

LEGISLATIVE ASSEMBLY OF ALBERTA

Wednesday, November 12, 1975

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

PRAYERS

[Mr. Speaker in the Chair]

MR. SPEAKER: Hon. members will be pleased to note that we have with us this afternoon, for the first time, the new Clerk Assistant of the Legislative Assembly, in the person of Mr. Douglas Blain.

Mr. Blain comes to us from the Council of the Northwest Territories. We are indeed fortunate to have persuaded him to leave that fascinating country and to come to Alberta. Already, in the short time he has been with us since the beginning of September, he has made his presence and abilities felt in the work of the Assembly.

We look forward to a successful term of office by Mr. Blain, and I would like to welcome him here on behalf of all the members.

NOTICES OF MOTIONS

MR. HYNDMAN: Mr. Speaker, at this time I would like to give oral notice of a motion and of a number of bills which will be introduced in the House tomorrow.

First, I would like to give notice of a government motion to be moved by the Attorney General, the hon. Mr. Foster. The government motion is that Report No. 2 of the Alberta Board of Review on the Provincial Courts be received.

Concerning a number of bills, Mr. Speaker, a majority of which will be introduced tomorrow, I wish to give oral notice at this time of the following: The Natural Gas Pricing Agreement Act; The Coal Conservation Amendment Act, 1975; The Alberta Energy Company Amendment Act, 1975; The Northern Alberta Development Council Amendment Act, 1975; The Alberta Opportunity Fund Amendment Act, 1975; The Teachers' Retirement Fund Amendment Act, 1975; The Hospital Services Commission Amendment Act, 1975; The Alberta Environmental Research Trust Amendment Act, 1975; The Licensing of Trades and Businesses Amendment Act, 1975; The Universities Amendment Act, 1975; The School Amendment Act, 1975; The Cooperative Associations Amendment Act, 1975; The Criminal Injuries Compensation Amendment Act, 1975; The Department of The Environment Amendment Act, 1975; The Attorney General Statutes Amendment Act, 1975; The Alberta Insurance Amendment Act, 1975; The Marriage Amendment Act, 1975; The Pharmaceutical Association Amendment Act, 1975; The Social Services and Community Health Statutes

Amendment Act, 1975; and The Public Utilities Board Amendment Act, 1975.

MR. SPEAKER: May the hon. Government House Leader have the unanimous leave of the House for shortening the period of notice as requested?

HON. MEMBERS: Agreed.

MR. R. SPEAKER: Mr. Speaker, on a point of privilege, I wonder if I could ask the hon. House leader what the schedule of discussion on those particular bills would be? When will they come into second reading?

MR. HYNDMAN: Mr. Speaker, the general intention would be to introduce these bills tomorrow, Thursday, November 13, and to start on second readings this Friday morning, the 14th.

MR. NOTLEY: Mr. Speaker, on a point of privilege, to the hon. Government House Leader. Can the House leader assure us that on Friday morning, if we proceed, we begin with the essentially housekeeping bills? The gas pricing bill, in my view, would be a rather important one that, obviously, we'd need some time to read over.

MR. HYNDMAN: Yes, Mr. Speaker, we'd certainly do our best to be accommodating in that regard.

INTRODUCTION OF VISITORS

MR. LOUGHEED: Mr. Speaker, I'm delighted to introduce to you, and through you to the members of this Assembly, very distinguished visitors: Dame Peggy Ashcroft, Mr. John Neville and his wife Caroline. Mr. Neville and Dame Peggy are presently performing at Edmonton's Citadel Theatre.

Dame Peggy Ashcroft has dedicated her life to the theatre and we're delighted she is here performing in Edmonton and making a very important contribution to the theatre in this province. Mr. John Neville is well known to the people of Alberta in his third season as director of Citadel Theatre. He was duly to receive an achievement award at our annual achievement award dinner in Calgary on Saturday night and for obvious reasons could not be there. I asked him to come down if he could to the House today so that, on behalf of the Government of Alberta, I was able to personally make the presentation to him.

I would ask that Dame Peggy, Mr. John Neville, Mrs. Neville, might rise and be recognized by the members of the House.

MR. HYNDMAN: Mr. Speaker, it is my pleasure today to introduce to you, and to members of the Assembly, a well-known parliamentarian of Canadian prominence who is seated in your gallery with his wife today, a former Speaker of the House of Commons of Canada, former minister of the Crown, and a

man with a distinguished record of achievement in the federal House of Commons and as the Member of Parliament for Edmonton West. Mrs. Lambert, his gracious wife, is with him. I would ask that Hon. Marcel Lambert and his wife rise and be recognized by the Assembly at this time.

MRS. CHICHAK: Mr. Speaker, it gives me great pleasure to introduce today a class of Grade 5 and 6 from the Norwood School, which is located in my constituency of Edmonton Norwood. I take particular pleasure in extending a warm welcome to them. They number 25, and are accompanied by Mrs. da Cruz and Miss Lasky. They are in the public gallery, and because this is opening day of the fall session I am pleased they are here. I'm sure that members would like to have them rise and would recognize their presence.

MR. McCRAE: Mr. Speaker, I'm delighted today to be able to introduce to you some 85 Grade 6 students from the Banff Trail Elementary School in Calgary.

Mr. Speaker, these kids are real students of government. They have taken a tour of the Provincial Museum today. A couple of weeks back I had the honor of spending an hour with them discussing government, and I can tell you they are really keen people. They are accompanied today by their teachers, Mrs. Gail Smith, Mr. Jim Sproule, Miss Mary Dibble, and Miss Marchand; and by parents, Mrs. Krieter, Mrs. Gailey, and Mrs. Johnson. Mr. Speaker, I would ask that they stand and be recognized by the Assembly.

MR. KING: Mr. Speaker, it is my pleasure today to introduce to you potential future members of the Alberta Legislative Assembly, some six students from the University of Calgary and the University of Alberta who are members of the Young Alberta Conservatives. They are in the members gallery, and I would ask that they rise and be recognized by the House.

TABLING RETURNS AND REPORTS

MR. MOORE: Mr. Speaker, I would like to table answers to Motions for Returns No. 107, 164, 165, 168, and 174.

MR. LEITCH: Mr. Speaker, I wish to table answers to Motions for Returns No. 133, 137, 141, 152, 171.

MR. GETTY: Mr. Speaker, I'd like to table two Motions for Returns ordered by the House: No. 132 and 176.

MR. SCHMID: Mr. Speaker, I would like to table Motions for Returns 105, 111, 112, 119, and 147.

MR. ADAIR: Mr. Speaker, I would like to table the answer to Motion for a Return No. 145.

ORAL QUESTION PERIOD

Anti-inflation Program

MR. CLARK: Mr. Speaker, I'd like to direct my first question to the Premier, and ask if he will confirm in his speech this afternoon the announcement made in the Toronto Globe and Mail this morning, that in fact Alberta will support the federal government's anti-inflation program.

MR. LOUGHEED: Yes, Mr. Speaker, I'd be happy to deal with the matter at length in my remarks today.

MR. CLARK: Mr. Speaker, a supplementary question to the Premier. Is it also true, as reported in the Toronto Globe and Mail this morning, that in fact it's the intention of the Government of the Province of Alberta not to set up any monitoring or watch-dog agency to look at what happens to prices in this province?

MR. LOUGHEED: Mr. Speaker, I think again I'd repeat I would prefer to respond to the question in my remarks.

MR. CLARK: Mr. Speaker, a third supplementary question to the Premier on the same matter. Does he intend to continue his policy, his new policy, his regrettable policy, of making major policy statements which affect the people of Alberta through the Toronto Globe and Mail?

MR. LOUGHEED: Mr. Speaker, I should remind the hon. leader that the only Premier of the Province of Alberta after the first ministers' meeting on October 13 who did not make public comment in Ottawa, and returned here to comment with regard to that meeting, was the Premier of Alberta.

MR. CLARK: Then a further supplementary question to the Premier. Why did he choose the Toronto Globe and Mail to tell Albertans that we were going to support the federal program? Why not tell us in the Legislature today?

MR. LOUGHEED: Mr. Speaker, again, I'll respond to that when I make my remarks in the House.

Cow-Calf Program

MR. CLARK: Mr. Speaker, I'd like to direct my second question to the Minister of Agriculture. In light of the protests in the Debolt and Wandering River areas, I'd like to ask the Minister of Agriculture if he's in a position to indicate to the Assembly and to Albertans that he's going to withdraw the 7 per cent interest farmers are being asked to pay on calf loans this year.

