$4 million would be the royalty share. The potential loss in revenue is much greater, however, since a continuation of the present policy will result in most of the current 8.8 trillion cubic feet of surplus gas remaining shut-in for several years. The total annual loss in production revenue is in the order of \$65 million, of which \$11 million would be royalty share. These are very substantial losses, and at best, they can be justified only if they were achieving some clearly worthwhile objectives. This is not the case, and in fact, they actually work against the very objective they are attempting to achieve, namely protection of supply for Canadian consumers.

(2) Impact on exploration and development.

The prospects that Alberta will have a large surplus gas inventory for several years is certain to have a major impact on gas exploration in this province. The cost to the industry of carrying shut-in gas reserves is high. In 1969 the Canadian Petroleum Association estimated that the average before-tax cost of carrying one trillion cubic feet of gas for one year would be approximately \$3.3 million. Under these circumstances, companies would be forced to modify their gas exploration programs. There would also be an impact on semi-exploratory and development drilling that takes place to prove up gas discoveries. In the absence of available markets such expenditures could not be justified. A gradual phasing out of exploration programs would reduce the finding rate of gas in Alberta,

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so that within a few years, the surplus gas inventory would be eliminated.

Under these circumstances, continuation of the current NEB method of determining requirements would result in very large Canadian supply deficits. The burden of carrying these deficits would fall on any other Canadian region contemplating the export of gas. Obviously, this has serious implications for exploration in the frontier areas. The financial impact on the province of reduced exploration on programs is difficult to quantify, but it is very significant.

(3) The impact on the price of Alberta gas.

The denial of recent export applications, and the clear indications that further exports are most unlikely for the foreseeable future, effectively eliminates the competitive forces of the United States markets on the price of Alberta gas. Alberta gas would be restricted to Canadian markets with the Ontario and Quebec markets playing a dominant role. These markets tend to be lower price markets than those in the United States, and it is only reasonable to conclude that the price Alberta receives for its gas would be depressed. Of further serious concern to the Alberta government is the fact that under these circumstances there would only be one purchaser, Trans Canada, of Alberta gas for the whole region east of Alberta. This feature seriously weakens the bargaining position of many Alberta producers, and also must have the effect of depressing the price received.

The presence of a surplus gas inventory constitutes a further difficulty in obtaining a fair price for Alberta gas. Combining all of these factors leads to the conclusion that the current NEB methods and the recent decisions have serious implications for Alberta with respect to the price to be paid for its gas resources.

(4) The overall impact on the Alberta economy.

Reference has been made previously to the reduction in industry and government revenues through loss of production and revenues, caused by the NEB denial of applications to export gas. The inevitable reduction of exploration activity and its resultant unfavourable impact on the Alberta economy also has been discussed. The retardation in the development of gas fields and the construction of gas plants and gas pipelines also will have significant unfavourable consequences on the Alberta economy. Furthermore, there will be a depressing effect on manufacturing industries in eastern Canada with its ancillary multiplier effects.

The Alberta government revenues will suffer both directly and indirectly from the reduced exploration and development programs. The combined effect of all these elements leads to a very serious impact on the Alberta economy.

(5) The inequitable nature of the policy and the decision.

As previously stated, the current NEB method of determining Canadian requirements results in unrealistically high estimates which, in turn, results in fictional supply deficits. Currently there is an alleged supply deficit of 9.7 trillion cubic feet in eastern Canada which is largely offset by an actual supply surplus in Alberta of 8.8 trillion cubic feet. If consumers of gas in eastern Canada do not choose to purchase the gas that the NEB claims they 'require,' there is no justification whatsoever for requiring the Alberta industry and by way of its royalty share, the Alberta public, to hold the gas inviolate until such times as the eastern consumers find it advantageous to make the purchase. Such a policy is not only unreasonable, but it is grossly inequitable. Furthermore, once the

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true implications of such a policy are generally understood, it must increase the divisive elements in our nation.

Mr. Speaker, after reviewing those five points I would now like to deal briefly with an assessment of the NEB decision in a number of points.

The hon. members should first appreciate that section 83 of The National Energy Board Act provides that, in entertaining applications for export, that the National Energy Board

"shall satisfy itself that

- (a) the quantity of gas . . .to be exported does not exceed the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada. . ."

In determining the meaning of those three words, "reasonably foreseeable requirements", The National Energy Board has followed the practice of estimating the requirements of gas for use in Canada for the fourth year, after the year in which the application for export is heard, multiplying that number by 25, and designating the result as the allowance to be set aside. This has become known as the 25 times A(4) formula.

Now I have mentioned a supply deficit in Eastern Canada of 9.7 trillion cubic feet and it is important to determine the cause for this deficit.

It is clear that eastern Canadian purchasers could have obtained additional surpluses and supplies from Alberta had they wished to do so, since that region has had a large surplus supply for the past decade. However, this approach was not followed. Trans Canada applied to the Energy Resources Conservation Board in May, 1971, for permission to remove an additional 2.1 trillion cubic feet from Alberta, but subsequently the Energy Resources Conservation Board determined that Trans-Canada had sufficient reserves in Alberta to justify only .4 trillion cubic feet of the requested 2.1 trillion cubic feet. Even if the full 2.1 trillion cubic feet had been granted, the eastern supply deficit would still have been 7.6 trillion cubic feet.

Thus the reason for the deficit cannot relate to the availability of reserves, particularly if recognition is given to the surplus situation prevailing over the last decade.

An examination of the three previous NEB estimates of eastern Canadian requirements and available supply reveals a similar gap or deficiency. In each of these cases Alberta had a supply surplus which actually exceeded the eastern Canadian deficit. This suggests that the purchasers and distributors in eastern Canada do not believe it is necessary or prudent to contract for or arrange for the full requirements as estimated by the NEB. In fact, historically, they have tended to arrange for supplies equal to only 65 to 70 per cent of the NEB estimated requirements.

This can be expressed in another way by stating that the NEB estimates of 25 times the fourth year are equivalent to 33 times the level of requirements of the first year, whereas the purchasers and distributors have arranged for supplies equivalent to some 21 to 25 times the first year level.

Which estimates of requirements are correct? Should requirements be interpreted as being those for which a distributor is prepared to make firm supply arrangements, or simply what he hopes he can sell in the future? Statements by the National Energy Board in recent reports indicates clearly that their intention is that requirements should be under supply contracts. For example, on pages

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6-12 of the November, 1971 report, the board says that in 1970 it concluded that:

"It did not, at that time, appear that the distributing utilities had done all that was reasonably possible to assure protection of their foreseeable requirements by contracting for coverage of future requirements."

The situation in June, 1971 was worse than it was in December, 1969 when the NEB made its previous analysis and exhorted the distributors to modify their practice. Since experience during the last five or six years demonstrates that the distributors and purchasers arrange for gas supplies for only some 21 to 25 years at the first year level, it is clear that the requirements estimated by the NEB at 33 times the first year level are unrealistic. It follows, therefore, that the supply deficit in eastern Canada and for Canada as a whole is really fiction. If requirements were calculated as being equal to 25 times the first year, the supply deficit in eastern Canada would be reduced to 3.7 trillion cubic feet, and as previously stated Trans Canada is attempting to obtain an Alberta permit for an additional 2.1 trillion cubic feet, which would reduce the deficit to 1.6 trillion cubic feet. While this is still a significant volume it is a much more reasonable and acceptable estimate.

The Alberta situation is the converse of that of eastern Canada. The NEB estimates indicate that there are 8.8 trillion cubic feet of surplus gas in the province. A substantial portion of these surplus reserves are subject to purchase contracts and the Energy Resources Conservation Board permit to supply export markets in the United States, but cannot proceed because complementary export licences have not been granted by the National Energy Board. The remaining 5.1 trillion cubic feet are available for Canadian requirements.

Trans Canada applied in May 1971 to the Energy Resources Conservation Board for approval to remove 2.1 trillion cubic feet, but it was determined that Trans Canada only had available sufficient reserves for a further .4 trillion cubic feet. Assuming that Trans Canada obtains the full 2.1 trillion cubic feet, the surplus supply in Alberta would be reduced to 6.7 trillion cubic feet.

An examination of previous National Energy Board estimates of requirements and reserves indicates that Alberta has, generally, over the years had a surplus position, but the magnitude of the surplus increased in December 1969 and in June 1971. These increases occurred because the National Energy Board denied export of some 2.5 trillion cubic feet in 1970, and 2.7 trillion cubic feet in 1971.

If the National Energy Board continues its current method of calculating gas requirements and recognizing that it is a sound policy for purchasing companies to continue their practice of purchasing gas on the basis of 21 to 25 times the first year's requirements, the supply deficit in eastern Canada would continue to increase. On the other hand a continuation of the National Energy Board policies would force the Alberta industry to reduce the surplus reserve inventory because of economic considerations. Exploration and development programs would be reduced and there would be a comparable decline in gas finding rates. Within a few years time the industry would have adjusted to the restricted market opportunities and the surplus reserve in Alberta would either be very low or nonexistent.

Combining these predictions of increasing supply deficits in eastern Canada and the decreasing supply surplus in Alberta indicates that by around 1975 the eastern deficit would be in the order of 11 trillion cubic feet, and that Alberta would have a surplus of 1 to 2 trillion cubic feet. Assuming that the British Columbia and Northwest Territory region remains roughly in balance, the overall

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Canadian balance would be a deficit of some 10 trillion cubic feet. This burden would then be forced on other Canadian regions contemplating the export of gas. Obviously this has serious implications for exploration in the frontier areas.

In concluding my remarks on the National Energy Board, I would like to say that we are examining the role of the National Energy Board. It is an important decision for the future. Many questions will have to be answered.

Now, Mr. Speaker, in dealing with the question of prices, over the past six months there have been a number of articles, speeches, and various comments made about gas being underpriced it's too low, it's relatively low, they are bargain basement prices, they're distress prices. And I might draw the attention of the hon. members to the average wellhead natural gas price for the last number of years, starting with 1971.

<u>Year</u>	<u>Average Wellhead Price</u> <u>cents / mcf</u>
1971	16.2
1970	16.0
1969	15.4
1968	14.8
1965	13.7
1960	8.1

Now, Mr. Speaker, when I mention those figures going from 8 cents to 16 cents, I would ask hon. members to consider that according to our estimates that every time the price of gas goes up one cent that means \$2.8 million to the treasury of the Province of Alberta. So I think all hon. members realize the importance of this whole question of the price of gas in the Province of Alberta.

Now, Mr. Speaker, there hasn't been a more concerned person than the hon. Premier, and in considering this he made a bold move, a timely move, one that was the first in Alberta, the first in Canada. He made it through the Executive Council, a request to the Energy Resources Conservation Board to have a hearing into the field price of natural gas. This hearing commenced in Calgary on February 24th. It has now been under consideration for ten days. This represents the first phase.

The first phase of the hearing dealt mainly with (a) the factors influencing gas prices, (b) the pricing provisions of present contracts, and (c) the present anticipated field prices.

The second phase of the hearing will commence June 13th, and will consider possible modifications or alterations to current practices affecting the field prices which could enhance the benefit of Alberta. Submissions respecting this phase of the hearing are to be filed with the board by June 6th. At the present time there are some 31 companies that have submitted applications. In addition to that, some 10 parties have asked for the opportunity to cross-examine. We have applications received from the four major exporting companies, Alberta Gas Trunk Line, the three major cities, the Alberta Association of Municipal Districts and Counties, the major Alberta gas utilities, the major eastern Canadian gas utilities, and major other industries. Mr. Speaker, the results from that hearing will be reported to the Executive Council and then the Executive Council will consider from then the next step that will be required to be taken.

When one examines the question of the price of natural gas, one also must examine the gas contracts that are entered into, and I would just like to make a brief observation on those gas contracts, because the usual contracts -- and when I mention usual, they are

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subject to variation, and as a general rule they contain the following provisions: They are for 25 years. There is a price redetermination clause; that price redetermination clause goes into effect on January 1st, following the ninth year, and then it applies on the fifth year every year thereafter.

Now, under that price redetermination clause, Mr. Speaker, assuming it's at ten years and every five years thereafter, there is provision that if the parties don't agree they can go to arbitration. In December, 1971, on Christmas Eve, the first arbitration decision award was announced, and it did involve a decision of a company that was the seller called Petrogas, and the buyer, West Coast Transmission, and there was an announcement of a significant upward revision of the prices. At that time the price of gas, in that contract in 1971, was 17 cents. The majority award of that decision, set the prices as follows; January 1st, 1972 and 1973, 20.5 cents; 1973, 21.5; 1974, 22.5; 1975, 23.5. In addition to that there was added a 75 cents, and the effective result of that arbitration was a 4.4 percentage increase, or approximately 25 per cent. And again I ask hon. members when they consider that decision last December of a 4.4 per cent increase, to consider that with the figures that result to the Alberta Treasury. It has to be very significant.

Now, Mr. Speaker, that's all at this time that I'd like to say on the price of natural gas. We've dealt with the export policy; we've dealt briefly with the price of natural gas. I would like to comment briefly that in the question of oil, we are following with interest the meetings that are taking place in Geneva with the 11 major producing countries that make up the organization of petroleum exporting companies known as OPAK. We noted that western oil companies signed an agreement to pay at least \$700 million a year to the six Persian Gulf producing countries to compensate them for the devaluation of the dollar since last December. It is noted that the immediate effect that has been reported is that this amounted to an 8.49 increase in the posted price. We are continuing to watch, Mr. Speaker, the market price on oil, and its effects on Alberta.

Now, Mr. Speaker, one other area that I would like to touch on briefly is that my colleague, the hon. Minister of Federal and Intergovernmental Affairs, mentioned Alberta as the energy province, and I think that everywhere I travel, it is known as that, and we would like to say that we'd like to make now, Alberta the energy corridor of North America. To do that, involves the question of pipelines, and to that end, we have and are working on a pipeline conference. The aim of that conference is to make Alberta the energy corridor of North America. The objectives are to assert a role of leadership for the Alberta government in promoting the energy corridor through Alberta. The conference, it is proposed, is to provide a forum for the exposition of all significant research in the areas of resource development, ecology, economic impact, sociological change, and transportation as they relate to a corridor. In addition, we hope to identify as the logical participants of government and industry. Considering this conference, there will be invited parties, of course, that are interested in pipelines, but also governments, at both the federal, provincial and United States level, to bring to a head the whole question of the pipelines, where they're going to go, what are the cost factors, and every other aspect, and we hope this will give an opportunity for a third discussion in the Province of Alberta.

I might say at the present time, in the matter of pipeline routes out of the Arctic, it now does appear there is only one relating to oil and that is the Mackenzie Valley Pipeline Research Group. There are two series relating to natural gas, Gas Arctic Systems and the Northwest Project Study Group. Both these latter groups have spent considerable amounts on research on pipelines coming out of the Arctic.

