

LEGISLATIVE ASSEMBLY OF ALBERTA

Monday Evening, May 6, 1974

[Mr. Chairman resumed the Chair at 8:00 o'clock.]

COMMITTEE OF SUPPLY (CONT.)Department of Agriculture (Cont.)

MR. CHAIRMAN:

Mr. Hinman, do you want to continue?

MR. HINMAN:

Yes, Mr. Chairman.

Mr. Chairman, I think I was talking about the family farm when I ran out of time or the session ran out of time. I just want to go back ...

MR. CHAIRMAN:

May we have some order please.

MR. HINMAN:

... go back to this topic for a moment. I think there are two kinds of family farms. There is the kind where a family, a pretty prosperous family, can operate a very big farm on the same basis as a corporation or one big farmer could manage it.

There is another kind of family farm where people choose that way of life, knowing that it will give them less in the way of material gains but that it will give them the kind of life they may like. This is the kind of family farm where the cooperation of the family can make up for considerable capital. I could illustrate by saying they can raise pigs without the modern facilities which are common on big farms, simply because they can make up for lack of investment with family labour. They can milk cows without the modern dairy barn simply because the family is willing to do a considerable amount of extra work.

Now, it's these farms I worry about. I think that at least if the young farmers who want to go into this, either by taking over the family farm or by going in for themselves, could go through with somebody who is experienced the necessary steps in an ordinary feasibility report, we would be doing some of them a big favour.

Now I did make a few remarks about incentives and stable markets. I think I said that for a market to be stable it simply means that people can depend on selling whatever they produce at a price which is relatively good. I have said that I doubt we can guarantee it unless the government is prepared to go into the incentive or subsidization side of it perpetually.

I don't think that in the end a stable agricultural industry should have to depend on that. If we want to give them some justifiable credits when they run into trouble, I don't mind. But I think that if we go into the business of simply subsidizing time and time again, our agricultural industry will, in the end, become a sort of rock around our necks.

The importance then of subsidization or incentives is simply this: when we are in short supply and when we know our conditions are such that we can produce as cheaply in that field as anywhere else in the world, incentives form a good purpose. Incentives can be of many kinds. They can be a payment for a little while - a subsidy if you wish.

They can be advice. They can be a little government favouritism, perhaps in leasing government lands or providing community pastures. These things might all be to the good.

In the end, however, we have to realize that when we have broken into the Japanese market, one of two things happens. We take away the market that some other nation has had or we are in a market which is very rapidly expanding. In that case, surely it's to our advantage to get into that market in its early stages. But to dream we can hold it in the face of the sound economics of buying and selling is something we should perhaps not dream about. There are places in the world where pork can be produced just as cheaply as here. When they can, eventually price is going to become a competitive thing, even on this Japanese market.

I'm not saying I don't approve of what the minister has done. He is getting into these markets. What I'm saying is, our producers ought to be told that we cannot guarantee forever that we can hold a share of those markets by any other means than price. That means that from then on the minister, and I think he understands it as well as anybody, is going to have to give us the advantages of research to help us produce pork as cheaply as anybody else. Then we know that if we are beaten in a competitive market it's because some other government chooses for the time being to subsidize very highly. That goes on in the world. My submission, Mr. Chairman, is that the minister just can't forever subsidize us to make our subsidizations equal to those of other nations which might get in the field.

He mentioned that we can produce beef on grass. We can produce beef with straight hay too, good beef, but we have to remember that in producing pork this isn't the same. You can't produce a finished pork product on pasture or with hay, you have to have grains. In this field, I suppose, we're as well off as anybody else because we produce these grains. We will have the problem - not necessarily so I suppose - but we will have the protein problem.

Now, there was a time when we produced pigs in Alberta and the farmer aimed at class B pigs even when there was a bonus for class A pigs. And the reason was pretty simple. The cost of the protein to produce the A carcass was greater than the difference in the price. That is not true anymore, and I think that with the supplemental feeding and by upgrading the kinds of animals we have, we're going to produce a better kind of market hog and that's all to the good.

Now, there is just one other field I want to touch and that's the marketing boards. A marketing board is supposed to be aimed at this stable market, and we dream that by selling everything through one agency we can stabilize the market. Those of us who have studied it and those of you who have watched the experience know that eventually the marketing board must control the supply. In other words, pretty soon they begin telling you who can produce how much.

We've had that in the poultry industry - the minister and others have worried about it some - where in times when it took a big investment only a few producers stayed in the field. Now, if you want the family farm to produce, poultry is one place where they can, but they must have access to the market. If we are going to have marketing boards then we have to say to them, you shall buy all the poultry the farmers of this province want to produce.

We haven't got to the point in hog marketing yet where that may be necessary, but you can see it coming. When the day comes that these markets we have newly found begin to dry up and become competitive, then we are going to have that problem. I know the minister is quite aware of this problem and I think he has the initiative to do something about it.

I simply point these out. I could relate them to the figures in the estimates, and I for one am not going to be chintzy in allowing the estimates for these departments if they look to solving those problems.

Thank you, Mr. Chairman.

MR. DIXON:

Yes, I just wonder, Mr. Chairman, if the minister would bring the House up-to-date on the Alberta Land Use Forum when he is answering some of the questions. Are there going to be any interim reports? I ask this, Mr. Speaker, because I notice there are ads appearing in the paper by some real estate corporations advising people they should come in and see them because the government is going to pass some restrictive legislation, which I haven't heard anything about and probably the minister hasn't either. I was just wondering why these particular ads are starting to appear. I was wondering if there is some leak somewhere that there are going to be some kinds of changes.

AN HON. MEMBER:

From B.C.

MR. DIXON:

No, these are talking about Alberta people. I sent some of the ads to the hon. Minister of Consumer Affairs and I'm serious in the matter. I'm just wondering where it's all coming from.

MR. R. SPEAKER:

Yes, I wanted to ask a question of the minister with regard to financial assistance to farmers. One of the programs for the St. Mary's Irrigation District and the Bow River Irrigation District was a low interest program for sprinklers, control structures, land levelling and so on. I understand at this point it has been transferred to the Agricultural Development Corporation. What I'd like the minister explain to me is - I understand that under the corporation at the time there are some special considerations that were made in the corporation's general policy to accommodate this type of thing. I'm not fully aware that we're up-to-date, and I would appreciate the minister making comment on that.

MR. RUSTE:

I understand then the minister is making a list of the problems raised. I just wanted to raise a few here. This deals with talking today to a dealer in the city of Edmonton about the baler twine shortage, cultivator shovels - these are two. This dealer is a fairly large dealer and there just doesn't seem to be any supply in sight, and I'm thinking of cultivator shovels at this time when they are to be used this week or, at the latest, next week. Certainly some of these things are - I'm just drawing them to the attention of the minister.

Another thing I'd like to have outlined is the matter of flood assistance and the deadline. I understand that in talking of the municipal councillors, that they are preparing to send in a list, this follows their regular meetings. They certainly aren't held every week. So I would just like to have a deadline and what the extension might be on that.

Another is a matter I referred to earlier in the House - the talk by Mr. Monroe dealing with international commodity speculation. Some of the things that he mentioned I will quote in part. The minister no doubt has discussed this with Mr. Monroe and I would just like to have the minister's comments. He goes on to say, in one of the agricultural broadcasts I heard at noon, as follows:

The thing that I am most concerned about is the commodity gambling and speculation that we observed in the year '73. This had the overbearing significant effect on food prices in Canada.

He then goes on to mention it took place outside Canada. He thought maybe it had corrected itself but my recent information is that we are liable to see a recurrence of this in the year 1974.

And another one is that I understand the ministers of agriculture in Canada have arranged with the Agricultural Economics Research Council of Canada to produce a publication called, Today's Taxes - Tomorrow's Agriculture. I wonder if he is making this available.

AN HON. MEMBER:

Today's ... ?

MR. RUSTE:

Today's Taxes - Tomorrow's Agriculture.

Now I understand this is a publication produced for the ministers of agriculture in Canada by the Agricultural Economics Research Council. I just wonder if he's going to make it available to the members of the Legislature.

Another one deals with the statement - and just following Hansard in the Commons debates - where the Hon. Mr. Whelan in answering a question on grasshopper control said, and I'm quoting:

I am happy to inform the hon. member that we are offering to the provinces to set up control centres, with equipment and insecticides, and people who are willing to staff these centres, to make sure we are in a better position than we have ever been to control grasshoppers.

So maybe the minister would comment on this at this time.

MR. CLARK:

Perhaps there are just two areas that I might ask the minister to comment on directly.

One goes back to the hog operation again. I would like to ask the minister if he's had any complaints or has caused an investigation or any study to be done of hogs that supposedly are being slaughtered here in Alberta and the head and feet then taken off and sold to Cuba at prices that are substantially above what hog producers are getting in Alberta now. The information I've received is that they are getting about 68 cents. That's giving allowance for transportation, so a very healthy return is involved.

If I could just follow along in a couple of other areas. Has the Department of Agriculture finished its study, or has the consultant finished his study, of the the Hog Marketing Board and its operation? In the course of that, has there really been a look at the area between the actual slaughtering of the hogs at the plant and when they get to the consumer. I raise this because I am sure the minister will recall that Mrs. Plumptre and her group did look at [this]. Let's take the time Safeway, as an example, buys the meat until it gets to the consumer. There is this period of time before the actual store involved buys the meat. Has the department had a look at that area or does that more properly fit into Consumer Affairs?

The other area deals with this question of Big Country Meats and their submission or their pretty earnest desire, in fact their earnest desire, to settle at Olds. Frankly before they can move on this kind of venture it's rather essential they have the support of the Department of Agriculture. Now I know that the minister has assigned people to work with Big Country Meats, but would the minister be in a position to give some sort of progress report as to what's happening in that particular matter?

MR. WYSE:

I wonder if the minister could make a few comments on the Alberta Grain Commission, such as the cost in the last year, the involvement of the committee and the committee's rule in regard to the marketing of coarse grains in future months?

DR. HORNER:

Mr. Chairman, there are a number of questions that members have asked.

Might I start out with my honourable friend from Sedgewick-Coronation and say we appreciate very much what the people in the rat control areas have done. We have increased the amount of money that is available to the municipalities to continue to do the kind of job they have done in the past. We are very conscious - and indeed very proud - of the fact that Alberta is rat-free. How you recognize that, I guess, is a matter of opinion, and we'll look at that.

We continue to make representations to Saskatchewan that, in fact, if we could push that border back it would be a worth-while thing for them and for us. I have made representations on two or three occasions to the minister in Saskatchewan about pushing the border back all the way to Manitoba if necessary, and offered to be financially involved because it would save us in the longer term. Unfortunately, so far, I haven't been able to get anything but a smile from the minister in Saskatchewan on that particular program, and they just don't really think it is worth while. I try to convince them that one of these days they are going to have to spend a substantial amount of money, and the sooner they do the better it will be for both them and us, and that we're ready to work with them any time we can.

The recent flurry of publicity out of Banff National Park again outlines some of the problems that you have in this area. It now turns out that these were really albino Norway rats - they were a Norway rat and I was wrong originally that these were albino rats - that came from pet shops and so on [and] got away. It's one of those things that you have to continue to be on top of.