MR. MOORE: Well, Mr. Speaker, I've had a number of meetings with the organizations involved in beef production in this province over the last several months. The solution we came to, providing a new cow-calf advance program at a 7 per cent interest rate, was generally well respected by most segments of the industry. The particular people to whom the hon. member refers have not asked for a meeting with me to discuss those matters. I will, however, be meeting with the director of region seven of the National Farmers Union on Friday of this week to discuss beef prices, among other matters.

MR. CLARK: Mr. Speaker, a further supplementary question to the minister, perhaps to restate the question. Is the minister giving active consideration to withdrawing the recently announced 7 per cent interest charges farmers will have to pay for the loans for calves?

MR. MOORE: Well, Mr. Speaker, I'm not sure I follow the hon. Leader of the Opposition's question in that, prior to that announcement three weeks ago that we would be extending the cow-calf advance program first developed in 1974, there was no visible assistance in that regard. After due consideration, we came to the conclusion that the program should be continued in 1975-76, but should have attached to it an interest payment of 7 per cent.

I remind the Assembly, Mr. Speaker, that in addition to that 7 per cent, the Government of Alberta will be paying about 4 to 4.5 per cent interest on those loans. In addition, we will be paying all the administration costs.

MR. NOTLEY: A supplementary question, Mr. Speaker, to the hon. Minister of Agriculture. Has the government given any consideration to the proposal made several days ago by the Peace River stockgrowers' association which asked for \$100 a cow up to a total of 75 cows for producers as a cash form of assistance rather than the 7 per cent loan, or -- I should correct myself -- in addition to the loan program previously announced by the government?

MR. MOORE: Mr. Speaker, I have not yet received, except by way of the news media, the proposal that supposedly is coming forth from the Peace River stockgrowers' association. I would have to say, however, Mr. Speaker -- and I'm not sure the question period is the most appropriate place to do it -- we have been working very hard and very closely with farm organizations in Alberta and with the federal government over the last several months to try to bring about a meaningful program of stabilization under the federal stabilization act, which is known as Bill C-50.

I've said on a number of occasions that this province is willing to consider participation in the top-loading features of Bill C-50, but because of a number of problems in Ottawa with respect to funding and some degree of concern expressed by the Canadian Cattlemen's Association about any

program at all, that program of cow-calf stabilization has not been announced by Ottawa. I don't know when or if it will be. But I say again that we in this province want to see that program go ahead, and we are perfectly prepared to discuss involvement in a top-loading manner that would be consistent across Canada with the federal government and other provinces.

Beef Stabilization Program

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Agriculture, or perhaps to the hon. Premier. It concerns the beef stabilization program.

Can the minister advise the Assembly whether he's been told by federal officials that this program has been a victim of the so-called anti-inflation policy in Ottawa?

While I'm on my feet, Mr. Speaker, I'd like to ask the hon. Premier whether he contacted the Prime Minister concerning a beef stabilization program.

MR. LOUGHEED: Yes, Mr. Speaker. During the course of our discussion and lunch on October 13, one of the matters I specifically raised for discussion was the desirability of extended programming by the federal government with regard to the beef stabilization act.

Perhaps the Minister of Agriculture might want to supplement in terms of the first part of the member's question.

MR. MOORE: Mr. Speaker, we have not been officially advised by the Government of Canada or the federal Minister of Agriculture that indeed there is no other assistance forthcoming by way of a cow-calf stabilization program. The hon. member would be aware -- I believe it was the same day, late in the afternoon, that we announced the extension of the cow-calf advance program in Alberta -- that there was an announcement from Ottawa with regard to the continuation, from August 14 till the end of this calendar year, of the fat cattle stabilization program at a level somewhat less than that established during the previous 12-month period.

Needless to say, we were disappointed to some extent with the level that was established there, but even more disappointed that that program doesn't, in our opinion, give any benefits to the cow-calf producer who is selling calves or feeders. We would still hope that an additional supplementary program, not related to the fat cattle program, might be introduced under Bill C-50 that would provide some level of assistance to those producers who are suffering losses and are in the cow-calf operation.

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

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

MR. NOTLEY: . . . to the hon. Minister of Agriculture. Can the minister advise the Assembly whether the department is now working on contingency plans, or in fact has contingency plans in place, for the province to proceed to directly assist the cow-calf operators in the event Ottawa's apparent decision becomes final?

MR. MOORE: Yes, Mr. Speaker. As a matter of fact, in addition to the cow-calf advance program at 7 per cent interest rate which we have announced, there are a variety of programs through the Alberta Agricultural Development Corporation -- guaranteed loans, specific guaranteed loans, and direct lending -- which may indeed be of benefit to a number of cow-calf producers who are experiencing a cash flow problem.

I will have, Mr. Speaker, in the hon. members' mailboxes later today or tomorrow at the latest, for each Member of the Legislative Assembly, an outline of the variety of programs that are available through the Alberta Agricultural Development Corporation. I'm sure hon. members would find those of some significant benefit to a number of producers who are having problems. However, Mr. Speaker, I would have to remind hon. members that each of those programs is the kind that has to be applied for on an individual basis through loans officers or district agriculturalist offices across the province. But I also say I know there are many people who would be able to benefit from them.

INTRODUCTION OF VISITORS (reversion)

MR. SPEAKER: Before we go to the next topic, might I draw the attention of hon. members to the presence in the Speaker's gallery of the distinguished consul of the Republic of France.

ORAL QUESTION PERIOD (continued)

Coal Development

MR. KUSHNER: Mr. Speaker, I would like to direct this question to the Minister of the Environment. This has been brought to my attention by some coal developers.

Is the minister at this point in a position to advise the House in regard to timing? When will permits or licences be issued to some of these coal developers?

MR. RUSSELL: Mr. Speaker, we have several applications pending before the government at the present time, most of which are for exploration in the eastern slopes rather than for development. The only two applications that concern development are those that have been recommended by the Energy Resources Conservation Board. Anyone who

has an application pending for exploration in the eastern slopes region has been notified that probably there will be some time before a decision is made.

Tar Sands Extraction Methods

MR. NOTLEY: Mr. Speaker, I would like to direct this question to the hon. Minister of Energy or perhaps the hon. Minister of the Environment. Has the government been approached either directly or indirectly by officials of Phoenix Canada Oil Co. Ltd. regarding research into their proposal to use nuclear devices to develop the oil sands?

MR. GETTY: To the best of my knowledge, neither directly nor indirectly, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. Minister of Energy. Can the minister advise the Assembly, then, where reports are coming from that Phoenix Canada has in fact applied or is in the process of applying to the oil sands research institute for assistance?

MR. SPEAKER: Order please. It would seem to imply some extension of the hon. minister's duty for him to run down the source of rumors.

MR. NOTLEY: Mr. Speaker, let me rephrase the question. Is the minister aware of any effort by this company to contact the authority to obtain assistance for their anticipated experimental project in the oil sands region?

MR. GETTY: Not at this time, Mr. Speaker.

MR. NOTLEY: A final supplementary question, Mr. Speaker, to the hon. minister. Does the government still share the view, expressed rather well by the former Minister of Environment on this particular matter, that the proposal is "sheer madness"? I believe it was on February 3, 1975.

Is that still the official policy of the Alberta government?

MR. GETTY: Mr. Speaker, having regard to the issue, we have formed the Alberta Oil Sands Technology and Research Authority which, I'm sure, when applications for various methods of extracting crude bitumen from the oil sands, when those methods are made clear and application is made to the authority, will assess them.

Farmers' Demonstration

MR. TESOLIN: Mr. Speaker, my question is directed to the hon. Minister of Agriculture. In regard to the farmers' cavalcade now carrying on, on Highway 63 at Wandering River, has the minister been asked to speak to this group?

MR. MOORE: Mr. Speaker, not specifically to that group. However, I believe on October 22 I was in that area and spoke to, I think, in the neighborhood of 150 farmers, most of whom were beef producers in the area. However, as I indicated to one of the hon. members earlier, I have a meeting on Friday of this week with some representatives of the National Farmers Union. I am not aware whether they're the particular ones involved in the highway demonstration to which the hon. member refers.

Native Affairs Liaison Officers

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister Without Portfolio in charge of native affairs. With reference to the field liaison officers dealing with native affairs, why is the department now centralizing these workers in Edmonton?