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Now, Mr. Speaker, I have one other area that I would like to touch on. As I mentioned I was very pleased to be able to attend the First Ministers' Conference, and watch the Premier and Minister of Federal and Intergovernmental Affairs put forth the position of Alberta at that conference. In addition to that, we are also able to have discussions with federal representatives dealing with the question of consultation on energy matters and observer status. I think as I recall somewhere during the debates, somebody was questioning this question of observer status. In the details of that, and behind that Mr. Speaker, we would like to suggest that there be an observer status at the ministerial level for this, the precedent is The Columbia River Treaty negotiations.

In view of the interest the hon. members have shown on the other side, in respect to this, I would like to read them the precedents and some of the comments of the precedents for that. In 1964, the hon. Paul Martin of the Standing Committee on External Affairs said, "While negotiations with the United States for joint river development are the responsibility of Canada, British Columbia" -- these are the important words -- "as owner of the water resources had to be closely and continuously involved." Mr. Speaker, it's my submission that that is the same with Alberta's position in respect to its natural resources.

Again in the House of Commons, Mr. Pearson who was the Prime Minister at that time stated, "the time has long gone when a federal government should sign an agreement with the United States or other country which requires provincial action and cooperation for its implementation without a clear and formal undertaking from the province concerned, that the terms of the agreement are such that this cooperation will be forthcoming." Mr. Speaker, those are two very strong statements, two very strong statements supporting the position put forth by the hon. the Premier and the Minister of Federal and Intergovernmental Affairs to suggest that Alberta should be at the bargaining table on energy matters.

Mr. Speaker, in view of the time, it's not my intention to get into the question of coal. We are going to be submitting to all hon. members a new Coal Conservation Act and during that discussion we can have a good discussion on the question of coal.

On the question of sulphur, Mr. Speaker, I think during the estimates I'd like to make a few observations on those areas. Those are the highlights of the areas of the department that I've been involved in. It's been an exciting time in these areas, Mr. Speaker, and I welcome the challenge and hope that the decisions that we make over the next month, or two months, six months, a year, in these areas, will be vital to the future of Alberta. We hope that we can make them wisely and well with the help of all members of this House. Thank you.

MR. STROM:

Mr. Speaker, it is a pleasure for me to rise in my place today to take part in the budget debate. I would like at this time to extend to the hon. the Provincial Treasurer my congratulations on his first presentation of a budget in this Legislature. I can appreciate to quite an extent, some of the anxiety that he had in making his maiden presentation, but I noticed, sir, that he was well armed with water. Our quip to the former Provincial Treasurer was to ask him how many glasses of water it would take to deliver the budget address, and I noted of course that the hon. Provincial Treasurer carried out his responsibility very well, being so armed.

I want to say to the hon. Provincial Treasurer, Mr. Speaker, that the speech was well read, smooth sounding, and certainly it placed much emphasis on style.

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Over the years I would have to say that I never lost the feeling of expectancy as we approach budget night. I want to say too, before going on, Mr. Speaker, that I have appreciated very much the report that the hon. Minister of Mines and Minerals has just given to us. I will be looking forward, with a great deal of anticipation, to review the report again, because it contained a tremendous amount of detail, and it is rather hard to comprehend the points that were made today as he gave his very excellent report. Certainly all of us are concerned in regard to the future of the work of his department. I can certainly share with him some of the excitement that he referred to in speaking today. Although I was not directly involved in the department, it was my pleasure to have considerable association with those who were, and I must say that there are many ramifications that face us in the future as we consider our oil and gas policy.

I think it goes without saying that it has changed very radically over the last two or three years. I can recall, for example, when we had to go practically with cap in hand to try and sell. Very quickly we have moved from that position to one where the buyer now comes with cap in hand to negotiate with us. Certainly this has changed the whole concept of the method in which we dispose of this very valuable resource. We have always expressed considerable concern about the federal government involvement, particularly as we think in terms of a possible control on the part of the federal government on wellhead prices. This still remains a real concern, and I'm sure that the government will ensure that we do not lose the independence that we have at the present time in that particular area. Mr. Speaker, I am sure that some of the members on our side of the House would like to comment in greater detail on some of those items later on.

Turning back to the presentation of the budget, I want to say that one of the interesting factors in regard to the budget is that it provides key information regarding the government's activities for the coming year. During the past several months bits of information have leaked out, and as a result, I would have to say, as I mentioned a little earlier, that never has my expectancy been higher than it was last Friday, in view of statements and reports that we were getting.

Well, I have to say that expectancy dropped to a new low when I realized the impact of the Lougheed government's budget. The public debt of this province will be more than doubled by the Lougheed government budget just presented, as against the debt incurred by the Social Credit government during its 36 years in office. The proposal by this government to borrow \$200 million, or I say, to be more precise, \$199 million, this year is a clear indication that they intend to plunge this province into a debt program that will mortgage future Albertans for generations to come.

I know, Mr. Speaker, that the government is anxious to claim firsts. I'm extending to them a first on this one. It's the first time in the history of this province that we have a deficit budget of this size. We are well on the road to destroying the excellent credit rating that we have enjoyed for many years.

Let's examine for a moment what this decision means to our people. Computing interest at 8 per cent, it will cost the taxpayers of this province \$15,920,000 just to service the debt of their first borrowing. Over-borrowing in order to provide funds for a subsidization program is a little bit of the old practice in India, where, if they didn't like a person, they presented a white elephant calf as a gift, and the elephant, of course, being a sacred animal, would have to be continually fed thereafter.

Before and during our election, the hon. Premier was travelling around the province, trying to sell our province short. We are now started down the road on a program that will make us shortchanged.

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The statement on the opening page of the Budget Speech, that this budget reflects the Lougheed government's "commitment to open government and to greater disclosure in the Estimates" is merely giving lip service to a practice followed for many years previous to this government taking office. For many years a very detailed estimate book was used, as members who have been here for some time will recall. It was followed later by a less detailed record of the estimates. In the past years, this was supported by a supplement that provided explanatory notes for the various departments. A comparison of the estimates against previous estimates, I suggest, is easily understood. We shall be awaiting, of course, with interest any further further changes in budget procedure as was announced in the Budget Speech.

I am a little amused, however, at the suggestion of a more open government operation, particularly when we consider the position the government has taken since assuming office. But first let me bring to the attention of the hon. members a couple of examples of how we practised open government.

In 1963 the Social Credit government appointed a special committee to examine the revenues and expenditures of various departments in this province, and I think it would be of interest to all the hon. members if I were to read the terms of reference as expressed in the order in council passed in 1963: "Whereas, having regard to the public concern engendered by steadily rising public expenditures resulting in an ever increasing burden of taxation and debt, the government announced its intention to invite representatives of municipal, government, school administration, business, agriculture, and labour to join in a factual study of public expenditures and the manner in which they can best be controlled and financed, having regard to legitimate needs and best interests of the people of the province as a whole."

Back in 1963, we recognized that there was a projection on increasing cost that was a little frightening, and we recognized that there was a need for public involvement in order that there be a better understanding of what was happening. I don't intend to read the names of the committee, I simply want to say this: there were three members of our Cabinet who served with representatives of the Chamber of Commerce labour, hospital associations, urban municipalities, rural municipalities, school trustees associations, Farmers Union of Alberta, the Alberta Federation of Agriculture.

This committee was given every opportunity and assistance to get all the information they requested. No information was withheld. After the committee finished its work, one of the members remarked that he still found it well nigh unbelievable that a government would be so open with its information.

I say too, that it might be of interest to the hon. members on the other side of the House, to know that every political party, I say every political party in the province at that time, was represented on the committee. I'm sure the hon. Minister of Agriculture would be interested in that information. Secondly, I am sure that many members will recall the hon. Premier, just last year, when standing on this side of the House, taking extreme delight in quoting from a book known as "Social Futures, Alberta, 1970 to 2005." And I say it was a report that he must have found very interesting. It was a document published by The Human Resources Research Council. If that report didn't provide ample and positive proof to any reasonable person of our support for open government, I don't know what did.

But what happened? Let's compare our response with the response of the present government to open government. Shortly after taking office they announced the termination of The Human Resources Research Council, and said that it would be more directly under the control of

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the government. Also dismissed is The Committee on Urbanization to be replaced by a caucus committee of Conservatives, paid by public funds but providing no report for the Legislature and reporting in secret to the government. Open government? Maybe the true meaning is open to Conservatives only.

On page one of the budget address, it also states, "It is a budget which reflects the determination of our government to establish a responsible fiscal climate in Alberta." Well again, Mr. Speaker, I think that it is well known across Canada and in many parts of the world, that a responsible fiscal climate was established many years ago. My concern today is to have this government maintain policies ensuring our continued growth and prosperity and our rating across Canada.

I note that a great deal of emphasis is placed on program budgeting and again, I agree with this objective. I would suggest however, that to some extent that this is a new name for an old practice. We happen to have sitting in this House in this point in time, the hon. member from Cardston who served as the Provincial Treasurer for a number of years, 10 years I believe, to be exact. During that period of time, he presented to us, reviews and projections on costs into the future so that we would better be able to determine the policy that we had to follow. I am sure that he can tell this House that budget planning started the day after our current budget was proposed. And it was a continuous program.

I am not objecting, Mr. Speaker, to program budgeting. I think it is the kind of thing that we have to be looking at, and looking at very carefully. I suggest that in a measure this was being practiced. I feel confident that when you review the existing budget procedures, you will find a degree of effectiveness and efficiency that your government might do well to equal. I say it was our commitment to this policy that brought this province to the position of financial strength that it enjoys today.

On page five, the hon. provincial treasurer reports the cash position of the province as of March 31, 1971 was \$143.3 million. He did not mention at that particular point that as of the same date, March 31, 1971 we also had investments of \$151.2 million. On page 74 of our public accounts for the year ending March 31, 1971, we have a breakdown of the investments, which includes the ventures of various municipal hospitals, and school districts. These were the debentures picked up at a time when we were enjoying surpluses as a result of the development of our mineral resources.

It has been stated outside of this House, that we can expect losses on these investments because of the difficult financial position of our towns and so on. Mr. Speaker, when I last checked a couple of months ago, there had not been a single default in payment. In other words, these investments are sound investments. And any is a suggestion that we cannot expect a payment, I suggest as an open invitation for them to begin defaulting on repayment.

In Table 87 of Appendix A we note that the combined income and capital surplus stands at \$446.4 million as of March 31, 1971. I have to say here that never at any time, Mr. Speaker, have I suggested that there was a fund of a certain amount related only to cash. And I would say any government that handled the provinces financial matters in that manner should be severely criticized. I say, and I say it as emphatically as I can, that as far as our province goes, it was in a good financial position.

I know that the presentation of figures is often dull and uninteresting and I realize that the hon. Minister of Mines and Minerals gave us a lot of them while he was speaking and it's very difficult to follow. I simply want to make this point. On our general assets, as listed in the public accounts, we find that they

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are listed there as having a nominal value of one dollar. We must remember that this represents well in excess of a billion dollars, I don't have the exact figure in before me but I know that it is well in excess of a billion dollars, which includes public buildings, roads, bridges, and assets of one kind or another throughout various parts of the province. The bulk of these assets, of course, was built and maintained out of current revenues and placed no burden on the tax payers of the future. These assets were obtained by the good management of our resources.

We have been told repeatedly, Mr. Speaker, that our province has the highest number of civil servants on a per capita basis of any province in Canada. I believe the hon. Premier stated on several occasions that the bureaucratic growth of government had to be stopped. When the budget was brought down I examined the record of the government as of taking office.

Well, what has happened? First of all, five additional members were added to the cabinet with their attendant pyramid bureaucracies. In the Department of Agriculture, 215 new positions; Attorney General, 29; Education, under the hon. Minister, Mr. Hyndman, there was a reduction of 17; Executive Council, 12; Highways, 68; Industry and Commerce, 26.5; Manpower and Labour, 17; Lands and Forests, 27; Legislation, 6; Mines and Minerals, a reduction of 3.5; Health and Social Development, 220; Public Works, minus 2; Culture, Youth, and Recreation, 1; Environment, 62; Advanced Education, 129.5; Federal and Intergovernmental Affairs, 18; Telephones and Utilities, 6; making a total of new positions of 835.

Mr. Speaker, I don't know whether this is what they meant they were going to cut, but if it was, we have not seen any cuts. While I'm discussing staff, Mr. Speaker, I would like to quote from the hon. Premier's Budget Speech of 1971, when he sat on this side of the House, and I quote:

"Mr. Speaker, a further step tied to that that a Progressive Conservative would have, is to take an Ottawa office, take an office of the Alberta government at Ottawa, and truly make it a nerve centre. Make it hum."

Not let's see what has happened. In reply to a question the other day, the hon. Minister of Federal and Intergovernmental Affairs said that at the present time, two stenographers are staffing the Ottawa office. Mr. Speaker, to get some idea of the government's intention we look at the budget and we discover a 5.7 per cent decrease for the Ottawa office. Some humming!

This is the situation that we find, and Mr. Speaker, I want to say this in fairness to the hon. the Premier, I don't think that I basically disagreed with him last year when he made his suggestion of making it a nerve centre. They may disagree in the approach that we used, but I say here, after making that kind of a statement, reducing it to two stenographers, reducing the appropriation by a further 5.7% is not following through on what they said they were going to do.

This is the situation when we find that there are two paramount items to be negotiated. I refer, of course, to constitutional adjustments and revision of the cost shared program. I note that the government is quick to point out on page seven of the Budget Speech, that tax revision was basically accomplished when they took office. I say it was while the Conservatives were in power in Ottawa that we had to accept many of these cost shared arrangements.

The federal government's attitude is well known, and they will continue to claim their right to enter any tax field. However, I am very glad to see that the Conservatives have adopted good Social Credit policy, and are asking for the right to self-determination, and I want to congratulate them for being the first Conservative

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government to follow good Social Credit policy. It seems to have become a point of interest to quote, but paraphrasing Disraeli, he said, "Truth travels slowly", but it finally reaches even the Conservatives.

The courage to make decisions to opt out of cost-shared programs if they want to lose dollars, still rests with the government. However, at this point in time I would urge the government to give very serious consideration to the possibility of grants with increases tied to the gross national product, and, being permitted to have flexibility in our programs, if they are serious about accepting federal proposals, because I understand that this is one that has been made.

I want to point out, however, to the hon. members, that because of our greater involvement with Ottawa, it is urgent to make our Alberta office at Ottawa a meaningful nerve centre, and not to reduce its capabilities.