I might say to the hon. Member for Sedgewick-Coronation that we appreciate very much, as my colleague in rural development does, that all of these matters he referred to are essential and absolute if we are going to have development in rural areas.

The only other thing I would say to him is that he should watch very carefully what he says, because the new statistics that will come out may very well put him in a very bad light if he continues to talk about the run of people out of the rural areas. He may find that he is really not aware of what is happening. I am very confident, as a matter of fact, Mr. Chairman, that indeed we will find an increase in population in our towns and in our rural municipalities. One of our problems at the moment is to be able to hire young people in agriculture who are now, most of them, going back into agriculture.

That brings me to the hon. Member for Cardston, who has a great deal of logic and merit in what he has to say. I would say to him with regard to sprinkler systems and the

idea of whether or not we should have a program to provide grants, that what we would like to do there first - and we are in the process of doing that now - is get a great deal more knowledge on the technical ability of the various sprinkler systems to achieve the result that we would all like to see.

We are aware, of course, that while flood irrigation is better perhaps than no irrigation, it has some serious drawbacks in wastage of water, in the seepage problem, in the drainage problem that then takes place, [and] you have to do a whole rehabilitation project in an area. I can recall in another place when I was quoted the kind of figures that it would take to rehabilitate the seepage area, for instance, in the Lethbridge northern, [that it was] pretty fantastic. I think there are some techniques that we can [use to] get around the kinds of costs they were talking about there. But surely one of the best ways is to prevent those things from happening, and that's by new and better applications of irrigation technology. And as I've said, we have a very active program in the irrigation area assessing the various methods of how best to irrigate. We hope within a year to bring it another step forward and we'll certainly be talking or thinking about how we can convince these people to do that.

Whether you do it on the straight basis of a sprinkler system or whether you use that as a mechanism or policy to encourage diversification into certain crops is really the question I think we should address our minds to. I'm not above, if necessary to get more corn grown down in that country, tying it into that or to beans in Bow Island or other things. I would hate to see us using modern sprinkler equipment just to grow cereal grains we could grow elsewhere perhaps at a more competitive advantage. But just because of the higher prices today it doesn't really mean we should use sprinkler equipment for that.

I would like to be flexible enough that we could tie any policy in to a question of the promotion of the diversification of crops and the change in irrigation as well. I am always of the view that we in agriculture - and I will come to the subsidy question later - have to take advantage of every opportunity we have to maintain our equality with the rest of the economy in the province, and therefore we should do that.

On the question of research, particularly in the proteins, we of course made available a substantial amount of money last year, and will continue [to], for research on hiproly barley, the high protein and high lyscene barley which is so important to our hog industry. There are other varieties that might also be useful. We continue to do research in regard the question of rapeseed protein and all of these areas of proteins. I wouldn't want to go over that without mentioning the expansion of our alfalfa D high capacity, and that we have to move the next step further into a pure alfalfa protein, which indeed may be competitive and have other growth factors that some of these other proteins don't.

The hon. member talked about the yeast protein. I think he called it bacterial protein. It is actually a yeast protein you can develop from natural gas. Actually, the most economical one, I am now told, is the butane component. There are on the drawing boards around the world substantial plants [to extract] yeast protein from hydrocarbons. I just noticed a news release today that the Japanese have now backed away because of the cost. But the OPEC countries, the Arab states, are certainly looking at the question of protein for animal feed from hydrocarbons.

I have had an interesting association with the chap in Canada who is probably the most knowledgeable about this, a professor of chemistry at the University of Toronto. He is very anxious that we at least get a pilot plant going out here with regard to the yeast protein from hydrocarbons. We are continuing to have discussions with him on that.

A recent publication from the FAO and from the United Nations outlines how such a protein complex might be the basis of a substantial development of what they call the rural agricultural business sector of a newly developing country. I think these are interesting developments. I think we are pretty fortunate here in Alberta to have that as a backup for our protein needs. I would only say that we are conscious of it. We in Alberta are probably more knowledgeable about it than elsewhere because we do have these basic components, and indeed are leading up to two of the major petrochemical companies in Alberta at least looking at a pilot plant application. That's about as far as I can go on that one. It's an interesting concept. It's a matter of economics, once you develop the pilot plant thing, whether or not our protein is there. Certainly, as I mentioned earlier, the question of a pure protein from rapeseed has to be one of the real major challenges for us here and can be part of the answer.

The hon. member went on and talked about incentives, stabilization and subsidies. I wish he wouldn't be so, if I can use the pun, "liberal" with the term subsidy. In my view, any subsidy that might be paid through my department is, in fact, a subsidy due to the consumers in Alberta and in this country and not, frankly, a subsidy due to the producer.

I do agree with him that it's difficult on occasion, particularly in our Beginning Farmers Program, to assess the feasibility 20 years from now as to how they're going to pay this amount of money. I don't know what the final answer is, but certainly, in my view anyway, we have to take the medium course and perhaps not be too optimistic but at least be optimistic enough so in fact these young people are going to be able to make a living on the land and be encouraged to do so. We've been relatively rigid in regard to the outlines. We demand a substantial amount of experience or education. I think we cannot do more than that, having regard to the unknowns that are in the equation.

The suggestion that really we're training our farmers to be dependent on government is an interesting suggestion when we find the federal government stepping into the situation, directly applying subsidies to consumers and preventing our producers from getting as much as they, in fact, should from the market. So I really can't accept that we're training them to be that. I've been really impressed over the past two and one-half years with our farmers' ability to bounce, their ability to really change and to be ... [Inaudible] ... in spite of some great adversities.

I think government's role should be to assist them where they can. I know my honourable friend from Macleod - and I've said it before and I'll say it again - there is a fine line between leadership and interference and anybody who wants to try leading is going to know that on occasion he's going to step across the line and be interfering. I think you have to accept that when you do it and I suggest that one of the easiest ways not to interfere is to never do anything. I guess that's also the easiest way to slide through a political career but I would have some difficulty living with my party, my government or myself if that was all that we were going to do.

In regard to the question of markets certainly I might say this. I think that on occasion there are changes on a marketing pattern which we should take advantage of. Most of the Japanese market is a newly developing market from new affluence and because of their new industrial thing. There are some changes going on right now, certainly in what's called the 'HR and I' trade in the beef industry. Because of recent developments there's a real challenge to our beef industry in Canada to provide that market which was formerly provided by American beef. And this really comes down to further processing. More than any other thing it comes down to the question of fabrication and breaking and getting a product that you provide to the 'HR and I' trade in the way they want it. If we can do that we open up new vistas for our own beef market here. I think we can. There's no reason why we can't.

MR. HINMAN:

Would the minister define the 'HR and I' trade?

DR. HORNER:

Oh, Hotel, Restaurant and Institution trade. This is where, in this modern day and age, they want their sirloin steaks on planks they can saw off and they want their fillets in four ounce or six ounce cuts which are within a quarter of an ounce of each other. They want all of these things and then they just put them in the oven.

We have a substantial industry in Alberta now in that area. We think that that's really the area where there might be a major expansion, and when I come to the Leader of the Opposition's particular interest in his own area this has some real particular importance.

In regard to the Land Use Forum, I could say we certainly have never indicated to any real estate operation that any kind of legislation was going to be brought in. I have taken particular pains to make sure that we get as many people as possible involved in the whole situation because there is no way, once you bring in legislation, that you're not going to affect a great deal of people and we would like them to have that discussion at this time.

The hon. Member for Wainwright, of course, has gone over some of the problems that we have in supply. Again I say, we're going to have some problems in the supply of a lot of our materials, our inputs, in agriculture. While it's true we have had a substantial increase in certain prices, input costs in agriculture have also risen substantially. And while I have to say that in the fertilizer areas the price rises have not been as much as we have seen in other areas, the question of the adequacy of supply can only be met by additional production capacity which I am sure will happen in Alberta.

Indeed, as far as fertilizer is concerned, it has now become very apparent that the eyes of the world are upon Alberta with regard to fertilizer production. Many of the new, sort of green revolutions around the world can't go on. Indeed, whether you are talking about the new varieties of wheat or the new varieties of rice, the green revolution can't go on without a substantial input of fertilizer, nitrogen fertilizer, most of which is now going to be made in the areas in which they have the raw materials to make them. That means, as I've said, the eyes of the world fertilizer industry are indeed upon Alberta and

will be very conscious of any decisions we make in that area in the coming months. We also are conscious of it and are particularly concerned that there should be an adequate supply of the fertilizers we require here and that any consideration of the export of nitrogen fertilizer has to be tied in with the availability of phosphate rock if the hon. Member for Pincher Creek-Crowsnest and I can't find some in Alberta.

We don't have that much concern, of course, with regard to potash because we have it available in Saskatchewan. We have the ammonia and nitrogen here that we can use.

I would just like to say to my friend from Wainwright, the question of input costs is a continuing one. We have signed a limited contract with the farm organization, Unifarm, to help us monitor those input costs in the coming 12 months. Hopefully monitoring will at least give us knowledge as to where the problem might lie.

The baler twine situation is something that we don't have very much control over because, of course, it comes from jute. In the areas that grow jute there have been some very substantial problems in relation to their ability to produce. Again it goes almost a complete cycle - they, for their jute, would like our nitrogen fertilizers. So it's a never ending sort of interconnection that you run into.

Insofar as the question of deadlines for flood assistance, there are no deadlines I'm aware of that we've placed. We've set some target dates because we don't want it to drag on too long, and I'm sure the people involved don't. So that's all we've said.

In regard to the question of commodity speculation on the Chicago Commodity Exchange, I'd be less than honest if I weren't to say that I don't really have any control over the Chicago exchange. It has been a substantial indicator of world supplies. Countries who are world trading nations and have a government agency to buy have now moved into a sophisticated area in which they are hedging their positions for their people on the Chicago exchange. Again, that's something that our farmers and our people should be knowledgeable about and they should know that the Chicago Exchange is a mirror of the world demand - at least a demand insofar as certain countries are going to try to at least hedge their positions in regard to the real responsibility they have in feeding their population. So while you may not like what they do in Chicago, the fact is that it does reflect a world demand in a major way that has to be one of the factors taken into consideration.

Insofar as the publication by the Agricultural Economics Research Council of Canada, if those publications are available they will be public documents and I'll be quite willing to make them available to the members of the Legislature.

As far as grasshopper control is concerned and Mr. Whelan's belated promise to help out in our control, long before Mr. Whelan made that sort of political gesture we were, in Alberta, ready and able to look after the situation. Along with a supply of insecticide, what we really needed from the federal government was a coordinating effort in regard to the use of that insecticide and the use of airplanes and spraying and that kind of thing, which I think is the proper role for the federal government rather than some of the other things they like to do.

As far as the question of the Cuban pork sales is concerned, there have been some major pork sales to Cuba more recently. I don't think the hon. Leader of the Opposition is quite right when he says that the dressing procedure is simple. It isn't. They are what they call the 'Cuban cuts', which are different from the 'Japanese cuts' and you have to train your staff to do them. The price that he mentions is for a small order initially. The price now that the Cubans are quoting, the last price I know of was 59 cents - and one considers that is f.o.b. Montreal, the question of storage and so on.