MR. BOGLE: Mr. Speaker, in response to that question from the hon. Member for Drumheller, I'd like to say we're speaking of six field positions being relocated to Edmonton over a period of one-half year. The reason for that is by no means withdrawal of our commitment to decentralization or in any way withdrawal of help to native people. On the other hand, it's increased recognition by this government of the ability of the various provincial native groups, which now have their own field workers, to identify needs in the areas. In our services we will include increased liaison here in Edmonton between those groups and various line departments of the government.

MR. TAYLOR: Supplementary to the hon. minister. Has the policy been discussed with native groups in some areas of Alberta?

MR. BOGLE: Mr. Speaker, it has. Although in all fairness I cannot say it has received 100 per cent support, we have good support by the major native organizations. Just last evening, I spoke with the Isolated Communities' Advisory Board, which is quite an important group representing isolated communities in northern Alberta. After explaining to them the types of services we hope to provide to them through Native Affairs, and the close co-operation we plan to have between my office and their executive, they passed a motion endorsing the move and looking forward to this increased participation. In a recent conversation with the president of the Metis Association, similar recognition by this government of the natives' ability to identify their own needs in the field was appreciated. I think it will strengthen our position with them.

Supplementary Estimates

MR. R. SPEAKER: Mr. Speaker, my question is to the Premier. Will the government be

bringing in supplementary estimates during this fall session?

MR. LOUGHEED: Mr. Speaker, there is no present intention to do so.

MR. R. SPEAKER: Mr. Speaker, a supplementary. Would the Premier consider a special allotment of time, say in Committee of the Whole, where we could discuss overexpenditure or special warrants with the ministers concerned? Would there be a time for that?

MR. LOUGHEED: Mr. Speaker, certainly I don't think at the moment there is any way that could be done under the schedule of business for the fall session, except perhaps indirectly by concurrence in the Public Accounts Committee. But we'll take it under consideration and discuss it.

Farm Homes Taxation

DR. BUCK: Mr. Speaker, I would like to address my question to the hon. Minister for Municipal Affairs. In light of the minister's statement in a local paper that he is in favor of taxing farm homes, is the minister in a position to indicate if the government is considering bringing in legislation to enact that type of legislation?

MR. JOHNSTON: Mr. Speaker, the considerations which our department is moving towards in the field of property taxation have at least three basic postulates at heart. I suppose one of them would be the question of fairness, secondly the question of equity, and thirdly the question of applicability of that tax. Certainly before we can make any major moves, we have to have full discussion at many levels. One of these is at the Provincial Municipal Finance Council level, another is at the Alberta Association of Municipal Districts and Counties level. In fact, this latter group is the one now bringing forth this suggestion.

My purpose in making any statement at all, Mr. Speaker, is to bring forward suggestions and comments to help us move in this direction. Specifically, however, [neither] the caucus nor the cabinet has made any decision with respect to legislation, but at this point are merely looking for discussion and input.

Environmental Reports

MR. CLARK: Mr. Speaker, I'd like to direct my question to the Minister of the Environment and ask if the government's position regarding environmental research done on the tar sands is still that all environmental reports will be made public in their entirety.

MR. RUSSELL: Mr. Speaker, I'd like to emphasize again I know of no department that leads Environment in making reports public. It's a very good practice started

by the former minister, and we're trying to carry that on. Certainly, as soon as we're aware of any report, or have it in final printed form, I think all hon. members will agree it is usually trundled in here. It would be our intent to continue that practice.

MR. CLARK: Mr. Speaker, a supplementary question. Is the minister in a position to indicate to the House whether he knows of any reports done or commissioned by the Department of the Environment on the environmental aspects of the tar sands in Alberta that have not been made available to this Assembly or released to the public of Alberta? Does the minister know of any reports that haven't been released?

MR. RUSSELL: Mr. Speaker, to the best of my knowledge, I don't know of any such reports. I think the hon. leader is probably referring to some individual working papers that were used by a variety of authors in order to write a single report. During recent weeks it was discovered that those had not been tabled with a report. But there's a good case of where the report contained the same information the working papers did.

Now, quite frankly, I have to admit I don't know how many people out there might be working, either at a committee level or on an individual basis, on working papers. But certainly, any report that deals with any aspect of government business, unless it contains some unique circumstance of corporate confidentiality or some item such as that, would be made public. The role of the Department of the Environment is to collect information and make it available to the public.

MR. CLARK: Mr. Speaker, a further supplementary question to the minister, so there is no misunderstanding. Would it then be fair to say the department's policy is that, unless environmental information deals with corporate confidentiality, all reports done for the department would, in fact, be made public? The only proviso would be corporate confidentiality?

MR. RUSSELL: Mr. Speaker, I hope I'm interpreting the hon. leader correctly. It would be our intention, under the guidelines I've just mentioned, to make public any proper report as such. I suppose I would need further clarification from the hon. leader as to what he means by a report, because it's very difficult to know if he is talking about an individual paper that may be done in the course of a working day by some separate employee.

But I want to emphasize again that the matter of reports prepared by and for the department are for the use of the public of Alberta, are usually tabled at the earliest opportunity in this House, and are on file in the department library.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. What is the policy with respect to the release of reports prepared by private concerns, but

which have been used by the department in policy formation -- that the department has had access to? What are the constraints on the release of these reports? While I'm on my feet, can the minister advise the Assembly approximately how many environmental reports of this nature, for example done by the Syncrude consortium, are in this category?

MR. RUSSELL: There again, Mr. Speaker, the same principle would apply. Those reports would be tabled. A good example is the variety of reports the department had prepared with respect to the Capital City Park. I expect to table those tomorrow. They were all done by private consultants, and we view those in the same category as if we had done them in-house.

Beef Prices

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Agriculture. Has the government conducted any research to ascertain the reasons for the wide spread between the price of beef as received by the producer and as sold to the consumer at retail stores?

MR. MOORE: Mr. Speaker, not directly, although we've been involved. I would have to go back awhile, Mr. Speaker, and remind hon. members that the former Minister of Agriculture, Dr. Horner, together with his counterparts in Saskatchewan and Manitoba, did ask the federal government to get involved in a study over all of Canada in terms of the beef industry, the supply of beef to the market, and whether or not there were any areas from the producer to the consumer where undue profits were being made, or where there could be some efficiencies that would lower that cost to the consumer.

Hon. members would probably be aware that a commission, of which Dr. Hu Harries here in Edmonton is a member, was formed by the federal government. That commission released an interim report about a month ago.

Mr. Speaker, Dr. Horner and I met with Dr. Harries on Monday morning last to discuss the progress they are making with the federal beef inquiry. It was our information at that time that they expect, by the end of this year, to be able to publish, or at least provide to the federal government, their final report. After that report is received, certainly this government will be looking at it in terms of what areas might be improved upon. We will be looking at any areas in the chain between producer and consumer where, as a government, we feel we might provide some assistance or some influence in changing any inequities that exist.

MR. TAYLOR: A supplementary. Does the hon. minister expect that the Harries report will contain recommendations for a greater portion of that price to go to the producer, and a reduced price to the consumer?

MR. MOORE: Could you repeat that?

MR. TAYLOR: Yes, I think I could make it a little clearer. Does the hon. minister expect the Harries report to contain definite recommendations aimed at giving the producer more of the total price of beef as sold over the retail counter?

MR. MOORE: Mr. Speaker, I'm really not aware whether the Harries report, as it's referred to, would include that or not. I'm not at all sure yet we have proven, or that the Harries report will prove, that there are excess profits being taken in that chain.

I am aware that some of our people in the packing industry in this province are experiencing some difficulties in maintaining their cash flow. It could well be that the only way in which producers will receive a good return for beef cattle will be [with] some upward movement in the consumer price.

As I said before, though, if there are indications that somewhere in that chain there are inefficiencies which can be cleared away, if there are indications that we can do something about what we think has been a rather unfortunate way of pricing beef in this country -- by way of the Montreal market -- if there are areas in freight rates between here and eastern Canada or within this province that we can work to correct, we'll certainly be doing that. But until we receive that report, many of those questions are not completely answered.

MR. TAYLOR: One further supplementary. Does the hon. minister's department have any statistics indicating the number of farmers who are withdrawing from the cattle market because of the low price paid for beef to the producer?