On pages 10 and 11 of the Budget Speech reference is made to the recovery of the economy in Canada and Alberta. It states that slightly slower growth rate was experienced in Alberta than in Canada as a whole. It should be noted that this is mainly due to the fact that Alberta did not drop back as far as other provinces, due to the federal government's monetary and fiscal policies to control inflation. This also, in spite of the fact that our two major cities were singled out, along with a couple of other cities in Canada, for special control measures, because they were termed as 'hot spots' contributing to inflation.

Our government at that time, during the implementation of these policies by the federal government, stated emphatically that we would not accept measures creating unemployment. And we as a government continued with a large program of government sponsored expenditures. At that time, the hon. the Premier stood in his place here and criticized us for our action. Now he is trying to take credit for the upswing in our economy.

I think it's of interest to the hon. members, just to review what happened during that period of time, and I happen to have a copy here of the 1970 annual review of business conditions in our province. The first paragraph in this publication says this:

"The growth rate of the Alberta economy was slowed in 1970, but only in comparison with recent years. The construction industry bore the weight of the federal government's restrictive monetary policy. Higher than usual rates of unemployment inevitably resulted."

I read also there, that:

"Mineral production and value rose substantially. Manufacturing industries showed surprising growth, rising by nearly \$90 million in value."

I think it is also of interest to note that power requirements within the Province of Alberta have consistently increased over the years for the last number of years. Alberta Power reported for the past couple of years, a growth of something in the neighbourhood of 14 per cent. Calgary Power slightly less.

If we were to look at the document -- and certainly I don't intend to cover too many points, just to make a couple -- we recognize that in agriculture, there was a drop, the peak year being in 1968. In the matter of coal production, there was a continuous and a tremendous increase from the year 1967 to 1970. In the value of manufacturing shipments, there again, we see a tremendous growth

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from the period of 1967 to 1970, going from \$1 billion, 554 million to \$1 billion, 942 million.

When we look at the construction trade which suffered most, we still find that there was a consistent increase, which, in my view, indicates the strength of the economy within our province, in spite of the measures that were placed to control inflation.

Mr. Speaker, I think it's very clear to any fair-thinking person what has happened. The federal government, in an attempt to control inflation, very drastically reduced the amount of credit available in our country. About a year ago last June, they recognized that the cure was worse than the problem. So starting about a year ago last June, they began to increase available credit. This I suggest is mainly responsible for the recovery that we are presently witnessing. Our Provincial Treasurer, Mr. Aalborg, predicted in his last budget address in this Legislature, where he stated on page 5 of his speech, and I quote:

"1971 will bring a gradual recovery of the provincial economy to a period of sustaining growth and near full employment."

I'm glad that our present Provincial Treasurer can in fact report that this forecast was true. It has been said that the \$200 million borrowing is to improve our economic position. Does the government really believe that they can maintain economic expansion by subsidies and bonuses? It is not their responsibility to provide jobs and I made that statement in the House last year. It is the responsibility of them to provide the economic climate for the private sector to create new jobs. It is a well known fact, sir, that from 60 to 75% of the jobs created are in the private sector.

I would now like to turn to some general observations. I would like to draw your attention to a new feature which no doubt is a new direction in the Lougheed government's first budget.

As the hon. Provincial Treasurer mentioned in his speech on Friday night, slightly over \$23 million designated for roads and highways has been transferred from a current operating expenditure to a capital expenditure. Through this column juggling, the minister has succeeded in convincing his side of the House he has an operating surplus.

Mr. Speaker, it is important to indicate that by the previous year's budgeting procedure, the Lougheed government would show a deficit of about \$23 million. But I suggest that they should have gone a step farther in transferring items from one ledger to another.

By the same rationale, that the minister transferred the \$23 million from an operation debit to a capital debit, we should also regard the revenue figure of approximately \$90 million obtained from non-renewable resources as a capital credit and not an operating credit. Thus by using the government's own logic, Alberta would then have an operating deficit of about \$100 million and a capital deficit of about \$100 million. I suggest that when we're starting to look at the papers, that these are some of the points that should have been given very careful consideration.

The Lougheed government has promised the electorate that they would provide more programs, they would improve existing programs, and not raise taxes. It was on this basis that they received a mandate. I want to make it very clear that we are prepared to help them fulfill this mandate. The cornerstone of the Social Credit party's position on the management of Alberta's finances is quite clear. We realize the necessity of controlling the growth of costs to an acceptable level. The result was a decrease in the growth of the large spenders, the departments of Education and Health.

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Expenditures we certainly admit and support, must not be allowed to outstrip revenues. I believe that we have maintained a responsible financial approach. Now that we are on this side of the House, we will continue to support fiscal policies which keep the taxpayers ability to pay for the government's goods and services as the priority consideration. While reallocation of existing revenues is acceptable, new taxes or substantial borrowings are unacceptable. Alberta has shown that it can live within its means.

Mr. Speaker, in closing, I want to say it is very clear to me that the government has become manipulators instead of administrators. They remind me of the fly on the chariot wheel who said, 'see what a great dust I make'. The Conservatives have become the champions of the technique of selecting one sector after another in our society and offering a special benefit to them, and not necessarily related to need, to invite political support. I suspect that not only have they practiced the art of gross deception on the people, but they have reached the ultimate achievement of deceiving themselves. With all the talk about changing priorities, all they have done is to create new priorities today.

MR. SPEAKER:

I think the hon. Member for Macleod was on his feet first.

MR. BUCKWELL:

Mr. Speaker, in rising to take part in this budget debate, it's the first opportunity to express, on behalf of the people I represent, congratulations to you, sir, on your honoured preferment. I've enjoyed your style and your impartiality. I'd like also to congratulate the hon. Premier and the elected members of this House. Four years ago when the hon. Premier was on this side of the House, I realized then that he was a force to be reckoned with, but I didn't think it was going to be that quick, and I don't think he thought so either. But we do congratulate him, and we offer him and his Cabinet and to this House all the responsibility that we can muster into helping solve our problems.

I would also like to congratulate my hon. leader. There's nothing like measuring a man against defeat, and while I admired Mr. Strom as Premier of this province, his stature has grown tremendously as Leader of the Opposition. If we had had more men of the type of Mr. Strom in this province we would have had, I'm sure, a greater province.

Now I'd like to congratulate the hon. Treasurer. I met him at the hockey game last night which was not, maybe, the time nor the place to tell him that although I liked the way he gave his budget, I didn't like what was in it. He wasn't too happy, and I wasn't too happy, so I guess it's a saw-off. The only problem is that he holds the purse strings.

Now as I look down the front bench, Mr. Speaker, I'm reminded of what Alexander the Great said, that he had so many worlds to conquer and he had so little time. I've got 30 minutes, and I'm afraid it's going to centre around the hon. Minister of Agriculture, which he probably knew was going to come anyway. But I'd like to congratulate the new members of the government.

You've come in starry-eyed and idealistic and eager to right all wrongs and I'm sure that you're going to do the best you can with the ability that you have and the shortage of money, that you're going to make-up for all the mistakes that the government had made over the years.

But you're starting in on the wrong foot, because in previous speeches in this House, you are asking for things that are going to

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cost money. You're asking for provincial parks and senior citizens homes and roads, and they're not in the budget, fellows. We can't afford them any more. We've got a new priority. And there's one of the things that I want to -- if you don't mind me, the second and third bench -- to just remind you, because we were forcibly told that when we were in government and yet one of you fellows did it the other day to the hon. Minister of Public Works, you actually thanked him for a senior citizen's home and you thumped your desks. Now this is passe. You don't do those things, because the hon. member who is in charge of federal and provincial affairs said you don't thank the government for anything. It's your right and due. So I hope that in the future when a road or anything is announced, just say nothing, because you had it coming to you and maybe you should have had it before then.

Now both sides of the House, and this is only natural, are quite parochial in their thoughts. We think of our own particular constituency, or our own particular region as if that was the sum total of the whole province. And I think this is wrong in some respects, because we have a very narrow view of the total concept of government.

Mr. Speaker, this is one reason that I sort of have to congratulate the hon. Treasurer, because he has to look at not what he would like to do, and not what the members of the Executive Council or the members of the government would like to do, but look fellows we've only got a certain amount of money and this is how we're going to have to divide it. And so, in order to have planning we have to have goals.

I'm in all favour of planning and goals, but just to show you how planning and goals can get out of line, I'll give you two illustrations. Two years ago we were told by the then Leader of the Opposition who is now the Premier, that this was the plan for the universities, and we were wrong. We should be building universities in Grand Prairie, Red Deer and even Medicine Hat. We should be springing them up all over the place because we had thousands of boys and girls who were going to go to universities and we hadn't made provision for them, except in the two large universities, and these were well overcrowded. Now, I don't blame him, because this was the latest information that we could obtain. And even the Department of Education was going along this line. This is why the University of Athabasca got started. Yet, what happened? Two years after, we're not only curtailing maybe, and probably wiping out the University of Athabasca altogether, but we're in the position where you can't plan that far ahead, because things have changed. Instead of being university, we are now going to go into the college system, and develop it to a greater extent. So you can see that in planning that far ahead, and even with the best brains that we have within government, mistakes can be made.

Or you could turn around and take another example of what I mean. And this is the Kaiser Corporation or the Great Canadian Oil Sands or McIntyre Porcupine, who sunk billions of dollars into their respective projects and even with the best engineers and the best advice available, found out that these things don't work out according to plan. And they have not made profits yet that they intended, and they will not make profits in the near future that they intended, even with all the advice that they had.

I suggest to you hon. members on the other side, just don't have the idea that because we're in the 'now' government and we're all 48, that we're never going to make mistakes; government do make mistakes, and government do misjudge problems as they come along. Otherwise, if they didn't, Diefenbaker would still be the Prime Minister of Canada. You'd have to agree.

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We talk also of priorities. We must have priorities. I quite agree with the hon. Premier that we have to have priorities because there's not enough money to go around to do the things that we all want. And I congratulate him on starting the new mental health program. I think this is a wonderful concept. The study was started by the government. And while the government didn't get around to implementing it all in one or two years, the hon. Premier himself has admitted, it is going to take at least five years before we get the full implementation of the Blair Report, and maybe it will even be longer. But we've got to have some type of priority.

We think about mental health and we think about the Blair study. The other day was laid on the Table in this House, the report of the Alberta Health Care Commission -- I look over at the hon. member, the doctor over in the back row there, the genial doctor, and after reading what some of the doctors get, I could be genial, too. I didn't want to upset the doctor in the front row either. I suppose you have a mental vision, looking at him and wondering how many bucks is he worth in my practice -- but I have reservations on things that you have done to the Alberta Health Care Commission, in which you arbitrarily decided that everybody over 65 was to get free medicare.

I think you've gone a little far. You started an open-ended program that you don't actually know what it's going to cost you. We know, according to the budget, that it's going to cost you some \$11 million. Now, we've turned around and done it, we're going to do it with a 'no school tax'. What do you think of a man who owns about a half a township of land, over 65, and no more school taxes? This is a wonderful thing for him. I think what we're coming to today is that everybody will hope he will be 65 in the very near future. You have no idea what you've let yourself in for. You may have an idea how many people that you're rebating the health care program to because you've got their numbers, you've got their ages, and you've got their contracts. You have no idea of how much tax rebate on schools you are going to alleviate. You have no idea of the problem by these people, and if you want to know who owns most of the money in this country, it is little old widows 65 and over. They're the ones who have the whole boodle. You couldn't even be fair about the thing. I am not opposed to senior citizens, but I am opposed that without any means test whatsoever, you can just arbitrarily say you don't have to pay taxes any more because you are 65 and over. I believe in helping everybody that needs it; by a means test, and you couldn't even be fair about that, because you didn't exclude the bachelors and spinsters. We will still have to pay school taxes and it is not our problem. I see very little in the budget.

MR. COOKSON:

May I ask a question Mr. Speaker? Are you opposed to giving the senior citizens a break?

MR. BUCKWELL:

No, Mr. Speaker, the former government has done more for the senior citizens than any government in the history of Canada.

Mr. Speaker, I see nothing in this budget for the municipalities, or the school boards, that are going to get any relief -- in fact, the Calgary School Board is now going to ask for that much money. It is going to cost the citizens of Calgary an average of \$27.00 each. We had an announcement in the paper that the hon. Minister of Education had put \$20 million into the fund, we put \$1 million into the fund last year. This is the normal requirement of what it takes to keep going. Next year it will probably take another \$20 million. But this is not any relief as far as the school boards are concerned or as far as the municipalities are concerned. This is part of the government's responsibility, and I see no relief for these people.

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It is all very well to talk about the people over 65, it is all very well to talk about the young, but what about the wage earner? The little fellow that is on a non-union wage, with a family to feed and a house to provide. What relief have you given him? I suggest you gave him nothing. We need as well, relating to my own parochial constituency, a higher ceiling on borrowing powers for those communities that are obviously growing. It is through The Alberta Municipal Finance Corporation that these growing areas must have more money to be able to provide the services and the houses if we are going to attract industry to a greater degree.

Now getting down to agriculture, Mr. Speaker, since the session of 1968, we have had one member in this House who has a very hard and aggressive approach, but what we have been doing for the past four years and what we are starting to do now, we are fighting the battles of the federal government here in the Alberta Legislature. We are blaming the federal government right now for many things. But of course, when you are on the other side of the House, as they were last year, they didn't give us that courtesy. When we said and suggested to them that the marketing of grain and the wheat board, belongs to the federal government you are shirking your responsibility. I can't understand that! Such nonsense I have never heard!

But I am concerned, Mr. Speaker. I like the hon. Minister of Agriculture, he is a hard fighting politician and make no mistake about it. His ideas of how we are going to market our produce -- and I don't want to get into marketing today -- are revolutionary, and at least he has come up with some ideas that he thinks are going to work. But I wonder, have we pinpointed our problems? Have we got to the real basis of what is wrong with agriculture? It is really quite simple. We are producing against a fixed world price, and no matter how much we produce we cannot make it because it is a losing proposition.

What has happened to many of our people today in Alberta? We have to realize that Alberta is a regional province, the same as Canada -- we have parts to the south, the centre, and the north. The north has had a rough time -- they have had two or three crops in a row that have been either hailed out, dried out or frozen, and these people are in desperate straits. There is nothing you can do about a person and their income if they haven't got any produce to sell. But we have to look across the province as a whole, and one of the reasons that we are able to sell what we have been able to produce is because a good portion of our province hasn't any crop at all; and when you get into the south and you find out that we have barley quotas of 25 to 30 bushels per acre you realize that you have cleaned the country out -- there's no more barley left, or the farmers haven't got any left that they want to sell. And this is a far cry from what we have had for the last few years, where we have had only a five bushel quota and farmers couldn't even sell enough to pay for their costs of production.

This cost price squeeze is slowly squeezing. It's probably a popular topic, but it is slowly squeezing the large and small right out of existence. Unless we have some other means of raising a product or diversifying our operations for those who have livestock products as well as grain, this is the only salvation that they are going to have, if we are not going to have production controls in grain altogether.