The packing plants that were associated - I have had some sort of hand-to-hand engagements with the packers and have found them an intriguing industry to deal with - are quite willing on a spot basis to pay substantially more for that market. Our difficulty was that we had to get to where we are today in a pooling arrangement so that we could get them to bid on the spot market for these sales.

The difference between the Cuban sales and the longer-term Japanese sales which I announced some time ago, of course, [is that] the Cuban sales are on a spot market thing, they will run for a month and then it is done. So you gear up and you have got, maybe, two shifts a day for two or three months and then you try to keep your staff on.

One of the real problems that our major processing companies have is a matter of keeping staff - getting meat-cutters, getting the people who are willing to do it. I think the manager at Gainers' told me the other day that he would be willing to hire 40 people tomorrow if he could get some willing to be trained in the cutting of meat. And indeed, the others are the same way. So we have a real problem there.

On the other hand, I think that was a competitive bid on the Cuban thing. I appreciate that our plants out here, a long way from the Cuban market, were willing to at least have a go at it and again get some of that into that market.

On the question of the survey we are doing in conjunction with the Hog Marketing Board, the PS Ross Company, I have had an interim meeting with them but no interim report as such. The report, in fact, will go to the Hog Marketing Board. Our role is to help them improve their marketing ability, improve their assembly ability and improve their return to the hog producer in Alberta. No doubt that report will be available publicly and be tabled. Certainly we are paying part of the costs of it and we intend to see that it is published.

On the other hand, as I mentioned when I announced the egg thing, we would hope that they wouldn't wait to implement the recommendations of the consultant, but rather implementation would be a continuing, ongoing thing. We hope by fall to have a major chain in the hog marketing plan which will include a daily pooling price, a better system of assembly so that the hog board will know how many hogs are coming onto the market in any one day, which is absolutely essential if you are going to market. We will have much better control over the weights of hogs that are now coming. We are now, on occasion, receiving a lot of lightweight hogs. Then, on occasion, we see overweight hogs. If we can do something to balance that it will be helpful to the producer.

In addition to that, there is a major area which we have to do something about and that is the treatment of hogs in transit. The damage to hogs is an essential thing that we have to improve upon.

In regard to the question of Big Country Meats, a group of people who are establishing a special beef plant in the Olds area, I have now had an opportunity to meet with them and to discuss their plans. We've said to them that if you can do what you say you're going to do, then we have no objection whatsoever and we will support you in your effort. But if you are just going to be another packing house, then you had really better consider the economics of the situation. If you are willing to have this as a major fabricator and breaker and [are] willing to test markets that some of our exporters haven't tested before, then we welcome them.

In that regard, I might say to my old friend from Macleod that our major meat packing industry, with one or two exceptions, has not been very active in the export field and is quite content to play the game in the domestic market [and] accept lower prices - not lower to them but lower to producers because they take their markup in any case. One of my disappointments has been the inability of certain large national meat packing concerns to really be meaningful in the export field. They are great at dumping their surpluses, but on a longer term, the concentrated attack into export markets, they just simply back away. This is one of the problems that we continue to have with them.

The hon. Member for Medicine Hat-Redcliff asked about the Alberta Grain Commission. Its actual cost has been minimal for the amount of benefit that, in my view, it has done with regard to the improved prices for barley and in regard to a number of areas.

We hope that in the future we will have, and indeed we have, rented six hopper cars which we make available to the trade within Alberta to move grain. In the long run it won't cost us any money - we may even make a dollar on it - but more important than that, it seems to me we are going to get some very interesting statistics out of our little rental that may be useful when we deal with the railways. I'm looking forward to those kinds of things. In the Medicine Hat area itself they have been of substantial help in the development of supply for the linseed oil plant, for a number of interesting grain processing innovations which may, and I'm sure some of them will, be coming to Alberta. Indeed, just recently there was a pilot plant to be constructed in Camrose for the use of rapeseed oil in the manufacture of extrusion plastics. That's an interesting concept that has some really interesting possibilities for us in the longer term.

So I simply say that I have been very pleased with what they have been able to do. We have talked about coarse grains here in the Legislature before in relation to the repeal of The Coarse Grain Marketing Control Act. We would hope over the course of the summer to do a survey of the sort of marketing attitudes of the farmers of Alberta in relation not only to coarse grains but also to hogs and cattle as well, and we will be going forward with that.

I would hope that the role of the Alberta Grain Commission in coarse grains could in fact remain as an advisory one rather than a regulatory one, but it may be necessary to go further than that to protect the interests of our producers. I really can't expand further than to say that I think it's important that we're aware of what we might need to do to maintain our position.

Mr. Chairman, I hope that I have answered the questions that were asked. I may have missed one or two - I'm not sure. The only other thing I would say is what I have said before in the Legislature in regard to marketing boards. To me the final answer doesn't

mean control of production, but rather to put more emphasis on the term 'marketing' rather than suggesting we just sit back and say, well, we've got this little market here and so be it. You know, the broiler people told me it was impossible to export broiler chickens, yet now we have had some trial shipments into the Japanese market. We expect them to expand depending on our costs and their market. It may become a very useful sort of stopgap for broiler production in Alberta. So there is a thing that marketing boards can do if they will remember their first term and not their last more often. I think that's particularly important.

So, Mr. Chairman, if there are any other questions we'd be happy to try to answer them, but I hope we have dealt with the questions that were there.

MR. CLARK:

Just to ask the minister one point, on his comments about Big Country Meats and saying to them, you have to test the world market, what kind of potential does the Alberta Export Agency have to work with an organization like this in testing that world market you talk about?

DR. HORNER:

Well, I'm very pleased the Leader of the Opposition asked me, because we are pretty pleased with what they have been able to do and with the kind of leadership they have been able to give. We think we could open the doors for them and provide them with access to those markets, but from then on it's up to them to handle. But certainly in the 'HR and I' trade, if I can use that term, for instance in Germany, there are really tremendous possibilities. In Greece, with 100 miles of sea coast and a hotel every couple of hundred yards, there is a tremendous market for what we call the prime cuts and the fabricated beef. We think that, indeed, this is an area any new beef-fabricating plant should really be looking at.

MR. D. MILLER:

Mr. Chairman, I'd like to have the minister express himself on the demand for more irrigation water. It's true there may not be a shortage of water, but there certainly is a shortage of distribution.

With respect to the Highline Canal that was planned some time ago or thought up, I suppose, through St. Mary's to carry on to Medicine Hat; they backed off it by widening or improving the main source of supply, the carrying capacity of the Taber Irrigation District. It's now to capacity and the demands are so great that they can't supply them all. If you will recall, even as far as Medicine Hat the hon. member asked for more water down in that area. From the information I get, they can't carry any more, and with sprinkler irrigation they just can't meet all the demands.

Would there be any hope for that Highline Canal?

DR. HORNER:

Well, as a matter of fact, because of the tremendous interest and the expansion of interest in irrigation in the south - and this is due to a couple of things, not only the increased value of the products that can be produced, but indeed really a major switch from flood irrigation to the use of a variety of sprinklers - the demand for water, of course, has been pretty tremendous. I'm sure my colleague, the Minister of the Environment, would agree that we can't just, within a short period of time, provide water for all of those demands because it takes a lot of time.

We are committed, however, to the substantial expenditure of funds; in his department with regard to the headwaters, in my department with regard to helping the irrigation districts themselves.

In addition to the capital funds we might expend, I think it's important - and indeed with regard to the Highline Canal we'll be doing a farm by farm survey this year, to make sure people are going to take the water once we get it there on what they would like, how we can do it best and what the economics of the situation are. That's one of the surveys that's on for this summer, the study of how we can do that. We do have a number of studies that are going to go on - I think one of the things [mentioned by] the hon. Member for Little Bow, also in the irrigation area.

Again, we are assessing what the best irrigation techniques are with regard to modern technology. We are willing to move ahead, using it as an instrument of policy as well as a useful way of changing over from flood irrigation to sprinkler irrigation. All of that depends, and I don't have any doubt about his ability, on the Minister of the Environment being able to give us the headwater capacity to do the extra acreage.

DR. BOUVIER:

Mr. Chairman, I would like to follow up the discussion we started this afternoon in the question period and ask the minister what consideration he has given or what leadership he is going to offer in the problem of disease control in cattle? I am referring not just to Bang's disease but probably blackleg and IBR.

One is aware, even in my constituency in the last few years, of some small farmers - usually the small farmers who either don't know about it or don't prevent disease in their cattle - going out and getting a loan through the minister's office or through the department, buying some 40 heifers and then losing 30 calves through IBR?

I guess what I am really asking is, does the department plan any programs to try to promote, if not to force some of these smaller farmers into, prevention of disease?

I know every year in my area there are lots of animals lost through blackleg because of the fact that [the farmers] are not availing themselves of the simple procedure of disease-prevention.

Bang's disease is becoming a danger even for those who wanted to vaccinate for Bang's disease last year. This has to be done by a veterinarian and they are not available. By the time it can be done the animals are over nine months [old] in which case you run into the problem that when you vaccinate them, if you sell one, the roof falls in on you because they test positive. So farmers are reluctant to vaccinate after that time but were unable to do so before that time expired.

So those three specifically. The program on warble control has been, I feel, a tremendous success in that it will eventually control the problem altogether. But I am worried about these others which are a source of major losses to some of the smaller farmers, especially in my area.

DR. HORNER:

I am sure the hon. member appreciates that veterinary medicine is fast catching up to that profession in which he is involved. I've been impressed by the capacity of the younger veterinarians who are coming into Alberta and quite frankly I would challenge anybody who suggests we are not getting our share from the college in Saskatoon. We do have some problem areas in relation to supply of veterinarians. I think the number of veterinarians in Alberta has nearly doubled in the last three and a half years and most of them are in large animal practice. I think that is pretty substantial updating.

Insofar as - I wouldn't want the hon. member to get the wrong impression - with regard to brucellosis and Bang's disease, there have been what I would term minor outbreaks. They are major to the people involved but they are minor in the total number of cattle that are involved in a substantial way in northeastern Alberta. Having just finished doing a helicopter survey of that area I can tell the hon. member that there are substantial numbers of cattle in that area and when I hear reports of two new herds and two other herds under observation, that four herds out of that total area is not really a major outbreak, we are concerned because we have been brucellosis free. We intend to get back to that position. It has been a federal program and we have been working very closely with the federal veterinary service to get back to that position. We are discussing with them now a program that we might institute particularly and even in bite areas on a vaccination basis.

With [regard to] the availability of veterinarians I could only say to the hon. member that we would hope one might come into his area as well. I am sure one will so that can be eradicated.

IBR and blackleg, of course, are things that good management can take care of and I think that is a matter for our livestock extension people and our veterinarians, to make sure that our people are aware of what can be done and how we can cut losses.

I don't think we want to go into every farmer's farmstead and start vaccinating his cattle for him. I rather suspect that we might meet some obstruction if we were to do that.

