

**LEGISLATIVE ASSEMBLY OF ALBERTA****Title: Monday, March 21, 1977 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

**head: INTRODUCTION OF BILLS****Bill 15  
The Planning Act, 1977**

MR. JOHNSTON: Mr. Speaker, I request leave to introduce Bill No. 15, The Planning Act, 1977.

DR. BUCK: You're kidding, Dick.

MR. JOHNSTON: This being a money bill, his Honour the Honourable Lieutenant-Governor, having been informed of the contents of this bill, recommends the same to the Assembly.

Mr. Speaker, the purpose of this act is to provide the guidelines and related principles which are intended to achieve the orderly and economical development of land in the province of Alberta. This act recognizes the need to maintain the quality of physical environment for human settlements, while weighing the rights of individuals and the greater public interest of all Albertans. While many changes in planning approach and procedure have been reflected in this act, there is a recognition of local autonomy over development and further opportunity for municipal responsibility for subdivisions. A somewhat different terminology and process are suggested for the various statutory plans provided in the act. Development control and the process of zoning are considered in a single land use by-law. There is also the requirement for all municipalities to establish public participation in statutory planning by-laws.

While this act has had considerable opportunities for input from the participants, I look forward to the debate in this Assembly during the spring session.

[Leave granted; Bill 15 read a first time]

**head: TABLING RETURNS AND REPORTS**

MR. HYNDMAN: Mr. Speaker, I wish to file two copies of a document, being background information with respect to economic and inflation indicators. Copies will be available in members' mailboxes this afternoon.

DR. HOHOL: Mr. Speaker, I should like to table the first annual report of the Alberta Students Finance Board.

**head: INTRODUCTION OF SPECIAL GUESTS**

DR. BUCK: Mr. Speaker, I wish to take this opportunity to introduce to you, and through you to the members of the Assembly, a large group of grade 9 students from Tofield in my constituency. They are accompanied by their teachers Mr. Blades and Mr. Hulkovich. They are seated in both galleries. I would ask them to rise and receive the welcome of the Legislature.

MR. GETTY: Mr. Speaker, I'd like to introduce a group of students from the Richard Secord school. The 25 students are accompanied by their teacher Louise Heggerud. They are in the public gallery, and I would ask them to stand and be recognized by the House.

MR. TAYLOR: Mr. Speaker, I would like to introduce to you, and through you to the hon. members of the Legislature, some 35 students from one of the finest junior high schools in Alberta in the village of Carbon. These students are accompanied by two teachers Mrs. P. Reddekopp and Mrs. P. Hanna, one parent Mrs. V. Goldhammer, and bus driver Mr. R. Harsch. I would ask the teachers, the parent, the bus driver, and the students to stand and be recognized by the Legislature.

**head: ORAL QUESTION PERIOD****Rent Control**

MR. CLARK: Mr. Speaker, I'd like to direct the first question to the Minister of Consumer and Corporate Affairs. It flows from the question asked by my colleague on Friday. Is the minister planning to introduce legislation which would require landlords to give two months' notice prior to increase or change in rent?

MR. HARLE: Mr. Speaker, the Institute of Law Research and Reform has given some recommendations to the government, but I don't recall that being one of them.

MR. CLARK: A supplementary question to the minister. Is the government then giving consideration to introducing an extension to the rent control legislation that would contain a provision which would have retroactive features? I raise the question because of the minister's comments that the government will not have made a decision on the continuation of rent controls before the end of this month, and remind the minister of the need for three months' advance notice to be fair to both renters and landlords.

MR. HARLE: Well, Mr. Speaker, the government will be making a decision on whether to extend The Temporary Rent Regulation Measures Act in April, and the announcement will be made. If it is extended, of course a bill will be presented in the House.

MR. CLARK: Mr. Speaker, is the government giving active consideration at this time to the concept of cutting the three months' notice to two months so in fact May and June would be the two months needed

for notice before rents could be increased or changed?

MR. HARLE: Well, Mr. Speaker, I think it would be highly unlikely.

MR. CLARK: A further supplementary question to the minister, flowing from the minister's remarks outside the House. At what stage is the government's consideration now to exempt areas outside Edmonton and Calgary from the provisions of the rent control legislation?

MR. HARLE: Mr. Speaker, I've said on a number of occasions on which the subject of controls and decontrols has been discussed that in fact some provisions for exemptions are already built into the present Temporary Rent Regulation Measures Act.

DR. BUCK: A supplementary question to the minister. If the minister will recall, three weeks ago I asked about Athabasca Realty Company's notice of over 20 per cent rent increase. Mr. Speaker, in light of the fact that the 15-day intervention period has elapsed, can the minister indicate what, if any, percentage increase will be allowed to Athabasca Realty on June 1?

MR. HARLE: Mr. Speaker, I'd have to take that question as notice.

MR. CLARK: A further supplementary question to the minister. Is the government at this time giving active consideration to making an exemption for all areas outside Edmonton and Calgary as far as rent controls are concerned?

MR. HARLE: Mr. Speaker, as I said in the House, the matter of whether the bill will be extended has not been decided upon.

MR. CLARK: Mr. Speaker, perhaps I could have a try at the same question again. Recognizing that the final decision hasn't been made, is the government giving consideration at this time to the concept of exempting all the province, excluding Edmonton and Calgary, from the rent control program?

MR. HARLE: Well, Mr. Speaker, the government is obviously considering all types of possible solutions to the problem.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Consumer and Corporate Affairs. Is the minister in a position to advise the Assembly whether the government is specifically considering an extension from July 1 to December 31 to coincide with Alberta's participation in the AIB? Is this specific option now before the government?

MR. HARLE: Mr. Speaker, I suggest to the hon. member that all options are open, and when the decision has been made it will be announced in the House.

MR. CLARK: A further supplementary to the minister. I would like the minister to explain why he refuses to

indicate that the government is giving any consideration to the . . .

MR. SPEAKER: Order please. It's well established in the long history of the Oral Question Period that the minister is not obliged to answer nor is he obliged to explain why he doesn't.

MR. CLARK: Mr. Speaker, then we will rephrase the question. I would like to ask the minister to explain the government's policy, which is that the minister will speak outside the Legislature Chamber of exempting the areas outside Edmonton and Calgary as far as rent controls are concerned, but will not discuss it inside the Chamber.

MR. SPEAKER: The hon. member may have a grievance there, but he doesn't have a point which could properly be raised in the Oral Question Period.

MR. CLARK: He's almost ready to answer it.

MR. NOTLEY: A supplementary question to the hon. minister. Can the minister advise the House at this time whether the government has in its possession accurate statistics on the vacancy rates in the centres outside the two major cities, including the smaller centres?

MR. HARLE: Mr. Speaker, I refer that question to the Minister of Housing and Public Works.

MR. YURKO: Mr. Speaker, during the last several months the Department of Housing and Public Works has done an extensive analysis of the vacancy rates through centres in the province other than Edmonton and Calgary. Such a report has been compiled, and it shows that some of the smaller centres have fairly high vacancy rates but that some do have low vacancy rates.

MR. NOTLEY: A supplementary question to the hon. minister. Is it the government's intention to table that survey in the Legislature?

MR. YURKO: I hadn't considered it, Mr. Speaker. That's a matter for the Order Paper, and government will then give consideration to whether this study should be made public.

#### **Agricultural Development Corporation**

MR. CLARK: Mr. Speaker, I would like to direct my second question to the Minister of Agriculture. Could he indicate when we could expect the annual report of the Ag. Development Corporation for the year '76-77?

MR. MOORE: Mr. Speaker, the annual report of the Agricultural Development Corporation is based on a fiscal year ending March 31. The annual report for the year ending March 31, 1976, was tabled in the Assembly last fall. I would expect the annual report for the year which will end on March 31, 1977, could be available about October or November.

MR. CLARK: A supplementary question to the minister. Is the minister in a position to indicate to the

Assembly whether the Agricultural Development Corporation will either be foreclosing or having to pick up any further guaranteed loans which flow from the various ventures the Alberta Export Agency got involved in? Is the minister aware of any additional loans that the Ag. Development Corporation will be picking up?

MR. MOORE: First of all, Mr. Speaker, I don't really feel that is a proper kind of question for the Oral Question Period. I don't believe the Ag. Development Corporation *per se* has been involved in picking up loans from the Alberta Export Agency. Indeed the guaranteed loan program of the Alberta Export Agency involved the Provincial Treasury, not the Agricultural Development Corporation.

MR. CLARK: A further supplementary question. Is the minister aware of a guaranteed loan that the Agricultural Development Corporation gave to St. Paul Auction Mart and, if he is, could he give us the status of that loan?

MR. MOORE: Mr. Speaker, it's my understanding that on Wednesday morning the Public Accounts Committee will be reviewing the Agricultural Development Corporation. I would be prepared at that time to provide some information with respect to what the hon. Leader of the Opposition is referring to, but I'm not at the present time.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Is the minister aware of the treasury branch system foreclosing on a \$200,000 loan to St. Paul Auction Mart, and has the Agricultural Development Corporation had to pick up the \$200,000?

MR. MOORE: Mr. Speaker, I'm aware of loan guarantees to St. Paul Auction Mart Limited, but I'm not aware of the allegations being presented by the Leader of the Opposition.

MR. CLARK: Mr. Speaker, a further supplementary question to the minister. Have there been discussions between the minister and the chairman of the Ag. Development Corporation with regard to a statement of claim being lodged against the St. Paul Auction Mart for this loan, which was made by the treasury branches and has been called in by the treasury branches?

MR. MOORE: Mr. Speaker, I have weekly meetings with the chairman of the Ag. Development Corporation. I speak with him by telephone almost daily. I'm not prepared in the question period to indicate the nature of those conversations.

MR. CLARK: Mr. Speaker, then, very specifically to the minister. Has the minister at any time in the course of the last year given instructions to the chairman of the Agricultural Development Corporation that a statement of claim should not be lodged against the St. Paul Auction Mart?

MR. MOORE: Mr. Speaker, I've just finished saying that I'm not prepared to divulge in the question period the nature of various conversations I have with the chairman of the Agricultural Development Corpora-

tion. I've said earlier in this Legislature we now have some 11,000 farm loans to individual farmers throughout this province in the ADC. To expect that I would divulge in the question period the nature of conversations between the chairman of the board of ADC and me with regard to any or all of those loans is not, I think, realistic at all. Indeed ADC could not serve its function if we were to discuss individual farm loans in that manner.

MR. CLARK: Mr. Speaker, let me put the question to the minister. Has the minister given directions to any official of the Agricultural Development Corporation that they should not proceed with a statement of claim against the St. Paul Auction Mart?

MR. MOORE: Mr. Speaker, for the third time, I'm not prepared to answer that kind of question in the question period. Certainly not.

#### Unemployment Insurance

MR. NOTLEY: Mr. Speaker, I'd like to direct my question to the hon. Minister of Labour and ask whether or not the government of Alberta proposes to make any representation to the government of Canada concerning Bill C-27 — that's the proposed changes in the Unemployment Insurance Act — particularly as it relates to the new requirement that jobless people must work 12 weeks a year instead of eight to qualify for unemployment insurance benefits.

MR. CRAWFORD: Mr. Speaker, my colleague the Minister of Advanced Education and Manpower may wish to make some remark as our liaison with the federal government in regard to unemployment insurance is normally in that way. I have no intention of making representations at this time.

MR. NOTLEY: Mr. Speaker, a supplementary question. Perhaps I could put that to the hon. Minister of Advanced Education and Manpower, and at the same time add as a supplementary: has the government of Alberta developed any position with respect to the proposed changes in unemployment insurance operation in the country, in view of the present controversy?

DR. HOHOL: Mr. Speaker, at a meeting of all ministers responsible for manpower with the hon. Minister of Manpower and Immigration Mr. Cullen, the matter of UIC as it was at that time — and this goes back about three months — was explained to us by him. Extensive discussions were held on two things: the length of time for qualification, the money that would be left over — if one can put it that way — and Mr. Cullen's proposition that this residue of money would go into what he called direct job employment, to take up the slack where there would be unemployment as a result of the shorter period for qualification. We examined his proposition very closely with respect to the circumstances in Alberta, and found that the effect of the change on Alberta would be minimal.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Advanced Education and Manpower. In light of his comments that the effect on Alberta would be minimal, has the minister

assessed statements or reports attributed to Mr. Cullen that the changes would cost claimants in the province of Alberta between \$7 and \$8 million a year?

DR. HOHOL: I don't recall that specific one, Mr. Speaker, and would have to take it as something to examine. We've watched very carefully UIC changes and the effect of the legislation, the regulations, and the shift of money. We'll take a look at that one and report back.

MR. NOTLEY: Mr. Speaker, a supplementary question either to the hon. Minister of Advanced Education and Manpower or to the hon. Minister of Community Health and Social Services. Has the government compiled any statistics to evaluate the impact of the changes on UIC benefits in transferring responsibility from federal UIC to provincial welfare payments through health and community services?

DR. HOHOL: Mr. Speaker, if I can respond to that. The intentions of the UIC, and I'm not making a case for Mr. Cullen because we have some disagreement on some of these issues, was not that the difference in the savings — and there would be some cost directly to what had been beneficiaries of UIC in Alberta, that money would go directly to employment programs funded by the federal government and administered by the provincial government. The difference of the purported figure of \$7 million would have to be set against the amount of money the federal government would assign for employment programs specifically in Alberta. I will make that examination and report back.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. The question really relates to the issue of whether the government has compiled any accurate statistics at this point in time on whether the change in fact is going to shift the cost of helping people who are out of work from federal UIC to provincial welfare. Perhaps I could put that to the hon. minister of Social Services and Community Health.

MISS HUNLEY: It certainly has come up but only as rather a side issue in discussions we've had federally and provincially on the social services act and the phasing out of the Canada assistance plan. What the hon. member says is quite accurate. It was a matter of grave concern and was expressed, but not in the exact context to which he's referring today. It was one of the positions of the maritime provinces where unemployment is extremely high. The total cost would not be federal through the Unemployment Insurance Commission but rather would have to be subsidized by the local provincial governments under social assistance. That point was made, but it was made to one of the other federal ministers.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Has there been any assessment as to what that cost might be in the province of Alberta? In view of the fact that the Atlantic provinces have raised this matter quite emphatically with the federal government, I assume there would be at

least some statistical analysis of what that would mean to the province of Alberta.