The trend to fewer farmers is questionable, if it can be halted or even a small community can be stopped from drying up. This is not a matter today of fewer farmers. This is a trend that is set in, not only in Alberta -- it was far more serious in Saskatchewan -- but it is all across the western world. After the booming '60's, in which we had one of the brightest decades of agriculture that this country has seen, you can't tell me that farmers in '72 are so desperate that

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they have to sell out or that no one will take over their farms. We have many farmers today -- and this is not the case of 30 years ago, when the farm boy had no other place to go but stay on and help dad with the farm -- we have farmers today whose sons are doctors, scientists, and in many other kinds of professions. Some of the brightest students and some of the brightest men in the professions have come off the farms. There are farmers today with four or five sons, but not one of them wants to farm -- why? Because there is no money in it compared to what you can make in other industries. We have boys in our own district who barely eked out a living as far as the quotas were concerned, who have gone north for the winter, and in three months have made more than the old man has made all during the crop year. You are not going to get these boys back on the farm to work like that when they realize that they can go out and make a living in a far easier way.

I believe too, that we must give some kind of help to the distressed areas. These are the people, who through no fault of their own, through climatic conditions are in desperate. But are we going to help these people by lending them money over one per cent of the prime interest rate for cattle and for housing? If these people cannot borrow money from the Treasury Branches or the banking concerns at the current rate of interest, how are they going to pay one per cent over prime, even though it is government guaranteed?

We find in the Credit Farm Corporation legislation proposed for the federal government that we are now going to increase the borrowing power per farm from \$40,000 to \$100,000. If this is not enough, then why should we go into it? Why should the province of Alberta be putting money into these projects when we can already get it from the federal government?

I suggest to you that where our problems lie today is not in the production, as we know, it's in the management levels of many of our small farms. What are we going to do with the small farms? How is the Minister of Agriculture going to reverse the trend? If he can do it he's going to be the modern Messiah. I don't say that in any form of jest. I say that if he has got the answer then he deserves every accolade that he can receive in the Dominion of Canada. But I have yet to see that the programs that we have shown are going to call this off.

I would like, as the time is getting on, to talk about irrigation rehabilitation. I was very, very disappointed when I looked through the estimates and found out that the government continues to give us the same amount of money they have for the last two years for irrigation rehabilitation. I say this for two reasons: one was the need is apparent, and the second one is that we were almost promised this by the Deputy Minister of Agriculture who was speaking on behalf of the hon. Minister of Agriculture to the Irrigation Projects Association.

Each year the Irrigation Projects Association -- has an annual meeting. The year before we had the Minister of Agriculture, the hon. Bud Olsen, who told us, "Things are just around the corner boys, in fact it's better than you think". We waited for another year -- I said Olsen I didn't say Horner -- well everything is going to be fine boys. So you go on home and put your shovels away for another year." And so nobody questioned him. He had a smirk on his face so being trusting farmers we all went home.

This last year we invited, I believe, the hon. Minister of Agriculture. He couldn't make it so he sent his deputy. Now whether he told his deputy what to say, whether he's part of the 'now' team or not I don't know, but he did tell us and intimate that they were going to double the amount for irrigation and because we didn't think they were going to do it we had three or four resolutions to put to the hon. deputy to take back to the hon. Minister of Agriculture, on

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what we should do. And so when he said "Now we're going to double it", again we were outsmarted. Nobody put in the resolutions, everything was fine. He went back to Edmonton and we thought it was wonderful you were taking care of us. Then we pick up the thing and here it is only \$1 million again.

Well I suggest to you, Mr. Speaker, and hon. members and Provincial Treasurer, and Minister of Agriculture, in this matter of irrigation rehabilitation it is far more serious than many of you realize. Unless these irrigation districts are going to be rehabilitated in their capital works, and unless you can get the hon. Minister of Federal Affairs to see Mr. Marchand -- which he seems very reluctant to do -- and agree on what the province is going to do, and I say this fairly, this is part of your agreement that was not signed by this government because we will not accept the terms of the federal government. Unless we sign these things it's going to cost the government at least from \$50 million to \$80 million to rehabilitate irrigation districts.

I don't feel that it is fair that the Province of Alberta should rehabilitate these irrigations districts on its own. I believe the federal government has a responsibility in a study that they carried out some years ago in which they would assume 42 per cent -- which came to 86 per cent between the two senior governments and the districts' 14 per cent. This is what was promised, and I guess like most farmers we live on promises, and we live for next year. I suggest, Mr. Speaker, that the Minister of Agriculture and the Minister of Intergovernmental Affairs, and the Minister of the Environment get together, and if they would get together with the Projects Association, with the benefit of their experience and their study, they should get this thing settled as soon as possible.

We cannot go on much longer. Otherwise, if you sign the agreement as such, it is going to be the full responsibility of the Provincial Government.

They say, Mr. Speaker, in closing, there's no greater bar to human understanding than contempt prior to examination. Maybe we can say the hon. Treasurer could say, "Well you haven't even looked at my document and you're already condemning it." But I don't say that in the terms of our Budget. I was thinking in terms of us as members, and of the general public and how we should feel in trying to deal with their problems.

We are at a very critical position in our history. In this House we have many strong convictions, and when you have strong convictions, you have emotions, and sometimes you have a very narrow viewpoint. I say this for all of us. We are at a very critical position in our history.

The hon. Minister of Mines and Minerals is reciting what could happen if we could sell more gas and all these things, but there are far more important things than that, even though that is important -- employment of our young people, the international situation, where we're going, our priorities -- we are on a critical path. This is no time for the timid or the faint hearted. But the total goal, Mr. Speaker, for all of us, is what is best for all Albertans. And we must work for that attainment. As far as my part is concerned, Mr. Speaker, I would feel the right to support the hon. Premier and his government in any measure I feel is the benefit of the people of this province. I reserve also the right to disagree and to tell him so at any time.

I would like to say, Mr. Speaker, in conclusion, that each and every one of us owe a debt to the people for the very fact that we are here, and that political parties, no matter what their political ambitions, are second to the welfare of all Albertans.

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MR. SPEAKER:

The hon. Member for Stettler.

MR. HARLE:

Mr. Speaker, may I call it 5:30?

MR. SPEAKER:

It's 5:30. The hon. Member for Stettler asks leave to adjourn the debate. Do you all agree?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until 8 o'clock this evening.

[Mr. Speaker left the Chair at 5:32 pm.]

* * * * *

[Mr. Speaker resumed the Chair at 8:00 p.m.]

MR. HARLE:

Mr. Speaker, may I first congratulate you on your election as Speaker of this Assembly. I have had the honour of knowing you in your professional life and in your political life. I know that you will attend to your duties here with considerable diligence, fairness, and foresight. I am confident that, as the days progress, members on both sides of this Assembly will recognize your outstanding abilities. My congratulations to you, sir.

I'd also like to congratulate the hon. the Provincial Treasurer and the seconder upon the presentation of the budget.

Mr. Speaker, as the most recently elected Member of this Assembly, I have been most interested in listening to the speeches of the members opposite. All of these gentlemen have been leading politicians of the past several years. All that I have heard from them have been brief reports of their speeches in the newspapers, and their occasional speeches in the Stettler area at election time and on speaking engagements. It is therefore gratifying that we have passed the amendments to the rules, orders, and forms, of proceedings to permit a greater public exposure for all members of this Assembly. I wish to pay tribute to Mr. Galen Norris for his many years of service as the Stettler member of this Legislature. While I had the honour of defeating him in the recent by-election, I have always recognized his considerable abilities and I wish him well in his future endeavours.

Mr. Speaker, I must recognize the fact that I would not be here today were it not for the untimely death of Mr. Jack Robinson. I'm sure he would have dearly loved to have taken his rightful place in this Assembly. He was a well respected citizen of Stettler and, may I say, a very courageous one, to have run as a Conservative at a time when the probability of success was not the same as when I ran earlier this year.

Mr. Speaker, my constituency is a rural constituency. The 30 per cent increase in operating expenditures of the Department of Agriculture will be welcome news in my constituency, as will the

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capital payment of \$5 million to the Agricultural Development Fund. The increase of 10 per cent in municipal assistance grants will be of help to our hard-pressed municipalities. But, Mr. Speaker, I have to talk more about budget areas that did not get emphasis at this time.

Our villages and hamlets have shown a marked decline in population, with the result that some are now only points on the map. One village and one hamlet immediately adjacent to the town of Stettler have become suitable dormitory areas with people commuting to the town for work. The price of land and housing is low in the villages and hamlets. Taxes are low and the building regulations are non-existent. So that those who wish to build more modest homes, or live in less costly accommodation, have a place to go. Our main highway, Highway No. 12, was a most welcome improvement to this area when it was finished some years ago. We, in this area, hope that this highway will be brought up to standard right through to the Saskatchewan border. It was, therefore, with some surprise that we learned that the hon. Mr. Chretien, Minister of Indian Affairs and Northern Development, had designated the Howse Pass as a scenic and touring road and was also planning that it would be discontinued. It had been hoped that the Howse Pass would be developed as a transportation corridor, thus providing central Alberta and west central Saskatchewan with a more direct route to the coast. A meeting of the Zone Four Tourist Association met to consider this matter in Lacombe this past week.

Mr. Speaker, while I talk about highways, I must also mention the situation at Content Bridge. This bridge is a most vital link from my constituency with either the Red Deer area or the Calgary area, as it is the only bridge across the Red Deer river in my constituency. This bridge is extremely narrow, one-way traffic only at this time, and its loading capacity was reduced this winter to under 56,000 pounds. We have a number of large equipment operators in my constituency who now have to drive 115 miles, instead of 34 miles, in order to reach the Delburne area, just across the river. In addition, this place is a real block to the economic development of my constituency.

And speaking of bridges, Mr. Speaker, reminds me of the situation west of Big Valley. The previous government, no doubt in the best interests of the province as a whole, was able to have a bridge built across the Red Deer River at Rumsey, some 35 or 40 miles south of Content Bridge.

Mr. Speaker, there is also a need for a bridge across the Red Deer River at some point west of Big Valley, to provide easy access to the western parts of the province, and also to provide access to the beautiful Red Deer River valley, which is, indeed, of magnificent proportions in this area.

My constituency has a recreational potential which I believe has not been exploited to the extent it might. The Red Deer River, previously mentioned has scenic potential, as has the Battle River. However, access to both these rivers, because of the depth of the canyon, is very limited. Buffalo Lake needs to be very carefully considered by biologists and water resources personnel. The fishing potential of Buffalo Lake must be increased if we are to have any form of development of the tourist industry. And probably the water level in this lake must be raised in order to accomplish this. I believe that the problem of water level in this lake should be looked at from the point of view of ecology and recreation only, and not as the side effect of an irrigation scheme.

Mr. Speaker, the Stettler and Castor areas are wonderful duck and goose hunting areas in the fall. It appears that some enterprising gentlemen from Calgary and other places have bought up land and set up hunting lodges around some of the best goose hunting country in Alberta, around Sullivan Lake. Mr. Speaker, this duck and

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goose hunting is a resource which would be of great interest to our tourists, including Albertans, and I submit needs developing in an orderly fashion.

The economy of the constituency is based on agriculture. The towns of the constituency are now basically agricultural service centres. The towns of Stettler and Castor have therefore large school complexes and large hospital complexes, but both these towns are not growing. There is a need for further economic development in these towns in order for them to remain viable. The town council of the Town of Stettler will shortly ask the federal government to declare Stettler as an area in need of assistance under The Regional Development Incentives Act of the federal government.

Mr. Speaker, my constituency will note, with interest, the provision in the budget that funds will be available for The Alberta Opportunity Fund Act, which will give particular emphasis to new developments for Alberta's smaller centres. Mr. Speaker, we will need some of these funds in my constituency.

While on the subject of economic development, I feel I must discuss some concepts which I believe are involved in the development of our rural areas, such as the Stettler constituency.

- (1) Our towns basically provide a service to agriculture.
- (2) Population of the villages and hamlets continues to drop.
- (3) Our towns are just holding their own from the point of view of population.
- (4) There are many who believe that such towns as Stettler and Castor will never have any industrial development.
- (5) There are many who believe that industrial development will have to come from outside the community, either from government or private industry.
- (6) There are many who believe that such towns are already overorganized, and that any effort by the local leaders to take on a job of industrial development will be an impossible burden as their time and effort is already committed.
- (7) There are many who believe that any economic development by individuals living in the areas is hardly worthwhile, because of additional income tax and government regulation; it's simply not worth it and they prefer the status quo.

Mr. Speaker, it is these attitudes which must be changed if we are to see development in our rural areas. The large corporation is not being encouraged to be interested in small towns, so this leaves much development up to the local individuals. This rather gloomy picture has its bright spot, and that is that with a new government in power in Alberta, individuals can see the possibility of a change for the better. This must surely result in a change of attitudes, as I expressed earlier, thereby encouraging individuals to take the initiative for economic development in rural areas.

I hope this government fosters its confidence in the rural areas by maintaining its present service in the rural areas, and by expanding its services, and by moving other government services into rural areas. I note that the former member for Stettler, in a speech he gave in February 1969 in this Assembly said, and I quote:

"For the benefit of the hon. Minister of Agriculture I wish to remind him of the promise of his department that a regional office be established at Stettler some time ago. Certainly, the people of that area are wishing the service of this office and

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are asking me to continually remind the minister that this service is waiting to be fulfilled."

I echo those thoughts because this is needed in our rural areas in order to encourage that feeling that they are not being abandoned and left to fend for themselves.

Mr. Speaker, the question is, how much can government influence the growth of industry in rural areas? The need, Mr. Speaker, is to balance our population growth geographically by interesting industry in expanding in our rural areas. Industry's search for locations requires two types of programs; those which generate data needed to compare community sizes and geography, and those community aids which can be delivered to a community when industrial expansion is about to take place.

It is not too late to reverse the continuing urbanization. Something must be done now before all our communities in rural areas disappear from the map. If these communities do disappear, then some alternative will have to be invented at some date in the future. The existing communities can provide the most economical and longlasting solution to the problem of city compaction, such as traffic congestion, pollution, slums, crime and other things. This was the observation made by the president of the United States on the task force on rural development. And it is no doubt, a valid comment here.

Far too many people in our rural areas are forced to leave. They pile into the cities of Calgary and Edmonton because we allow city welfare benefits rather than choice of job opportunities to determine where they live. I know several instances of people who have had to resort to social assistance, and who immediately move to the city, because there are greater benefits available there. Some of these people find jobs, jobs which were not available in the rural areas.