MR. MOORE: Not directly, Mr. Speaker. We've done some extensive surveys through the chartered banks and treasury branches in this province, as well as through our district agriculturalist offices, which would indicate that the numbers of people who are in very severe difficulties because of the low beef market are not as great as some would think. More than 80 per cent of our small beef producers in this province are involved as well in other forms of agriculture. Those involved in grain production, oil seeds production, hogs, and a variety of other things have generally had a reasonably good year throughout most of the province. In fact, the harvest this year, in the quality and quantity of the crop, was generally above average. So, many people in the beef cattle industry are offsetting some of their losses there with other farm income. The ones in the most difficulty, of course, are those who are small in terms of their total number of animals and are dependent solely upon the beef cattle industry.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Has he had an opportunity to investigate the well-

publicized reports of concern by farmers in the Drayton Valley area about alleged collusion among buyers in the Edmonton stockyards?

DR. BUCK: From an MLA in the area.

MR. MOORE: No, Mr. Speaker. That, as well, is one of the areas the report I referred to earlier, being done by the federal beef inquiry, will investigate and has investigated to some extent. So, again, we're looking forward to receiving the results of that report, although I would have to say that from our point of view there is certainly not the kind of market in the Edmonton livestock market that there is in other parts of the province. Just what the problem is there, or why that market isn't as active and perhaps as good a price as other markets, I'm not able to say at this time.

Tar Sands Extraction Methods (continued)

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Energy and ask if he would clarify his answer with respect to the government's policy towards nuclear experimentation in the oil sands. Just to clarify my question, Mr. Speaker, the hon. Minister of Housing, who was the former Minister of Environment, made it very clear he considered that any experimentation in that area would be madness.

My question to the hon. minister is: is that still the policy of this government?

MR. GETTY: The answer I gave, Mr. Speaker, still stands, and that is that the Alberta Oil Sands Technology and Research Authority is responsible for assessing any proposals or applications that might assist us to make a breakthrough in producing that almost 90 per cent of the oil sands that is not now able to be produced by the conventional strip-mining method. Should an application be made by Phoenix Canada to the Alberta Oil Sands Technology and Research Authority, I would expect they would give it a full assessment and make a recommendation to the government.

Because of the interest the hon. member has expressed in this matter, Mr. Speaker, and because some 21 proposals have been received by the Oil Sands Technology and Research Authority recently -- I have not checked with them as to whether there is an application from Phoenix Canada amongst those 21. I'd be pleased to do so and advise the hon. member, because it may well be that they have an application amongst the 21 the authority has received.

Dental Care

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Social Services and

Community Health. Is the government still studying the possibility of a program of dental care in the province?

MISS HUNLEY: Yes, Mr. Speaker, we are. It's much more complicated and detailed than one might think on the surface, particularly with our inflationary guidelines. I think it's even more important that any program we implement be in some measure self-funding, which is part of the assessment going on at the present time.

MR. TAYLOR: A supplementary. Has the study reached the point where the hon. minister can get her teeth right into the problem?

MISS HUNLEY: Mr. Speaker, he just wants me to bite on that question, and I'm not sure I'm prepared to.
[laughter]

Capital Cost Allowance

DR. PAPROSKI: Mr. Speaker, a question to the Minister of Housing and Public Works. Regarding the most recent meeting with the federal authorities on housing, would the minister like to comment on capital cost allowance, if this was discussed for investors in rental accommodation, and what was the conclusion?

MR. YURKO: Mr. Speaker, I think the federal government made it publicly known that the capital cost allowance principle was being extended by two years.

DR. PAPROSKI: A supplementary, Mr. Speaker. Is that on all accommodation, all investments, or is it just on new accommodation?

MR. YURKO: Mr. Speaker, as far as I understand, it applies to new rental accommodation.

ORDERS OF THE DAY

GOVERNMENT MOTIONS

2. Mr. Lougheed proposed the following motion to the Assembly:
Be it resolved that this Assembly approve in general the operations of the government since the adjournment of the spring sittings.

MR. LOUGHEED: Mr. Speaker, at the outset, I know hon. members would wish me, on their behalf, to publicly take note in this Assembly of the very unfortunate tragedy that struck the society of this province on Friday last with the very untimely death of the Mayor of Edmonton, Mr. Bill Hawrelak.

Over the course of the past year, I, for one, had many occasions to get to know this gentleman in a very close way, as is the case with my responsibilities and his. I worried at times that so often the calls were coming late on a Saturday afternoon or Sunday morning, which was evidence of the very difficult schedule he was undertaking. I know that all of us recognize the importance of this responsibility, being the mayor of the capital city of this province, and the way in which the mayor conducted himself over the course of the past very brief twelve and a half months as the Mayor of Edmonton.

I know all in this Assembly join with me in wishing to express in the record of Hansard our sympathy to the family of Mayor Hawrelak, also to recognize his very valuable service and dedication to the province. He will be very sorely and deeply missed in the public affairs of this province.

Mr. Speaker, through you to the Leader of the Opposition, I would like it also if the hon. leader would take the sympathies and condolences of the members of the government side of this Assembly in the unfortunate news of the passing of the wife of the former Member for Calgary Mountain View, Mr. Albert Ludwig, and to pass on to Mr. Ludwig that we wanted him to know our thoughts were with him in these difficult times.

Mr. Speaker, it has been the tradition recently in this Legislature to review at some length the operations of the government over the past four and a half months since we adjourned, to bring members up to date on policy developments, and the general state of the province from an economic point of view. In doing so, and preparing my thoughts for today, it is quite evident that the breadth of activity that has occurred shows the complexity of modern government.

In the scope of my remarks today, I'd like to outline some of the impact of recent travels that I've had both within and outside the province; to review the significance of certain policy developments that have occurred since we adjourned; to sketch very briefly the fall session and what we envision by way of government business; to assess the nature and the reasoning behind the fiscal guidelines which were announced by the Provincial Treasurer on September 17; to do a general review of the state of the Canadian and Alberta economies; and to set forth Alberta's response to the federal anti-inflation guidelines. We have been in adjournment roughly four and a half months, and in that period of time, Mr. Speaker, in checking my schedule I find that my travels within the province included a very important review which I undertook during the summer months with the Minister of Transportation, in Edmonton with Mayor Hawrelak, in Calgary with Mayor Sykes, of the traffic and transportation patterns, [by] helicopter flights and in other ways.

Our conclusion was that generally speaking, with a few notable exceptions, the traffic in our two metropolitan cities

in this province moves as well as, if not better than, in similar cities of similar size in other parts of the world, and particularly in North America. We of course recognize that there need to be continued discussions with the city officials of metropolitan centres, and this is ongoing through the department of the Minister of Transportation. We recognize the notable exceptions I referred to must be a matter of attention between the provincial government and the municipal governments of these metropolitan centres.

I could, as an aside, mention specifically in terms of Edmonton transportation, how very pleased we were to have on our European mission Mr. Don MacDonald -- who is, I think, probably becoming one of the better-known and better-recognized people in this area of mass transportation -- on our visits to the subway systems in both Frankfurt and Paris.

In Calgary there is a continual reassessment going on as to the nature of their approach, and I'm sure this will be [done] jointly with us in terms of recent meetings we've had between MIAs from Calgary and the city council in Calgary.

Another of my trips involved the very beautiful Kananaskis region in the province, where I took a helicopter trip with Mr. Bill Milne, who is advising us on some of these matters, and with Clarence Copithorne, the former member who was involved initially in the highway moving south on the former forestry road.

I think all members are aware of the very serious pressure on our national parks in terms of overcrowding, and the need to have more convenient recreation for our citizens. We have some important challenges as to the way in which we will develop the Kananaskis region, in making sure it is developed in a way that minimizes the damage to the environment and maximizes the opportunity for citizens of moderate incomes to be able to participate, perhaps even without the fullest degree of physical activity, in this very beautiful part of our province.

I also spent an important day at the Cold Lake Air Force Base, and to my surprise was informed it had been many years since they'd seen a leader of government in that area. As the Member for Bonnyville has told me on a number of occasions, there are over 10,000 Albertans in the area, and a very large number of them consider themselves very definitely Albertans in every sense of the word. They felt somewhat left out, in terms of provincial life; I thought it was an important day to spend with them.

I also, in the course of the summer, was present with a number of the hon. members at Red Deer at the moving opening ceremonies of the Summer Games. I was very proud of the attitude of the participants and the response by the community of Red Deer, which reflects the spirit of the smaller communities outside the metropolitan areas in our province.