MISS HUNLEY: I would have to check with the research and analysis section of my department, Mr. Speaker. I trust the hon. member appreciates that it's a much more severe problem where there are such high rates of unemployment. But certainly it would be one of the aspects we would look at. I doubt we would have the kind of information that would give us any hard data, but I would be pleased to inquire and report to the hon. member.

MR. SPEAKER: Might this be the final supplementary.

MR. NOTLEY: Mr. Speaker, one final supplementary to the hon. Minister of Advanced Education and Manpower concerning the savings UIC will presumably gain from this program and putting it back into make-work programs of one kind or another. Is the minister in a position to report to the House on what that sort of shift would mean in the pockets of unemployment or underemployment in the province of Alberta, such as the town of Slave Lake for example or the general area of Lesser Slave Lake where we have rather serious unemployment. Even though that may not be an overall problem in the province, it's a very serious problem in those pockets of unemployment or underemployment.

DR. HOHOL: Mr. Speaker, I'm pleased to have the opportunity to speak again. In my prior answers I was straining to say that in Alberta we really wouldn't know the answers to those questions until the end of the working period, say some time in the fall, before the winter works programs begin.

The UIC funds, which are supposed to be a surplus because of the two-week qualification shortage, are now being assigned to constituencies, federal constituencies, and municipalities. Until this period is over, we won't know what number of people who had been in the work force will be in the social assistance force. Mr. Cullen felt that was not going to happen. The provinces felt it would in fact happen in every province in varying degrees. In a province like Newfoundland, Mr. Speaker, the unemployment situation and the social assistance situation are predictable because they're the same every year. In Alberta, that's not the case.

Now, specifically on the matter of the pockets and the fairly large geographic areas, we will look at this at the end of the year and try to discern — and we can do this pretty accurately — the difference that the shift of UIC did or didn't make. We predicted to Mr. Cullen that it would not have a discernible effect. He felt it would. But I submit, sir, that we will only be able to make that judgment at the end of the work period.

#### School Grants

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Education. Are the grants, now the increased grants, for small high schools earmarked for small high schools when they're sent to the various divisions and counties?

MR. KOZIAK: Mr. Speaker, it's a method of distribution of funds, recognizing that certain jurisdictions have certain circumstances which require additional funding. But in fact there is no compulsion on the jurisdiction that receives the funds to spend those funds on that particular school. Those funds are received by that jurisdiction in their normal inflow of funds and grants from the department, then distributed according to the budget developed by the school board.

MR. TAYLOR: A supplementary to the hon. minister. Are the hon. minister and the department aware that some local authorities are simply putting the small high school grant in with the rest of their appropriation? Consequently the smaller high schools are not receiving the same impact that I believe the government intended that grant to give.

MR. KOZIAK: Well, Mr. Speaker, two considerations which run opposite to each other must be kept in mind here. One is the achievement of a particular result, and the other is to recognize the autonomy of the local school boards throughout the province. Of course a grant can be developed which requires that the funds received be spent in a specific area. We have some of those in the Department of Education. Amongst them are the educational opportunities fund, both the compensatory and the elementary portions, and the special education teaching positions.

But the majority of funds that go out to school boards, even those funds that are paid out on a differential basis — and when I mention differential basis, recognizing peculiar circumstances that require funds in one particular jurisdiction that may not be required in another — by and large those funds are provided to school boards, recognizing that we have responsible people occupying the positions of trustees throughout the province, that they are close to the people who elected them, and that in making the decisions they will in fact reflect the views of the people who elect them.

Of course, sometimes a conflict develops. But I've been very satisfied over the last two years with the type of presentation and representation that the people involved can make to their local school boards and the way they can influence those decisions. So by and large I think school boards throughout the province are acting very responsibly in the discharge of their duties.

MR. TAYLOR: Just one further supplementary. If that is the case, why don't we simply add the grant to the small high schools to the total appropriation and give it to the school board in that way?

MR. KOZIAK: Well, Mr. Speaker, I mentioned this was a differential grant. In other words, not every jurisdiction receives this grant. There are certain limitations. In the first place, only those jurisdictions that have a student population of less than 6,000 would be eligible. Secondly, it's probably incorrect to refer to it as a small high school grant because it's in fact a small school grant.

I have not to date provided the exact details of the distribution of those funds, but expect to make a ministerial statement within days which will provide the details of the distribution.

Not every jurisdiction receives these funds, only those that fall within the formula. That formula recognizes there are certain additional expenditures by jurisdictions in maintaining these small schools.

#### **Michener Centre**

MR. WOLSTENHOLME: Mr. Speaker, my question is to the Minister of Social Services and Community Health. With regard to gloomy forecasts about poor service, I was wondering if the minister could tell us what the food was like at Red Deer over the weekend.

MISS HUNLEY: I believe all those present found it a very pleasant and delicious luncheon, Mr. Speaker.

#### **Land Banking**

MR. DIACHUK: Mr. Speaker, I would like to ask a question of the hon. Minister of Housing and Public Works. Has the hon. minister received any request recently from the city of Edmonton or Edmonton city council with regard to additional land banking for housing?

MR. YURKO: Mr. Speaker, on March 11 the general manager of the real estate and housing department of the city of Edmonton wrote to the president of the Alberta Housing Corporation requesting the possibility of land banking 400 acres within the city of Edmonton at over \$22,000 per acre. The Alberta Housing Corporation examined the implications of this type of transaction and whether they had money in the budget to involve themselves in this transaction, and concluded that the transaction itself was a bad deal, because the land wasn't scheduled for development until after 1985. In the normal course of interest addition to such a land banking program, the land itself would be in excess of \$40,000 per acre when it came on stream. So the president of the corporation informed the general manager of the Edmonton real estate and housing department that it wasn't prepared to land bank on this basis.

I want to suggest to the House, Mr. Speaker, that the city of Edmonton has plenty of opportunities to land bank in several ways if it wishes. Of course it can borrow money from the municipal . . .

MR. SPEAKER: It would appear the hon. minister is going considerably beyond the scope of the question.

#### **Real Estate Salesmen**

MR. MANDEVILLE: Mr. Speaker, I'd like to direct my question to the hon. Minister of Consumer and Corporate Affairs. With regard to the new exam which must be passed in order for one to obtain a real estate salesman's licence, has the minister done a preliminary assessment on the effect the new exam requirements have had on the number of people being granted licences?

MR. HARLE: Well certainly, Mr. Speaker, I understand the number passing is down on a percentage basis from earlier years. Beyond that, no, I haven't had an opportunity to make an assessment.

MR. MANDEVILLE: Supplementary question then, Mr. Speaker. Does the minister anticipate any further measures to upgrade the quality of real estate salesmen in the province?

MR. HARLE: Yes, Mr. Speaker, there will be a continuous effort by the government and the department to upgrade standings in the profession.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Has the minister received any information which would indicate there is a problem with application forms for real estate licences not being properly completed?

MR. HARLE: Not that I'm aware of, Mr. Speaker.

MR. MANDEVILLE: One further supplementary question then, Mr. Speaker. Could the minister indicate what steps are being taken where the section deals with disclosure of criminal convictions? I'm thinking of criminal convictions when these forms aren't filled out, as far as salesmen are concerned.

MR. HARLE: Mr. Speaker, on that particular aspect the superintendent is making checks. Of course when it comes to light, we are raising it with the applicants.

#### **Canadian Airborne Regiment**

MR. JAMISON: Mr. Speaker, I'd like to direct a question to the Minister of Federal and Intergovernmental Affairs. It has to do with the Canadian Airborne Regiment in Lancaster Park and Griesbach. I was wondering if the minister could inform the House what correspondence or dialogue he's had with the federal government regarding the Airborne Regiment and in particular with former minister James Richardson and present minister Barney Danson.

MR. HYNDMAN: Mr. Speaker, we've made representations of various kinds at least over the course of the last year to both ministers not only in respect to the change which was made there, but also indicating we wish to have consultation and ample advance notice of any movements out of the province of Alberta of military bases of any kind. With regard to the Airborne Regiment in Edmonton apparently our suggestions went unheeded. With the recent evidence from committee hearings in Ottawa, the situation with respect to the move of the Airborne to eastern Canada seems to be even more bizarre and unrealistic in the view of this government, as I mentioned when the decision was first made.

MR. JAMISON: Mr. Speaker, a supplementary to the Premier. I wonder if the Premier, as first minister of the province of Alberta, would consider contacting the Prime Minister to request a possible one-year delay, so that this whole aspect of the Airborne Regiment's move could be really studied from the military and social aspects.

MR. LOUGHEED: Mr. Speaker, we'd be prepared to take that under consideration having regard to the advice I may receive from the Minister of Federal and

Intergovernmental Affairs as to the effectiveness of such a communication.

#### **Medical Tests**

MR. KUSHNER: Mr. Speaker, I wish to direct my question to the Minister of Hospitals and Medical Care. I have received several inquiries on testing ordered by doctors and hospital staff that is probably abused and [is] paid by medicare. Has the minister a committee or department that monitors if this sort of situation in fact exists?

MR. MINIELY: Mr. Speaker, I wonder if the hon. member could clarify. I'm not sure what testing he's referring to.

MR. KUSHNER: Well, for instance, unnecessary X rays or whatever.

MR. MINIELY: Mr. Speaker, I think that's a fairly broad question of policy which is difficult to answer in the question period. Suffice it to say that in meetings with the College of Physicians and Surgeons in the period of assessing policy and broad policy development in the hospital and medical care field, concern has been expressed relative to the control of diagnosis, in particular the control of X ray and laboratory costs. Solutions to this are a little more difficult to arrive at, at this stage, than having perhaps delineated a general problem.

MR. KUSHNER: Just briefly, to follow up again to the minister if I may. Could he inform this House if in fact it's being abused and if that type of abuse is monitored?

MR. MINIELY: Mr. Speaker, what I've tried to say in answering the hon. member is that there is no definite evidence at this stage that it has been abused. As a matter of fact the lab and X-ray utilization factor in our province is superior to many other provinces. So there is no definite answer to the hon. member's question except to say that it is sufficient [that a] question has been expressed through my travels throughout the province, that it's a matter I hope to investigate more definitively and in due course be in a position to advise this House and Albertans of my conclusions.

#### **Planning Act**

MR. CLARK: Mr. Speaker, I'd like to direct a question to the Minister of Municipal Affairs and ask if he'd outline to the House the anticipated speed with which the planning act will move through the House.

AN HON. MEMBER: Accelerated five years.

MR. CLARK: To rephrase the question: is it the government's intention to move through perhaps second reading and hold the planning act in committee until the fall?

MR. JOHNSTON: Mr. Speaker, we haven't had an opportunity to determine our position on that. However, I would imagine that would be the final outcome of the presentation of this bill. Those people who are

interested in it now have taken the effort to write to me and suggest that we should hold it over to the fall, and we will await the decision of government. I'm sure we'll have ample opportunity for input from various people, and we'll decide very soon.

#### **Anti-inflation Program**

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Federal and Intergovernmental Affairs, and it flows from the ministerial announcement on Friday, March 18, concerning Alberta's participation in the anti-inflation program. Has the government evaluated the impact on collective bargaining of moving into year three of the AIB program as of October 14, 1977, where the basic increase is no longer 6 per cent but in fact 4 per cent?

MR. HYNDMAN: Well, Mr. Speaker, I think that is more properly a matter for debate when the resolution is moved on Wednesday and discussion or response either by me or the Minister of Labour. We will take note of that and have an appropriate response on Wednesday during debate.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Has the government of Alberta made any recommendations to the government of Canada with respect to postcontrol mechanisms?

MR. HYNDMAN: There again, Mr. Speaker, rather than deal with this issue in bits and pieces, I think that properly is a matter for debate during the resolution discussion on Wednesday.

#### **Red Deer River Dam**

MR. TAYLOR: Mr. Speaker, my question to the hon. Minister of the Environment concerns the possible dam on the Red Deer with its alternatives of storage and diking, et cetera. Has the government set any criteria which will be used in making a decision on this matter in view of the fact that such a mass of representations are being made at this time on the various aspects of this item?

MR. RUSSELL: No, Mr. Speaker, we haven't. I really think the government has taken all reasonable moves it could with respect to investigating technological, scientific, engineering, and sociological factors. It is now doing its best through the ECA hearings to collect public response to the various alternatives. Based on the ECA recommendation and other factors involved, we would hope to arrive at an early decision.

#### **IPACE Meeting**

DR. BUCK: Thank you, Mr. Speaker, for getting me back on the list. Those 90 potential constituents had to be looked after.

Mr. Speaker, I'd like to ask a question of the hon. Minister of Energy and Natural Resources to do with the meeting held recently with IPACE, the Interprovincial Advisory Council on Energy. I'd to know if the provincial government had representation and how involved it was at that meeting?

MR. GETTY: Mr. Speaker, that's a meeting of various provincial government officials. The government of Alberta had a representative there.

DR. BUCK: Mr. Speaker, in light of the outcome of the election in Quebec, can the minister indicate if the meeting made any progress in setting up the proposed national energy grid?

MR. GETTY: Mr. Speaker, I know the matter of the energy grid was discussed, and there was some variety of opinion as to going ahead with studies into it. However, no resolution was arrived at with regard to completing a study into the advantages or disadvantages of the national electrical grid.

DR. BUCK: Mr. Speaker, can the minister indicate if there will be further meetings of IPACE?

MR. GETTY: I think there would be, Mr. Speaker, not necessarily on that subject although presumably it might well come back on the agenda. However, it is a committee that meets at the call of the chair. A revolving chairmanship principle is established. They meet at least once a year to have an interprovincial discussion on a variety of energy matters.

#### **Michener Centre (continued)**

MR. CLARK: Mr. Speaker, I would like to follow up a question I posed to the Minister of Social Services and Community Health last week with regard to Michener Centre in Red Deer. It flows from the Parents for Progress report on their visit to Michener Centre on December 7, 1976. The first question is: when the minister was in Red Deer for the official opening of Michener Centre, did she have an opportunity to look at Cherry Villa, which Parents for Progress pointed out as one area where they had been particularly discouraged because the conditions there were worse than they had been on their earlier visit?