Surely, Mr. Speaker, government policy must be designed to slow down urbanization, both in the interests of the urban area and the rural areas as well. One way to slow the trend might be to encourage people who need social assistance in our rural areas, to stay there and not move into the city. At the same time, we need economic development in our rural areas, so that job economics becomes the primary determinant of where people choose to live.

In order to encourage industry to move into rural areas there perhaps should be a higher property tax placed on densely populated industrial areas by the province, which would generate funds for development in the rural areas. At the present time our property tax structure favours bigness, with the result that property tax levels in the city appear to be reasonable, while property tax burdens in towns -- at least in rural areas -- tend to be high in proportion.

Obviously, not every business belongs in the small community, and service industries primarily supplying services to the city could be exempted or the tax rate lowered for such industries. Basic land costs in small centres are, in general, much lower than in the city. But in the city the developer takes for granted the roads, the bridges, the water supply and all other public services available; whereas in the rural area, many problems exist to supply water, access roads and the other elements needed to develop industrial sites. Often this is left up to the ingenuity of the local town or village councils, whose ability to obtain grants is limited by the size of their population.

This suggests that small communities must be ready to swing into action as soon as a possible or probable industrial development appears on the horizon. This they are unable to do themselves. Provincial help will be needed, perhaps in packages to small

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communities so that instant starts can be made before the developer changes his mind, and also, because the local town council cannot move fast enough due to the enormity of the problem.

The small town cannot provide to the interested developer the research and publicity needed to attract industry. The city can with its much greater budgets. Our small towns presently supply basic needs, service clubs, lodges, swimming pools, community halls, houses, roads, industrial areas, curling rinks, skating rinks, stores, post offices, government offices, hospitals, schools, and professional people. In most instances these facilities will support more people living in the town except perhaps for the need for additional housing.

I cannot help but interrupt at this stage and point out the magnificent performance of HMS Pinafore which occurred on Saturday night in Stettler, a truly amateur production, but a production which is going to go on tour in Big Valley, Camrose, Castor and Red Deer. It is this type of opportunity which is available in the small town which makes the small town an attractive place to live.

It is also interesting to note the advertisement which appeared in the Stettler Independent recently. I would like to read it because it points out this fact. The newspaper, the Stettler Independent, is produced entirely in a local manufacturing plant employing nine heads of households and five other full time workers. Each is paid a fair wage. The total payroll has a considerable impact on the community economy. These people operate 19 motor vehicles, 6 motor boats, 3 holiday trailers, 2 power snowmobiles and several lawnmowers occasionally. These people pay taxes on homes; they golf, ski, hunt, curl, fish, skate, go to church occasionally and drink beer occasionally. And they eat, and we hope it does not become occasionally. These people belong to Elks, Rotarians, Lions, Kinsmen, Kinettes, Royal Canadian Legion, Board of Trade, Fish and Game, the male chorus, and the Stettler Community Band. These people act on Town Council, the school board, recreation committee, library board etc. These people produce a newspaper.

What is the situation if that population shrinks? One by one the stores disappear. The professional people go. The government offices are taken out. The schools close, and the people of the area become discouraged and feel that improvement is impossible.

We therefore need a way to increase our understanding of those characteristics which are distinctive to the small town and small city. The residents of a small community have a choice of many life styles -- open countryside, suburban living, college town, active business centre, mining community, resort centre and so on. It is simply not true to say that there is a real cultural vacuum and a lack of amenities in our small cities and towns. Instead it is closer to the truth to say that the amenities and a distinctive culture are there, if we are ready to recognize them. Our job must be to sell this fact to industrial developers.

Mr. Speaker, I would now like to mention one other matter which I hope will be considered, and that is the creation of a new form of corporation, called in the literature, a local development company. The existing types of companies available are not adapted to developments in our rural areas. We presently have private companies which limit their membership to 50; public companies which are expensive to set up because of their requirements to the Securities Commission, and the Co-ops. The local development company or LDC is a company which is used to promote economic development by encouraging members of the community to engage in worthwhile enterprises. It hopes to involve more than 50 people. It hopes to lend money or other talents to someone who will set up a new venture in the community, to make land available, to consolidate land, to promote the area, and to channel government grants into suitable

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ventures. It does not operate on a cooperative basis It's a tool for economic development, and unfortunately it does not fit into our existing structures.

Mr. Speaker, concerning the remarks of the Leader of the Opposition this afternoon, the members opposite appeared to take little comfort from the statement of the leader that the Social Credit government had not found it necessary to borrow while in office. But is it not a fact, Mr. Speaker, that whoever formed the government on August 30th, was going to find a critical situation had developed? The Conservative candidates campaigned on the basis that such a crisis existed, and they suggested that money used for capital expenditures should be borrowed against future income, where the capital investment would benefit future taxpayers. As I recall, the Leader of the Opposition did not have the plan to solve this problem. In fact he played down the effect of dropping revenues from the oil industry which has played such an important part in the development of Alberta. He argued, I believe, that Social Credit even now would not resort to borrowing. But he did not say what his party would do in the circumstances in which we now find ourselves.

I do not believe that the members opposite yet realize what had happened in Alberta to their finances. The hon. Leader of the Opposition tries to say that as there are assets listed on the books at \$1 which have a value of many millions, that this situation is not as bad as it seems. But, Mr. Speaker, these assets are not saleable nor can we go out to mortgage, or sell them -- especially a new highway or a public building -- in order to raise money. These assets would influence the bond market in a very general way, but to indicate that such assets are available to cover the gap between income and expenditures, seems almost incredible.

What would the members opposite cut from the budget, to account for the \$199 million? Would they have been prepared to raise taxes? This is what the government is faced with, and the government's budget has been presented on the basis, surely, of a reasonable presentation and a reasonable source of funds for the difference between the expenditure side and the income side. Thank you, Mr. Speaker.

MR. KING:

Mr. Speaker, I had known that it was a good Budget Speech, but I hadn't expected that it was so good that it would cause so little comment on the opposite side of the House. I appreciate the warning.

It seems hard for me to believe, Mr. Speaker, that I am rising to make my maiden speech. I don't know whether I thought the opportunity would never present itself, or that I am afraid it has presented itself too soon. I would like to begin, as I think all members do, by extending congratulations. To you, Mr. Speaker, my congratulations for the confidence that the people of Edmonton Meadowlark placed in you, the confidence which was confirmed by the vote of your colleagues in this House, and which has been further confirmed by your performance in this House. And if I may speak as something of a student of the art, your performance, I think, has been first rate. I expect the quality and the impartiality of your supervision to continue.

I'm particularly pleased to be able to rise today to say something which I have said before, and something which has been said many times previously, particularly in our prior debate. The hon. the Premier is to be congratulated on his coming into that office. I say this, not to be partisan, but because I have been closely associated with him for some number of years. The fact of the election of last August 30th, the fact of the calibre of the people who form the Executive Council, both of these things, I think are a

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concrete and a remarkable illustration of the quality of a man who has, in my view, almost singlehandedly created the present situation.

I would also like to congratulate all of the members of the present legislature, the people who, whether for the first time or not, were bestowed with the confidence of the people of their respective constituencies. And in this vein, I would like to express my appreciation to all of the people who have gone before us in this legislature in the years since we became a province.

I know that in the constituency of Edmonton Highlands, I opposed a gentleman who, for almost 20 years, had given most unstintingly of his time and his talent to the service of all of the people of Alberta, according to his best lights. He, and many others, were the people who held this province together long enough that the great crisis of our politics would occur at the same time that 75 saviours were ready and able to involve themselves.

Even in this time of impending doom, which the hon. members opposite have so vividly described, I still see and appreciate some signs that there remains a vestige of confidence in the future.

Foremost among the commendable changes is the presence of page girls. Having been told that since I'm 25 years old and married, I'm over the hill, you can appreciate that the only reason I noticed the page girls, is that they keep my desk much cleaner and neater than I used to, or than -- any of my associates would appreciate -- it would be possible for me to do myself. The tiers and the new carpeting have been much commented upon, and while they're only really a peripheral concern, I believe they indicate something of the respect which the government and the members of the legislature have for the institution of which we are a part.

But more important than these changes are four others. The first is the introduction of Hansard, and the rule change which allows the electronic and picture media to cover the sittings of the legislature, live. The second is the larger opposition, which if it understands and commits itself to its proper role, will play a vital role in this session, a role which has historically been missing from this legislature, except during the past four years. The third important change is a more integrated government, relating more closely members of the Executive Council with the other MLA's who provide the vital role of liaison with the grass roots. The fourth notable change is putting the Clerk and the Deputy Clerk of the House close to Mr. Speaker, where together, all of the servants of the House can more effectively work together on behalf of the members. These and other changes, however, should not be allowed to obscure the underlying foundations of the proceedings which transpire here and the manner in which such business is done.

I have wanted for many years, to be a member of a legislature. I had hoped that at some time, I would be worthy of the confidence of the people of a constituency. During the past four years, particularly, I have had many occasions to view the proceedings of the Legislature. I have frequently wished that I was at a place in the House. I had occasionally been very glad that I was only a spectator. On the Thursday that I first took my place in this legislature, I was both proud and humble. Proud that I had achieved election, and humble in the knowledge that my election depended so very little on my own efforts, and so much on the efforts of others, and the confidence of many others.

I would like to take this opportunity to express my appreciation for the confidence which the people of Edmonton Highlands expressed in me, the party to which I belong, and the process of democracy to which I wholeheartedly subscribe. I trust that my actions, the actions of the government, and the actions of the legislature, will sustain and strengthen that confidence over the next four years.

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My remarks this evening will be brief and general. I would like to speak about the budget, then I would like to suggest very briefly a theory of government to which I subscribe and which I think is supported by this budget. Finally I would like to talk about one application of this which I think is crucially important to Alberta.

I'd like to begin by saying that in my view the budget is not a perfect document. I say that because last night, after some recreation, I was talking with members of the press gallery who were expressing cynicism about politicians generally. Their cynicism is, I think, shared by many people in the population of any jurisdiction. It seems primarily to be founded on conviction that politicians believe that any proposal or plan with which they are associated is the truth, the whole truth, and nothing but the truth.

Politics generally, and budget specifically, in spite of the comments of the hon. Minister of Labour and Manpower, are not that black and white.

I would personally have favoured more funds in the budget for housing and for highways; I would personally have favoured less money for community development and youth; I would have approved, I think, of more revenue from corporate sources; I would have approved of less revenue from people on fixed incomes. But having said that, I want to be very clear that I consider none of these statements to express a lack of confidence in my colleagues on this side of the House or in the legislative procedure which has brought forth this budget generally. Quite the contrary. I think the achievements of the budget are remarkable. What each of us must remember is that when the budget is brought down, probably more than any other single instrument of government it reflects the integrated and the finite nature of the system and the resources. A budget is a loop that seeks to encourage economic activity in order to create as much taxable income as possible without throttling economic activity, in order to give attention to immediate social priorities, in order to increase the quality and the quantity of the society's output, in order to encourage economic activity -- and on and on it goes in a constant cyclical action.

In spite of the regrets which I personally may have about certain very specific parts of the budget, it would be foolish for me to advance my particular interests without regard for the way in which all of these things are interconnected. Could I say that housing is more important than the care which we provide to senior citizens? I could say it, but I couldn't prove it empirically. I might say that housing is more important than the grid road system for rural Alberta. But in terms of economic generation, in terms of the multiplier effect for example, I couldn't prove my contention empirically. Perhaps the provision of the grid road system will generate much of the money which we may need down the road for a concerted attack on housing problems.

What I would like to make clear is that the fact of my disagreement with some specific features of the budget is, in fact, reflective of the confidence which it is possible to place in the budget generally, and in the government.

For the first time in my experience in this province, there is a clear, explicitly stated recognition of the limited nature of provincial resources. There is an admission that we cannot do everything in one year, much as we would like to. There is a clear recognition that some things must wait, and that since some things must wait, an integrated, a comprehensive, and a long term treatment of priorities must be developed. There is a clear recognition of the fact that the economy must be stimulated, encouraged, and channeled for the long-term good of the people -- and that in part, this force-feeding must be done at the expense of some other programs. There's a clear recognition that in many areas, the encouragement that is

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needed most will not be supplied by cash, or by cash alone, but rather by a dedication to certain types of positive developments and programs.

Finally, and in my view, most important, there's a clear recognition that in all of this, the government must, and will, exercise deliberate control. The strength of this budget is not based on the whim of some powerful minister in the executive council. The weaknesses, and I use the term advisedly, are not the result of the forgetfulness of a minister who forgot to put in money for some program he wanted, or the personal weakness or isolation of a minister from the centres of power in the Executive Council. The budget is clearly a completely deliberate document. As such, and in view of the past history of the budgets of this province, I believe that it should be received with respect, with admiration, and with a feeling of confidence for what the next few years will bring.

On the basis of what I have seen in the Throne Speech, the debate on that Speech by some of the ministers, and in the presentation of the budget, I feel strongly the presence of the theory of government which I heartily endorse, and which I'd like to speak about for just a moment.

Politically, I believe in the efficiency of countervailing forces. To simplify my position, I don't believe in big government. But neither do I believe in no government at all. I believe that society operates best when men belong to many jurisdictions and associations, where power is distributed widely, where no organization -- whether it is government, industry, a benevolent association, or any other -- dominates all other jurisdictions or organizations, regardless of their combination.

I don't mean to be partisan when I say that I believe that this position is attracting increasing numbers of people. Neither the dictatorship of the proletariat, nor state capitalism, nor programmatic socialism, nor fascism, nor corporate statism have been able to regulate adequately the relationships between men without severely restricting the freedoms and the responsibilities which men should enjoy. I think that people everywhere are reacting against the web of government or the concept of the corporation, or the pearly gates syndicate, or the new class. And I think that here in Alberta, at this time, the evidence of this is immediately available -- in the submission of the Province of Alberta to the First Ministers' Conference in Ottawa last fall, or in the creation of the task force on provincial municipal fiscal arrangements.

In the light of my interest in the distribution of power in society in the province, I'd like to devote a few minutes to a question which is very general, and yet in my view, extremely crucial -- important to the future of the Government of Alberta, the future of our social life, and the future of our economic life.

And I would like to say that this was not meant to be rural night in the Legislature. My comments will coincide very closely with those which were made previously by the hon. Member for Stettler. If I'm at all repetitious, which I will try not to be, it will only serve, I hope, to reinforce the validity of the comments that will be made, and the necessity of their being carefully and urgently considered by the members of the Legislature.

The Province of Alberta, as a whole, is growing, but almost all of the growth in Alberta is taking place in the metropolitan centres of Edmonton or Calgary. Lethbridge, Red Deer, and Grande Prairie experience some growth annually. Other centres will grow a bit one year, their population will remain level the second year, and they may decline a bit the third year. Perhaps because of the injection of a new industry they'll grow, or with the removal of an industry they will decline.