There will be a considerable increase in the degree of my travel throughout Alberta in the coming months, particularly next summer, as we start to embark again

upon our cabinet tours throughout Alberta.

Mr. Speaker, outside the province, I have had three particular trips that I want to mention in my remarks. The first one deals with the annual conference of the premiers of Canada, a very important event which is held annually, usually during August. This time it was in Saint John's, Newfoundland. I might note that Alberta will be the host province for the premiers next summer. We get our chance once in 10 years, and we will be the host. I'm sure hon. members will be pleased that we will have the opportunity to have these important visitors from other provinces.

Our emphasis, as far as the Province of Alberta at the premiers' conference, was on the specific issue of foreign absentee ownership of land. I think we've made some very significant progress in this area, and I will be making a legislative statement shortly and tabling some documents.

Another important trip I took during the summer was through the area of the Northwest Territories, the Mackenzie Delta, the Beaufort Sea, Prudhoe Bay, and into the high Arctic. I think hon. members are aware, but perhaps not as aware as we should be, of the tremendous impact on the Province of Alberta of development in the north, particularly with a natural gas pipeline probable in three to four years.

I was aware of it in general terms, but after the intensity of that trip, which was very kindly hosted by the Commissioner of the Northwest Territories, the opportunity to have such an overview, I think, is significant for all of us here in this Assembly and the work that we undertake in recognizing, in terms of the future, the impact and the consequences upon northern development for us here in this province.

One very obvious part of my trip came to me wherever I went; it seemed quite clear that Alberta is the gateway province. I suppose we owe a very important debt of gratitude to the historic bush pilots for opening up the north with the base here in the city of Edmonton. It's quite obvious that the people in the Northwest Territories, in so many ways and in such a large part of the Territories, look towards Alberta, and Edmonton and the northern part of Alberta, as a base: a logistics base and a supply base. As the development occurs, and I'm sure it will, although the federal government will have to come to grips with the social, environmental, and native claims involved, we should see some important responsibilities that we'll have to manage carefully for us here in Alberta.

Transportation will be the key to the opening, and of course air transportation. Pacific Western Airlines and other carriers will have expanded opportunities, but there are also very important opportunities in the area of rail and water transportation that I know the Minister of Transportation is well aware of, as well, I might say, as the highway portion to the top of the province, which we took together on the Mackenzie Highway and reviewed.

Essentially, I think all Alberta ministers and MLAs should have an increased feel and awareness of the impact upon the prov-

ince as the northern area develops. For this reason, the Minister of Business Development and Tourism is concentrating a portion of the Opportunity North Conference in Peace River in late November upon this area of our provincial activity.

The next and final travel occasion I wanted to refer to deals with our mission to Europe which, in every sense of the word, was an unqualified success. I think without a doubt it is going to pay dividends for this province and for the people of the province for many years. As a trading nation, it's essential that Canada not be overly dependent on, although we must maintain good relations with, the United States, with 70 per cent of our trade going back and forth across that border.

I for one, and our government, support the initiatives of the federal government to develop a third option, which is the concept of strengthening our trade relations both with Japan, where we had a mission in 1972, and with Europe.

I think the initiatives of the Prime Minister required the backing of a western province, which we gave, to establish contractual links with the European Economic Community. We made some important progress in that regard, and clearly, I think, as the ambassador to the European Economic Community put it to me in Brussels, we were there at a very key time. Since that date, the reports we've had are that the extra push the Province of Alberta indicated -- because we've been more in the news in Europe than I thought -- even prior to our mission, was a recognition of the provincial support for these initiatives. I would hope that over a matter of not too many weeks we may have a final report in that regard. I just want to underline that the mission was not strictly economic, but had some social aspects to it. The Prime Minister stated to me in a conversation that he thought the organization and concept of our mission was a model for provinces. The contacts and relationships which were developed out of 2,000 meetings with Europeans and 300 separate individual meetings, I'm sure will help all of them in Europe who are interested in Canada understand that Canada extends beyond an Ottawa, Montreal, and Toronto triangle. I feel very keenly that we made some important moves forward in that way. I don't want to expand further upon it, although I think it's important, and I know that the Minister of Federal and Intergovernmental Affairs, who headed up the mission, may wish to make some further comments in debate under Motion No. 2.

Mr. Speaker, this brings me to the matter of policy developments that have occurred, and there have been a surprising number since the House adjourned on June 25. I'd like to review them briefly.

In terms of energy, hon. members will recall the statements I made in the House after the federal budget was brought down on the evening of June 23, that we have a new understanding between the federal and Alberta governments on energy pricing. Since that time, the Minister of Energy and

Natural Resources has been able to reach an understanding regarding gas pricing for the period November 1, 1975, to June 30, 1976. There will be a flowback of revenues resulting from the differential between Canadian and U.S. gas export prices, with 85 per cent of the comparative crude price for natural gas at the Toronto city gate. As was noted in the question period today, legislation will be introduced to implement that particular understanding.

Recent Crown sales, Mr. Speaker, in the oil and gas area, reflect renewed confidence and stability in the petroleum industry in this province. I think it's clearly a major accomplishment of our administration to have reversed the federal thinking towards energy pricing from their position of January 1974, and that fair arrangements have, as of now, been entered into between the federal government, the producers, and the Alberta government. I recognize, when I say this, that there are always continued tensions and problems in an area as complex as this, and I am sure there will be. As the Minister of Energy and Natural Resources I'm sure would echo, we should be constantly on our guard to assure that Alberta interests are protected. But I do think that great and lasting progress for Alberta has already been achieved in this area.

In terms of the Syncrude project, I'm advised that it is generally on schedule and on budget, although of course, at this early stage, there are still many hurdles to pass by. The Oil Sands Technology and Research Authority is now in effective operation as the minister noted. Dr. Clem Bowmar has been obtained -- and we're delighted with that appointment -- to head the authority, with 21 applications for projects. In looking at the long-term energy needs of Alberta, it's important that the authority is able to find a way to unlock the vast storehouse of energy that exists, in situ, in the oil sands.

Another development in the energy field was that we completed arrangements with regard to the Suffield Block, and negotiated with the Alberta Energy Company a bonus of some \$54 million for the petroleum and natural gas rights for 1,000 square miles. In addition to the bonus, of course, the government will receive, for the people of Alberta, the normal royalties.

Members are also aware that the Alberta Energy Company shares are now on the market for Albertans, but only up to November 21. I believe it's too early at the moment to tell the public response.

Late in September, Mr. Speaker, I was pleased to announce a major step forward on Alberta's economic progress with regard to petrochemicals: the construction of a world scale petrochemical facility in Alberta using ethane, ethane that is now being shipped down the natural gas pipeline to the U.S. and Ontario. I was somewhat amused at some of the critics who thought it was something we weren't now shipping down, that we thought it was something we weren't now shipping down, that we were going to upgrade here -- but perhaps that

was an absence of study on their part. There are no provincial subsidies involved, and I think the situation is that instead of literally shipping good jobs down the pipeline, we have an opportunity to keep those jobs here for our younger people.

Mr. Speaker, as I stated in the Legislature in May 1974, the plastics and chemical industries will stimulate the economy of this province, and provide new business opportunities. We've talked a great deal in this House, on many occasions in past years, about economic diversification. There are only a few areas in which this province, far from market, has some things going for it, some leverage, some potential. One of them has to be in the area of petrochemicals, plastics, and the chemical industry as such. I believe the arrangements we made also provided adequate Alberta participation.

In agriculture, since we adjourned, of course we're all very pleased that we've had an excellent harvest, with yields and quality above average. We recognize that in the livestock area, as the hon. Minister of Agriculture pointed out in the House already today, there are still difficulties, primarily due to the North American and Australian surplus. Our cash advance programs, as was noted, have been extended for another year, but now with a 7 per cent interest factor, with government subsidizing the difference in the interest cost.

We are, as we mentioned, disappointed in the failure of the federal programs. The problem is definitely international, although there are some signs of adjustments taking place, and 1976 could be a better year.

Relative to farm costs, the farm fuel allowance was increased, as members are aware, during the course of the summer break. It is now up to 8 cents a gallon for gasoline and diesel fuel, which retains the position for our farmers of having the lowest priced fuel cost of any farmers in Canada.

I'm also pleased to have been advised recently that younger farmers are coming back to the farm. Between 1971 and '73, the statistics we have a 17.7 per cent increase in the number of Albertans under 34 who were filing farm income tax returns. I think that's a very positive sign, and one of the things we've been looking to over the past number of years.