MISS HUNLEY: On Friday I was occupied in other areas. But I'm happy to advise the hon. Leader of the Opposition that Cherry Villa is no longer in use. That point was made to Parents for Progress when they visited there in December. Within the week there were no longer any residents in it. So I can advise the hon. Leader of the Opposition there is no longer any concern in his mind or the Parents for Progress.

MR. CLARK: Secondly, Mr. Speaker, I hope the minister can be as positive as far as Juniper Ward is concerned and the concerns expressed there by Parents for Progress. Again on their visit in December, they said they were disappointed to see the conditions in that area also. They felt they had deteriorated from their last visit. Is the minister able to give us such a good word as far as Juniper Ward is concerned?

MISS HUNLEY: Yes, Mr. Speaker. I have nothing but positive statements to make, although we realize we wish to do more there. I visited Juniper in late January; I dined there. There has been considerable improvement in nearly all the villas. Cherry Villa was closed approximately one week ago, as I alluded to

earlier. Two other villas are also empty now. We've done extensive renovations to them.

One of the other questions the hon. Leader of the Opposition asked me was whether we would be increasing the staff. The answer is yes. My estimates show that we are now recruiting for additional employees.

MR. CLARK: Mr. Speaker, a further supplementary question to the minister. Will the additional staff be primarily in the area of day care? I raise that again because of the Parents for Progress report. That seemed to be one of the major concerns they raised.

MISS HUNLEY: I don't have the specific breakdown of where all the staff will be deployed. But I know that is one of our areas of concern. I expect some of them are there. I have not asked for the exact deployment and the positions we will be recruiting for, but I would anticipate those are some of them.

Perhaps I could add something further about Juniper. As I recall the report, Mr. Speaker, they were alluding to the fact that no playthings were out for the residents to entertain themselves with. I've been advised that the residents had only returned, either from a meal or from recreation — I'd have to check that to be sure. Usually the playthings are not out at that particular time, but they are available.

MR. LOUGHEED: Mr. Speaker, I would just like to supplement the hon. minister's answer on a couple of points, having been at Michener Centre on Friday. I note the hon. Leader of the Opposition was not in the Legislature on Friday when I referred all members to the report of the Hospital Visitors Committee with regard to this area, the one in 1971 and then the one in 1975.

It's interesting that the hon. leader refers to a report by a Calgary group entitled Parents for Progress, which the hon. minister has effectively responded to. I just want to tell the House I had the experience of talking to a number of parents, and what I got from those parents was very deep appreciation for considerable progress.

#### Age of Minors

MR. TAYLOR: Mr. Speaker, my question is to the hon. Attorney General. Has the government reached a decision yet on the juvenile age for boys and girls in the province?

MR. FOSTER: Mr. Speaker, I expect my colleagues and I will be considering this in government caucus in the near future. As a matter of fact, the Deputy Attorney General and some of my staff will be joining a meeting in Regina, I think in the next week, to discuss what's described by the federal government as the young offenders act. I'm sure representatives from other departments will probably be going as well. One of the questions to be discussed will be the matter of age.

I anticipate that if the federal government is bringing forward this new proposed legislation, it may indeed be some time in the mill, as it were. It may be that the government of Alberta will have to establish its own young offenders policy, and perhaps some legislation in that area, before then. As I said in the

House before, I anticipate the government will settle on a uniform age for both boys and girls. I expect it will be under the age of 18. If I had to guess, and it's purely a guess, I would say probably 16.

#### Medical Tests

*(continued)*

MR. MINIELY: Mr. Speaker, I wonder if I could supplement my earlier answer to the hon. Member for Calgary Mountain View, to be more specific on lab and X-ray services in the province of Alberta. The College of Physicians and Surgeons assumes a major responsibility in Alberta for the control of laboratory and X-ray services. Generally there are three areas. One is that the College of Physicians and Surgeons licenses laboratory and X-ray services throughout the province, particularly private lab and X ray.

The import of the question, as I understood it from the hon. Member for Calgary Mountain View, would cover two basic areas. One is the question of improper billing. If there is any evidence of improper billing at all by a member of the Legislature or by any citizen, a report to my office or the Alberta Health Care Insurance Commission would immediately result in an investigation, and we would also advise the College of Physicians and Surgeons. They would investigate and, if found to be abused, the individual member would be disciplined by the College of Physicians and Surgeons.

Also, we have had excellent co-operation from the College of Physicians and Surgeons on the question of utilization. If they find that an individual member of the medical profession tends to be requiring too many laboratory and X-ray tests on a referral basis — it's something the College is working closely with us in monitoring — the College will have discussions with the member of the medical profession.

Mr. Speaker, I just wanted to clarify that more specifically and to indicate that the College of Physicians and Surgeons has given us excellent co-operation in Alberta in this area.

MR. TAYLOR: Supplementary to the hon. minister. Is there a cross-check in the matter of payments between the Workers' Compensation Board and medicare?

MR. MINIELY: Mr. Speaker, yes there is. In discussion with the chairman of the Alberta Health Care Insurance Commission, Dr. MacLeod, we have at times come across duplicate billing. Again, where that's been detected through a matching, we have advised the College of Physicians and Surgeons. Between the legislation authority which exists in The Alberta Health Care Insurance Commission Act, and of course the role of the College of Physicians and Surgeons in disciplining their members, we've been able to take appropriate action.

MR. KUSHNER: A supplementary question to the minister.

MR. SPEAKER: Might this be the last supplementary. We've run beyond the time allotted for the question period.



MR. KUSHNER: If citizens feel this type of abuse is done or prescribed by doctors or hospital staff, and I have several complaints that it is, would the minister be in a position to inform this House to whom we refer these types of complaints so they can be monitored or investigated?

MR. MINIELY: Mr. Speaker, I would certainly encourage citizens who have any knowledge of improper billing of laboratory and X-ray services, or for that matter any other improper billings to Alberta's health care insurance plan, to write to the plan as well as to the College of Physicians and Surgeons. Of course, Mr. Speaker, my office is always available to receive complaints of that nature as well.

MR. KUSHNER: A last supplementary question, Mr. Minister. The concern of some citizens is that doctors are actually . . .

MR. SPEAKER: Order please. The hon. member seems to be making a representation. If there are further questions on this topic, perhaps they might be brought up in a future question period.

## ORDERS OF THE DAY

### head: **GOVERNMENT MOTIONS**

#### 2. Moved by Mr. Hyndman:

Be it resolved that this Assembly do resolve itself into committee to consider the supply to be granted to Her Majesty.

[Motion carried]

### head: **Committee of Supply**

[Dr. McCrimmon in the Chair]

MR. CHAIRMAN: The Committee of Supply will now come to order for consideration of the 1977-78 estimates.

MR. HYNDMAN: Mr. Chairman, before moving into the estimates I'd like to take this opportunity to move the motion which establishes the subcommittees of this committee. About 2 o'clock today, members of the opposition received copies of the motion. I gather they have no objections to it.

First, I'd like to ask leave of the committee to move that motion, notwithstanding the lack of normal notice.

HON. MEMBERS: Agreed.

Moved by Mr. Hyndman:

Be it resolved that:

- (1) (a) Two subcommittees of the Committee of Supply be established with the following names:  
Subcommittee A  
Subcommittee B
- (b) The membership of the respective committees be as follows:  
Subcommittee A — Chairman, Mr. Shaben

Appleby	Kushner
Ashton	Little
Backus	Lysons
Bradley	Mandeville
Buck	Notley
Chichak	Paproski
Clark	R. Speaker
Diachuk	Stromberg
Doan	Taylor
King	Thompson
Kroeger	Young
Subcommittee B — Chairman, Mr. Gogo	

Buck	Notley
Clark	Planche
Cookson	Purdy
Donnelly	R. Speaker
Ghitter	Stewart
Hansen	Taylor
Horsman	Tesolin
Hyland	Topolnisky
Kidd	Walker
Mandeville	Webber
McCrimmon	Wolstenholme
Miller	Zander
Musgreave	

- (2) The following portions of the estimates of expenditure for the fiscal year ending March 31, 1978, be referred to the subcommittee hereinafter set forth for their reports thereon to the Committee of Supply:

#### Subcommittee A

Energy and Natural Resources  
Social Services and Community Health  
Hospitals and Medical Care

#### Subcommittee B

Recreation, Parks and Wildlife  
Housing and Public Works  
Municipal Affairs  
Transportation.

MR. HYNDMAN: In speaking to the motion, Mr. Chairman, I'd like to outline the tentative dates on which these subcommittees will sit and the rooms in which they will sit. Members may wish to make some notes.

Subcommittee A will meet Thursday, March 24, at 8 p.m. in room 312 to begin consideration of the estimates of the Department of Social Services and Community Health. The next department for consideration will be Energy and Natural Resources, probably on Monday evening, March 28.

Subcommittee B will meet this Thursday night in room 119 to initiate study of the Department of Recreation, Parks and Wildlife. If it is completed by the following Monday, they will begin with the Housing aspect of the Department of Housing and Public Works. Both committees will meet at 8 p.m.

[Motion carried]

### Treasury

MR. CHAIRMAN: Mr. Minister, do you have any opening remarks?

MR. LEITCH: Thank you, Mr. Chairman. Yes, I have some opening remarks. I would like to review some of the major activities of the department during the

past year and outline some new activities we anticipate being involved in during the coming year.

Mr. Chairman, perhaps the most important — and if not the most important, certainly the most demanding — activity in which the department was involved last year was the negotiations leading to the new federal/provincial financial arrangements. I would like to take a moment, Mr. Chairman, to call to the committee's attention the unique character of those negotiations.

Over the past years there have been a number of negotiations on financial arrangements between the federal government and the provinces. Always in the past there would be meetings between the respective finance ministers and provincial treasurers, and there would be discussions about what the new financial arrangements ought to be. Inevitably, Mr. Chairman — and it flows out of the different economic circumstances of the provinces, the different financial circumstances and, in some cases, the different political philosophies — a wide divergence of views would be expressed by the provinces as to what form these financial arrangements ought to take. That of course made it very easy for the federal government, because it could simply point to the wide divergence of views expressed by the provinces and say, it's obvious we can't meet all of them, it's obvious there's very little agreement among the provinces. The federal government would then simply pick the arrangement that suited its purpose and, with some justification, say that was the best that could be done under the circumstances.

On this occasion, following the meeting of premiers in Edmonton, there was a direction that the finance ministers meet. In accordance with that direction, we did. Out of that meeting developed the belief and commitment that provincial interests would be better served in these upcoming negotiations if we developed a common position; that is, if the provinces were able to come together and present to the federal government one position for future financial arrangements. We as provinces were able to accomplish that over the months following the premiers' meeting in Edmonton, and I think it was an impressive accomplishment.

Mr. Chairman, the fact that we were chairing these meetings imposed a very heavy burden on the department. As a result of direction coming from a premiers' meeting in Alberta which we chaired, it fell on me to be the chairman of ministerial meetings leading to this common position, and of course on senior officials of the department the responsibility of chairing meetings of officials.

As a result of our responsibilities as chairman, we were also obliged to prepare the position paper which we presented to the federal Minister of Finance at a meeting on December 6 and 7 last year in Ottawa.

As I indicated, Mr. Chairman, this was a considerable burden on senior members of the department because it involved a large number of trips to Ottawa, both for officials' meetings and ministers' meetings. I was certainly very pleased with the dedication and hard work senior members of the department put into that task. I'm satisfied too, Mr. Chairman, that it was a very worth-while and useful exercise, because I'm totally convinced that had we not developed a common position and maintained it throughout all these meetings, leading to the completed agreement, we

would not have done as well as we did.

Mr. Chairman, I don't propose in these opening remarks to review all the new arrangements that flowed from those meetings. They have already been dealt with at some length in the news media. They are contained within a bill now before the federal House. However, if any members would like some more information or greater detail on those arrangements, I would be pleased to provide it later on during a review of the estimates.

For the moment I propose to restrict my comments to saying that the new arrangements are a very important move in the direction in which Alberta wanted to go. That arises from the fact that the federal cost-sharing payments have, roughly to the extent of 50 per cent, been replaced by transfer of tax room. That gives us greater flexibility in two areas. It means we have greater flexibility over our programs. That is, we don't need to keep in mind that certain programs are cost-shared 50 per cent and therefore structure our programs to get maximum funds in that way. We're perfectly free to structure the programs in the way we think is best for the people of Alberta. It also gives us greater flexibility in that a larger percentage of our budget comes from our own tax revenues than was the case under the old arrangements.

In conclusion on this point, Mr. Chairman, I'd recall to the committee's attention that the new arrangements will mean Alberta will receive in the coming year approximately \$54 million more than it would have received under the old arrangements. Now, in saying that I want to point out that the revenue guarantee payments of course terminated, as was provided for in the revenue guarantee agreement, on December 31 of last year. The arrangement is also to our advantage because we are satisfied that the revenue growth from the transfer of tax room will be greater than the revenue growth would have been under the former cost-sharing arrangements.

All in all, while one would have liked to have done better and gotten more from the federal government, I feel that the current arrangements are a reasonable compromise. In short, I think the current arrangements are the Canadian confederation working in much the same way it has worked for a long time.

One other area I would like to touch on briefly is the trip senior members of the department and I made to New York recently. We essentially had two purposes in making that trip. One was to have some preliminary discussions with the rating houses, that is, the houses that rate credit of various governments and so on that wish to borrow money. That credit rating of course influences the interest rate the borrower pays. In addition to that, we wanted to tell the Alberta story — that is, we wanted to talk about our economic situation, the financial position of the province, the investment opportunities, and things of that nature — to the financial community in New York.

Mr. Chairman, I don't know that before making that trip I had really fully appreciated how helpful it is to those Albertans who are borrowing in the New York money market to have senior officials and ministers from the government go to New York, meet the financial community, and talk to them about the province. That does help them in their borrowing. Of course that is of direct benefit to Albertans, particularly in the case of utility borrowing, because anything that

can be done to make the borrowing easier, to reduce the interest rate, is a direct reduction in cost to the user of that utility. Then of course it's an indirect benefit to Albertans if it assists people who are endeavoring to borrow money there for purposes of investment in Alberta, because that simply increases the economic activity here.