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Interestingly enough, 1971 marked the first year in the history of the Province of Alberta, that the total population of all towns, taken as a whole, declined. I think that we can expect to see the trend continue into the future. The concentration of growth in the province's large metropolitan centres causes some problems. The cities grow more quickly than they can afford to. Their planning process is strained and over-taxed. The quality of planning, I believe, deteriorates under pressure. This, in turn, affects the quality of life.

Taxes and borrowing increase to pay the costs that are associated with growth -- the extension of sewer services, streets, lighting, schools, protection, etc. The cost of service increases more rapidly than the population does. The planning department of the City of Calgary has postulated that where the population of the city will grow by 75 per cent in the next 12 years, the cost of administering the city will grow by 300 per cent. In other words, there is reached a time in the life or the size of a city when the law of diminishing returns very much comes into play.

Now, whether or not this has to be the case, we don't know. We haven't developed models in North America -- which is where we have our particular experience -- that have demonstrated anything to the contrary. The fact that these models don't at present exist, does not necessarily mean that they can't be developed, but it does mean that the problems associated with the uncontrolled growth of metropolitan centres have to be carefully considered. Strain on the environment increases, and this is aggravated by poor planning.

Finally, and in contrast to this, there is under-utilization of the resources of smaller centres. For example, there may be a housing shortage in Edmonton and Calgary. While this is happening, in the constituency of the hon. member opposite if a trailer construction site burns down, houses are boarded up and left vacant in Fort Macleod, although they may be only five or six years old -- I saw them. Schools are under-utilized in Lac La Biche, while new schools are being built in the residential subdivisions of Edmonton and Calgary.

I'd like to suggest that to counter this situation, there are four things which must be carefully considered by the government. The first is integration; the second is regionalization; the third is decentralization; and the fourth is co-ordination.

By integration, I mean that the resources available to do a job should have a reasonable relationship to the job which is required to be done. As between the provinces and the municipalities, this has not recently been the case. The problems associated with financing education are a good current example. Another example close to the people in small towns would be the financing of local intra-structure -- sidewalks, streets, lighting systems, parks, libraries, good schools. Intra-structure cannot be financed without the industrial tax base, and frequently, industry will not go to a small town without the intra-structure which will attract and hold employees. One of the things the government has done, which I think is significant in this regard, is the creation of the task force on provincial-municipal fiscal arrangements.

In addition to the redistribution of revenue to equal responsibility, a number of other things should be considered, I think, including disproportionate grants for intra-structure, varying inversely with the population of the town. As one example, the province might guarantee the value of real property in towns and villages as collateral for loans for development.

The second important element is the development of a policy of regionalization. I think that insofar as possible, jurisdictions of common size should have common boundaries. Within common boundaries,

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the artificial ties that bind, if they don't already exist, could be created primarily -- grid road systems, telecommunications. Local exchanges are an example which is very popular with the rural members of the Legislature.

You could decentralize some of the capital assets of the province, of the government. One example that comes to mind would be Athabasca University. The advantages of this I see as being twofold. First, program criteria can be varied from region to region, depending on local conditions. An example of this might be the budget which is used by the Department of Health and Social Development in determining what social allowance will be available to clients, the cost of food in Edmonton is not the same as the cost of food in Fort Chipewyan. Secondly, regional programs operating within co-terminus boundaries can be more easily co-ordinated.

An extension of regionalization, but not the same thing, is the principle of decentralization. Integration may simply mean giving the province all of the responsibility because it has all of the power, as has been done in New Brunswick essentially. Regionalization, may simply facilitate the implementation of programs that are conceived and administered at the provincial level. Decentralization describes the belief that as much as possible of the decision-making process should take place at the local level. When integration gives local government more resources, then local government also has to take more responsibility. Like everyone else, it has to live with its mistakes.

Generally speaking, I don't think that any minister of the Crown likes to receive letters from 300 miles away complaining about the location of a bridge. I don't think he likes to receive those letters and have to think about them, any more than the people who are affected by the bridge like the idea of having to write to someone 300 miles away to get some kind of justice in their situation. People who are located far away from the source of the problem are probably never going to drive over that bridge. Their only knowledge about it is going to come from technical experts in the field and it is not going to make any difference to them where it is eventually located.

I think that given integration, regionalization and decentralization, the last element that is required is co-ordination. Having done the first three things the province, as a whole, has got to continue to grow together. This requires common transportation systems and common communication links. It requires on-going incentives to slow growing areas and it requires some retardation of quickly growing areas. New incentives might include -- and there are many others that have been added by the hon. Member for Stettler -- a flat 10 cent per call rate, anywhere, any time, within the province; as one of the members earlier suggested, greater regulation of energy common carriers to make energy less expensive in rural areas; a payroll tax or a corporation tax, or a tax on the physical plant that varies from area to area, according to the location of the industry; and amendments to The Industrial Incentives Act, such as have been proposed.

All of this depends upon two things. The first is the belief that in the long run, decisions are best made the closer they are made to the people who are involved. The second is that if the people make decisions and have resources to implement those decisions, then the job will be less likely to create friction and will be of greater direct benefit to people in the local area.

We can't give people everything they want. We don't have the resources to do it. I don't think we have the inclination to do it. We can solve problems for ourselves at the provincial level by extending downward the decision-making power. People in the towns, the villages, and the rural areas have to start making a contribution

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to the decision making process. The situation now is that not to decide is to decide. The community has to begin to come together if it wants to survive. It has to survey its total resources and its total requirements. It has to approach the provincial government on a realistic basis. These are the kinds of things that I think have to be done, both locally and provincially, if a community and if a province is going to demonstrate its will to survive and its will to survive to the advantage of all the people of the province.

I would like to thank all of the members for their consideration of my remarks. I am extremely sorry that the Deputy Premier and the Minister of Agriculture isn't here, because it is unlikely that five years ago I would of had any of these things to say. He has been like a mighty influence on me and I share with the rural members of the Legislature, with all of my colleagues, a real concern that my survival, the survival of the people whom I represent in a large centre like metropolitan Edmonton is indeed strictly contingent on the survival and the growth and development of the rural areas of the province.

MR. NOTLEY:

Mr. Speaker, in taking part in this debate, I would first of all like to congratulate the hon. Provincial Treasurer for his very excellent presentation to the Legislature on Friday. While I disagree with most of the thrust philosophy and the assumptions inherent in the budget, I do want to say, and I say this quite sincerely, that I think in our Provincial Treasurer we have a man possessing a great deal of competence, unquestioned sincerity, and a person who will make a very real contribution to the public life of our province.

While the bulk of my remarks tonight will be critical, I do want to applaud several aspects of the budget. The first is the greater aid for handicapped children, something that is long overdue in this province, Mr. Speaker. And secondly, although I have a number of reservations -- and I wish the Deputy Premier were here tonight -- I do commend the new thrust in agricultural marketing. But at the same time, I want to caution the government that we must move into this area very cautiously and not get carried away.

However, having said these things, as I look at the budget in total, I see a middle-class budget reflecting middle-class values, and middle-class concerns.

Let me first of all analyse some of the philosophy on taxation contained in the budget. In his speech to this Legislature, the Provincial Treasurer dealt briefly with the whole question of taxation reform on the federal level. We are all well aware, Mr. Speaker, of the comments made during the debate on the White Paper by members of the government party while they were in opposition in this Legislature. We are all well aware of the opposition by both the government and the official opposition parties in this Legislature, their opposition to the Carter Report on Taxation Reform. Mr. Speaker, I must say that I regret this attitude on the part of both these parties, because I believe that it is fundamentally important in Canada that we reach meaningful taxation reform, where, to quote from the Carter Report: "A buck is a buck no matter how it is earned," and that "taxation should be clearly related to the ability-to-pay principle." I regret that too often we see in this Legislature the acceptance of the proposition that it's only by providing incentives to bigness, that we can in fact provide an equitable society for all. If you like, Mr. Speaker, the acceptance of the old trickle-down theory.

I remember one of the most famous statements made by Franklin Delano Roosevelt. He said; "A rich man's pocketbook growled far more loudly than a poor man's stomach." I think this statement has a

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great deal of validity when I see the thrust in this budget, because while we are paying a good deal of attention to the middle and upper income group, we are saying precious little and doing precious little for the forgotten in our midst.

We hear in the debate that rages throughout our country, much about the abuse of our welfare system, and the malingerers on welfare at the lower levels of the welfare system. But you know it's very interesting, again, to examine the Carter Report, because the Carter Report pointed out that each year this country loses in the neighbourhood of \$1 billion annually because of unjustifiable taxation concessions to high income Canadians. On the other hand, if we take the yardstick used by most people in social development today, a yardstick of about 4 per cent abuse, you will find at most, right across the country, we may lose \$75 million a year because of people who take welfare who don't really deserve it.

Well, Mr. Speaker, I think it's important that we plug both holes, but surely, we should be concerned about plugging the billion dollar hole at the top, much more than the \$75 million hole at the bottom. And I raise this, Mr. Speaker, because implicit in the Provincial Treasurer's address is opposition to any kind of meaningful taxation reform at least as proposed by the Carter Report, which in my judgment was an excellent Royal Commission Report, and should have been enacted by the Government of Canada.

Now, along with opposition to federal taxation reform, we have a commitment which brought support from both sides of this House, and no doubt is superficially popular. That is the decision not to impose an inheritance and gift tax in this province.

Now, Mr. Speaker, I know that it may not be the most popular thing to say, but it seems to me that if we recognize the ability-to-pay proposition, then an inheritance and gift tax is necessary. I acknowledge the problems that this causes for the smaller businessman, and for the family farm operation, but the way to get around this, Mr. Speaker, is to provide reasonable exemptions as they have, both in Saskatchewan and Manitoba, so that the vast majority of small businessmen and the vast majority of family farm operations come under the exemption. Consequently, you don't interfere with the orderly transition of property from one generation to the next. But to provide this sweeping concession to high income people, that we offer in this province, is in fact, Mr. Speaker, a move to make Alberta a tax haven for the rich.

Another important area of difference, that I find as I read over the Provincial Treasurer's speech was his attitude towards cost-shared programs. Now let me say this, that I think there should be a much greater provincial input into determining cost-shared programs in this country. It disturbs me to say the least, when I find that the DREE Program in northern Alberta can carry on and provide grants to industry without any consultation with the province whatsoever. But having said that, it is in my judgment, of fundamental importance, that we have cost-shared programs in this country if we mean to do anything at all about redressing the economic disparities that exist in Canada today. Because I am a Canadian before I am an Albertan, because I am concerned about the many problems that our confederation faces in the year 1972, and because I recognize that at the root of many of these problems are the vast differences in economic opportunity from one part of Canada to another, I believe we must have strong and firm federal leadership in the areas of social policy. Consequently, although the official opposition has made their position clear, I find myself as a minority of one, but I believe quite strongly that we would be making a very serious mistake in dismantling present cost-shared programs.

You know, Mr. Speaker, it's important that Canadians have equal opportunities wherever they live in this country, that those programs

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that relate to the quality of life -- whether you're talking about health, social services, higher education, or what have you -- that these programs are available to a person whether they live in Newfoundland, the Yukon Territory, British Columbia, Quebec, Ontario, or Alberta. If the federal government withdraws from these programs, it inevitably will create a situation, where you have patchwork social development and health programs. In my judgment, Mr. Speaker, such a move would not be in the interests of Canadian national unity, and in the long run it would not be in the interests of Alberta either.

Let me say a few words about the more specific thrusts contained in the budget.

We've been told for the past two weeks that the government is concerned about saving the family farm. Mr. Speaker, if the family farm is going to be saved in this province, this budget unfortunately isn't going to do much saving. We hear of the 32 per cent increase in the operating budget for the Department of Agriculture, but combining both the capital and the operating account, and looking at it as a percentage of the total budget, we find that this year the government proposes to spend 1.45 per cent of their total budget on agriculture compared to 1.26 per cent by the former government. Frankly the increase is not going to set the prairie on fire by any stretch of the imagination.

We've been told about the \$50 million Rural Development fund and I must confess, when I heard the Speech from the Throne, I became quite hopeful that there would be a very substantial program of rural credit, even though we all have reservations about too easy credit these days. Nevertheless, I thought that the program at least had some potential.

What happens when we hear the Budget speech? We find that all that is to be appropriated this year will be \$5 million, and that the plan will be tied in with the Farm Purchase Board. Well, last year, Mr. Speaker, the Farm Purchase Board had only \$1,300,000 returned to it which was available for re-lending to the rural areas of this province. Even with the additional \$5 million, we're only going to have something over \$6 million to lend the farm people of Alberta. In itself, this perhaps is not a bad program, but a far cry from the rhetoric of the Speech from the Throne which talked in grandiose terms of a \$50 million program.

One other point that I find a little disturbing -- we're talking about loans -- when, at least during the campaign, many people were led to believe that were the Conservatives successful in forming a government, we might have the same principle applied to agriculture as presently applies to industry, namely incentive grants or at least a refundable loan system. But it appears that such a proposition is not in store for the farm people of our province.

The rural road construction -- again we were told that there would be an increased emphasis on rural road construction. In the last ten years I've travelled many, many thousands of miles, from one end of this province to the other. I've been over county roads, municipal roads, improvement district roads, special area roads, and I can well testify to the urgent need for better rural roads in our province. But as I look over the budget, I see that road construction in the rural areas is either going to be cut back, as it is in the case of the improvement districts, or frozen at the present level.

So, Mr. Speaker, a lot is said about saving the family farm, but it appears that if we're going to save it, it will have to be next year.

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What about the senior citizens? When the Budget Speech was read on Friday night, the announcement of the 30 mill property relief for senior citizens was announced. At first glance, it seemed like an eminently fair and reasonable proposition. But the more we look into it -- and listening today in the question period, as the hon. Member from Calgary Millican quizzed the Minister of Municipal Affairs about the details of this program -- the more we look into it, the more unfair a proposition it really is. A person who lives in a tenement building, who doesn't own a home will get \$50. A senior citizen who lives in a senior citizens' lodge or a nursing home will receive nothing. But to use the other extreme, a man who owns a \$200,000 home in Edmonton -- and I checked this out with the city assessor's department today -- will save \$1,440 in education taxes; \$1,440 for the man at the top end of the scale, Mr. Speaker, \$50 for the man living in a dreary tenement building in central Edmonton, and nothing at all for the senior citizen living in a senior citizens' lodge.

Mr. Speaker, despite the rhetoric, this program constitutes little more than a windfall for the rich and a token for the poor. Mr. Speaker, how are we even going to guarantee the \$50 that is designated for the senior citizens living in tenement houses and buildings? How are we even going to guarantee that they get it, or that the slum landlords will not be in a position to simply raise the rent by the amount of the \$50 grant? We have no control over that and the minister himself said today, short of rent controls -- and we know perfectly well that this government is not going to impose rent controls -- short of rent controls, there's no way of guaranteeing that the senior citizens who need help the most will actually get it.