On the marketing side of agriculture, we've completed a recent review of the Agricultural Development Corporation, which indicates that during the last fiscal year the total in terms of losses was under 1 per cent. Frankly, because they are a loaning facility of last resort, I would have expected, and perhaps it should be somewhat higher, because this province needs to move also in the area of diversification, extensively into the area of agricultural processing. There's going to be some risks, there's going to be some losses, but by far the important thing is to balance the gains with the losses; and I'm sure the gains will far exceed the losses.

Now in terms of policy, another policy

move that occurred during the adjournment had to do with the eastern slopes. The government released a policy statement on the eastern slopes in July, for multiple use as the basic concept. A very large proportion of the eastern slopes of this province will be maintained in a natural and wilderness state. The priority emphasis will be on the watershed protection. There will be a necessary expansion of urban development and transportation facilities. Wherever possible, this will be confined to established communities in transportation corridors.

There will be some non-renewable coal and gas deposits in the public interest of Alberta, but the government will insist on high standards of environmental protection and conservation and reclamation.

I might just mention, as an aside with regard to reclamation, that as part of our mission to Europe, outside Cologne we visited the RBW operations -- one of the largest in the world. We saw an area roughly the size of an oil sands plant that only four years before was an open cast mine pit. Four years later, we actually saw the agricultural production that was there, which shows that with effective scientific research it can, in fact, be done.

One of the very major areas, Mr. Speaker and members of the Assembly, that we have concentrated on by way of policy development over the course of the past four and a half months, is in the area of housing. The new Department of Housing and Public Works has brought in many new initiatives to expand shelter accommodation in Canada's most expanding province. It is one of the few areas, hon. members will recall, and I'm sure will remind me if I didn't recall, that during the course of election we mentioned as an area we would move in in our second term of office, by way of commitment. These commitments are now being met.

Under the Core housing incentive program, during this fiscal year we've budgeted through the Department of Housing and Public Works for approximately 2,200 apartment units. In actual fact, \$50 million has been allocated to this construction program for 7 major urban areas. It provides provincial money at 8 per cent for apartment construction, but 50 per cent of the units must be rent-regulated for families with \$8,000 to \$12,000 gross annual income. The response from the building industry and investors has been good to this date, and we expect to fully commit the entire \$50 million by early January. It was suggested, and may be suggested, that additional finances may be required.

The second prong of the housing initiatives involved the starter home ownership program. This is funded to the extent of \$200 million over a period of years, with \$30 million to \$40 million scheduled to be released this year. This is one I specifically dealt with during the election campaign. It provides home ownership for many Alberta families who could not otherwise afford to own a home. The provincial government will be providing subsidies up

to a maximum of \$130 per month to families to assist them in home ownership. Again a program that is being very well received by the investors and by the builders.

The third prong of the government's multifaceted housing activity is in the area of direct lending. By way of support to this program, we made a very important increase of \$27.7 million, to over \$90 million for the year. This is directed to the supply of housing for families with gross incomes below \$16,500. For purchasing about 1,000 existing homes \$23 million is being used as mortgage money, \$42 million mortgage money for approximately 1,220 new homes, \$10 million directed towards the construction of 500 rental units in smaller centres, \$14 million towards mortgages of 355 homes in Fort McMurray, \$2.7 million towards mobile home parks. Mortgage money is being supplied at a subsidized interest rate of between 9.5 and 10.75 per cent to the home owners, depending upon their gross income.

Mr. Speaker, in housing the demand in all areas remains strong, and because of the shortage of funds from the private sector, there is little doubt that available funds will have to be committed in an extensive way by the provincial government. I would note the modest apartment program for rural centres to increase the supply of rental accommodation in Alberta's smaller centres is an integral part of our overall balanced growth policy. We also have a farm residence loans program -- committed \$5.5 million at a reduced interest rate, for the construction of farm home residences. As the program was finalized late in the building season, this may take up somewhat less than was initially projected for that fiscal year.

Direct provincial funding of housing programs during this fiscal year is expected to initiate the construction of approximately 5,500 new housing units, in addition to providing mortgage money for the purchase of another 1,000 existing houses. This represents a very large commitment by provincial government towards housing, with the heavy emphasis to increase affordability by low- and middle-income people. I think the commitment of all of this money involves us in looking at the nature of our organization, and legislation in this regard will be introduced in the fall session.

We've also entered a number of programs with the federal government, which -- I won't go into detail -- are significant. Fort McMurray continues to be an area of concentrated housing. We've done a great deal in terms of land banking and servicing of lots at cost for municipalities. Some 37 municipalities have been assisted. We expect to land bank over 2,200 acres of land and service over 1,000 individual lots during the current year, including mobile homes. We've also made some changes to the subdivision transfer regulations to speed up the supply and lower the cost of service land.

Mr. Speaker, you will recall earlier this year the government stated a program called the senior citizen home improvement

program, whereby a home improvement grant of \$1,000 would be provided to senior citizens of limited income. We're in the final stages of completing the details of that program. It should be announced in the near future and we hope to have it effective on January first.

Mr. Speaker, I think it is clear from that outline that the provincial government has given a very high priority -- if not the highest priority -- in the course of the last four and a half months, to initiatives in the housing area.

Mr. Speaker, since adjournment the second report of the Kirby Board of Review was received. It contained wide-ranging recommendations regarding improvements in the criminal justice system in Alberta. I think it's fair to say this was essentially due to decades of too low a priority, and I think we all share some blame in that regard.

The government is determined to make a strong effort to improve the system and to make up for some lost time. The Attorney General has already noted some action that was taken with regard to salaries for judges and in other areas. Others are proposed in legislation that will be included in the fall session. The Attorney General, as the House leader has noted, welcomes debate on these recommendations, and the government will propose a resolution for the debate and the response by members of the Assembly.

Another area of policy development occurred with regard to traffic, when we recently received and made public a report by a task force on highway accidents, chaired by Dr. Walter MacKenzie, which makes a number of recommendations. The timing makes it unlikely that we'd be able to respond this fall session, but we definitely will in the spring. The government's assessment will be jointly undertaken by the Solicitor General and the Minister of Transportation.

Mr. Speaker, numerous other areas of policy development have been undertaken by the government during the period of adjournment: the submission to the Hall Commission on grain handling and transportation, propane permits, gambling restrictions, mediators in labor disputes, payments to nursing homes, and many others. But I thought that would at least hit some of the highlights of the very extensive activity of government over the past four and a half months, for the purpose of this motion.

Mr. Speaker, this brings me to the fall session. I have already mentioned a number of items of fall session business. We propose to introduce a fairly sizable number of bills, and notice for some was given today. We would also be considering and proposing to the House for consideration at the first portion of the 18th Alberta Legislature certain select legislative committees, which we think would be useful at this time.

We will be introducing The Heritage Savings Trust Fund Act later in the fall session, but it's our decision that, as a result of the far-ranging importance and consequences, it would be desirable to let

the bill stand over the course of the break from the proroguing of the session here in the fall till the second session of the 18th Alberta Legislature sometime in 1976, so that we can have good public input and good public discussion.

Mr. Speaker, perhaps the most important single decision the government took over the summer months was its reassessment of its medium-term financial position. It recognized the dangers of being the largest spending province per capita in Canada, which we are by far, and the need to reduce the rate of expenditure growth. Our government is in the strongest financial position of any provincial government in Canada, and we intend to keep it so.

Mr. Speaker, we're all aware of the implications and the ramifications of the possible imminent bankruptcy of New York City. I think every legislator, wherever he or she may live, should do an assessment of the whys and the wherefores involved in that: of living beyond the means for too long.

We are also aware in this province that in 1975 there were significant wage settlements by way of increases, in a way that could not be maintained at the same rate of increase, a rate that far exceeds the rate of inflation. They wouldn't be justified, in our view, in 1976 in terms of catch-up, except in very exceptional circumstances, or with increased productivity. We think this is particularly true in the public sector in Alberta, but also throughout Canada. It's apparent that the 1975 wage settlements were building up pressure for further excessive inflation in 1976. We recognize that inflation was primarily an international and national cause to this point in time, but that we in the Province of Alberta, and the Government of the Province of Alberta, had responsibilities. The most important and significant area of responsibility we could take, that would affect and have an impact upon reducing the rate of inflation in Canada and our province, was to reduce our own spending rate. It's interesting to note, in the data that I've been able to collect, that in 1965 all governments in Canada spent as a proportion of the gross national product only 30 per cent. Ten years later, 1975, all governments in Canada spent almost 40 per cent of the gross national product. I think we all have to be very deeply concerned about the impact of that.