Mr. Chairman, we had a luncheon, then later in the day we had a reception. Alberta was the host in both instances, and we invited about 50 or 60 people to each of the two functions, making a total of 100 or 120. They were either the same people who had been present at Mr. Levesque's speech in New York, which was a week or so before I went there, or they were from firms that had representatives there.

I think we made mention of this earlier, but I repeat it now for the benefit of the committee: there was no question whatsoever but what the election in Quebec and Mr. Levesque's comments on that election to the New York financial community, the group he was speaking to, had significant detrimental impact on the capacity of Canadian governments to borrow in New York. The consensus there was that the cost of borrowing had risen appreciably from those events. I would say the impact would be greatest on the Atlantic provinces and minimal on the western provinces. But even our advice was that there was some minimal impact on western provinces. Now whether that continues, I think remains a matter on which I wouldn't wish to speculate at this time.

I filed the booklet that we distributed there, *The Alberta Story*, along with notes for the speech I made in New York. I commend *The Alberta Story* to members of the committee. I think it is perhaps one of the best things we have done in government in laying out the opportunities and describing the circumstances in Alberta. I want to commend the people in the department who prepared that.

Members will also note that it was because of the timing and of the feeling that existed in New York while I was there that I made some comments on the question of the Quebec election and Canadian unity. The notes of those comments are in the speech I earlier filed in the House.

Mr. Chairman, I think those were two of the main highlights of the Treasury department last year. I should simply call the committee's attention to one of the activities we're going to be concentrating on very substantially in the coming year: the establishment of the controller function, and the new legislation with respect to financial administration and the Auditor's office.

We have been working during the past year on the financial administration legislation. Quite frankly, it has proven to be a much more formidable task than any of us had anticipated when we embarked upon it. It's technically very difficult, and I think the senior people from the Legislative Counsel's office have held something like 20 full-day meetings on that legislation within the past few months. We're making progress, but not nearly at the rate we anticipated when we were first considering it.

I do want to call to the committee's attention that all the new positions in Treasury — and there are 23 of them — are in the controller's office. These people will be working to begin putting in place the preaudit function, which will be transferred to Treasury from where it now is in the Auditor General's office. They

are doing such things as developing financial management and control manuals, special payment systems, and so on. So we are moving ahead with the actual work and the putting of people in place in the anticipation of being able to introduce legislation in the future.

Mr. Chairman, I'd like to close my remarks with some comments about the personnel administration office. First, I'm pleased to report that this year we appointed Mr. Jim Dixon as the Public Service Commissioner. Members will recall that last year I commented on the very untimely death of our former Public Service Commissioner Keith Robertson and advised the committee that Mr. Dixon was then acting in an acting capacity. After that, Mr. Chairman, we advertised the position across Canada in the usual competitive way and received a substantial number of applications — I've forgotten the actual figure; I think it may have been 40 or so — many from outside Alberta. I think the largest number were from outside Alberta, and many from very highly qualified people.

I appointed a committee of senior members of the Alberta civil service to review all the applications and hold interviews with the applicants where it felt that was appropriate, and asked that it make a recommendation to me after it had done that. The committee did so and, with very little difficulty, was able to recommend to me that Mr. Dixon, who was then the Acting Public Service Commissioner, was the person who ought to be appointed Public Service Commissioner. Its recommendation merely confirmed the views I had formed about Mr. Dixon's capacities, and I think it's a cause for some satisfaction and pride for all of us that a person who was with our civil service for a number of years would be rated so highly in an application for the senior position in comparison with very well-qualified applicants from across the rest of Canada.

Mr. Chairman, I would like to draw members' attention to a new program in the personnel administration office. It's entitled personal planning and career development, and nearly all of the increase in personnel in the personnel administration office is to staff this new program, which requires four positions. The object of the program is to enable the personnel administration office to respond to the demands and needs in special areas of recruitment, retention, and advancement. It's the personnel in this program who will be doing one of the functions I referred to in question period earlier this session; that is, they will be endeavoring to find out why more qualified women are not applying for the senior well-paying jobs in the civil service, and endeavoring to find ways and means of increasing the number of applications from women for that kind of employment.

Lastly, Mr. Chairman, I'd simply like to publicly express my appreciation and gratitude to the staffs of pension administration, the personnel administration office, and the Treasury department for their support and, I think, the really outstanding work they have done on behalf of the people of Alberta during the past year.

MR. CLARK: Mr. Speaker, in responding to some of the comments made by the Provincial Treasurer and then perhaps moving into one or two other areas, I'd say at the outset that we on this side of the House concur whole-heartedly with the comments made by

the Provincial Treasurer with regard to Mr. Jim Dixon. My colleague the Member for Little Bow, when he was the minister responsible for the public service, certainly developed a deep appreciation for Mr. Dixon's abilities, and indeed I think the government made a wise choice in that particular area.

Perhaps as part of my remarks, I should also say that following the tabling of the budget in the House, we asked the Provincial Treasurer to make available to us the detailed object of expenditures. I'd say, Mr. Chairman, the Provincial Treasurer has done that for the Treasury department, and it's my understanding the information will become available for the other departments. Certainly that makes it a great deal easier for us to look at some of the details of the budget, and I suspect will enable us to move ahead a bit more quickly here in the committee.

Thirdly, I would express my appreciation for doing the Treasury estimates first. I think it will provide us with an opportunity to perhaps better understand some of the overall components of the budget itself.

Now dealing with the question of the federal/provincial fiscal arrangement, first of all might I say we would look forward to the Provincial Treasurer perhaps indicating to us in the course of our discussions here this afternoon, this evening, or on some later date during this spring session the kinds of trade-offs we really had to talk in terms of.

We appreciate very much the problem with the federal government in the past, because the provinces were in a position where agreement wasn't possible between the 10 provinces. I think the move that has been made will give the province considerably more flexibility. It would also be interesting to hear from the Provincial Treasurer what areas the government is now looking at as far as using that increased flexibility.

Are there some aspects of the fields of advanced education, health care, and the social service programs in which the government plans to change the emphasis? Because I am sure all members of the House recognize the problem of the 50 cent-dollar thing in the past, and if we spent money there you could reclaim approximately half of it from the federal government. I'm sure the government has now had some time to look at what some of the changes will be. What are some of the areas the government is looking at? I think that would be very helpful to us along with some of the background information.

As far as the trip to New York that the Provincial Treasurer spoke of, I commend the Provincial Treasurer for his endeavors in that particular area.

Now I move into the question of the reorganization of the department, especially in the area of The Financial Administration Act. I think when the Provincial Treasurer talks about The Financial Administration Act, he's really saying to us in a very nice way that it'll be some time yet before we see a provincial auditor. Very frankly, that disappoints me.

Some months ago, in fact over a year ago now, the Provincial Treasurer announced in Calgary that we were moving towards a provincial auditor. Last year when we pursued this matter in the House, there was an indication we might not see the legislation in the spring, but we certainly would in the fall. Now I don't accept the point put forward by the Provincial Treasurer that there have been 20 full-day meetings between the Legislative Counsel and senior officials of

the department and that would be sufficient for not moving ahead with provincial auditor legislation. I remind the Provincial Treasurer that before he was in the House, his colleague the Government House Leader presented legislation to the House. I recognize that that legislation can't be taken in its entirety and just plunked before us, but certainly when it's been six years in the development stage, we're not now saying we're going to have wait another year. That's pretty slow, in fact very, very slow.

I'd also be interested in the Provincial Treasurer enlarging on the preaudit growth in the department. I suspect that would be under program 4, Mr. Provincial Treasurer, the office of the controller. I would appreciate very much if the Treasurer would go into some detail here. When we see the office of the controller, there's something like a several hundred per cent increase in that vote, a 523 per cent increase.

It's also interesting that when one goes back to page 2 in the estimates and looks under the legislation, one finds that the appropriation for the Provincial Auditor in the area of preaudit responsibilities is also beefed up. Well, the Treasurer shakes his head. Then I'll be looking forward to his explanation with more than the usual amount of interest. Unless the figures are wrong or our calculations are wrong, that's certainly what it appears to be on the surface. So we'll look forward to the Treasurer's comments there.

I'd like to make two other initial comments, responding to the study of the estimates. During the course of the estimates, it's our intention in the official opposition to move a number of amendments to the budget proposals set forward. These will not take place in every department — in some departments more than others. But it is our intention to move a number of amendments to the budget. We hope the amendments will be seriously considered by the government.

The amendments will really be based on the three criteria we started this session with: first, the idea of open government; secondly, the concept of new value for the taxpayer's dollar; and thirdly, increased emphasis on less power being placed in the hands of the provincial government and strengthening of local governments across the province. So the amendments we will be making to the budget will be from those three basic points of view.

Perhaps I might stop my comments now, Mr. Chairman, and ask the Treasurer to respond in two or three of those areas; especially with regard to the Provincial Auditor, especially with regard to growth of the controller and the preaudit function in the Provincial Auditor's office, thirdly with regard to the fiscal arrangements between Alberta and Ottawa and the trade-offs that were involved, and what changes we can expect in the structure of programs.

MR. LEITCH: Mr. Chairman, perhaps I should begin by responding to the first question the Leader of the Opposition asked: what kinds of trade-offs were involved in negotiating the new federal/provincial arrangements? I'm not sure I would characterize anything that happened during those negotiations as "trade-offs". A position was put forward by the provinces which would involve more money coming to the provinces than is the case in the final arrangements.

As I remember it, the proposal the provinces put forward, for example, called for a transfer of four personal income tax points to make up for the fact that the revenue guarantee agreement was terminating on December 31, 1976. The argument that there ought to be a continuation of that was based on a statement made by John Turner when he was federal Minister of Finance, that when that came to an end there would need to be some further consideration, or words of that nature which might have implied that the federal government was going to do something but certainly weren't strong enough to indicate they were committed to doing anything. In any event, the provinces calculated the payments they were likely to receive under the revenue guarantee agreement if it had continued, and came to the conclusion that four points of personal income tax ought to be transferred to make up for the loss of revenue resulting from the termination of the agreement.

Now the final arrangements: one additional income tax point was transferred in respect of that. Then an increase in the cash payments being made by the federal government came to roughly another tax point. So there was sort of a division, almost an equal division, of the amount in dispute there.

But I wouldn't have characterized that as a trade-off. The province was simply saying, look, this agreement should be continued, if it were continued we'd get four points. The federal government was saying, it was never the intention of that agreement to be for more than a short period of time, because the purpose of the agreement was to enable the provinces to adjust their tax systems to meet any reduction in their taxes that might flow from the fact that the federal government had introduced a new tax system in 1972. They said, that was just to protect you during the five-year period from any loss of those revenues, and during the five-year period you should have been able to make the appropriate changes in your own taxation system.

Again, I thought that was a reasonable compromise of an issue [on which] there was obviously much to be said on both sides. So I wouldn't regard it as a trade-off.

There are other areas in the proposal which the agreement falls short of. One of them is an equalization of tax points. The provinces proposed that the tax points that are being transferred be equalized to the highest province, and have the final arrangements equalized to the national average. But again I wouldn't call that a trade-off, unless the hon. Leader of the Opposition is referring to trade-offs as the final agreement being something less than what you had asked for in your opening negotiation.

I think there were other changes too in the levelling down and levelling up of payments to the provinces. That comes about because under the shared cost programs, some of the provinces are higher than the national average in their costs of those programs and others are below. The changed system is designed to level up in a short period of time those provinces which are below the national average, and level down over a longer period of time those provinces which are above the national average.

Again, those are differences between the provincial proposal and the final agreement. I wouldn't have called them trade-offs. I think that normally means you give up something you have in order to get

something else. Looking at the whole arrangements between the provinces and the federal government, I don't think that occurred at all.

With respect to what areas we're now considering because of this increased flexibility flowing from the new federal/provincial fiscal arrangements, I think that's not a question I'd give any definitive answer to. We're pleased that we have this additional flexibility. We've just gotten it. At this time I think I wouldn't want to speculate on how it may be used in the future.

With respect to the comments made by the Leader of the Opposition as to when we might see new legislation with respect to the office of the Auditor, and the reference to the personnel increase in the Auditor's estimates which we will be dealing with at a later time, I didn't make reference to the legislation with respect to the Auditor's office because I assume that would be more appropriate when we deal with the Auditor's estimates. But I see the two things going hand in hand; that is, the new financial administration legislation and new legislation with respect to the Auditor's office.

I would not now want to give a commitment as to when we can bring it to the House. The Leader of the Opposition says it has been in the mill for six years. That isn't the fact. It may have been talked about that long ago. It was about the time I made the announcement to which he refers that we began to put things in place to get this work done. It's simply turned out to be a far more complex undertaking than we had anticipated, therefore it is taking longer.

There is some increase in personnel in the Auditor's office. I haven't briefed myself on the details today, because they will be coming up later. But I recall them from briefings some time ago when we were putting the estimates together. My memory is that there was an increase simply because of a very substantially increased workload. You can go through the number of cheques and things like that now being dealt with, compared to a little while ago, and there had to be additional personnel to cope with that. In addition there was added personnel for the Auditor to do more post-audit work than he has in the past. We are actually moving administratively in areas where we can move prior to the coming in of the legislation I've been talking about. So an increase in the post-audit work of the Auditor accounts for some of the increase in personnel in the Auditor's estimates.

I don't have with me at this moment the actual detail of what those 23 people we talked of here are going to do, but I'm sure I can get it. They will all be involved in a transfer of some of the preaudit function from the Auditor's office to the controller's office, so they will actually be doing some of the preaudit work. In addition they will be doing all the work necessary to get a total preaudit function in place within Treasury.

Mr. Chairman, I believe I've covered all the points on which the Leader of the Opposition asked for some response in his opening comments.

MR. CLARK: Mr. Chairman, perhaps I might just make two comments, then go on to some very specific questions. First, when I make the comment about the question of an auditor general being in the gestation period for some six years, I would suggest the Provin-

cial Treasurer go back and check the bills introduced by his colleague the present Minister of Federal and Intergovernmental Affairs when the government sat on this side of the House.

Secondly, I would like an explanation from the Provincial Treasurer. . .

MR. R. SPEAKER: It was actually poor legislation, though.

MR. CLARK: We didn't think it was so poor that it would take six years to correct. Secondly, if we are not going to be changing The Financial Administration Act for a year, and if under the present legislation the Provincial Auditor has audit and preaudit responsibilities, under what statute are we changing that, prior to the change in The Financial Administration Act?