What about the young? Well, as we listened to the Budget Speech, I find that they're going to hold the line on education expenditures. This is a little interesting, because two years ago, when the proposal was first made to restrict educational increases by 6 per cent, the government members, when they were on this side of the House, made it quite clear that they were concerned about the quality of education in those days. They didn't want the 6 per cent guideline or the forced plebiscites which, as we saw in Wainwright the other day, rejected a mill rate increase. Yet today, in their first budget, we find that quite clearly, implicitly, they are following the same course as that adopted by the former government.

What about health and social services? Again, we've heard a lot of rhetoric in the last few days about the tremendous accent that they're going to place on mental health in Alberta. Let me tell you that it's high time that we did begin to do something about the problem of mental health in our province. The Blair Report was a stinging indictment of our complacency in this field for so many years. But, Mr. Speaker, when we see the budget, far from a meaningful attack on this problem, far from a clear-cut commitment to implement at an early date the recommendations of the Blair Report, we find a retreat which is extremely disappointing. An increase of only \$1.6 million in mental health services is a far cry from the Blair Report.

When I talk about the whole question of health and social services, I do want to say something about the report of the Alberta Medicare Commission which was tabled in this Legislature on Friday. The commission report showed that between 1970 and 1971, our expenditures under that program increased from \$73.5 million to \$102 million, excluding the cost of administration which seemed constant in both years -- an increase, Mr. Speaker, of 37 per cent. The average payment to medical doctors in Alberta rose from \$46,430 to \$57,728, or an increase in one year of 23 per cent. Now were we to face the same sort of increase in the education field, there would be an outcry from one end of this province to the other.

Mr. Speaker, I want to make a point here, and make it very sincerely. I'm not here to suggest that we replace the fee-for-

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service system with imposed doctors' salaries, or what have you. What I am saying is this, there is a very substantial increase in Medicare costs, an increase which must surely concern every member of this Legislative Assembly, including the medical practitioners who are members of this Legislative Assembly. My proposal to the government is that what is required is a committee set up representing the members of the Legislature who are entrusted with the responsibility of setting up the guidelines and making the laws -- the medical profession, as well as representatives from the interested public -- to examine the whole area of Medicare costs. Are there steps we can take, reasonable steps that will bring these costs into line? And I say, Mr. Speaker, that I think that such a move should be made, not over the opposition of the Alberta Medical Association, but in close co-operation with the Alberta Medical Association.

There is one area, however, as we review Medicare costs, that I wouldn't like to see considered seriously, and that is the one proposal that we get all the time when we talk about health costs. Whenever we hear the health costs question mentioned, somebody comes along and says, well, we're going to have to impose deterrent fees to stop over-utilization of the system. Frankly, Mr. Speaker, the deterrent fee does not stop the little old lady who is a hypochondriac, but has lots of money in the bank, from going to see her doctor once a week. But what it does do, is it retards or prevents the person of very small means from seeking out medical assistance when medical assistance is required. It shifts the whole Medicare system away from preventive medicine, which, to me, is one of the strongest arguments in favour of Medicare in the first place.

I was interested in the debate which took place last week on community health and social development clinics proposed by the hon. Member for Edmonton Kingsway, because I think here again, is one of the areas that such a committee should explore. Can we derive efficiencies from perhaps a better utilization of our delivery system? I frankly, am not sure. I know there are many, many administrative problems were we to implement the community clinic concept. But it is one of the things that we must examine. I would hope, Mr. Speaker, we could examine it in a non-partisan way, and examine it with the full cooperation of the Alberta Medical Association.

What about the municipalities? Again, last year when the former government announced that a freeze would be imposed on the municipal share of royalty grants, there was quite correctly, a great outcry from the Conservative opposition in the House -- quite correctly an outcry. But with the responsibilities of office we see a different attitude emerging. Had this budget been based on awarding to the municipalities the one-third share of last year's oil royalties, they would have received \$58 million not \$42 million. Simply to suggest that a \$4 million increase is in fact an honouring of a pledge made last year is nonsense, Mr. Speaker. Either the government was right when they introduced the ruling, or alternatively, the opposition was right a year ago when they opposed it. And if they were right last year, and I think they were, then in my view, Mr. Speaker, they should have gone back to the original formula and divided royalty income on the basis of one-third to the municipalities of this province.

This leads me to the question of the provincial deficit itself. None of us can be happy about a projected deficit of \$199 million. It really doesn't make a great deal of difference whether this deficit is composed of half a billion dollars on income account surplus, and \$199 million five hundred thousand deficit on capital account, or \$100 million and \$99 million. It makes little difference, because in the final analysis, we recognize that there is an overall difference between the amount of money we collect on one hand, and the amount of money that we're spending on the other.

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This, coming as it does, after last year's deficit, and a deficit the year before, is quite clearly a warning that we must take a close look at finding new sources of revenue.

Mr. Speaker, may I say this about the deficit. I would not be opposed to a \$200 million deficit in this province, were this tied to a planned program to develop secondary industry throughout Alberta, because then we would be making an investment in job-producing facilities that would bring in a return in the years that lie ahead. But I am opposed, Mr. Speaker, I am opposed to the kind of accidental deficit financing which I see in this budget today.

Now this raises the question: Where do we go from here? Obviously, we are going to have to balance that budget in the next year or two. Clearly, there are two major options that have to be evaluated. One is the imposition of a sales tax -- perhaps a selective sales tax. The other is to go after the natural resource industry and get what the market will bear in the royalty review that will take place in a few weeks time. I believe, Mr. Speaker, that it's in the long-term interests of the people of Alberta to take the latter course. I have always disagreed with the principle of the sales tax. A sales tax is a regressive tax, it forces low income people to pay a disproportionate share of the cost of government. On the other hand, the royalty issue is one which is of tremendous importance today. Ten years ago when the last review took place, we were in a buyer's market. Today the situation is reversed. There is a great demand, a better price, a much better opportunity to drive a hard bargain.

On Friday, I asked the Minister of Intergovernmental Affairs what his position would be with respect to Canada joining the Organization of Petroleum Exporting Countries, and at that time he said he hadn't given too much thought about it, but that he would be interested in arguments and facts in favour of such an idea.

Mr. Speaker, I am surprised that the government hasn't given a great deal of thought about it because the countries that today comprise the Organization of Petroleum Exporting Countries have recognized one fundamental point. When you deal with the oil industry, you are dealing with an industry dominated by great multinational corporations that operate around the world, and it is folly to think that you can deal with them as individual nations, and it is even more foolish to think that you can deal with them effectively as one province within a nation.

Mr. Speaker, the higher royalties that have been collected, especially the higher royalties within the last two or three years collected by the OPEC countries, should surely constitute a strong argument for us attempting to join the organization. Now may I say this, I rather doubt that OPEC would accept Canada's application, but that doesn't mean that we shouldn't try to persuade the federal government to make application to join. It doesn't mean that we shouldn't attempt to ascertain from these countries the tremendous amount of expertise they have gained in dealing successfully, Mr. Speaker, with the great oil monopolies that dominate the industry around the world.

Now, Mr. Speaker, some comment was made by the hon. Minister of Mines and Minerals today in seconding this motion. In a very comprehensive document he presented the policy of the government relating to the National Energy Board decision on the export of natural gas from this province. As I have already said in a previous debate in this Legislature, I support the decision of the National Energy Board. I think it is necessary that we conserve for Canadian use, an adequate supply of cheap natural gas to provide for the necessary industrial development that we all look forward to in the years ahead. But what concerns me about government policy to date, and the policy of the present government, is this idea that we have

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unlimited reserves. All we have to do is provide the necessary stimulation to the industry, either in the form of taxation concessions from Ottawa, relatively low royalties here, high export commitments and easy export to the United States, and the industry will go out and will find new oil fields, new natural gas fields and that we can continue the whole process indefinitely.

Mr. Speaker, if in fact our reserves are virtually unlimited, then perhaps this may be true. But there is growing evidence that, in fact, our reserves are much more finite than we have been led to believe. I want to read into the record of this Legislative Assembly, a comment made by Dr. J.T. Ryan, Associate Professor of Chemical and Petroleum Engineering at the University of Alberta. He, along with Professor Dranchuk, has done a great deal of work on this whole field of our ultimate reserves. They have reached a conclusion which is radically different from the one which the government obviously holds, and very different from that which the Energy Resources Conservation Board holds, but one which I suspect is far more in keeping with the National Energy Board's (off tape) in refusing the export permit last November of 2.7 trillion cubic feet to the United States. I quote from a report made by Dr. Ryan:

"As a concluding segment to this report, it is almost a duty to answer the question always brought up if oil and gas are discussed. How many years' supply do we have left? This question is poorly posed, not surprisingly. The answer to the question is varied. The hon. Minister of Energy, Mines and Resources, which is the former federal minister, Mr. Greene, has stated that Canada has sufficient supply to last 923 years for oil and 392 years for natural gas. On the other hand, the author (and he is referring to himself, Dr. J. T. Ryan), the author estimates between eight and ten years for oil and possibly less than four years for natural gas."

Obviously these are answers to two different questions. What Mr. Greene asked himself was -- suppose Canada possessed oil and natural gas amounting to half the reserves of the middle east, or four times the reserves of the United States -- did not export any of these reserves, and never used any more oil or gas than we are today -- how many years do we then have left? His answer is 923 and 392 years respectively.

On the other hand, the two questions the author asked himself were: first, if Canada continues to find oil at the rate at which it has in the past, and, as a matter of policy decided to stop exporting and importing oil, how long would Canada be able to supply her own needs? The answer is between eight and ten years. If Canada were to, out of the natural gas reserves on hand, honour its export commitments with the United States and supply the areas it does now with Canadian gas, how long would it be before someone in Ontario or Quebec could not buy gas from Canada if they wished to? The answer to this question, says Professor Ryan, is less than four years.

Well, I don't pretend to be an expert on this question, Mr. Speaker, but I believe as a concerned Albertan in a legislature that should be critically concerned about this issue. It's high time we began to look much more critically than we have in the past, on just what the actual reserves are of oil and natural gas in this province. It's obvious to me that if we listen to the propaganda from the oil industry -- an industry which obviously wants to export -- we're going to get an inflated idea of what our actual reserves are. But I think it's time we took a pretty sober second look and perhaps come to be a little more conservation conscious.

Finally, Mr. Speaker, and this relates back to some comments I made at the beginning of my remarks, there is really nothing in this budget for the disadvantaged minority living in our midst. We have the slash of 17.4 per cent in the estimates for the Edmonton and

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Calgary single men's hostel, the 50.2 per cent reduction in human resource expenditures. Mr. Speaker, I have said many critical things over the last number of years about the Social Credit Party in this province, but I think one of their towering achievements was the establishment of The Human Resources Authority in this province, and I frankly regret this decision to try to phase out the Research Council and to slash the expenditure for human resource development in this province.

We find the 42.9 per cent reduction in the Lesser Slave Lake capital projects. The Metis Rehabilitation Act -- the same amount this year as last year -- even though the population growth is very substantial.

Much was said on Friday about the increase of \$50 a month in Workmen's Compensation Benefits for permanently disabled individuals, but I point out, Mr. Speaker, even the increase leaves permanently disabled people with a pension of only \$225 a month which is still at the poverty level.

No, this government has not really come to grips with the pressing problem of poverty in Alberta. Indeed, they seem to be backing away from some of the modest efforts made by the former administration. I regret, and I want to underline this very clearly, I regret the decision to phase out the Human Resources Research Council. If we are ever to develop viable public programs to deal with poverty in the province we need the kind of independent research that can come from the Research Council, and to suggest that we can get this from the government departments is absolute nonsense. Government departmental research will confirm existing departmental practices, and time and time again. Mr. Speaker, the decision to phase out the Research Council, to me, shows how little concern this government really has in the fight against poverty in our province.

Let me conclude with a word of caution and I hope not to be over-melodramatic, but it's only two years ago since nearly 2000 farmers stormed this legislative building, to express their discontent with agricultural conditions. That was a sign, Mr. Speaker, of frustration -- frustration which one can see in every part of our province, if you take the trouble to travel this province, and get off the highways and the byways. It is there, and no amount of rhetoric about new directions will hide the fact, that there are still many serious social problems unchallenged, 'undealt' with, in this province.

In 1968, in the United States, a very important commission report was presented to the American people. It was established to investigate racial disorder and violence in that country. It pointed out that the root cause of violence in the United States was not the so-called professional agitator who so many politicians pinpoint and identify as the cause of trouble. No, the root cause of violence was unequal opportunity, was the destitution and the frustration that stems from poverty. The commission report went on to point out that the real culprit is the legislator who, through indifference, through apathy, through complacency or downright callousness, fails to act while there is still time to act.

Mr. Speaker, there is still time to act in North America; there is still time to act in Alberta. But when we have a slightly rosier economic picture, I, for one, find it rather depressing that the government sidesteps any meaningful attack on the problems of poverty. Now, is the time, Mr. Speaker, that we should be tackling these problems. We must show the alienated and the disillusioned that democratic government can produce strong leadership in fighting poverty. That, Mr. Speaker, is a job which commands our best efforts, our keenest minds, and our most dedicated public servants. Therefore, let us get on with that job.

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MR. STROMBERG:

Mr. Speaker, through you may I congratulate the hon. Provincial Treasurer for his exciting budget that will bring Alberta out of the dark ages of the '60's into the exciting '70's and '80's. Mr. Speaker, may I also congratulate the hon. Provincial Treasurer for his wisdom in also choosing his wife from the 'Rose constituency.

Mr. Speaker, in relation to the budget, may I propose a new approach to welfare and a possible solution to the problems facing small towns and villages. Mr. Speaker, the attempts of many small rural centres to stay alive is becoming increasingly more difficult. In most instances, the only object playing a major role in keeping this from happening is that the people, especially the retired, are forced to stay where they are. The value of their property is low; they cannot sell at a price which could permit them to relocate elsewhere; businesses close and less services become available to these people. It imposes an unbearable hardship on many of them. This decrease in services also places an added cost and inconvenience on the adjoining farming area. Mr. Speaker, an adverse response could be expected in any area that the government chooses to close out and relocate the villages and towns. And yet, some people believe this to be the answer. But at what cost?

Most small centres have modern schools -- which are now being gradually phased out -- modern recreation facilities, and a huge investment in water, sewer and gas. If the present trend is allowed to continue, government involvement will eventually be unavoidable and in the end will have to bear the full burden of most of these unredeemable costs.