An interesting story - a young veterinarian came from the University of Oregon to my area for a while and took over the clinic in Edson. I got a very disgruntled letter from him with a label from Dr. Bell's wonder medicine and he said, I got a new disease out here, it is 'Dr. Bell's disease'. I wrote back and said, you really should have grown up on the Prairies in the early days when you didn't have anything else to appreciate Dr. Bell's wonder medicine. It was practically up to him to re-educate the people in the area where there were some modern medical techniques available.

All of these things are there and I am really very pleased with the role that the veterinarians have played. Their association has been very cooperative. We think we can

develop an excellent herd health program that could be tied into our insurance program, all of these things, in a really major way.

MR. BENOIT:

We have been talking a little bit about the outbreak of brucellosis in the northeastern part. Does the minister consider that the outbreak in the southern part, south of Calgary, has been effectively controlled now?

DR. HORNER:

Yes, in essence, you are dealing with experienced cattlemen in that area and frankly that has not been the problem in the northeast.

MR. HO LEM:

I was wondering whether the hon. minister would care to make a few comments on the Horse Industry Branch. As you know, in Alberta we are trying to improve the various breeds, appaloosas, Arabians, quarter horses and including bucking horses, because this area is conducive to raising horses that appeal to and have the qualities buyers want throughout North America.

I think the weather has a lot to do with it. The weather is conducive to producing hard knocking horses. We have the wide open areas where our horses can roam and harden up and develop in the proper way, something that other provinces and other areas in Canada and North America do not have. I am very pleased with what the horse industry is trying to do

I am just wondering what the minister has in mind to relieve some of the problems which have cropped up this past year. While we had a good crop in the way of hay and other coarse grains, we find that the prices have skyrocketed because other areas surrounding Alberta have had crop failures. Consequently a lot of our grain and a lot of the hay has been exported to other parts. Now, the hon. minister has advised that there have been hay banks established throughout the province, but this hasn't had a real effect.

I am thinking about the teen-agers who are encouraged to enter horse shows and race good horses, the hardship that is created for them.

As you know, to raise one horse through the winter months would run to three to four tons of hay in a good healthy program. In the past the hay prices ran around \$35 to \$40. Now we find that some of these youngsters are compelled to pay up to \$200 a ton.

I am not worried about the horse owners, the race-trackers, they can look after themselves. I am thinking about the young people and the teen-agers who are encouraged in this hobby and this sport. To where are they going to turn? What controls are we going to have in the export of our hay into B.C. and to Montana. That's one question, Mr. Minister, that I would like you to comment on.

Another is in the area of Veterinary Laboratory Services and Analytical Services. In professional horse raising - I'm referring to the race horse owner and people who enter their horses in the local race tracks - what we're compelled to do, at least what the Western Canada Racing Association has been doing in the past, is send out the specimens and samples to be analysed at Victoria. This caused quite a bit of delay and quite a bit of a problem.

What they're doing in Saskatchewan is sending them to Manitoba, so I'm just wondering whether the department will be including these services in the Analytical Services area where you have Vote 1143 and \$150,000 odd set for that. I think it's imperative for obvious reasons that you get the tests back as soon as possible rather than wait for a week's delay and allow this sort of thing to go on.

DR. HORNER:

Mr. Chairman, I'd be delighted to say a word or two with regard to the Horse Industry Branch. I would point out to the hon. member that in fact we have set it up and we are committing a substantial amount of funds to it. On the other hand I believe that I heard his voice plaintively rise in a question on the number of employees that I have in the department. We are in a period this year of zero growth in regard to positions and people involved. There is no doubt in my mind I could make that lab service available to him very easily if he'd like to recommend that we add a couple of additional technicians, perhaps an additional veterinarian, on the lab service which we're going to have to do in any case when we build the one in Airdrie which is in process. But I want to say to the hon. member that you can only add these extra services if you add extra people to provide them. At the moment we do have some priority with the cattle, swine and sheep industries that have been dependent upon these laboratory services.

On the other hand we consider the expansion of the horse industry a gainful employment in agriculture which is a very useful thing in our total complex. I would say to the hon. member and the young people who have horses they'd like to winter that I know how they can get a fairly reasonable supply of hay. That's by going to work in the summertime for some farmer and helping out with the haying and taking some of their wages in kind. I'm sure that he'll find there are a great number of farmers who would just be delighted to have these kinds of people who are obviously interested. If they get on our STEP program we would even help to pay their wages. I say to him that if these young people want to join the Future Farmers of Alberta Program, we'll even help to finance the situation. So the mechanisms are there and there should be no reason for young people with a horse not being able to make sure.

But surely one of the things they have to learn is that it's in the summer and fall of the year that they should have a supply of hay for their horse through the winter and not start to worry in January, because you cannot restrict a farmer who's raising hay for commercial sale or restrict his ability to sell it on the best market he can get. I certainly wouldn't want to do that. We have spent a lot of money on moving forage around this winter. I hope it's the last winter we have to do that. Our hay bank will in fact take over that particular thing which we do every year in this country and seems kind of silly to me.

I can say to the hon. member that we intend to continue the input into the horse management courses we have at Olds college, including AI, the farriers course, the horse psychology [course] and all of those things a good horseman should know. We have budgeted a \$10,000 item with regard to horse library and visual aid equipment that can be available. We really think and sincerely believe that the expansion in the light horse industry and indeed the heavy horse for pleasure is a real industry in this area. As I tell my colleague, the Minister of Federal and Intergovernmental Affairs, if these race horse people really got down to it we could breed good racing horses in Alberta as well.

MR. RUSTE:

Mr. Chairman, a follow-up to the minister on a few matters here.

You referred to a survey on marketing attitudes. You might elaborate on how they propose to take that.

The other one dealt with the statistics on rural people. I was just wondering whether or not he has had any discussions with the federal department on the matter of \$50 a year or the agricultural products is a minimum amount for a census farm. There's a figure of \$50 used and I submit that with, say, 11 bushels of wheat this year or 7 bushels of rapeseed, that doesn't become much of a producer. He might comment on that.

Another one is the sharing with the federal government - where there is any sharing program - on the insecticides for grasshopper control.

Another one is on the livestock labour assistance program, whether that will be continued and, if so, a sort of rough outline of the dates.

Another one deals with the reference to the Chicago market and the influence it had. Have the ministers of agriculture looked at an answer to that as far as the Canadian producer goes because of the effects that it has where other governments are involved in the market place?

The last one at this time is the zenith number for the Farmer's Advocate. That was discussed a bit last year and I don't think anything came of it.

DR. HORNER:

I answered the last one initially. At the moment the Farmer's Advocate is literally swamped with phone calls and we haven't set up a zenith number as yet.

Again, there is a fair amount of pressure to expand that office with additional people. So far we've been able to resist it. We're just working the Farmer's Advocate that much harder. He's the kind of fellow who responds very well to additional work and has done what I think is just a great job.

The question of finding an alternative to the Chicago commodity market - I sometimes think big, but I haven't thought that big as yet. I really don't know how we could do that when you have international trading companies and other countries hedging their positions on the Chicago commodity market. Whether or not we should, or could, hedge our position, either by an alternate market or otherwise, is something that I'm not in a position to say.

As far as the livestock facility program is concerned, no decision as yet has been reached. That was brought in as a response to two things: the question of the winter

unemployment almost coincidentally matching the difference in the number of people engaged in farm work, summer and winter, and, of course, then as a special program in the area that was snowed under. We would hope that by midsummer we might have some answer and announce it early. There were some complaints that we didn't announce it early enough, but we weren't aware that we were going to have those early snows and that they were going to stay. If my honourable friend can predict the weather for me it would help me a great deal in outlining some of these policies.

As far as the question of census farmers is concerned, I'm not so concerned about the definition of a census farm for the purposes of census-taking as I am concerned about the number of people who are working and living in rural Alberta and being able to make a living there. The question of a definition of a farm is one that continues, of course, to test the intelligence of all people, including the municipal affairs people, the assessors and others. I would hope that we have come to the conclusion that the best people who could designate who a farmer is are his peers who live around him. I would like to work towards that position.

I would hope that answers the hon. member's questions.

MR. RUSTE:

There's a further one, too, to the minister, Mr. Chairman, and that deals with the seed drill survey which was released March 25 this year. Is the department considering any additional steps as a result of that survey? I understand that when you look back, the last time I believe it was taken was about five years ago.

DR. HORNER:

Well, we continue to look towards that on a spot basis as an additional method in which we can provide the incentive to use clean seed.

But I think we're now into an area where, with the amount of emphasis there has been on weed control - you know, we ran into an area when the price of grain was so low that it didn't pay to use chemicals. There was a laxity in really doing anything about weed control. I think I can say with some certainty that we will, as an industry, be using all the chemicals that are available this year because of the returns that are available from the use of these chemicals. Certainly as we develop and as more and better chemicals come on the market - indeed, we now have an additional one or two. In regard to wild oats we have the use of treflan and others in the rape crops. I think we are moving into an area in which the idea of clean seed will be just taken for granted. But it must never be left at that and we must continue to use it in our extension areas.

MR. RUSTE:

Did the department compare the two surveys that were taken, the one five years ago and the one today? In just looking roughly at the figures, I understand that - and I'm just saying roughly here because I think there are several things that have to be looked at - but in the Number One seed in 1968 there were 59 per cent, and this last one is 44 per cent. Now I know there are other figures here that matter. But has the department looked at that in light of the change?

DR. HORNER:

Well, I would think that one of the reasons for the difference there is just what I have said, that up until the last year it wasn't really worth while spending a lot of time on chemicals and weed control and so on. We have a major program with regard to wild oats, not just in the chemical areas but indeed in the other areas as well. I can't answer the direct question in regard to the comparison of the two seed drill programs, but I would think the difference is related to the amount of return having regard to when these things were taken.

MR. SORENSON:

Quickly, Mr. Chairman, do most agriculturists have assistance? I have two agriculturists in my vast constituency and they do not have any assistance. If the minister should come up with some new programs it might mean quite a load for these fellows.

You mentioned too that four or five agriculturists went farming. I'm wondering, are the salaries for these fellows growing with the cost of living or is that why they went farming?

DR. HORNER:

Well, there were more than four or five who went farming, unfortunately or fortunately, whichever way you want to look at it. We have lost a great number of young

DAs or assistant DAs who have now gone farming. The other important thing is the percentage of ag. graduates who are now going back on the farms rather than taking jobs with the government or industry. The last figure I saw was that close to 50 per cent of the graduates now are going back on the farm rather than taking those traditional jobs they used to take. So we do have some problems in recruiting DAs at the moment. We do have a substantial number of positions vacant in that area. If my honourable friend knows of any young people who are graduates in agriculture and who would like to have a career in the extension field, we would appreciate them applying.

MR. SORENSON:

Are you going to pay them?

DR. HORNER:

Well, yes. The pay is not that bad. It certainly is on a par with what other provinces pay. We are quite willing to have a look that Alberta should continue to lead in that area as well.