MR. LEITCH: Mr. Chairman, I would like to check this, but I think I'm accurate in saying the Auditor remains responsible, because that is required under the legislation. Someone else not necessarily in the Auditor's office can actually do the work — and that's what we are doing — but the Auditor remains responsible. There is no change in the responsibility, but there is a change in who's actually and physically doing the work.

AN HON. MEMBER: But no change in responsibility?

MR. LEITCH: Just a change in the people who are doing the work.

MR. CLARK: Under the arrangement that has been worked out between Treasury and the Provincial Auditor, is the preaudit function in some cases going to be handled by Provincial Treasury personnel and not by audit personnel?

MR. LEITCH: That's right, but that doesn't alter the Auditor's responsibility for all that work.

MR. CLARK: Mr. Chairman, I would like to reserve my comments until I've checked The Financial Administration Act too. But it seems a rather strange situation that prior to the Provincial Treasurer bringing this to the House, they would work out an arrangement where some of the Auditor's function would be taken over not by people who are employees of the Provincial Auditor's office but in fact by people who are in the Provincial Treasurer's office. I raise that because in 1972, if my memory is accurate, or it could have been '73, a private member's resolution dealing with this question of the maintenance of the preaudit system was before the House.

I recognize the arrangement the Treasurer has explained to us here doesn't deal with changing to post-audit and preaudit; that isn't being changed. But what does concern me is that we are now going to have people who are employees of Treasury doing the preaudit function rather than people who in fact are employees of the Provincial Auditor. From the Treasurer's explanation I can see that the Provincial Auditor will still have the overall responsibility. But frankly it doesn't seem to be a very desirable arrangement, and I would like the Treasury to elaborate on it somewhat.

MR. LEITCH: Mr. Chairman, I don't see the slightest problem with that kind of arrangement. The Auditor knows what's being done, approves of the way it's being done, and remains responsible for the work to the House and the government, in the way current legislation makes him responsible. But whether the actual work is being done, under his approval, by someone in Treasury or someone in one of the departments or someone in the Auditor's office, I don't think is that significant.

What the committee needs to appreciate too is that you can't suddenly switch this kind of system on like a light. A lot of preparatory work needs to go on ahead of time. You don't suddenly move this from one place to another in one day. The kind of work we are now doing, in close liaison with the Auditor's office, is putting the people and systems in place in Treasury so when we have the legislation and it clicks into place, everything will be able to pick up from there and function.

As I say, there is no alteration at all in responsibilities assigned to Treasury and the Auditor by the legislation. It's simply a question of who's doing some of the preliminary work.

MR. CLARK: Mr. Chairman, perhaps we could come back to that matter just a bit later on. I would like to ask the Provincial Treasurer what directions were sent to the various departments with regard to the preparation of the budget this year. We look through the budget and find some departments under the supposed 10 per cent guideline across the board. Several departments — I guess the best example is the Provincial Treasurer's own department — are well above the expenditure guideline, which seems to be the practice of do as I say, not as I do. I should say to the Provincial Treasurer, so our arithmetic will agree, that we are working on the basis of estimates to estimates — the estimates the Legislature approved last year with the estimates the Legislature is being asked to approve this year.

My question to the Treasurer is: what kind of direction went to the various government departments, also to boards and commissions, as far as budget preparation for this year is concerned?

MR. LEITCH: I'm going to respond to the, I thought, rather unfair accusations the Leader of the Opposition made about the increase in Treasury's budget. It's true it has increased about 18 per cent over estimates. And I say that because the Leader of the Opposition was comparing estimates to estimates. But if you look at Vote 3, you will find that's where the bulk of the increase occurs and that all of it is non-discretionary.

As we go through the estimates — and I'm delighted to get the opportunity to do this, because I think I'm going to be able to demonstrate even to the satisfaction of the Leader of the Opposition that Treasury, like the government generally, has practised restraint most severely in its own discretionary operations, with the exception of course of the new program, the increase in the number of people in the controller function. In all other areas you will find that Treasury has stayed with the same number of people. The workload has grown; you can't have a province that is growing and expanding the way Alberta is without the workload growing. But we've

stayed with the same number of people.

That's also true, Mr. Chairman, with respect to the pension administration where the increase is nominal. Again, there's been an immense increase in workload there, part of it flowing from added people coming in under local authorities pension administration. As new groups come in, it adds to our workload. There's also a minimal increase in the personnel administration office, except for the four people in the new program I just mentioned.

So I'd conclude with those general comments on the Treasury's estimates by simply saying that more than all of the increase above the guideline we talked about is accounted for simply by non-discretionary expenditures. One of the major increases is the utility rebate which is in Vote 3, and members of the committee will remember that that is a program whereby the federal government rebates, I think, 95 per cent of the income tax paid by utility companies to the province. We in turn rebate it to utility companies who in turn rebate it to the utility users. I'd have to check the actual figure, Mr. Chairman, but a very large percentage of the increase in that vote flows from an increase in that payment.

With respect to criteria — I haven't got it with me at the moment. It was sent out to the departments many months ago, with respect to their preliminary requests for budget preparation. Since I've been the Provincial Treasurer we have always sent out very restrictive instructions. We want department personnel to take a very close look at their operation, and we want them to do it at that time. We want them to review it with their minister. That's the time we think the opportunity should occur for the senior department people and the minister to be carefully examining all aspects of their department expenditure programs to see if they can't find efficiencies here or cost savings there, to re-examine programs. There may be some that have outgrown their value to the people of Alberta and ought to be considered in that light.

Those are the only instructions we send out, Mr. Chairman. The departments prepare preliminary budgets on that basis. Now, as to why some departments are above the 10 per cent guideline and others are below, you'll find much of the answer to that in non-discretionary expenditures.

For example, I think one might look at Social Services and Community Health and find areas where there's significant increase above the guideline. But there you're really dealing with numbers. You have a program or a policy in place that provides for certain levels of social assistance. How much the government is going to have to pay depends on the number of people who fall within that category. That's not really a controllable item unless there's a change in the policy.

So much of the difference both above and below the 10 per cent guideline will come from just those circumstances. Either it's a non-discretionary area and we were called on to make certain payments by statute or you're simply dealing with numbers.

Another area in which there's been a significant increase in Treasury is in farm fuel, transportation — that's grown substantially. Our estimates are that there's going to be more [inaudible] than quantity this year than has been the case in the past. So there's an increase there because of that. Those are items

I'd call non-discretionary, Mr. Chairman, because it means those funds have to be made available unless you make a change in the program.

MR. CLARK: Mr. Chairman, perhaps I could just ask one more question and then become a bit more open on it. I'd like to ask the Provincial Treasurer [about] a meeting that was held between the Premier and the deputy ministers. I've heard of this meeting so often — not from the deputy ministers, I would hasten to add — and I think it's fair to raise it here. The meeting I allude to was when the Premier called in the deputy ministers sometime last year and talked pretty frankly about the rate of growth of the provincial budget, and the impact it was going to have on the province if things continued to grow at the rate they had over the past number of years. If my recollection is accurate, it was following this that the very specific guidelines the Provincial Treasurer referred to went out to the various departments.

I raise this because I think it would be helpful for the committee to get some view from the Provincial Treasurer as to what kind of rate of increase we can look at. I recognize it varies somewhat from year to year. Is the Treasurer basically satisfied with the 12 per cent rate of growth — using his figures, or 15 per cent using mine — that we have this year in comparison to last year? We look at the budgets for two and three years prior to that and there's a great increase. On a five year average what rate of growth can this province stand, given the fact that we are now committed to 30 per cent going into the heritage savings trust fund, our crude oil production has been tapering off for a couple or three years, and by 1981 we expect to reach the peak as far as natural gas production is concerned. What kind of ballpark rate of increase should we be looking at here?

MR. LEITCH: Mr. Chairman, that asks me to look into the crystal ball, and I've never prided myself on having a very large crystal ball.

As I said earlier, I think the growth in government expenditure, which in the four years from the 1972 budget through to the 1975 budget averaged something in the order of 23 per cent, was justified, indeed was necessary, because I thought Alberta had increased natural resource revenues coming from increased prices and production at that time, from crude oil and natural gas, [and] that there ought to be some immediate benefits to people now living in Alberta. We were of the view then that Alberta lagged behind many areas in Canada in certain very basic services to people: mental health, retarded children, the handicapped, and things of that nature. It was my view, and obviously the government's view, that we ought to increase the level of services to Albertans to the point where they were either the highest or very nearly the highest in Canada. That was accomplished over those four years.

Having done that, and having said that was the government's philosophy, to go now and do what the Leader of the Opposition asks, to indicate a kind of average we might have during the current term, if you like, is not something that I would want to or could usefully speculate on. I think taxation levels, government service levels are just constantly under review. I don't suppose a day goes by when that question isn't considered by the government. The

amount of increase is going to be determined by economic conditions, revenue conditions, service levels and so on existing at that time.

I know it would be useful to members of the opposition if the government were to speculate on what a figure should be for the next five years. But I think it's unrealistic. I don't think these things can be done by looking into your crystal ball. They are constantly under review, and that's a judgment decision that has to be made each year, each time we come to put the budget before the Assembly.

MR. CLARK: Talking about crystal ball gazing, it amazes me how the Treasurer and the Premier can gaze into the crystal ball and say that if our expenditures continue at this rate, within the next number of years we're going to break the economic fibre of the province, and tell the deputy ministers this. But then they haven't got the same crystal ball, or any kind of crystal ball at all, when it comes to levelling with the Legislature as to what kinds of expenditures we can expect for the next four or five years.

We recognize that next year is going to be election year, and I can appreciate why the Provincial Treasurer is pussyfooting around, and so on. But it seems to me that if the same government can go to the senior officials and say, look, this is the kind of thing we're looking at: if our education costs and health costs continue to increase at the rate they have over the past number of years we're going to . . . You know, the province can't afford it. If we expect the public service to take that kind of advice seriously, it's amazing to me that the Provincial Treasurer isn't prepared to try to look in the same crystal ball and give us some indication as to what he sees in the area of social service programs. Can we continue hospital increases at the rates of the past four or five years? What about education? Let's confine it to those two areas, Mr. Treasurer.

MR. LEITCH: Mr. Chairman, in my view the Leader of the Opposition confuses the capacity to look in the crystal ball and the capacity to draw conclusions from facts that have occurred. It's really this simple. The rate of increase over the four-year period we've been talking about was 23 per cent. It's one thing to say, look, that's too high, it should not continue at that level, and it should not continue at that level because of difficulties of financing. That's one obvious reason it shouldn't continue at that level.

But there's a second reason, which I've already referred to; that is, how far out of step should Alberta be with respect to the rest of Canada in comparing levels of government service? Now to say that is too much is one thing. To jump from there — which the Leader of the Opposition does — to saying, having now been able to say that's too much, you should be able to pick a figure that is right, is a kind of exercise that to me doesn't follow at all. It's one thing to say that figure is too high; it's quite a different thing to say another figure is the right one. As I've indicated, we've said that figure was too high and shouldn't continue, and that's what I said in the budget speech a year ago. But to say you can equally easily find a figure that should be the right one for the next years is just wrong.

MR. NOTLEY: Mr. Chairman, I'd like to make a number of general comments. Flowing from them will be questions, and I would appreciate answers from the Provincial Treasurer. First of all, dealing with the new fiscal arrangements between the federal government and the provinces, I'd just like to offer a few observations about the change.

I certainly agree with the criticism levelled in this House before about the inflexibility of some of the cost-shared programs, even though I would argue that in the last 10 years since the Pearson government embarked upon them — and for that matter, the first major one was originated by the St. Laurent government — I think in principle they have contributed to an improved quality of life for the people of Canada. But I think it is a fair comment that in the administration of cost-shared programs there has been an inflexibility. That inflexibility has quite properly contributed to an almost general feeling among all provinces — whether it's in the Atlantic region, which is a have-not area or Ontario or Alberta, which are have areas of the country — that perhaps some alternative should be found. Whether or not we should have looked at a more flexible method of administering the cost-shared programs as opposed to the tax point transfer is, I suppose, a debatable question. But there is no doubt, for example, in the area of hospital expenditures, that we were caught where we had to invest year in and year out in active treatment hospitals because the inflexibility of the program has caused problems not only here but in other provinces as well.

My concern with the new arrangement, Mr. Treasurer, doesn't really originate from being a member of this Legislature. I think Alberta is a have province; it's going to do quite all right out of the transfer of tax points. There's no doubt in my mind that Ontario, a have province, is also going to do quite well out of the transfer of tax points. But to begin my comments, I pick up just one statement you made in response to the Leader of the Opposition which I think is extremely important, and that is the concern of the have-not provinces about equalized tax points, equalized up to the top yield of the richer provinces and not some sort of national average. I think this is a very relevant point. One can say there was no trade off as far as the province of Alberta is concerned and be quite accurate, because Alberta is a have province. So we're going to do all right out of a trade off of tax points. But what about Prince Edward Island, what about New Brunswick, what about Newfoundland where we've recently invested \$50 million, if one can call it that? What about the yield to those provinces? I understand that the difference in per capita yield on the tax point is really quite dramatic, even with this averaging up to the national average. The difference between Prince Edward Island and Ontario is that a tax point in Ontario will bring in \$10 per capita; in P.E.I., \$4 per capita.

Now when the Treasurer introduced the estimates you talked about going to New York, and in the course of your remarks, made observations about national unity. Well fair enough, and I'm sure most of us would agree with those remarks. But — and I say this "but" quite seriously — I suggest that national unity will be fostered more directly over the next few years in this country by fiscal arrangements rather than attempting to find constitutional formulas.



When one looks at the Atlantic region today where there's a good deal of disaffection, unless we can deal with the regional disparities that Trudeau talked about so eloquently in 1968, this country's going to be in trouble. It's not only going to be in trouble with the Levesque government in Quebec; it's going to be in trouble in the have-not regions of the country.