There is an alternative, Mr. Speaker, that could be considered in order to reverse the present trend. What do small towns need most? There is only one answer -- more people. Due to lack of employment opportunities, the type of people in my proposal are the unemployable welfare cases. Why should they not be permitted or even encouraged to move into rural centres, if there is any desire on their part to do so? Mr. Speaker, may I point out the effect on present trends and costs should a percentage of unemployable welfare cases choose to move to smaller centres. The cost of welfare is a continually growing burden on the tax payer, especially under a system that offers no alternative to the flow of welfare cases into larger centres -- a system that offers no alternative to those people already living in the -- who believe that there's a much more attractive social environment atmosphere in smaller communities.

In considering the cost of a housing development program, the advantages are definitely in favour of many of the small villages and towns. For example, there is a village in the Camrose constituency that has within its boundaries approximately 135 vacant service lots. Because of the scattering locations of the present homes, the water and sewer lines already pass a great percentage of these lots which have, at present, a standing value of \$50 each. This may be an extreme case, Mr. Speaker, in regard to potential development within present boundaries of an already serviced village, but most villages and towns have plenty of lots which are vacant, and in many instances homes for which there is no buyer. The village used in the above example has had two businesses which recently closed their doors.

Considering the depressed economic conditions that presently prevail, the populations in the towns and villages and also in the surrounding communities would openly welcome any promise of alleviating a serious, and in many centres, a progressively deteriorating situation. We must encourage a program that shows concern for people and attempt to ease the pressure of forces which are beyond their control. It's such forces that deprive them of their rights as individuals to live in dignity.

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Mr. Speaker, last year approximately \$20 million was budgeted for rent for people on social assistance. Multiply that over ten years time and maybe this fund will be increasing. It would seem to me, Mr. Speaker, that social workers throughout Alberta have a tendency to funnel in people on social assistance from the north and the south into Edmonton and Calgary with the encouragement and rightfully so of better schools, better recreation facilities, such as swimming pools, libraries, and sometimes the promise of better homes. But what happens when you take people that are used to a rural background, used to your small towns in Alberta, when they come into Edmonton and the viewpoint of a landlord; number one children and on social assistance. They take a rather dim view of this, and in many instances in the past years, our press - we have read in our papers where families have had to be put up in motels for months on end until suitable housing was found for them. This evening, I phoned the Gateway Motel in Edmonton and asked what the rates were for people on social assistance. For a family with five children, the rate currently now is \$83 a week. But when housing is found for these people, usually it is good housing. But in many instances, it is in an area of Edmonton that is the worst place in the world to bring up a family of children.

Mr. Speaker, these people from the rural areas and rural towns are friendly people. The communities that they left -- they know every one on that street by their first names. But arriving and living in Edmonton and Calgary, they find they are lucky if they know who lives down the hall, or who is in the third house down the street.

Now it seems that if we are going to take our decentralization of industry in Alberta seriously, and try and slow down the process of people leaving our rural centres, I think we must look at it realistically. If we are going to bring in industry to this province, and suggest to that industry that it must or should locate in a rural community, may I suggest to you, Mr. Speaker, that the Japanese businessman and the German businessman is not necessarily very interested in locating in a rural area. He is basically looking for a base somewhere in western Canada. If he cannot have his choice of locating in the two major centres, he will go to Vancouver or he will go to Winnipeg because of his labour pool and his talent pool. Secondary industry, yes, but can we find enough secondary industry to save every town and village and small city in Alberta?

I refer to my proposal of public housing, Mr. Speaker, of building low cost housing in these towns -- and I say viable towns now -- not towns of the nature of one or two elevators. We have several towns in our constituency I think that would fit the bill, and these towns should be given the option of choosing a board made up of someone from government, someone from the social people and someone from their council to choose desirable applicants, who, if they wish to live in their town in public housing, can do so. And when I say desirable people for these towns and villages, I'm thinking now of a widow with her children, a paraplegic, a divorcee, someone who has separated -- but the main emphasis is on children.

The social life in a small community has so much to offer these people, as the hon. Member for Stettler indicated. Look at your church life, your curling clubs, your service clubs -- people who would fit into that type of life. If you children, you have a chance of saving that school. If you can save a school in any town, I can guarantee you, Mr. Speaker, that town has a chance to survive. We have to make it very clear that we would give these people the opportunity to choose if they wish to stay in Edmonton or wish to move to a rural area.

This proposal, Mr. Speaker, has its drawbacks, too. There are many people who decide to come to Edmonton, to go on social assistance and to be hidden so no one can find them. There are many

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communities in Alberta -- and I have one within my constituency -- that have been able to keep their population and increase it. This village has welcomed people on social assistance. It has made them welcome to the community and has fitted them in. Mr. Speaker, the drawback I see to this would be that the people already on social assistance would be envious of newcomers arriving and being given new housing, but may I suggest that when you are receiving money from the taxpayers of Alberta, I think a little discretion and a little common sense could play quite a role.

Mr. Speaker, this proposal would allow an unfortunate group of people to choose their environment and at the same time show concern for the hardships now imposed on many small businesses and residents in a large number of villages and towns throughout Alberta. Thank you.

MR. DRAIN:

Well, Mr. Speaker, I approach with some fear and trepidation the task of addressing the hon. members after listening to the hon. Minister of Mines and Minerals. He has assured the hon. members with great emphasis, that here on your right, Mr. Speaker, sit 48 of the cream of the crop. And Mr. Speaker, by no stretch of exaggeration could I, as a humble member from Pincher Creek-Crowsnest, be prepared to class myself in that particular category. However, Mr. Speaker, there are only two of the members who would qualify on your right as entrants in a beauty contest. And if I were judging, Mr. Speaker, I would have great difficulty in determining which of these two lovely ladies should get the prize.

However, getting to the subject of the budget, I wish to express my appreciation to the hon. Provincial Treasurer for the very apt and efficient manner in which he presented it. Also, I regard the amount of detail that is supplementary to the budget as an improvement, a very acceptable improvement, which proves that we progress with the times.

My initial reaction to the budget, and this is in regard to the 30 mills aid to our senior citizens, was one of great appreciation. Also, the allocation in workmen's compensation which is of course a new departure altogether. insofar as we now delve into the provincial treasury, and the funds of the general revenue of the province of Alberta, to take care of what is properly an industrial cost. But having regard for the fact that we have costs now that are directly accruing from inflation, well, there is no other way, probably, to do this. However, I was disappointed that the subject of human obsolescence, which I did mention in my 'speech from the Throne', had not been properly been taken into consideration. This is certainly a great and serious social problem.

I would say, Mr. Speaker, that this budget, although basically the type of budget that we could expect, having regard for the circumstances, is evasive in certain areas. It is evasive in that it does not deal directly with the harsh economic facts that every political part or portion of our governments is directly concerned with. I refer to the constant escalation of costs and the net result, of course, which will only be to a great degree the erosion of our economic base.

The hon. Provincial Treasurer mentioned in one of his reports to the press, I believe, that this budget was based on Keynesian economics. If he is thinking in those terms, I suggest that he forgets it, for this particular reason. There is not, nor has there been, a political party in Canada that when this great promised land of Keynesian financing was developed has had the moral fortitude or the disciplines to accept properly, in any way, the responsibilities that go with this type of budgeting. Certainly government under our economic system can turn the tap on, but there's no politician thus

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far, who has had the courage or the ability to survive politically by ever shutting this tap down. Hence, we now have the process of continual erosion of our money which traps the poor and the underprivileged -- an area in this particular budget which has not been dealt with.

I have heard in this Legislature for some five years, the harrowing tales of disaster that come from our farm front. I was quite surprised -- in referring back now to a former member who bled so profusely for the farmers in his constituency -- in travelling through this constituency to have to say: "Where are these downtrodden farmers, where are these people dying in the streets from hunger and privation? I see them going by in big Buick cars, and all of this is so different from what I am led to expect." But there are areas of real poverty that have not in any way been touched by the budget.

Why, or how, our social system actually functions is something I think all of us can be given cause to wonder and think about. The basis of our prosperity, of course, is the working poor, and the working people. They are the most singularly inarticulate of all the segments of our society. Go anywhere and you hear the farm voice loud and clear -- in fact very, very clear. Also clear is the voice of our professions.

I think about the hon. Provincial Treasurer, who is an accountant, a chartered accountant, a member of a profession for which I have great admiration and respect and one that I think is certainly a welcome addition to this Legislature. A chartered accountant basically deals with facts and figures. He deals with realism. Certainly I would think that it must have hurt his conscience to think in terms of the \$199 million deficit that he was going to present in this particular case. Financing for capital works programs is a very admirable thing, but I would think the hon. Provincial Treasurer, looking at it from the standpoint of an accountant would also look at it from the basis of, "what are the benefits? Where is the long-term capital gain? How do we recover the money on this specific investment?" There is no other way he could have looked at it.

When you consider the prevailing rate of interest for long-term provincial bonds, which is in the neighbourhood of 8 per cent, and look at the factor which is 72, you look at a doubling of this particular borrowing and the rate on the basis of nine years. In other words, you are looking at paying back -- for a bridge or for whatever particular investment it was -- twice what it initially cost. This can be well justified if by investing in this particular bridge you will create jobs or a financial environment that will properly enhance the economic conditions of the people. So this is one particular aspect of the financing situation.

Certainly there is a certain amount of fiscal responsibility that should be realized by anyone in government. If this was an interim situation -- if next year's budget could not be projected to be heading in the same particular area -- it still would be acceptable. But I question in my mind whether an initial deficit of these dimensions, and a projected deficit -- which would probably be in the million dollar range four or five years down the road -- is going to be acceptable to the people of Alberta. And even if it were, Mr. Speaker, I don't think that it would be acceptable for anyone who would think in the realm of responsible government.

Talk has been made of the \$5 million employment opportunities program. Now here is something that I endorse. And if this was put in the capital account, which it isn't, I would be delighted with this program. If this program was doubled I would be very happy. I think here is an area which could be well explored to a great degree, insofar as our young people are concerned. To me, one of the

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greatest tragedies of our cities is the fact that there is no possibility for our young people to be involved in any particular major investment.

I think probably the rural members can think back and properly appreciate the fact that they could take their sons and daughters out and say, "Okay we're going to plow a field, or we're going to change a tire on a truck, or we can go and do some fencing." This is something, a direct contact with nature that is lost today.

I would like to see a program beginning on an initial basis and gradually evolving, whereby our young people, say from 15 to say 17 or 18, would have a chance to go out -- all of them that are physically able -- and involve themselves in pollution control, reforestation, in learning directly the responsibilities that come with living directly with nature. I think there would be a cost saving in moral stamina and other unseen benefits which would far exceed any of the costs involved in this particular program.

Mention has been made about gas export in this Legislature and the position of the National Energy Board. Figures have been juggled back and forth as to whether we have more gas or whether we have less gas. I would say that probably the best poker hand that the Province of Alberta does hold, is the fact that it has these huge energy resources presently available. And this should be the key to unlock the treasure chest of industrial development in the Province of Alberta, and I would look to see consideration of this given.

I do not accept, personally, the idea that we in this generation are so endowed with greed and self-aggrandisement that we should deplete the cupboard and leave it bare for future generations. It's probable that increased revenues can be developed from this source and from our oil. I would look to see this considered and action taken in the future.

However, Mr. Speaker, I would like to read into the record an editorial by Bruce Hutchinson which intrigues me very much. I think, possibly, all of us have concluded that most speech-making is properly regarded as an exercise in frustration. Nevertheless, I think the objective is somewhere down the line. It may implant an idea and somewhere, jointly, we can all think about some particular area. This is by Bruce Hutchinson in the Vancouver Sun.

"In the year 2000 AD, as history will record, the famous prediction of the Canadian Economic Council made in the autumn of 1970 was triumphantly fulfilled. The nation's entire gross national product -- all its goods and services and money -- had finally been absorbed by the cost of education and medical care. Not a dollar was left for other uses, public or private. Consequently, all production had ceased and the economy was paralysed. Since they had no fuel, food or clothing, most Canadians were cold and hungry.

The Dominion Bureau of Statistics reported, however, that they were thoroughly educated and enjoyed perfect health, thanks to the university and medical services. Yet the system had a certain minor disadvantage. The learned and healthy, all except a few hundred people, had already dropped dead from starvation. This was not considered an altogether satisfactory arrangement. Even Louis Rasminsky, the unflappable governor of the Bank of Canada, was moved to say in his annual report that the situation may contain negative elements deserving serious thought.

And the current price of bread at \$10,750 per ounce may appear to some members of society somewhat excessive, although this had no direct economic importance, bread being unobtainable. Nevertheless, as a warning of possible inflation in the future years, such prices must be judged significant and conceivably

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undesirable. Only the Economic Council and the members of Parliament managed to secure a minimum diet having smuggled the cost of the parliamentary restaurant into the health department's budget, and prudently cached some canned goods in the government's secret bomb shelter near Hell Hall.

When the 21st century dawned, Edgar Benson, then a rather old man and thinner than he used to be, announced that a White Paper on economic paralysis and mass starvation would be prepared with suitable legislation to follow two years later.

Meanwhile, he reminded the public that it enjoyed a uniquely fair tax system, the envy of the world, and a just society where all men starved equally. A few Eskimos continued to survive on their ancestral diet of seal blubber, and though lamentably uneducated and without medical care, seemed to be robust and happy. Naturally the few survivors south of the Arctic became envious of the northern natives and with demonstrations, speeches and riot, protested racial discrimination against the white man. The Eskimos eased the tension by gifts of sealskins to the young women of Toronto.

In the end only the members of the Economic Council survived, because they alone understood economics, and could thrive on a simple diet of statistics. After another century they had bred a new race of economists, dull perhaps, and uncomprehensible to the laymen, but certainly durable. For all of the nation's problems were solved at last when a revised education system taught the people to grow food, cut fuel in the woods, weave cloth, and stay healthy despite the government, universities and medical services."

Thank you, Mr. Speaker.

MR. CRAWFORD:

Mr. Speaker, I beg leave to adjourn the debate.

SOME HON. MEMBERS:

No, no.

MR. SPEAKER:

The hon. minister begs leave to adjourn the debate. Would all those in favour say aye. Those opposed say no. The debate is adjourned.

MR. HYNDMAN:

On the matter of business tomorrow, it is the government's intention that the House will sit tomorrow evening.

MR. HENDERSON:

On a point of order, Mr. Speaker, did you make a ruling on that vote?

MR. SPEAKER:

I said the debate was adjourned. The hon. minister asked leave to adjourn the debate, and after taking the ayes and the no's, I said the debate was adjourned.

MR. LOUGHEED:

Mr. Speaker, I move the House do now stand adjourned until tomorrow afternoon at 2:30 o'clock.

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MR. SPEAKER:

Order please. The hon. Premier asks leave to adjourn the House until tomorrow afternoon at 2:30 o'clock. All those in favour?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until tomorrow afternoon at 2:30 o'clock.

[The House rose at 10:05 p.m.]