MR. NOTLEY:

Mr. Chairman, I just want to harken back for a moment to a question that Mr. Ruste asked and just make a comment on it, and it is with respect to the Farmer's Advocate. I have said this before in the House and I don't mind saying it again: this is one of the wiser appointments made by the government. I know just how hard he does work as I'm sure most members from rural constituencies from personal experience know what an eager beaver we have as Farmer's Advocate. I would just like to suggest to the minister that next year he not resist the temptation to expand that office because I suggest that it is doing a good job. I really would think, Mr. Minister, that perhaps the office might be strengthened if some arrangement is made for legal counsel. I think it is a first we have in Alberta. I don't very often commend the government but I think it is a first which we can all be proud of and I would like to see it strengthened.

Now, the question I wanted to raise, Mr. Chairman, to the minister deals with the whole issue of bonding. It arises as a result of the bankruptcy of Quinti-Can Lin and the receivership of Diversified Crops which I'm sure the minister is aware of. Perhaps if some of the other members are not aware of it, I will just briefly trace what has happened in the Rycroft area. Diversified Crops went into receivership. A number of stations were closed down including one in Rycroft and approximately 40 farmers in the central Peace found themselves as unsecured creditors. Now there was a bond. The only problem was that the bond of \$150,000, which was set by the Canadian Grain Commission, didn't really cover the outstanding liabilities for the farmers.

Now, after a good deal of work - and I have to say at this stage that I think the provincial government certainly played a useful role. I don't place any responsibility provincially, because I think the major problem here was that the Canadian Grain Commission didn't do its job in setting a proper bonding rate, and that's the point I'm getting at. I know there was some suggestion for a while that perhaps the province should move in and pick up the slack, but I can agree with the government not doing that, because I just don't think it's proper for the provincial government to come in and in effect bail out a federal agency. It was as a result of, I think, incompetent action by the grain commission that the problem arose in the first place.

Now, what occurred from there is that we finally had a pay-out to the farmers of 83 cents on the dollar, which some people in the district thought was pretty good because they compared it with the Verigin bankruptcy and they said, well, holy cow, you're way ahead, what are you screaming about. But that 83 cents on the dollar was only part of the story. Actually, to get 83 cents on the dollar we had to deduct a very substantial number of bushels of rape which one of the farmers had on graded storage ticket, and which he theoretically could go after the Bank of Montreal to collect. So the net result is that this one individual farmer now has to take legal action, and again, this is an area where Helmut Entrup, the Farmer's Advocate, has played a very useful role and has volunteered his services in attempting to settle this matter between the Bank of Montreal and this one particular farmer out of court.

But the fact of the matter is that these individual farmers are now still out a margin on what is owed them. Now I would hope that Ottawa will at some point settle this matter. But the questions I would raise to the minister today, Mr. Chairman, are what recommendations have been made, if any, as to improving the methods of surveillance and monitoring by the Canadian Grain Commission? I recall a meeting we had in January, and Mr. Moore attended it, where we first discussed the pay-out to these farmers. I was frankly astonished at the rather casual approach the Canadian Grain Commission had to their monitoring and to setting the bonding figure. Frankly, they were just darned lucky that it wasn't two weeks sooner or there probably would have been even a worse fiasco than [what] occurred.

So I think this is important. And beyond the role of the Canadian Grain Commission, Mr. Chairman, I think there is a whole area of bonding of all agricultural processing plants in the province, because, while I think we all support the concept of agricultural processing, it is important, in my judgment anyway, that the bonding be high enough, and that whatever agency is set up to monitor it be thorough enough, so we don't have the kind of slip-up in the future which occurred with Diversified Crops and the whole Quinti-Can Lin/Diversified Crops fiasco.

DR. HORNER:

Mr. Chairman, just briefly, I appreciate what the hon. Member for Spirit River-Fairview has said. I'm sure he's aware of the major steps that we tried to take to settle the issue and get the 100 cents on the dollar. We have not, in our view, closed the books on that. Just recently I have written to Mr. Whelan and pointed out his, indeed, more than legal obligation to pick up, and I think the figure is in the neighbourhood of \$248,000. It's really kind of strange that an organization like the Canadian Grain Commission couldn't have a substantial cushion in their bond in regard to this. One of the things, and indeed the hon. Member for Medicine Hat-Redcliff talked about the grain commission - they were instrumental in trying to resolve this thing with the help of Mr. Entrup and others. Indeed I can say to the hon. member I appreciate the way he has handled that situation from his point of view, and we appreciate that. I have made representations to the federal government that this is a bill outstanding which they owe. We intend to follow up in that area.

I don't think an organization like the Canadian Grain Commission has a leg to stand on. The legislation is pretty specific that you can't buy grain without having a licence from these people. On the other hand they are supposed to make sure that an adequate bond is in place so the farmer is not left holding the bag.

The whole question, of course, of Diversified Crops is tied in with a crushing industry in Montreal which was not able to hedge properly in regard to the rising oil seed market. Indeed, they were crushers not only of rapeseed but of soybeans and other oil seeds as well, and got into the position where they weren't close enough to the scene here to know what was going on.

I am very strongly of the opinion that there is more than a moral obligation on the part of the federal government to make this payout to these people, in my view including interest. We will carry it out as far as we possibly can in relation to those people who had to take less, because there should be no good reason for that whatsoever.

It raises the whole question of whether or not we should have in the grain industry an additional provincial licensing and bonding area. I don't want to get into that, but again my honourable friend knows the other arguments and I simply say to him no, the wheat board itself should also have been knowledgeable of what was happening there. It wasn't and didn't, and there we are.

Insofar as the other question with regard to bonding is concerned, and it's an area in particular in livestock that continues to concern me, we should have adequate bonding. But again I would like to think that this winter we tried to get the livestock dealers into an organization in which they could bond themselves for substantially more than now. But every now and then we have somebody taking off for parts unknown and then a whole bunch of other people is left holding the bag. Through our indemnity fund we do pay up to 80 per cent, but we just have to have a better system for these people who are buying produce from individual farmers, because they sell in good faith, feeling that the 'big daddy' government is really protecting them. That's an area [in which] 'daddy' government should be protecting them. I can assure the committee that we intend [to take] additional steps in the livestock and the vegetable area and other areas where the bonding will be sufficient to cover these kinds of things.

MR. HENDERSON:

I just want to make a couple of comments and ask the minister a couple of questions.

First, I hope before he gets carried away on bonding that he'll look at the cost of bonding as opposed to the return from bonding before he increases the bonding of livestock buyers and so on as opposed to using the insurance principle.

There's an ... [Inaudible] ... dating back to the Veregin thing. The return on bonding prior to that had been very poor. The cost of bonding as opposed to what had been collected back, was very low. It becomes a cost against the producer. So I don't think bonding, in itself, is just necessarily the answer. At least it may not be the best way of getting the protection.

The other point I'd like to make, Mr. Chairman, is that the minister is assured of my support if he wants to scrap the \$220,000 in the budget for the horse set and transfer it to the Farmer's Advocate. I for one would be all in favour of it.

The questions I'd like to ask the minister are two. First, what appropriation in the estimates does the announced program of \$10 million for payment for crop grasses come under? Could I ask the minister, then does he intend to bring in an appropriation to cover it? Because I think, procedurally, he should have a supplemental appropriation before the House could deal with the matter.

DR. HORNER:

If I was sure of the amount that is going to be involved then I could, but I think it's a broader thing than that. As I've tried to point out before, it is part of the total bill for flood damage and that's just one of the areas involved. The other area is the personal compensation to property and to personal effects, and then the third area is the municipal loss and the government loss with regard to highways and roads.

We intend, after we get the three areas, to make a proposition to the federal government under their flood disaster compensation for a substantial input into that. Only after that will we know how much money is required. If the House is still sitting then, of course we will have to come in with a supplementary estimate; if not, it will be financed by special warrant and then brought back in the usual way.

Insofar as bonding is concerned, I appreciate what the hon. member is saying. I am trying to get these people to pay enough money so we will have substantial funds which can be tapped and so they will police themselves in a major way, as well as having a basic bond.

MR. HENDERSON:

What Mr. Minister is really saying is that maybe the department should go into the bonding business because that's the only way the return is going to be reasonable.

DR. HORNER:

Not the department ...

MR. HENDERSON:

Some other party so all the cost of bonding doesn't get siphoned off the top as far as the producers expense [is concerned]. Let me ask the minister then, under what appropriation is the announced extension of the feed incentive payments which were extended to July?

DR. HORNER:

Actually there is an item of \$6 million which covers the incentive program for both hogs and milk. Again we were not able to accurately forecast how much we were going to need, particularly in the hog industry area. We're hopeful that the federal government will be coming forward with a national plan of stabilization in the near future. I haven't had an opportunity to listen to the federal budget but my information was that there might be some announcement within the next few days in regard to that. So again we are in an area where we put \$6 million in the budget, but the additional amount will either have to be handled by a supplemental estimate or a special warrant when we're aware what it is going to cost us.

MR. HENDERSON:

Just on a procedural point, Mr. Chairman, the minister picked \$6 million out of the air someplace and I really don't know why I can't pick another figure out to cover the supplement. I notice in Saskatchewan for example, Mr. Chairman, the government did bring a supplemental requisition to cover the question of crop losses. I don't know how they arrived at it but...

DR. HORNER:

I don't know either.

MR. HENDERSON:

You know, on the basis of what the minister is saying we should really spend all the money, cover it with a supplementary appropriation and then dispense with the budget estimates in this exercise in the first place. I am not sure that he's on really sound democratic procedural grounds in that point but I frankly think a supplement estimate should come before the House.

DR. HORNER:

Mr. Chairman, as I said, the \$6 million was to cover us for what we anticipated would be the time. Again in regard to the dairy program we fully anticipated that the federal government and the new dairy policy announced April 1 would in fact meet the requests of the dairy farmers of Alberta and allow us to phase out our program much earlier than we now can. Therefore the amount of money which we as a matter of fact passed by special warrant, and which is in the budget estimates now, was \$6 million as an estimate of what we would need for that period of time. While they might be able to ascertain the crop loss in Saskatchewan on a much more accurate basis, I would defy anybody at the moment to really give me an accurate estimate of the crop loss we have, having regard to floods and other things that happened to the crop over the winter. I'm quite willing, as I've said, once we get that figure in a more accurate way, to bring in a supplementary estimate. But I simply have no way of knowing. I've had to estimate it in a very general way and I could be 50 per cent out on the other side.

MR. HENDERSON:

I'd like to make a final comment by saying I notice the minister has no difficulty plucking \$10 million worth of political plums out of the air to announce the program, and I am therefore surprised that he has difficulty picking a budget figure out of the air to be accountable to this House. He's not being consistent, Mr. Chairman.

DR. HORNER:

The hon. member, of course - I appreciate what he's trying to do but the fact of the matter is that since the budget was drawn up the final decisions with regard to crop loss were made and they could only have been made after the floods occurred. My honourable friend may be a better judge of weather than I, but I'm sure he appreciates that these couldn't have been made until that time.

MR. HENDERSON:

How the minister got the \$10 million is what I'm asking. His argument just isn't logical. It doesn't compute.

MR. DIXON:

Mr. Speaker, I hope that the hon. minister doesn't take seriously the suggestion from my good friend, the hon. Member for Wetaskiwin-Leduc. I hope he treats it with the same respect as he gave the \$10 million that the hon. Member for Wetaskiwin-Leduc was talking about.