So my basic concern with the proposal that we have in effect now is that it seems to me it is still going to lead to some very serious inequities, perhaps in the first year, as a result of the three ingredients set out on page 45 of the budget speech. The poorer, or have-not provinces may come out even. Steven. Alberta apparently comes out \$54 million ahead. But what do the projections say? And as a result of this move are we going to find that the quality of some of these basic programs in the poorer parts of the country will lag significantly behind the wealthier provinces in Canada? I say that because it seems to me that is really a passing issue in this House, but it is going to be one of the more crucial questions in determining whether we keep this country together. I really believe that we've got to tackle regional disparities and that a wealthy province like Alberta has to take a very strong stand in terms of, we're going to go this route of tax points. It seems to me our position should be that the tax point yield should be equalled up to the top province in Canada and not the national average.

Mr. Chairman, I want to move from that point to deal with several other questions that occur to me. I note that on page 47, I believe, of the report we will receive approximately \$160 million more in income tax revenue. My calculations were something over \$200 million, but I assume that's making allowance for an increase that would flow in because of higher personal income tax payments in any event. So we're looking at \$160 million. My calculations would show somewhere around \$32 million over the estimates of last year in corporation tax income and what we expect to get this year.

The first observation I'd make, Mr. Chairman, is it seems to me there is a rather strange disparity here between the yield, because we're going to get back one income tax point. So it would seem to me there should be a larger increase than \$32 million. However, I don't want to get into a debate over that.

MR. LEITCH: You already have.

MR. NOTLEY: Okay. That \$32 million then is the increase in the yield one expects this year. Okay. So we're looking at \$160 million, Mr. Chairman, and approximately \$30 million or \$32 million more, which is about \$192 million. My question — a very direct question — to the Provincial Treasurer is whether or not . . . and one can look through the estimates. I've done so in a cursory way, but I haven't been able to see whether or not we're going to put all that additional money into the programs that were in fact cost shared before. If we do have any statistics on that — the Leader of the Opposition asked a very important question about what new thrusts we are considering with the flexibility, but I would add to that: is it the government's intention generally — within reason; no one is saying every last cent has to be transferred into these programs — to use that elbow room to improve services which were previously cost shared,

or is it the government's view that this will give greater flexibility for other types of expenditure or investment?

I'd like to raise three other points, Mr. Chairman. Two deal with unemployment. Unemployment is not a major problem in Alberta. The fact of the matter is that as a result of the boom we have a very high rate of employment. But — and this relates to the question I posed to the Minister of Advanced Education and Manpower this afternoon in the question period — we do have pockets of unemployment that are really quite distressing, because they remain pockets of unemployment. The first time I went to the Peace River country in 1961 and travelled along Lesser Slave Lake, Lesser Slave Lake was a have-not area. There weren't enough jobs. The same was true in 1965, and even more true in 1969 and '70 when we got into the DREE program. Lamentably, Mr. Chairman, the same is true today. It's still an area where you have rather serious pockets of either unemployment or underemployment. Rather than looking at a grand design to deal with what is not a problem across the province as a whole, I would be interested in what kind of sophistication we have to zero in on those parts of the province where there is serious unemployment, particularly chronic unemployment. One of the suggestions made in the federal House recently by Lincoln Alexander, the Conservative manpower critic, was that we should be providing public works or public expenditures in some of these areas of chronic unemployment. I would ask the minister whether or not the government is now considering any sort of program — I'm not suggesting a crash program — that he sees being undertaken this year, directed to those areas where we have unemployment.

Along with that, Mr. Chairman, I would just make this pitch I've made in the Legislature before when dealing with Department of Treasury estimates. We can talk about different kinds of tax relief. In 1975 the government reduced personal income tax by 10 per cent. I said then, and I say now, that it would be better to have a tax credit system instead, even if we were looking at approximately the same amount of loss to the Treasury, because a tax credit system would get the money into the hands of the lower income people who need it most. When one looks at an across-the-board reduction in personal income taxes, high-income individuals gain the largest tax saving. A tax credit system would get money into the hands of people who consume. It seems to me we want to get money back to those people who have the highest propensity to consume at this point in time, so that we can get the wheels of industry rolling again right across the country.

The other and final point I would raise — and I would ask the minister to respond directly, Mr. Chairman — is with respect to ALPEP. The minister and I have had some memos going back and forth as to the approximate loss, but I think we got fairly close to a figure of around \$400 million revenue this year as a result of the incentive program. Not too long ago *Oilweek* carried an assessment of one part of ALPEP. While there's no doubt that drilling has increased, the rather disturbing feature of this report was that new wildcat wells — which, as I understood it, was really the principal reason for the program — had not increased. In-field drilling is going to occur anyway,

particularly with the higher prices of natural gas and oil. Therefore it seems to me, Mr. Chairman, if we're not getting new wells drilled and new wildcat wells coming in, one can really question whether it's a very sensible program. I understand it is being reviewed. I'd like the minister to respond as to where that review is presently, in terms of the government's position, whether or not it sees an extension of the program, a phasing out, or some partial continuation.

MR. LEITCH: Mr. Chairman, I find it a little difficult to respond to the comments of the Member for Spirit River-Fairview because it seems to me most of his comments dealt with areas in which I don't have prime responsibility. That would be true particularly with respect to his comments about the new fiscal arrangements as they affect other provinces in Canada. I attended a number of meetings with finance ministers and provincial treasurers, as the case may be, of those provinces. I must say I came away with the decided impression that they were all very capable of looking after themselves without any help from me.

But, for the hon. member's benefit I would call to his attention, with respect to his comments about the need not to let the economic opportunities get too far out of line across this nation, that the equalization program — which was, I believe, improved as a result of new fiscal arrangements — is designed to do that. In addition, while I don't carry the figures in my head, it's my impression that in some respects some of these provinces will do better under this arrangement than they would under cost sharing because, remember, their cash payment is up to the national average of expenditure. In some of these areas some of the provinces were well below the national average, on a cost sharing basis.

On the question of what is being done about unemployment or what the plans are, it seems to me, Mr. Chairman, that the hon. Member for Spirit River-Fairview could get more information if he asked those questions of the minister directly responsible for such programs as our PEP and STEP when that department's estimates are before the committee.

I'd really say the same with respect to his request about ALPEP. That is of course in the field of crude oil and natural gas. Specific items such as the exploration incentive credit will be dealt with in the budget for the Department of Energy and Natural Resources. I'd suggest, Mr. Chairman, that again he would get much more helpful responses from the minister when that department is under review by the committee.

The last comments with respect to a tax credit as opposed to an income tax reduction: again I'd call to the committee's attention the changes we've made in the income tax system for Albertans who have low taxable incomes, to ensure they wouldn't be paying provincial tax if they weren't paying federal tax, nor should we either lose sight in that connection of the very, very major increase in the natural gas price protection plan where the total amount of about \$105 million is — I'm not sure of these figures, Mr. Chairman — but it is worth five or six income tax points. That of course helps those people who are on low incomes very significantly.

MR. NOTLEY: Mr. Chairman, just to follow that up. It may well be that I'll get more helpful answers if I do ask the other ministers. But that isn't going to dissuade me from asking the hon. Provincial Treasurer, for the simple reason that the Provincial Treasurer has to be the one person primarily responsible not only for the accounting but for the fiscal policy of the government of Alberta.

Just as the Provincial Treasurer's friends in Ottawa are quite properly peppering Mr. Macdonald at the present time about what happens vis-a-vis unemployment, what will be the future on inflation programs, quite appropriately, the person who must bear the major responsibility federally is the Minister of Finance and the person who must take the major responsibility for the fiscal management of Alberta, the programs, emphasis, and direction, is the Provincial Treasurer.

So while I can appreciate that it would be nice to sort of sidetrack the issue to the hon. Minister of Labour or the Minister of Manpower — I intend to ask both these honorable gentlemen the same question — the Provincial Treasurer is the man behind the sign, such as the sign on Harry Truman's desk which said, "the buck stops here". When it comes to overall employment policy and overall fiscal management of the province, the buck stops at the Provincial Treasurer's desk.

Therefore I would again put to him the question of whether, as part of its fiscal priorities, the government is considering a program designed not to deal with overall problems such as the STEP program, but with those special areas that have chronically high unemployment in Alberta.

The other question I would put while I'm on my feet, Mr. Chairman: the Provincial Treasurer didn't answer the specific question as to whether or not it is the intention of the government to use the flexibility from the new arrangements on income tax and corporation tax transfer to continue to funnel that money into those areas that were previously cost-shared.

MR. LEITCH: Mr. Chairman, I simply can't agree with the hon. member comparing the Provincial Treasurer's position on Alberta unemployment with the federal Minister of Finance's position on unemployment. He has a much different problem than we have in Alberta. It may well be that unemployment in Canada has reached the proportions — and I think it has — where there needs to be overall action in a budgetary sense taken by the federal government. That's quite properly the field of the federal Minister of Finance.

But we're dealing with a much different situation in Alberta. The hon. member pointed that out clearly in his opening comments. He said there isn't an unemployment problem generally in Alberta, there are pockets of unemployment. We have designed programs to deal with those pockets of unemployment, not necessarily in the specific areas to which the hon. member refers, but to treat the unemployment problem with the "rifle shot" approach as opposed to the broad "shotgun" approach that one would get in an overall budgetary sense. That's why I, in my judgment quite properly, Mr. Chairman, referred him to the ministers who administer the programs we have with respect to unemployment.

Turning to the direct question asked earlier as to whether the additional money we were receiving

under the present arrangements would all go into the programs being funded under the old arrangement, I don't know. I haven't worked through the numbers in the budget so couldn't tell the committee what the situation is this year.

Frankly I've not been involved in any discussions about that. I'd simply offer my own personal view that if we were channelling the additional revenues into all of those programs, we're not doing much different from what we were doing in cost sharing except we have the flexibility to design the program. But in some areas we may well want to spend money on a program that wouldn't have been cost shared under the old arrangement, because we feel it will be of beneficial effect to the program that is in fact cost shared and may well improve the service at the same cost or alternatively maintain the same level of service at reduced cost. So I wouldn't think it likely that would be our philosophy. But in saying that, I want to say that it isn't a matter that has been considered or on which any firm position has been arrived at.

MR. NOTLEY: Mr. Chairman, I'd just like to say that while I don't think anyone in the Legislature would say the government has to be held accountable to the last dollar, that if they are \$10 million short or \$20 million over somehow that that's a negation of the program. But it seems to me that the basic argument for the substitution of tax points instead of the cost-shared programs was not that there would be greater flexibility to do X, Y, and Z instead of A, B, and C. The basic argument was really that it would provide a much better job, to do A, B, and C well. So it would allow the provinces to design programs that would provide equal or better service at a more reasonable cost and that perhaps any savings in cost could be used to extend or to improve the quality of service. Certainly that was the tone that came out of the finance ministers' conference. When the press conferences were held the suggestion was always that it would create the flexibility to improve hospitalization, to improve postsecondary education opportunities and what have you and to design mechanisms for delivery of these services which would roll back and create greater opportunities, rather than simply to give the government elbow room to move into other areas instead.

So I would just say to the Provincial Treasurer I hope at least the bulk of this money would be used in that general area of the former cost-shared programs.

MR. TAYLOR: Mr. Chairman, I just have one or two remarks to make at this time. The first one is on the matter of unity in regard to the tabled statement made by the hon. Provincial Treasurer while he was in New York. My only comment is that it was unfortunate this was not covered by the press throughout Canada in order that people would have known the stable, sensible approach the people of Alberta are taking in regard to this matter of unity.

The speech of the Premier of Quebec, which was very lopsided, was published throughout the country time and time again. When a representative of Alberta made a sound, sensible statement, my view is that it was very unfortunate it wasn't carried by the press across Canada and the United States.

The other point I would like to make in connection with this part of the budget is the matter of an auditor

general, a controller, or changes in the auditor's office. Rightly or wrongly, I understand from the hon. Provincial Treasurer that there is not going to be a separate man appointed as the auditor general. If that is so, I applaud that decision. In my view, having an auditor general and an Auditor is simply putting another level of bureaucracy, another level of cost on the people. In my view, it wouldn't save the people 5 cents, but it would cost them extra money for an additional bureaucracy.

If it's a matter of having a combined preaudit and post-audit under the present Provincial Auditor, I look upon that a little differently. For many years the Auditor of this province has acted in that capacity to some degree, perhaps without legislative authority. Many times while in government I would check with the Provincial Auditor in regard to a certain expenditure before it was made, to make sure it was going to receive the support afterward. The Auditor was always very obliging to check and advise whether he thought it was a proper expenditure under the laws of the province or otherwise. To expand that service and have the Provincial Auditor check on a preaudit as well as a post-audit may have some value to the people of the province. If that's the way it's being done, I could certainly support it.

But as I opposed the resolution previously, I certainly think it's a waste of public money to have another man appointed as auditor general over and above the present audit. In my view the present audit of this province is excellent and thorough, and we don't need another layer of bureaucracy.

I am looking forward to the legislation to see exactly what form this is going to take. But I certainly hope it's not going to be the appointment of another auditor over and above the present Auditor.

MR. KING: Mr. Chairman, listening to the earlier remarks of the hon. Member for Spirit River-Fairview, and having read this morning contrasting remarks made by his federal leader respecting the paramount importance of centralization and the fact that if there was any conflict between centralization and flexibility, why certainly centralization had to win . . .

MR. NOTLEY: Do you always agree with Joe?

DR. BUCK: Joe who?

MR. KING: I'm inclined to agree with him in the great majority of cases, yes.

I was reminded though, Mr. Chairman, of something I couldn't resist passing on to the House, the story about Will Rogers visiting a university campus in the States during the first world war. Apparently in the course of his comments he alienated a couple of scientists, one of whom sought to put him in his place by asking if he knew very much about science. For example, did he know the difference between somebody who did theoretical research and somebody who did applied research? Mr. Rogers replied very, very quickly, of course he knew the difference. Take the war we're engaged in right now. You want to find out how to take U-boats out of the North Atlantic, you go to a theoretical scientist and pose the problem to him: how are we going to get the U-boats out of the North Atlantic? He'll think about it for a while and come up with the simple, straightforward

solution: heat the North Atlantic to 212 degrees Fahrenheit, and they'll all pop to the surface broiled like lobsters. Now the politician who is faced with the problem will be a little bit concerned about this and will ask if that isn't an impossible situation. And the theoretical scientist will say, I don't know about that, that's the field of applied research.