On September 17, the Provincial Treasurer announced a decrease in the rate of growth of our provincial budget and the budget of agencies we fund. The initial planning guidelines would limit the increase in basic health, education, and municipal grants to 11 per cent for the fiscal year commencing April 1, 1976, compared to the 15 per cent of last year. We felt it was important, because of our decision, to give as much advance notice as possible to municipalities, hospital boards, universities, colleges, and school boards, so they could do their effective long-term planning.

I might underline, because of some of the comments I've seen in this regard, that

we're talking about a reduction in the government rate of increase, not a reduction in the total spending. What we are proposing is a reduction in the rate of increase from 15 per cent to 11 per cent. For some reason, some wanted to construe that as a reduction in the actual amount we were, in fact, considering spending.

Some have suggested that we were harming social programs in this province. I have a simple one-word answer, and that is, in my view that's nonsense. First of all, the 11 per cent guidelines will apply to all other provincial government departments, with 2 important exceptions and both are social programs. The first is the administration of justice to overcome the overdue reforms under the Kirby Board of Review; and secondly in the area of law enforcement, where with the rest of Canada we're combatting a growing incidence of crime, which will require a higher relative increase in expenditure than in previous years. In all other areas it's the objective of the government, on a global basis, to stick with a global 11 per cent spending increase.

Secondly, the amounts expended for health, education, and social services increased in the existing budget over the past year. Now, in the income account, in those three areas only -- and there are a great number of social programs in other areas, such as the areas of administration of justice, law enforcement, and others -- 67.4 per cent of our current budget on the income account is in the social program areas. It's growing far faster than our population. I was a little startled to see that if you add up the total of health, education, and social service spending in 1971 on a per capita basis, and project it into our latest budget, we've doubled it in four years, which I would call a very substantial commitment to social programming, perhaps far in excess of any other province. In terms of that, in comparison, Statistics Canada has recently reported that Alberta spends more on education per capita, despite declining enrolment, than any other province in Canada. In health the same applies. We are the highest per capita spender on health of any provincial government in Canada.

So any suggestion that this government's support for social programs has, in fact, been weakened, is simply not valid. I think we have a better record, in the aggregate, than any other province in Canada over the last four years.

Mr. Speaker, this was all done with the lowest taxation of any province, with maintaining a strong fiscal responsibility, and I should hasten to add that we should not necessarily equate quality in social program spending with quantity. Simply spending more money in these areas of social programs doesn't necessarily mean we're going to improve the quality of our programs. One of my intentions over the course of the next few years is to concentrate in the area of assuring that the expenditure of public money in the social areas has a quality as well as quantity aspect tied to it.

This government's view is that we can reduce the expenditure rate of our increase from 15 to 11 per cent without sacrificing quality. If this is so, if the wage settlements come in -- wage settlements represent, at least on the education and health side, some 75 per cent of the total budget -- if they come in close to the 11 per cent, then there won't be much room for new programs. But if they come in anywhere around the 8 per cent level, there should be an opportunity for new programs improved in quality.

Overall, I would say that the members in all their constituencies are going to have to lower their sights for next year in the provincial budget, to dampen expectations of their constituents. I think they should point out that Albertans enjoy the highest overall level of government service and the lowest rates of taxation in Canada, and that Albertans have a provincial government in the strongest current financial position. I think it's important for us to maintain that position, and we will do so.

Mr. Speaker, that leads me to the state of the Canadian economy in the world and international economy, of which we're so much a part. As I mentioned a few moments ago, the international economy is the major initial cause of world inflation. This was particularly due to a commodity cost-push basis. The second phase, however, was a wage cost-push basis, and it's recently caused a world-wide recession of some very serious proportions. There are signs of significant improvement but we're far from being out of the woods yet in an international way. Alberta with its energy and agriculture base must be very closely attuned to what occurs in other parts of the world.

The Organization for Economic Co-operation and Development, the OECD, has its headquarters in Paris. This is a co-ordinating group for western industrialized nations. I met with the Secretary-General, Mr. van Lennep, in Paris on October 7. On the positive side, he advised me that since the substantial increases in oil prices he felt the western industrialized world had largely avoided, after this sharp increase, the possibility of escalating protectionist measures in the world. In addition, he felt that at least so far they had been able to overcome their serious concerns about the recycling of petro-dollars throughout the world. The Secretary-General of the OECD went on to further advise me his assessment was that the United States was on an upswing as an established fact, that Japan's recovery should continue through next year, but there were few signs in Europe that the turning point had been reached. That's the world scene as we see it here in mid-November 1975.

In Canada, the average weekly earnings on the Canada industrial composite--and these are two very important figures--were up July to July by 13.4 per cent. The earnings therefore are up 13.4 per cent, but the consumer price increase for the identical period was up only 11 per cent. In other words, the earning increases

exceeded the inflationary position by a significant margin in the course of that year. However, Albertans should be aware that Canada is becoming less competitive with the United States in trade and manufacturing products. Our wage settlements generally have been much higher than in the United States. This of course more affects the manufacturing centres of Quebec and Ontario, but certainly the overall impact affects the Canadian economy including Alberta.

Outside of Alberta, in Saskatchewan and Manitoba, there's also been very high unemployment, particularly in those areas that depend from a competitive point of view on their trade, particularly with the United States. This situation has been compounded by only nominal improvement in productivity, and in some cases, surprisingly enough and disturbingly enough, an actual reduction in productivity. This is reflected in a weakening of the Canadian currency. It's strangely interesting for us Albertans here in this Alberta Legislature that with grain and oil and gas so prominent in our resources, those are the factors that are maintaining our merchandise trade export and offsetting a very serious balance of payments problem that could exist for Canada today, and seriously affect our currency. We should keep that in mind in terms of our policy deliberations.

That now brings me, Mr. Speaker, to the state of the Alberta economy. I think it's fair to say that, generally speaking, Alberta fared better in the past year than any other part of Canada. We have almost negligible unemployment: we have a job vacancy situation now of 15 job vacancies for every 1,000 jobs, which is a very important fact.

On inflation, it's quite interesting and I think quite surprising that our inflation rates have not been as severe in Alberta as they have in other parts of Canada, even though we've had an expansionary and essentially a boom economy in the past year. Now I frankly would be surprised if we're going to be able to continue to do that, but I think it's very relevant for our present position that we recognize, with this expansionary situation we've had, that we still have not had an inflationary rate of increase, as most other Canadians have. There may be a multitude of reasons for that.

Alberta's average weekly earnings have risen faster than the national average. I suppose one of the reasons our cost of living hasn't gone up so rapidly is we're enjoying low-cost energy where other areas are involved in very rapid increases in energy. I don't know why we fail to understand from time to time the very fortunate position we're in, which I've mentioned somewhat in jest from time to time that I would like to raise within the Alberta Legislature, then keep it within the confines of this province -- but obviously can't do that. The natural gas support price, that is the price Albertans are buying natural gas, is at 28 cents per 1,000 cubic feet. We're selling it at the border at 82 cents per 1,000 cubic feet. I

think that, although we recognize we can't maintain that position to that same degree for an extensive period of time, certainly at this stage this bench mark is assisting Albertans materially.

We know that the statistics and reassessment of farm cash receipts, manufacturing shipments, and retail trade all reflect a buoyant Alberta economy. We know we have some short-term weaknesses, certainly in the livestock area. I might mention, historically, we should keep in mind that wage and price control phase two in the United States was a very important factor, as those in the agriculture industry know, in creating the excessive surplus when they took off the controls for the cattle industry in the United States.

In lumber we, of course, with other areas, are continuing to suffer the delay in recovery in the United States economy, particularly in the housing area, but signs are encouraging there.

We continue to have the long-term weaknesses I mentioned a year ago, relative to diversification, to agriculture markets at a peak and valley situation, and to transportation limitations. But I think it's clear that over the past number of years we have been making very significant progress.

Mr. Speaker and members of the Assembly, I think Alberta's economy clearly can be put as stronger now than in any part of Canada, but it's going to require very careful management to assure that this continues. It necessitates responsible fiscal management. It necessitates a recognition of the difference in the economic mix of this province, and the stage of development we're at in this province compared to other parts of Canada. It will very keenly test our responsibility and our judgment here in our policy decisions.