I meant to get on my feet earlier when I was asking the original question to thank the minister for setting up the Horse Industry Department, because I think it is something that has been needed for a long time. I say that for this reason, as an urban member, where we have a lot of youngsters, young people interested in the recreational horse. But at the same time we should remember that the horse, that is the recreational horse, is the most abused pet we have. I say that because it is not that the people who own them really want to abuse them. In many cases, as was pointed out by veterinarians and others, it's ignorance which brings on this abuse. And I believe that if the minister does nothing but spend a little of the money in that department through the news media and TV to explain to youngsters the proper care of their horse, that part of the program alone will be very worthy and well worth the money spent on it.

MR. CHAIRMAN:

Mr. Dixon, I wonder if we could have some attention here in the Assembly please. Some horse sense is being provided here.

MR. DIXON:

The hon. Member for Wetaskiwin-Leduc mentioned the Farmer's Advocate. To me as an urban member, I think the farmer is the smartest man in the world. He is the last man who needs an advocate. I think the trouble is, if we all come back to a little common farmer horse sense we would get a lot further in this world than we are at present.

And now that I have the attention of the hon. members, Mr. Chairman, I would like to thank the minister for setting up the horse department. I would like to congratulate him too on the gentleman who is heading it up, Mr. Jack Cairns, who has been in the business for a long time and is an outstanding man. My only disappointment is that Mr. Cairns, because of his age, will be retiring fairly soon, and I hope that in the intervening time ...

DR. HORNER:

[Inaudible]

MR. DIXON:

I understand from the minister that he is going to stay on and I hope he stays on long enough so we will be able to find a man as good as he is to replace him.

Thank you Mr. Chairman.

MR. DRAIN:

The art of horses and the raising of horses has always been regarded as the sport of kings. Hence kings are supposed to have the income to look after their horses logically. Further, I would like the Minister of Agriculture to stand up and rationalize this preposterous appropriation that he has in relation to developing a horse industry in the province of Alberta, when he has stood in his place already and stated that there are world food shortages, that increased production is essential in food, and he has also announced that each horse totally devours five tons of hay - I think that was his figure - which could winter two very fine Hereford cattle and result in the increment in the beef industry which has a more exportable product since there is some objection to eating horse meat. So if the minister could rationalize this to me I would be prepared to support the appropriation for horses.

DR. HORNER:

My honourable friend, who is very well read, hasn't really extended his reading as far as he should. He should appreciate that there is only one segment of the horse industry which is the sport of kings and that's the Thoroughbred racing end. We in agriculture are quite willing to be a service industry, on occasion, to those who have the kind of money that they want to spend in regard to Thoroughbred racing. On the other hand, there are a great many segments of the horse industry, not the least of which are the western pleasure horse and the pony classes, which are substantial and which are growing.

When the hon. member talks about the question of food production I hesitate to give him the figures, but in the amount of horsemeat that has been exported from this province they are substantial indeed. I would simply say to him that I think this is a growing area of appreciation and an area where our rural people can become involved in a very meaningful way. I think it's well worth while.

AN HON. MEMBER:

Agreed.

MR. HENDERSON:

I would like to suggest that I have difficulty finding a return to the taxpayer in the magnitude [in which] the money is being expended. The minister talks about being tight on staff and money and so on and so forth, and in all seriousness I've had difficulty finding the rationale for the program. On the basis of the same philosophy we should have an appropriation here to organize bicycle clubs for all the kids in the province. I hope the appropriation excludes worrying about the wild horses. They're probably the ones that are best off under the appropriation.

But I really have to question: one could only have an appropriation like this in a budget, I think, when you've got money coming out of your ears, because I think the minister really hasn't logically, rationally, justified the expenditure of this type of money in terms of what the return is to the taxpayers of the Province of Alberta in comparison to other priorities and other demands we have before us.

MR. HINMAN:

Mr. Chairman, I'd like to go back to the minister's statement that a paternal government has to protect all the jackasses that we have in the province.

We've tried this bonding business in a hundred ways and it doesn't work. Maybe what we need is an act which provides several kinds of licences. The first one would cover those big industrial purchasers whose position is sound and who pay on delivery. The other class would be those who, perhaps, carry a small bond but are required to pay for the purchases they make on delivery. Then if we had along with it a fine for a farmer who delivered without receiving payment, we might stop this foolishness.

Are you aware the auction markets pay the day you deliver? Perhaps their cheques could fail. That could happen, but it isn't usual. The fellow who gets taken is the buyer who buys very little and to whom they deliver without asking for payment. One time

we got in trouble in the south because American buyers came in and contracted cattle, shipped them out and then didn't pay for them. But it smartened up a lot of ranchers to say the least.

I don't think you can ever do people the justice that they seem to think they have coming, by bonds or by paying from government funds to those who are foolish enough to sell without checking.

DR. HORNER:

Well, I wouldn't want the hon. member to leave the impression that Diversified Crops was a smaller organization or one that the farmers didn't have a great deal of faith in. They've been in operation for a number of years, were bonded and recommended by the Canadian Grain Commission, were a licensed grain buyer in this province, had all of the attributes [of], and were tied in with a major crushing industry in eastern Canada. They were substantially what one would call a big firm, but big firms occasionally go bankrupt too as this one did. As a matter of fact, in my view there was some - I could use stronger language - but there was some manipulation of assets so that it ended up that Diversified Crops, which was active in the West, took the major portion of the bankruptcy and the crushing industry in the East didn't. It's a book all by itself which I don't want to bore the hon. member with, but I just want to simply say that insofar as Diversified Crops is concerned there is no reason why that bond wasn't in place to cover the entire cost.

In regard to the other things, I appreciate what he's said in relation to livestock bonding, et cetera. That is a different proposition. But when you're an agent of the Canadian Wheat Board and you hold a licence from the Canadian Grain Commission, then surely you're expected to be able to live up to your commitments in relation to the cheques you put out. They didn't, they should have and it was a federal responsibility to make sure that they did. I want to make it very clear that this wasn't a small-time operator. This was a large concern. It was buying in a substantial way in the Calgary area and it had separate bonds, interestingly enough, for each of the areas of Alberta. It so happened that in the Calgary area and in the Red Deer area their bond was sufficient to cover. But in the Rycroft area it wasn't, and I think that there's some major responsibility on the part of the Canadian Grain Commission there.

I can only say to my honourable friend from Wetaskiwin-Leduc that he obviously hasn't really enjoyed all the benefits of rural living.

MR. CLARK:

Mr. Chairman, I'd like to ask the minister, what's the future for the Agriculture Societies Program, especially that portion dealing with joint-use facilities and the construction program? We were building four, five or maybe ten facilities a year in the last two or three years.

DR. HORNER:

Well, of course, we've built substantially more than that. But we would intend to continue that as a winter program, particularly aimed at the smaller centres. In this day and age it's not really useful to the larger centres, and I'm now talking about towns of 3,000 and over, because they need substantially more money than that. But it is a very useful rural town or community effort with which I am particularly pleased, because it sort of fits in with our definition of revitalization of some of these communities. It has done that. We intend to continue it through our PEP program.

MR. CLARK:

So as far as finance is concerned, will it then be done by special warrant later on in the year?

DR. HORNER:

Yes, and using the estimates that are in the Department of Manpower and Labour for special employment programs on a continuing roll-over basis.

MR. CLARK:

Do you have any indication now as to what amount will be available as a lump sum for the year?

DR. HORNER:

We have been using a rough figure of \$1 million a year. We would hope to continue that on a priority basis as to need in a joint effort with the Department of Culture, Youth and Recreation which works with us, saying who should get what.

MR. RUSTE:

Mr. Chairman, to the minister, getting back to the Farmer's Advocate, I would suggest that he squeeze some place to get more assistance for this man. In the associations I've had, both with the Farmer's Advocate and with the legal individual you have in the department, I think that those two compare pretty closely in their abilities to assist where assistance is needed.

There was one point - and I don't recall whether you answered me or not on the federal part in the grasshopper insecticide. Then before that, you have this program to study on the emergency parts for farm implements up to ten years old. I would ask the minister to look seriously at extending that ten-year period. I do so because there are machines today that are running anywhere from 10,000 to 30,000 [hours]. These machines are used intensively for a limited number of hours a year. I've seen machines ten years old which haven't more than about 2,000 hours on them. I think it's getting to the point where we have to look at this and change the number of years that emergency parts have to be kept available for them.

DR. HORNER:

Well, there are complications there, Mr. Chairman. Whether or not, just by passing legislation, you're going to have emergency parts available for longer than the ten-year period, I have some real doubts. But surely we should look perhaps at another area, and that is to make sure that the patents or plans are available. We've got machine shops in Alberta which could duplicate most of these parts if necessary. I would rather talk to the machine companies, which I intend to do, about making these cutouts or whatever available after a certain period of time to our machine shops in Alberta, which would then be able to provide parts, perhaps much cheaper than they are now being provided and on a longer on going basis. I really think there is another answer to that rather than just extending the number of years.

The question of whether or not the federal government would help with the cost of grasshopper insecticide has not been finally defined. We continue to talk to them and we're quite willing to sit down and talk to them about that. I think they have a responsibility in an overall way, and we would like their cooperation with regard to spraying and this kind of thing so we aren't held up when we have to go.

MR. RUSTE:

Well, Mr. Chairman, following up with The Farm Implement Act and the amendments we passed in the 1973 session, I think that if we pass legislation along these lines, surely there's a requirement on those who are supplying the parts to have them. I'm referring to Section No. 71 dealing with regulations for parts.

DR. HORNER:

Well, that's fine for the long-line dealers who are in business and have been and will be for several years to come. I think we can depend upon them to provide those parts for the ten-year period. But there are a lot of short-line companies. There are a lot of - well, British motor tractors and Romanian tractors. If something happens so you don't have these things available to you for the ten-year period then I don't think any legislation we pass is going to really make them available. But if we could, when they make them available for sale here, have a stipulation that the parts cut-outs or tool design has to be made available to our machine shops here, I think we would be taking a real step forward.

MR. DIXON:

Just one short question to the minister, Mr. Chairman. I was wondering if the minister could outline the School Lunch Program. How are these schools picked? I notice the prediction that the program is going to increase as far as the budget is concerned. Just what is the School Lunch Program? It is not quite clear.

DR. HORNER:

It is strictly a pilot program that is worked in conjunction with an interdepartmental committee from, of course, Health and Social Development, Education and, in the northern areas, northern development. Our involvement in agriculture is through our home economists who are very interested in the question of nutrition for our school children.

The pilot programs have been picked on the basis of a metropolitan area core-school, both north and south, the northern areas, of course, where there are real problems in providing a hot lunch and some rural schools. There is a charge to parents involved in it. It isn't something we give away free. We are trying to point out that we don't think a package of - what do they call them - corn fritters or potato chips and a bottle of Coke is really the ideal lunch for an active and growing child.

DR. BUCK:

Mr. Chairman, I'm just a little nervous about the transformation of the Minister of Agriculture. I'm just not used to this soft-sell, smooth approach of the minister and I almost treat it with suspicion.