Mr. Chairman, I thought the remarks from the hon. member opposite demonstrated with great clarity the fact that the NDP is constantly faced with the same problem of being very good on theoretical research and not very strong on translating it into the practical realities of political life.

SOME HON. MEMBERS: Agreed.

MR. CLARK: Mr. Chairman, I'd like to explore a number of other areas with the Provincial Treasurer. Mr. Treasurer, perhaps we might start with the salary contingency fund of some \$28.8 million last year, and then up to \$36.8 million this year; its purpose, and what happened that the money wasn't used last year. Secondly, the Treasurer would be somewhat surprised to receive a compliment from me, but he will recall that I commended him on the question of special warrants: \$300 million down to, I think, \$107 million this year.

The third area I would like to touch on, though, is the question of the financial statement within the budget itself. I would refer hon. members and the Provincial Treasurer to page 22 of the Budget Address, where it talks in terms of a total general revenue fund cash surplus requirement, really a \$40 million deficit. I allude to that \$40 million, Mr. Treasurer, because if I turn back to page 37, in the table at the back of the Budget Speech, it talks of the Alberta Housing Corporation, the Alberta Home Mortgage Corporation. Then under the explanatory notes (b) and (d) it suggests very strongly that those expenditures, either all or in part, will be transferred to the Alberta heritage savings trust fund in the course of this year. Now that would have a substantive difference on that \$40 million, if the indication set out here is followed.

The other area, Mr. Treasurer, deals with the upcoming oil negotiations. I recognize that in the last number of years there has been no effort to try to include the additional revenue in the budget. There's good reason for that. But if we take the proposition that's been put forward by the federal Minister of Energy, Mines and Resources, where he's been talking in terms of a \$1.25 a barrel increase, our calculations are if that happens we could be looking at something in the vicinity of \$200 million additional revenue to the province. I'm asking the Treasurer to comment on that area of the oil increase, using what the federal minister has considered a basic minimum.

Secondly, the likelihood of the transfer of the heritage savings trust fund in the area of the Housing Corporation and the Home Mortgage Corporation, and the effect that will have on the budget statement I referred to on page 22. Thirdly, the question of the salary contingencies and what we might expect there this year.

MR. LEITCH: Mr. Chairman, I didn't follow the remarks of the Leader of the Opposition when he said that the salary contingency fund provided for in last

year's budget wasn't used. The situation with the salary contingencies is that we had not included them in previous budgets because salary increases to the public service were simply a matter under negotiation. And it is not wise to put in the figure before the event. But last year it was different. We knew very closely what that figure would be, since we were in the AIB program. That was put in last year, and we just put in the comparable figure this year. So when we complete our negotiations with the public service, that fund will then be allocated to all departments in accordance with their salary requirements flowing from the new arrangement.

Now with respect to what the Leader of the Opposition referred to as a deficit of \$40 million; I may be wrong in this, but I don't think any finance minister or provincial treasurer would refer to that as a deficit.

MR. CLARK: A shortage, then.

MR. LEITCH: It's a cash requirement because of cash flow matters. But he is correct in that if we were to fund some of the additional borrowing requirements of the Home Mortgage Corporation or the Alberta Housing Corporation by having them sell debentures to the Alberta heritage savings trust fund, that \$40 million figure would change. But those are decisions that have not yet been made. I wouldn't anticipate them being made until the requirement for that funding came about. We would then make decisions as to whether they should be funded. I guess at the moment we have three alternatives: by purchasing their debentures in the Alberta heritage savings trust fund; perhaps we could fund them out of general revenue, as we have done on occasion in the past; or we could take one of the provincial agencies to the market and have them borrow money in the manner they had in the past.

With respect to my commenting on whether there would be a \$200 million revenue increase if the oil and natural gas price increased in accordance with news statements attributed to the federal Minister of Energy, the figure sounds reasonably close but I can't give an accurate estimate at the moment, Mr. Chairman. It's something I'd have to have worked out.

Again I just caution members of the committee that that's very much in the field of speculation at the moment. For those reasons we have not included any estimated increases for crude oil and natural gas in the budgets in past years.

MR. NOTLEY: Mr. Chairman, I take it this would be the appropriate place to discuss the \$50 million loan to Newfoundland, would it not? It seems to me that by the time we get around to discussing this next fall, it's a little after the fact. The hon. Member for Edmonton Highlands during his effort to repeat a Will Rogers story, talking about the Atlantic Ocean, underlined this loan in my mind. I'd just like to take a moment or two to pursue it. I won't answer the hon. member, except to send the hon. member a copy of Mr. Broadbent's speech. It didn't talk about centralization, hon. member, but it's an excellent speech, I commend it both to you and to Mr. Clark.

MR. CLARK: Mr. Joe Clark.

MR. NOTLEY: Mr. Joe Clark, yes. I'm sure Mr. Clark has quite a problem with the various views he's getting, all the way from Mr. MacDonald, I think it is, from P.E.I. who is sort of left of the NDP, and some of the people from the province of Alberta who are to the right of Barry Goldwater. In any event I'm sure the Member for Edmonton Kingsway, as one of the advisors to Mr. Clark, can give him some guidance. The remarks from Mr. Broadbent will assist him in the process.

Getting back to the \$50 million loan, Mr. Chairman. To the hon. Provincial Treasurer: when the government of Alberta set up the heritage trust fund, I think all of us accepted the proposition that it was wise to have a Canadian investment division. But I would frankly like the views of the Provincial Treasurer on a couple of points that flow out of this \$50 million loan.

We are making a loan to a provincial government to be used in whatever way they see fit, I assume. The question that evolves in my mind is whether it would not have been a better choice to have invested in conjunction with the Newfoundland government in some project in Newfoundland that had job-creating potential. It would seem to me that using the same yardstick we apply to the Alberta investment division, that it contribute to the diversification of the economy and create jobs, would not be an unreasonable yardstick in making decisions on investments from the Canada investment division.

Now I know the Provincial Treasurer's response will be, well just a moment, we're not going to tell the Newfoundland government what to do. No one's saying that. But it seems to me there will be a number of occasions, Mr. Treasurer, when various provinces will look to Alberta's heritage trust fund and the Canadian investment division for investment in projects of one kind or another.

My question really relates to this issue of how we are going to invest the money. Will it simply be on the basis of debentures as now or is the government taking a flexible approach so that if for example, P.E.I. some years or months down the road says, we would like \$20 million on a cost shared investment in wind power, or Nova Scotia says, look we've got a project in the Bay of Fundy, would Alberta be prepared through the Canadian investment division to funnel its investment in projects which would be aimed directly at strengthening the areas considered? Or will it be the same sort of situation we have with the Newfoundland loan, which I understand is very similar in basic approach to a loan that former Premier Bennett of British Columbia made some years ago to the government of Quebec?

MR. LEITCH: Mr. Chairman, the member has asked for my view. I think that's an appropriate way for him to phrase the question, because these decisions are made not by the Provincial Treasurer but by the investment committee. I can answer his question by saying I certainly wouldn't rule out the possibility of making a recommendation to the investment committee in the future, of an investment in the Canada investment division and tied to a specific project as opposed to the type of loan made to the province of Newfoundland.

But I'm not sure I can agree with his suggestion that it would be better to do it that way. If you go back to the legislation, the investment committee is

authorized to approve investments in debt instruments to other governments in Canada or to agencies whose indebtedness is guaranteed by the government. So the government obligation remains the same in both cases. Also, I gathered from his comments he may have been thinking of an equity investment. To my memory the legislation doesn't authorize equity investment. I think it's restricted to a debt investment.

I would conclude my comments by saying I wouldn't rule out the possibility of recommending or considering specific-project financing as opposed to a loan for the government generally, but I don't know that I could agree with the suggestion it would be better to do it one way than the other.

MR. NOTLEY: Let me just follow that up. I didn't mean to imply we were going to be running around the country trying to buy regional airlines or what have you. I certainly don't think that would be consistent with the Canada investment division. But if for example Nova Scotia Hydro were to consider a project in the Bay of Fundy, they would be looking for debt capital, whether going to the money markets of New York or what have you. It would seem to me this is the sort of thing the government of Alberta should consider if they get specific proposals.

Mr. Chairman, this \$50 million of course does not fully utilize the elbow room the government has in the Canadian investment division. My questions are: have other proposals been made to the investment committee; has the government made any decision as to when it will be investing up to the authorized amount in the Canada investment division; and thirdly, what process does the investment committee take to decide whether an investment will be made under the Canada investment division?

MR. LEITCH: Mr. Chairman, I can answer the first question. No other proposals of this type have been considered by the investment committee. We certainly do not have any time frame within which this kind of loan might be made up to the authorized limit. There's an authorized ceiling in the legislation, but there's nothing that indicates a need to get to that ceiling. I think we would simply consider each proposal on its merits as it might come before the investment committee.

The hon. member asks what things are taken into consideration. I can't speak for all the things the individual members of that committee might take into consideration in forming an opinion on whether to make such a loan or not, but I can say they're certainly the kinds of things you would ordinarily take into consideration: security, capacity to repay, terms, alternatives available with respect to the investment of the money — which would be the better yield for the heritage fund and therefore the better return to the people of Alberta. Now those are the kinds of things that are of paramount importance to anyone considering whether to make a particular investment.

MR. NOTLEY: Mr. Chairman, just to pursue that for a moment if I may. Did I hear the Provincial Treasurer right? Has there been just the one proposal considered by the investment committee, or has there been just one proposal made?

MR. LEITCH: The only proposal considered by the investment committee was the Newfoundland loan.

MR. NOTLEY: Have there been any other proposals received?

MR. LEITCH: No, Mr. Chairman, there haven't been other proposals received.

MR. CLARK: Mr. Chairman, I'm sorry. I slipped out for just a moment. There are a couple of questions I would like to ask the Provincial Treasurer with regard to the heritage savings trust fund mechanism, if that's agreeable.

I would like to know which grouping in the Treasury department is really responsible for advice to cabinet on decisions to go ahead on investments in the heritage savings trust fund. The minister will recall that last spring when we had the debate on the heritage savings trust fund there was an indication there would be a small group of people in Treasury who would likely assume the responsibility for giving some general guidance to the cabinet with regard to investments.

My first question really is, what group is it in Treasury? Secondly, what procedure is the government using with regard to the Alberta investment portion? Does the government have a number of alternatives before it right now? Is it openly saying to municipal governments, the business sector, or the private sector, we are now looking for possible areas for investment as far as the heritage savings trust fund is concerned? In general terms, what really is on the table before the cabinet or the investment committee now and what really is the group in Treasury responsible for advice to the government?

MR. LEITCH: Mr. Chairman, essentially personnel from Finance Investments would be the personnel referred to in our annual report.

With respect to the kinds of investments we are looking at at the moment, I don't think there are any specific ones on their way to the investment committee. We've dealt with the one loan to Newfoundland. We've dealt with the capital projects bill in the fall. We've made reference to them in the budget speech. I've listed them in the assets of the fund, the debentures we hold from the Alberta Municipal Financing Corporation, the Housing Corporation, and so on. The balance of the money which we refer to as being in highly liquid form is in things like commercial paper, deposit receipts and things of that nature. At this moment there are no particular investments we are looking at in addition to those already made and those that have been made in an ongoing management of the liquid portion of the portfolio.

MR. CLARK: Mr. Chairman, to follow that along: does the Treasury consider the investments in the Alberta Housing Corporation and Home Mortgage Corporation as a part of the ongoing investment policy of the investment committee now? Because it seems to me that last year when the cabinet chose to transfer the Housing Corporation and Home Mortgage Corporation to the heritage savings trust fund, fully recognizing that each year there is a call on the non-budgetary funds of the province, surely the government made the decision this would be an ongoing procedure?

The Treasurer shakes his head. I would be very interested in hearing — not why he's shaking his head — why the government didn't feel that that initial decision was a decision that would be carried on for a number of years. It just seems logical.

MR. LEITCH: Mr. Chairman, that decision was made at that time for that amount. But I wouldn't want to leave the impression that the decision to take the Municipal Financing Corporation's debentures into the fund or AGT securities or either of the housing corporations' securities was any kind of commitment that that would continue in the future. Certainly the way I view it is that each time a need for funds arises in any of those agencies, we will consider whether that would be an appropriate investment for the Alberta heritage savings trust fund. We may well decide that rather than invest the fund's moneys there, we ought to have one of those agencies go to the open market to raise its money, or we could conceivably finance it from the general revenue fund and keep the investment in the heritage fund in some other form.

But I would simply conclude by assuring the committee that as far as I'm concerned, the decision to take those securities in at the time and to do the additional funding that has been done for the housing corporations is by no means a decision that that's the way it's always going to be in the future. Each time a need arises from one of those agencies, there will be a consideration of whether the heritage savings trust fund should invest additional money in that way.

MR. CLARK: Mr. Chairman, when does the government plan to make the next round of investments then? Can we expect a midsummer kind of venture, the same as last year? What time of the year? Or is it when the Alberta Housing Corporation and the Alberta Home Mortgage Corporation feel they need some money?

MR. LEITCH: Mr. Chairman, I wouldn't anticipate any decisions to be made for some months by the Alberta heritage savings trust fund in respect to the investment in additional debentures of any of those agencies. I can't recall the actual time frame we might be looking at, but I'd expect it to be a matter of months.

MR. CLARK: Mr. Chairman, just one other area as far as the heritage savings trust fund is concerned. In the budget, reference is made to the amount of interest coming from the fund. The Treasurer will recall the basic discussion held in the House at the time. One of the basic concepts was that when our non-renewable natural resource revenue declined, we would in fact have interest from the heritage savings trust fund to supplement the province's spending. What overall or general rate of return are we now getting from the liquid money in the fund? As reluctant as the Treasurer is to look at a crystal ball, what does he see in that area for the rest of this year? What kind of rate are we getting now? And in light of the financial situation south of the border and so on, what does the Treasurer see?

MR. LEITCH: Mr. Chairman, I would have to get a breakdown, because there are several areas of investment. There are the debentures. I've forgotten

the actual yield on the debentures, but as I remember, it was relatively high, in the 10 per cent range. Now, the yield on the liquid portion will go up and down more rapidly as interest rates go up and down. I'm going from memory now, but I think in that area it's about 9 per cent. So it would be a little lower than on the longer term loans. And of course the yield on the \$50 million Newfoundland loan is 10.12 — I think that's the figure. The sale of the debenture at a discount of \$99 means that the yield is slightly above the \$10 interest rate expressed in the instrument.