Mr. Speaker, in conclusion then, I would like to move to the Alberta response to the federal anti-inflation guidelines which were announced by the Prime Minister on October 13, 1975. It seems that our inflation rate of 11 per cent is less than the increase in earnings, as I mentioned, and on the surface, combined with the United States economic recovery, this would not seem such as to warrant drastic action in the nature of wage and price control.

However, I agree with the Prime Minister's assessment that Canadians are developing a significant "fear of inflation", because they're afraid of falling behind. Hence a large number of Canadians are trying to overcompensate for the worst conceivable rate of future inflation they can envision. The recent excessive wage demands reflect this attitude. People who are really hurt by this situation are those on fixed and low incomes. Now this spiraling inflation psychology must be checked in the interests of all Canadians. For this reason, quite obviously, the Province of Alberta will work with the federal government to help make the anti-inflation program successful.

The first area we have to assess is that the provinces have been asked to institute a system of controlling rental increases. I know--I have studied, and

most of you I am sure have--that it simply hasn't worked elsewhere. It has not been a public policy move that the majority of objective opinion in any way concedes as being effective. It's had a few isolated pluses but generally has been negative. I think it's fair to say the reports of this objective evaluation are uniformly negative. Three classic cases are New York, Quebec, and Vancouver.

To me, the obvious situation with regard to this area is that if a tenant can say to a landlord, that's not fair, or that's not reasonable, and then has the option to walk across the street to a vacant apartment, it's the best answer I know. But the problem has been to assure that we have that excess supply, and that's extremely difficult in the two fast-growing cities of Edmonton and Calgary, and generally in our fast-growing province. There's no way that public housing either directly or indirectly, or the housing programs that we've mentioned, can by themselves solve this problem, although I think the indirect approaches that we're making are an important and almost essential situation for a province to undertake, at least in our stage of expansion. Private investment is essential and has to be encouraged. I think it's fair to say, by the outline I've just given, that the Alberta government is doing more than any other province in Canada to stimulate shelter and housing, and I think it's a very extensive program.

Nine days ago our ministers of Housing and Public Works, and Consumer and Corporate Affairs were in Ottawa meeting with their federal counterparts to hear about some federal initiatives. I think our assessment is that they will be of some assistance in terms of the total situation. One of the more important ones was in terms of taxation.

We've felt for some time that the key in the decline, particularly of the small rental accommodations that are so important a part here in Edmonton and Calgary, was the change by the federal government in not allowing an individual to write off against his income, his other income, the depreciation on the rental accommodation. We're pleased that the federal government has reinstituted this particular measure and now is proposing to extend it for a further two-year period. Frankly, we wish that just by way of basic encouragement to the housing industry and shelter accommodation, they would be unequivocal about it as being a necessary part of our tax system.

We've assessed carefully the situation of rent regulation. We've come to this conclusion: that so long as incomes are controlled, then we must control rental increases. We've decided in this fall session to bring in temporary rent regulation legislation. It will be retroactive to notices of increases given on or after October 1, 1975, and will catch any increases in rent commencing January 1, 1976. It will cover the unit and not the tenant. It will exclude new construction. Any further details other than these will have to await the introduction in a few weeks' time. So that's our position with

regard to the area of rent control.

Let me come back then to the general federal guidelines. Recognizing the need for Albertans and the Alberta government to support the federal government in combatting the inflationary spiral, and for participation in the federal anti-inflation program, we have assessed the basic guidelines of the federal government, and they appear satisfactory and reasonable to us. They're close to our own 11 per cent guidelines by way of spending limits for the province. As I've mentioned, they allow some increase reflecting productivity or quality.

The federal legislation, Bill C-73, presently before the federal House of Commons, contemplates an agreement with a provincial government. Mr. Speaker, and members of the Assembly, we have carefully considered that approach. It has its advantages and disadvantages. We're very concerned about the controls becoming permanent and not temporary. The market place has generally, to date, served this province well. A regulated economy in Canada over the long term will increase significantly our difficulty in competing as a nation in the world trade area, and particularly with a free economy in the United States. So we have certain conditions of participation.

First of all, we're only prepared to participate on a temporary basis. We recognize this has to be at least a year in order to be effective, but our participation will be limited to approximately 18 months unless unusual subsequent conditions clearly warrant, in the view of this Legislature, an extension. We have to recognize the difficulties of an expansionary economy, and not turning off that expansionary economy at just this stage of our development.

Secondly, our participation is subject also to continued exclusion from the program of farm gate prices and energy prices, and that they continue to be exempted from any degree of control under the anti-inflation program.

Now the next question, Mr. Speaker, that we have to face is the nature of the participation. We concur with the Government of Quebec. Just this afternoon, before coming into the House, I had a discussion with the Prime Minister of Quebec. The federal anti-inflation programs contain, in certain major areas, potential for intrusion into provincial jurisdiction in property and civil rights, which is our jurisdiction, our responsibility.

To protect our jurisdiction against the possibility of these federal controls becoming permanent, and to avoid the possibility of the controls being exercised in a way that unduly restricts the expansion and also the jurisdiction of Alberta, the Alberta government has decided that its participation must be specifically directed by an act of this Legislative Assembly.

We intend, therefore, to introduce within a few weeks a temporary anti-inflation measures act as an act of the Alberta Legislature. It will have these provisions: first of all, it will bring

all provincial government employees, including employees of provincial government agencies, municipal government employees, employees of hospitals and school boards, within the jurisdiction of the act, and under guidelines which will be precisely the same as the federal guidelines. Secondly, they will be effective retroactive to the midnight of October 13, 1975, the same date as the federal guidelines. They will be for a period of not less than 12 months and not more than 18 months.

The legislation will authorize the Executive Council to delegate administration to the federal anti-inflation board, subject, first of all, to the delegation being on a trial basis so that Alberta can opt out with short notice and we can set up our own provincial anti-inflation board to administer the same guidelines if we're not satisfied with their conduct. Secondly, the act will provide that the federal-Alberta agreement will be automatically terminated and be considered null and void if the federal government unilaterally makes significant changes in the guidelines as they now exist, such as bringing farm gate prices or energy prices under the controls.

Mr. Speaker, despite these qualifications and conditions, the Government of Alberta will make a determined effort to work with the federal government to help make these guidelines work and to break the inflationary spiral in Canada. Alberta is a strong province. It's strong because our history has been based on individual initiative and enterprise. In these difficult times government must regrettably become more involved in the market place. But we must be careful that our action does not solve short-term problems only to bring in longer problems, that our action does not in any way detract from our opportunities to change the economic nature of this province, that our action in every way supports and endorses the fact, in the view of the people in this government, that the '70s is Alberta's time in Confederation, and that by wisdom, judgment, and confidence we can steer the middle course, and that we can assure our dream of the new west with the leadership from Alberta will be fully realized.

Thank you.

[applause]

MR. CLARK: Mr. Speaker, in light of the social obligations the members have this evening, I beg leave to adjourn the debate.

MR. SPEAKER: May the hon. opposition leader adjourn the debate?

HON. MEMBERS: Agreed.

MR. HYNDMAN: Mr. Speaker, before moving early adjournment of the House, to outline the business of the Assembly tentatively for the next few days: tomorrow afternoon we would move to the regular items on the Order Paper, beginning with the resolution of the hon. Member for Medicine Hat. There are two private members' public

bills, Bills No. 207 and 209, which would come up after 4:30 tomorrow.

The House will sit tomorrow evening as it will in future, generally every Monday and Thursday evening. Tomorrow, we would move to Motion No. 2 just adjourned by the hon. opposition leader, and continue with that motion during the course of Thursday evening. On Friday morning we would do appropriate second readings, subject to the remarks and requests made earlier in the Assembly, and then possibly move to the motion to receive the report of Mr. Justice Kirby, which has been out and which I'm sure all hon. members have read over the course of the last weeks, or conceiva-

bly we could on Friday also go back to Motion No. 2.

I now move, Mr. Speaker, that the Assembly adjourn until tomorrow afternoon at 2:30 o'clock.

MR. SPEAKER: Having heard the motion for adjournment by the hon. Government House Leader, do you all agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: The House stands adjourned until tomorrow afternoon at 2:30.

[The House rose at 4:15 p.m.]