[Interjections]

With this type of approach, Mr. Chairman, it makes me think that possibly there will be a federal election called. When the federal election is called and the Conservatives get badly whipped, it will mean that the leader of the Conservative party will have to take a leave because of the pressure of business. We shall lose the Premier of this province because of the call or the pressure of the people to go to Ottawa. I read into that, Mr. Chairman, that the Deputy Premier will just have to move up because of the pressure of his colleagues and the pressure of the people of this province.

So this transformation, Mr. Chairman, this soft, smooth, velvety approach of the Deputy Premier means he is being groomed for the central chair.

[Interjections]

But, Mr. Chairman ...

MR. CHAIRMAN:

Order. Dr. Buck, do you wish to continue?

DR. BUCK:

But, Mr. Chairman, I feel that the hon. Member for Drayton Valley may supercede the Deputy Premier and move into the hallowed chair himself because he is making so much noise.

[Interjections]

The thing I wanted to ask the hon. Minister of Agriculture is a question on the dairy industry. I have many dairy farms in my constituency and I'm quite concerned at the number of disbursal sales we have. I would like to know - I brought this up last year, Mr. Chairman - if the minister has considered setting up some type of training program for dairy helpers or dairy workers, because the Deputy Premier, the Minister of Agriculture, knows that if you get inexperienced help for a large dairy herd your production is going to go way down. You have got an investment of \$100,000 to \$200,000, you just can't afford to have that type of help around. So I would like to ask the Minister of Agriculture if he has considered some type of training program for this type of person comparable to what we have, or did have, in the line of training heavy-machinery operators - cat operators, bucket operators - some type of program, a short program, for young people or middle-aged people who are interested in dairy farming.

At the same time, I would like to ask the Minister of Agriculture - I forget the name of the program, but it's where the farmers pool and they have a central pooling milking type of operation. It was written up in that fine southern paper, The Calgary Herald, a week or so ago. What do you call it?

AN HON. MEMBER:

Cowdominion?

DR. BUCK:

Cowdominion, that sounds fine.

At the same time could the Minister of Agriculture possibly enlarge upon his program whereby he assists small acreage owners in going into small animal production, such as sheep and so on? I have many acreage holders in my constituency, and to make them eligible to become farmers I think we could maybe look at the taxation, but at the same time produce more, especially sheep, so that we can carry on and have a more stable market for the sheep industry. We're going into the Innisfail plant. I would like to, because I've got many relatives - I got involved in the sheep industry through breeding and I married a sheepherder's daughter - see the sheep industry go ahead. As far as dollar returns I think it's more productive than the beef industry. I would just like that fine guilded smooth politician, who I hope may some day be sitting in the central chair when he relieves the Premier, to answer these few questions, Mr. Chairman.

DR. HORNER:

Well, Mr. Speaker, I'm really pleased we have now heard from the other aspirant to leadership on that side of the House. I can't help but wonder whether or not he doesn't feel anything slipping. I did think he'd get up and want to ask some questions on the culture of strawberries or something like that. I'm real pleased that his relatives have now got him around to the position that I've been taking for some time with regard to expansion of the sheep industry. We are coming forward with some programs which I hope will make his acreage holders eligible to be involved in the sheep industry.

Insofar as the dairy thing is concerned, we're in the final stages of putting together an entirely new policy which includes a number of the things that I have talked about before.

The question, of course, that is paramount in my view is the question of formula pricing for milk. It's the return to the dairy producer which is the important aspect. In addition, of course, is the question of getting some off-time help. There are a number of approaches to that. The question of an emergency help situation in which people might be available to take over for a couple of weeks so that the dairy can in fact have a holiday once a year is one way to go. The question of a joint use of facilities such as a Cowdominion is another. We would hope we could get two or three of these established on a pilot basis in the province this year.

We're moving ahead in the St. Paul area in relation to the supply of milk to that cheese factory. We're moving ahead in the central Alberta area. We hope we can move ahead in southern Alberta as well in a major way where a group of farmers might get together. We were held up because of the Federal Dairy Commission's refusal to allow farmers to pool their quotas to make it a worth-while proposition. We have now gotten over that hurdle. Provided they are farmers who are involved in the joint operation, they can then pool their quotas. This makes a substantial difference.

We would hope we can put all of the facets together. The policy is being discussed now with the various dairy organizations, for their input as well as the farm organizations. We would hope we can finalize that in June, and we could move with the Public Utilities Board to a base formula position in that area.

As far as the apprenticeship program is concerned, we continue to work on that. We are hopeful that we could have an apprenticeship in a variety of the specialized areas in agriculture including dairy, hogs and indeed some of the other areas that are coming forward, particularly in the management of processing plants in these various areas.

MR. BENOIT:

Mr. Chairman, do we deal with this portion of the capital estimates also at this time?

MR. CHAIRMAN:

It's included in the resolution.

MR. BENOIT:

In this resolution? I doubt it but then that's okay.

There is a question with regard to the locations of the swine laboratory and the veterinary clinics. You may have said this somewhere, Mr. Minister, but I must have overlooked it. Are these locations available now?

DR. HORNER:

In response to the swine people and the need for a swine A.I. station to be close to a major airport, I would expect the swine A.I. station to be located in the Leduc-Ellerslie area because of the airport facilities.

Insofar as the veterinary clinics are concerned, the two proposed for this year are in the Valleyview and Manning areas of Alberta. There will be two additional ones next year. That doesn't preclude other areas from taking advantage of our ADC program for building veterinary clinics with loans from ADC. A number of communities have done this and we are encouraging others to do so.

MR. HO LEM:

Mr. Chairman, I just hope in my absence that the minister was not swayed by the comments made by some hon. members regarding the disposal and elimination of the Horse Industry Branch from the department. I just want to remind the hon. members that Alberta has produced some outstanding horses, Midnight for one. We have all heard about the famous bucking horse, Midnight. In addition, we have Merger, winner of the Queen's Plate,

which was bred in Alberta, and also Prince D'Amour. Standing in Alberta presently we have the stallion Bull Page which has produced two Queen's Plate winners, and this is quite some feat. I think that we are all encouraged by Cinderella, a horse produced and raised by Paul Oliver and bred in central Alberta. No one gave it much of a chance when it was born but it went on to win the Queen's Plate, the most outstanding race in Canada.

These are some of the things we are trying to do in Alberta. We're making some start and also I should mention that a lot of the smaller breeders are pinning their hopes that someday they too might be able to produce a Queen's Plate winner in Alberta.

MR. CHAIRMAN:

Are you ready for the question?

HON. MEMBERS:

Agreed.

MR. CHAIRMAN:

The resolution as moved by the chairman of Subcommittee B, Mr. Trynchy, resolves that a sum not exceeding \$43,018,260 be granted to Her Majesty for the fiscal year ending March 31, 1975 for the Department of Agriculture.

[The motion was carried.]

Department of Public Works

MR. YOUNG:

Mr. Chairman, Subcommittee C has had under consideration Vote 26, the Estimates of Expenditure for the Department of Public Works and begs to report the same. I therefore submit the following resolution:

Resolved that a sum not exceeding \$129,409,560, of which \$50,307,060 is chargeable to income account and \$79,102,500 is chargeable to capital account, be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Public Works.

AN HON. MEMBER:

Agreed.

AN HON. MEMBER:

Question.

DR. BACKUS:

Mr. Chairman, I was going to speak for a while on the new direction that Alberta Public Works is taking, but in consideration of the members' need for sleep I'll reduce this to answering the questions that were brought up in the subcommittee, and of course any others that may be brought up now.

The first question was, whether Alberta Public Works would be reducing their grants in lieu of taxes as a result of the direct payment to municipalities by the government for the 28 mill school tax reduction. All the buildings owned by the Department of Public Works in this province are commercial buildings, rather than residences. The residences are under Alberta Housing now, therefore there would be no reduction in the tax in the grants in lieu of taxes to municipalities for the 28 mills.

There was a question raised of traffic lights at the corner of the Legislature grounds and the possibility of doing something to reduce the speed of traffic around the Legislature grounds. We have approached the city on several occasions to put traffic lights there and they have been opposed to doing so. However, it is hoped that with our future development of this area the traffic situation and the traffic pattern will be very much changed. In the present circumstances the 20 mile an hour speed limit is posted on all entrances to the Legislature grounds and the only other thing that we could do to try to reduce speeding would be to put bumps across the pavement so vehicles could not travel across them rapidly. It's felt that this would be a measure which would add to the problem rather than solve it, particularly in the winter when people sometimes have

difficulty getting their cars unparked because of the small amount of ice. Again we hope, when the ultimate redevelopment of this area occurs, that this problem will be solved.

The hon. member for Calgary Mountain View asked [a question] concerning the Calgary Court House. I wish he were here, but I will put over on his desk for his consumption and subsequent questioning a package deal which will give him all the information on the Calgary Court House, including photographs and all the rest of it. I think this will answer most of his questions on that.

The only other thing I would say is that there was some interest expressed concerning the marble. I have some samples of the marble in my office. I didn't think I would encumber the Legislature by bringing them in but I have some in my office with photographs of the deterioration which has occurred. If anybody would like to drop in I would be very happy to show them to him.

The hon. Member for Calgary Mountain View also asked for a summary of all our contract extras, and I am very proud to give him the answer to that. Our extras amount to only 1.89 per cent of all the construction work we have done and I think this is very satisfactory. I'll also give him that for study so he'll perhaps have an opportunity to ask me questions on it.

I was also asked in the subcommittee, under our budget for Telecommunications, for a breakdown of the AGT billing against the City of Edmonton telephone system billing. This, broken down, amounted to \$1,693,312.93 for the City of Edmonton for the period of April 1, 1973 to March 18, 1974. The AGT breakdown for the same period amounted to \$895,519.28.

I was also asked for a list of all the provincial buildings proposed and their locations. I would prefer not to make a public statement on this at this point. We deliberately put the provincial buildings in an overall list because very often problems arise and we find that in one community, either because we are not able to get the land or because of other problems, we are not able to go ahead with a provincial building.

We are also adopting a rather new system of meeting with the communities that ask for provincial buildings and discussing alternative ways in which they can have the provincial presence in the form of rental accommodation in local developments. This encourages the communities to develop their town in a more attractive way than simply putting a provincial building there. Because of this, I wouldn't want to hand out information that specific towns were having provincial buildings and have them disappointed because for some reason they didn't go ahead in that community.

We will certainly be making public as soon as we can the areas where provincial buildings are proposed and going ahead with the possible alternatives of either building provincial buildings or, as in the case of Vermilion and St. Paul for example, inviting developers to develop something there which we think will be much more attractive. We will lease a large portion of those buildings, so we will enable local developers to develop these exciting proposals.

Therefore, I would ask the indulgence of the House to wait and see where the provincial buildings are proposed in detail. We are certainly proposing to build or begin building something in the region of 27 provincial buildings throughout the province in the course of the coming year.

I think this answers most of the specific questions that I was asked at the subcommittee. If there are any further questions, I would be very happy to try to answer them.

MR. TAYLOR:

Mr. Chairman, I would like to ask the hon. minister one or two questions after I make a comment or two. In view of inflation in regard to money and the increased cost of labour, the increased income taxes and the increased costs of machinery, does the hon. minister expect there will be an appreciable increase in the contract prices during 1974? I would appreciate any comments the minister has on that. In the course of his reply, could he advise us if we are getting any contracts so far with less than two bidders? Under our competitive system, unless you have at least two or more bidders then competition doesn't play much of a part. There is generally quite an increased cost over and above that based on the inflation and the cost of machinery, cost of labour, increased income taxes and so on. So I was wondering, do we have a sufficient supply of contractors so that we are getting two, three, four, five or six bids on our buildings?

The third question I would like the hon. minister to answer is, are we doing any work on a cost plus basis? Or is it done almost entirely by competitive bid, the low bidder getting the work?

Finally, are we constructing any of the buildings with our own forces? By our own forces I mean the department hiring a foreman and then employing men rather than tendering the contracts. I would appreciate the comments of the minister on those points.

DR. BACKUS:

It's certainly true that inflation is going to increase the costs of construction. This has gone up very markedly. I would say that so far this year we've been very fortunate in having a number of bidders, sometimes as many as six, on any of the tenders that we put out. We do follow the principle that you enunciated, that if we have only one bid, and certainly if that one bid comes very much higher than the estimated costs - and we are keeping very close tabs on the estimates - then we reject the one, redesign to some extent and then try again with a further bid.

This question of method of contracting, cost plus basis and so on, is something that is very significant. We have tried to maintain the concept of public tenders in most of our contracts. The real problem nowadays is that for any contract that goes out where the work is going to be going on for more than six months it's extremely hard for the contractors to make a firm bid, because [with] the price of steel at the moment nobody can make a firm bid on steel that's more than six weeks ahead.

We are trying by several methods to resolve this problem.

First, we are stockpiling certain items which we think will be in short supply, or where we anticipate the price will go up, such as steel. We will then call our tenders, including the cost of this steel at cost to us to the contractor.

The second consideration is different ways of bidding the contract, that is you can go the route of project management where the Department of Public Works acts as the project manager and then breaks down the contracts into smaller bids [on] which they bid as the job progresses. There's contract management where we actually call for tenders for a contract manager. There are a number of firms now that are specializing in this field. They will make a contract to handle the individual contracts with the sub-trades. They will give us a firm bid and then they will handle the individual contracts. They aren't tied by the public tendering in each of the sub-trade cases, and if they come in finally with a price that's lower than theirs, then they get a percentage of the difference as a bonus for doing a good job. The rest comes back to the government as the agent.

The third method is construction management, where you have a firm which acts as your construction manager. This technique is used where we want to make an early start and try to get the thing going quickly. In this case it is a fairly open type of tender in which we make an estimated cost of the total building. In fact, they can start working and maybe put out the tenders for the foundation before the architect has actually reached the design of the upper floors of the building. Contracts are then let by the construction manager as the job progresses and as the designs are completed by the architect.

These are three of four things we are doing, considering, working on and have tried. Ontario and the federal government have been using these techniques for some time and have developed some fairly sophisticated techniques of bidding these tenders we are studying and proposing to use, which still maintain the fairness of open tendering but at the same time avoid this sort of total commitment for calling a builder or construction company to make the total tender at this time, whereas in fact, he may still be building the building two years down the line. You'd get very few contractors who would be willing to make a tender for a two-year project today because they have no idea what the costs are going to be in six months or a year.

As far as in-house building, usually we take on one project a year for the department to do the total design and contract work. We act as the prime consultant, the prime contractor, the general contractor and then just tender out the sub-trades within the department. We usually do about one of these a year just to keep our people expert in this field so they can make a better assessment of the private sector. But we have no desire to take away from the private sector any more than is absolutely necessary and do in-house building where we do all the work ourselves. We still would much prefer to have the private sector do 99 percent of the work for us, but we think that occasionally to do it ourselves - we did the parking structure at NAIT this last year. We did a very successful one. It was one of the few contracts that finished on time, in fact, ahead of time and under cost. So we're quite pleased with the one job we did last year. This certainly not only keeps us expert in this field, but also I think keeps the private sector on their toes when they realize that we can do this ourselves occasionally.

MR. TAYLOR:

Mr. Chairman, I think a very strong case can be made for the department doing an amount of the work with their own forces under a foreman. It gives them first-hand information on prices and on realistic conditions, and I think it strengthens the department in setting out the estimates it expects to get from the contractors.

I have heard very few contractors object to this. If they are realistic at all, they surely realize that a department the size of the Department of Public Works should have first-hand information on prices and working conditions. The only way you can do that is by actually getting into some job and doing it. So I think the department is very wise in doing a small percentage of the work, as you called it, by the in-house method.

The second point I'd like to mention is, again, I think the department is very wise in taking some of the competitive features out of contracts during periods of high cost. Every competitive feature of a contract provides an opportunity for a contractor to add a margin. If you take out a competitive feature, such as the price of steel, the department pays the actual [cost] without any margin. By taking that out I think the bids are more realistic and fair to the public of Alberta. So I would like to commend the hon. minister on that type of thing.

[Mr. Appleby in the Chair]

I think there is a limit to what you can take out of a competitive bid, otherwise it is no longer competitive. But in an item like the price of steel today which may change overnight, I think it is very, very wise indeed to remove that type of competitive feature.

There is one other comment I would like to make in connection with, I believe, the second method that the hon. minister outlined. I always fear that method where the contractor may keep his own margin of profit intact but reduce the margin of the sub-trades. I think there is a danger inherent in that. Unless the department keeps very close watch on that type of thing, the subcontractors are the ones who get hurt. The subcontractors, in my view and I'm sure in the view of the hon. minister and his departmental people, are vitally important in any contract. Unless they are kept happy and are able to stay in business - well, unless they make their margin they are unable to stay in business. I feel the more subcontractors we have who are able to make a living in this business, the better we are as a province and the better prices we will get from the prime contractors.

I just simply mention that I hope the department will keep a close watch whenever they take a bid where the contractor may entice or induce sub-trades to provide their work at a price lower than they normally should. I just wanted to make those three comments on that type of thing.

I don't know whether the minister has anything to answer on that or not, but before sitting down I would just like to raise two other points. The parliament building has a beautiful back yard. I don't know of any in Canada that is more beautiful. It is a shame that it is not our front yard.

I think if there is any criticism about those who designed this building it is that the front yard of the parliament building is a very, very poor front yard. I am wondering, with the accent on improving this general area in the government's program this year, if any consideration has been given to making the front yard of this building much more beautiful and much larger?

Some years ago the chief bridge engineer of the Department of Highways designed a plan to do this by extending it right across 97 Avenue, making it into a very beautiful front yard and also providing some parking above 97 Avenue. I haven't seen anything that would make the front yard of this building any more beautiful than that. I'm just wondering whether the hon. minister has had an opportunity to study that plan. It was sent to the Department of Public Works. Is there any thought of improving the front yard of our parliament building so it will be just as beautiful as our back yard?

[Mr. Diachuk resumed the Chair.]

The third point I'd like to mention is that last year I understand part of the caretaking done in the Highways Building was by contract. I would like to know how that worked out. I had suspicions at the time that it would lead to discontent because there is a very good chance of doing the same work, getting different pay, by those employed by the department as compared to those employed by the free enterpriser. Also, there is a danger of a different amount of work being assigned to each. I would like to know how that experiment worked out.

DR. BACKUS:

I thank you for your first sort of compliment on our policies. With regard to the contract management, certainly we do keep very close tabs on the contract manager. The object of this really is not that your contract manager can take it out of the sub-trades. Really the object of it is that the building contractor who is the manager can work with the architect in the overall design to enable a total concept saving of costs. That is, so often architects just decide on a certain type of hardware for the doors and the type they happen to mention costs three times as much as another type which would be equally

effective. Sometimes the actual construction people can suggest to the architect slight variations in the total design which will significantly reduce the cost, and this is the objective we hope to achieve from this type of contract management, rather than it being a chance for the contract manager to make a bigger profit by reducing the profit of the sub-trades. But we certainly do keep very close tabs on that, because I agree entirely with the hon. Member for Drumheller that the sub-trades are a very important part of our economy.

With regard to the front yard/back yard situation, I have certainly seen the design put forward by your bridge engineer. There has also been a further one put out by the Department of Public Works, but it was the feeling that the development of this total area would be something which was worthy of a little bit more than an in-house design. And this is why, as announced in the Throne Speech, and mentioned by myself, we are having a competition this year. We have selected Mr. Gillmore, a very prominent professor of architecture here in Alberta, to organize the competition, and he has selected or is in the process of selecting his jury.

It's going to be a competition of Alberta architects to develop a design for the total concept. In general terms, the object of the competition or the object of the design will be to provide a beautiful front yard tied in and continuous with the back yard so that in fact the whole concept will be one flowing people's park or people's place.

Certainly we anticipate the probable bridging of 97 Avenue with the other object, which is to get rid of all the cars parked surrounding the Legislature Building, so we won't have cars parked in all these streets. They'll all be put underground and out of sight and the surface will be either landscaped or developed with pavilions or something like that, where we hope the public will feel they can come and enjoy themselves, particularly during weekends when the civil servants aren't using the parking space. People from the country will be able to drive in, park in the parking facility and enjoy the grounds around the Legislature Building. This will also, we hope, tie in with the most westerly tip of the park development along the river bank which is proposed for Edmonton. The initial statement or announcement on the competition will be in about two months' time, and we will be calling for expressions of interest then.

With regard to the contract caretaking I did give out, I thought, a very good report. The people in the department who wrote it, I thought, did a very good job and I have had congratulations from people on that. As far as the Highways Building was concerned, the contract caretaking was not successful. We ran into quite a number of problems and unsatisfactory work from there, and have actually discontinued that.

The other place, the Municipal Affairs Building where we contracted one floor and had our own forces handling the other floor, has been more successful and we had a more satisfactory standard of caretaking. We're proposing to continue that contract for a further year so we can gain from that experience of whether this contract caretaking is worth-while or not or the type of building where it might be satisfactory. A building like the Highways Building, which is very heavily trafficked, is better not let out to private contractors. It's better to do it with our own forces.

MR. FOSTER:

May I rise and report.

MR. CHAIRMAN:

It has been moved by the minister that the committee rise and report. Is it agreed?

HON. MEMBERS:

Agreed.

[Mr. Diachuk left the Chair.]

* * * * *

[Mr. Speaker in the Chair]

MR. DIACHUK:

Mr. Speaker, the Committee of Supply has had under consideration certain estimates, reports progress and begs leave to sit again.

MR. SPEAKER:

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

HON. MEMBERS:

Agreed.

MR. FOSTER:

Mr. Speaker, by way of House business tomorrow, we would be moving tomorrow evening to continue committee study of the Estimates, leading off with the continuation of the Department of Public Works and moving to the Department of Advanced Education, and then to Legislation and if time is available to Executive Council.

Mr. Speaker, I move that this House do now adjourn until tomorrow afternoon at 2:30 o'clock.

MR. SPEAKER:

Having heard the motion by the hon. Acting Government House Leader for adjournment until tomorrow afternoon at 2.30 o'clock, do you all agree?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

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

[The House rose at 10:31 o'clock.]