MR. TAYLOR: Mr. Chairman, what are the main components of the public debt of \$24.25 million, and what interest are we paying for the use of that money?

MR. LEITCH: Mr. Chairman, I'm looking among all my papers to see whether I have a breakdown of the public debt. I think the hon. member is referring to the item in the estimates, for payment of interest on the public debt. My memory of that is that most of it would be interest on the 90-day Treasury bills we are continuously selling. I wouldn't want to rely on my memory for the interest rate we're paying there, but I think it now runs at 9 per cent or a little under. The longer debt of the province, which I think the hon. member also had in mind, would be at an appreciably lower interest rate than we're now earning on our recent investment.

MR. TAYLOR: Mr. Chairman, the point I was getting at was that sometimes you can make money by not paying off your debt. If this is a debt acquired several years ago at a lower rate of interest, it's far better for us to invest our money at a higher rate of interest than to pay off that debt. But if we are paying a higher rate of interest for the debt than we are getting from our investments, of course it's better to pay off the debt when we're in a position to do so. That's the whole point I had in mind.

MR. LEITCH: Mr. Chairman, the hon. member is absolutely correct, and we do manage the debt in that way. If it's to our advantage to pay it and we have the right to pay it, we do. If it's not we pay it in accordance with our agreement.

Agreed to:

Ref. No. 1.0.2	\$307,300
Ref. No. 1.0.3	\$107,000

#### Ref. No. 1.0.4

MR. CLARK: Mr. Chairman, in the detailed breakdown here, purchase of vehicles and so on — and I recognize the Treasurer might not have that information with him, but perhaps he could bring that back tonight — just what is involved in that particular area? Specifically, who's it for?

This would be a good time to adjourn.

MR. CHAIRMAN: Mr. Government House Leader, would you like to make a motion at this time?

MR. HYNDMAN: Good suggestion, Mr. Chairman. I move the committee adjourn until 8 p.m.

[Motion carried]

[The Committee of Supply recessed at 5:28 p.m.]

[The Committee of Supply met at 8 p.m.]

[Dr. McCrimmon in the Chair]

MR. CHAIRMAN: The Committee of Supply will come to order for consideration of Vote 1, Departmental Support Services, Ref. No. 1.0.4. Did you have a question hon. Leader of the Opposition, or have you asked it?

MR. CLARK: I just assumed the Treasurer had the answer to the question.

MR. LEITCH: At adjournment time I was asked about the \$4,500 for the purchase of a vehicle. The vehicle is for the messenger. The department has a good number of trips that must be made on a moment's notice to and from banks and things of that nature. We have a messenger, but he doesn't have a vehicle. The department would use a vehicle for that purpose.

Agreed to:

Ref. No. 1.0.4.	\$529,150
Vote 1 Total Program	\$1,025,200
Vote 2 Total Program	\$1,021,300
Vote 3 Total Program	\$59,126,800

#### Vote 4

MR. CLARK: Mr. Chairman, with regard to Vote 4, this afternoon the Provincial Treasurer was talking about Vote 4 and the controller's function. If we look at the elements, I think this is where we see a pretty sizable increase — 500 per cent — as far as controller's function is concerned.

I had an opportunity to do a little checking since 5:30, and I would come back to this question of the controller function as it's being handled and the kind of growth we see. Also I remind the members of the committee that earlier this afternoon we talked about the question of the Provincial Auditor's responsibility. If I understand what the Treasurer told us, we're going to have a number of people doing the preaudit function of the Provincial Auditor in the controller's office. They're going to be paid by the Provincial Treasurer's department, but they're going to be under the control of the Provincial Auditor. Now I think that's accurately what the Treasurer told us.

Then I look at the estimates under Legislation. If my memory's accurate, on page 2 of the elements under the Provincial Auditor's office there's an increase of 22 per cent from estimates last year to estimates this year in the preaudit division. Now I simply don't accept the proposition put forward by the Provincial Treasurer that we've got to have a 22 per cent increase in the preaudit division portion of the Provincial Auditor's office and at the same time have a 500 per cent increase in the controller's office during a period when the Treasurer says, you can't

make the change from a controller to a provincial auditor just like this. Basically the personnel are there. The structure is in the Provincial Auditor's office now. If and when the government decides to make that move in the revisions of The Financial Administration Act, it becomes a matter of organizing and moving those people over to Treasury. There's not all the mystery, if I could use that term, the Provincial Treasurer talked about here this afternoon. I find it very difficult to follow the explanation.

I should say, Mr. Chairman, that I am becoming more concerned about having people doing the Auditor's function located in the controller's office paid for by the Provincial Treasurer's department. The Treasurer says they're going to be responsible to the Provincial Auditor. I frankly don't think that's a good situation for us to be developing, especially when we haven't had any discussion in the Assembly about the idea of a controller really taking the function of a preaudit, as I understand what the government's looking at. The auditor general would be more involved in the post-audit operation. I'm not convinced by any stretch of the imagination with the situation as it now appears before us, and would ask the Treasurer to review the whole situation.

MR. LEITCH: Mr. Chairman, I suppose there are a number of explanations for the hon. leader's comments. One could be that he didn't listen very well when I was speaking this afternoon. I suppose that would be a little uncharitable. Another explanation is that perhaps I didn't make myself clear. On the assumption that the latter explanation is the correct one, I'll try again.

The Leader of the Opposition talks about the increase in the number of people in the controller's function and the increase in the number of people in the Auditor's office, and says that can't be reasonable because they're doing the same thing that was being done before and therefore we shouldn't have these extra people. What I said this afternoon was, number one, there was an increase in personnel required in the Auditor's office simply because the work load increased immensely. That required some additional people. I also said this afternoon that the Auditor was now doing post-audit work of a nature that hadn't been done before and, in my view and obviously in the view of the Auditor, that didn't require any legislative change. If you simply go to the act now, it requires the Auditor to do an audit, and the question is: what is an audit? Historically there has been, I guess one can say for practical purposes, no post-audit work. The Auditor's office is now doing post-audit work.

The members of the committee will recall when we talked about the change we are proposing to move the preaudit and controller function to Treasury and have the post-auditing function, if you like, remain with the Auditor. There will be an appreciable amount of additional post-audit work being done. That's just work that hasn't been done in the past. And as I said to the committee this afternoon, I didn't come today prepared or fully briefed to debate the Auditor's estimates, because they will come up when Legislation is called. So I can't recall the exact division of additional people — how many are related to the post-audit work and how many are related to just the increase in the work load. But I will have that

when those estimates are before the House. On the remainder of what the Leader of the Opposition had to say, I don't think there's anything I can add to what I said this afternoon.

MR. CLARK: Mr. Chairman, when we look at the elements as set out in the budget and look at the Provincial Auditor's estimates, it's the preaudit division that has the increase in it. That's why I get lost in the explanation from the Treasurer.

If it's a matter of beefing up the post-audit, that's one thing. But it says "preaudit" here. This is where the growth is as far as the Provincial Auditor's office is concerned this year. From the estimates last year to the estimates this year it's about a 20 per cent increase. We go back to the controller's office and an increase from \$173,000 last year to almost \$700,000 this year going from forecast to the estimates.

I have no qualms about the Auditor's office becoming involved in more of a post-audit function if the Auditor feels that's what is needed. The whole point I'm trying to make here is that we're having growth as far as the office of the controller is concerned, supposedly in the preaudit area, and then we turn over to the Provincial Auditor's appropriation and we have growth there in the preaudit division. That's why I have difficulty accepting the Provincial Treasurer's comments. If the Provincial Auditor is becoming more involved in the post-audit area, it certainly shouldn't show up in the preaudit division.

MR. LEITCH: Well, Mr. Chairman, as I say, we're debating the Auditor's estimates when the Treasury estimates are before the committee, which places us under somewhat of a handicap. In the elements book this is entitled the preaudit division. Now I suspect, but would want to check, that this includes all the people doing what I've been calling post-audit work that hadn't been done in the past, and we haven't developed an element for that work. Now as I say, I'd want to check that to be sure I'm accurate, but at the moment that is what I think likely happened.

MR. CLARK: Mr. Chairman, I wonder if the committee would be agreeable to discussing the other items in Vote 4 and holding Vote 4. We can come back and do that when we have the other information, because the two directly affect each other, the controller's function and the Auditor's function. Would the Treasurer be agreeable to that?

MR. LEITCH: Mr. Chairman, I suggest we go on with the remainder of the votes, and in the meantime I'll try to check on the accuracy of that last answer I gave.

MR. NOTLEY: Mr. Chairman, the question I have under Vote 4 again deals with the element 4.0.6, Government Insurance and Risk Management, forecast at \$1,869,700, and the '77-78 estimates, \$2,275,300. I wonder if perhaps the Treasurer would break down just what is involved in that particular element.

MR. LEITCH: Mr. Chairman, I'm under a bit of a handicap, in that I didn't have the element book open at the element to which the member was referring.



MR. NOTLEY: Page 178, Mr. Treasurer, and it's element 4.0.6.

MR. LEITCH: I think I have the information here, but it will take me a moment to find it.

MR. CHAIRMAN: Are you agreed at the present time on coming back to Vote 4, and we'll carry on with Vote 5.

HON. MEMBERS: Agreed.

#### Vote 5

MR. TAYLOR: Mr. Chairman, I wonder if I could add one word before we leave this. I don't plan to keep harping on the point, but I am somewhat concerned that the Legislature passed a resolution asking for additional auditing. As I said when the resolution was being passed, it simply meant more expense and more civil servants, and I think the chickens are now coming home to roost.

You can't possibly have a preaudit and a post-audit for the same expense as having one or the other. In my view of what's happening in Ottawa through the post-audit, the major thing is to get sensational stories for the press. I don't know what other good has come out of it. I don't know of one cent that's been saved the taxpayers of Canada when you consider all the extra civil servants and the extra auditing. We have a very excellent audit as it is. The government has been obliged to put on additional ones, and only the Legislature is to blame, because the majority of members passed a resolution asking for an auditor general. A post-audit as well as preaudit is going to cost the people more money. It's going to be another layer of bureaucracy. Let's tell the people outside just why we're having it. In my view it's a waste of public money.

Agreed to:

Vote 5 Total Program \$24,251,200

#### Vote 6

MR. CLARK: Mr. Chairman, I'd like to make a few comments in this particular area and then move an amendment to the estimates before us. I look at Vote 6, Personnel Administration, which is really the area where we have the individuals responsible for the operation of the hiring practices, the total public service administration in the province.

I don't want my comments to be seen as critical of the individuals involved. But one of the points we on this side of the House have consistently tried to make is that we don't think there is a need this year for additional people in hiring as far as the public service is concerned. When we look at a number of areas in the budget we'll be bringing before the House, it seems logical to us that the first area in which we should make this point is under Vote 6, Personnel Administration.

The situation, as we look at it, is this: there should be no increase this year in the size of the civil service. When we look at Vote 6, salary increases should not exceed 10 per cent during '77-78 if we're going to live with the spirit of the anti-inflation program and

really show local governments that the province is continuing the 10 per cent guideline imposed upon them. Now when you look at the manpower costs in this particular vote, they are projected to increase from the '76-77 estimate of \$2.252 million to \$2.6 million in the '77-78 estimates. Given the 10 per cent guideline costs, we think they should go up to \$2.4 million. Therefore it's our intention, Mr. Chairman, to move that Vote 6 be reduced by an amount of \$170,000, leaving a final [total] of \$3,349,548. I'd so move, Mr. Chairman. I have copies of the amendment for you and the Provincial Treasurer.

The reason I move this, Mr. Chairman, is that we're going to be making motions similar to this a number of times in the course of the estimates, and we didn't feel it was reasonable to bypass the personnel administration office in making this kind of move. What this amendment would do is make it possible to continue the present complement in the public service administration office. It would call for a 10 per cent salary increase across the board for them, and we think this would adequately meet the needs in that area.

I recognize some areas in the provincial government need additional staff. Our point of view is that with some movement within the provincial staff itself, within the public service, those legitimate needs can be taken up through a number of suggestions we're going to make during the estimates for reduction of staff in some departments.

So it's really from that basic point of view, Mr. Chairman, that we move Vote 6 be reduced by the amount I've outlined, \$170,000, so we'd have that kind of saving in that area, albeit that saving isn't great in dollars. It's the basic principle that we want to establish during the discussion of the personnel administration offices.

DR. McCRIMMON: You have heard the amendment to Vote 6, Personnel Administration:

That the resolution be amended by striking out the figure \$3,519,802 and by substituting the figure \$3,349,548.

MR. LEITCH: Mr. Chairman, I want to make two comments. First of all, I will simply say that a substantial portion of the increase that would be eliminated by this amendment relates to the program I outlined to the House earlier. That's the program where we're adding four people to concentrate on unique or difficult areas of recruitment, retention, and advancement within the public service. One of the prime functions of that four-person group was to work on the question of why more women are not applying for the higher qualified jobs in the public service of Alberta. Now I'm really impressed with an opposition amendment that seeks to cut that out after I've heard comments from the opposition in the past. That's point number one, and on a specific program.

Now let's deal with the general question the hon. Leader of the Opposition raises by his amendment. Let me just say to the committee that the increase in the public service in this year's budget is the lowest it's been for a long, long time, and I urge that this amendment be defeated.

DR. BUCK: You had a lot of catching up to do.

MR. CLARK: In response to the comments made by the Provincial Treasurer, well it should be low this year, because in the last three years we've had the highest increases we've seen for years and years in this province. So let's not pat ourselves on the back that way. [interjections] We have the resident expert on cost benefit analysis over here, and we can look back to the Department of Agriculture if we want to get involved in those particular areas.

Secondly, with regard to the Provincial Treasurer's comments as far as cutting out the specific program dealing with why the government hasn't got more women in senior positions in the government, we have tried for over two years now to get this government to move in this particular area. Before the 1975 provincial election, the Member for Calgary Bow put on the Order Paper the question of the number of women in senior positions in this government. Now for the Provincial Treasurer to come along at this hour and say, well, if we delete this \$170,000 we can't do anything in that area — Mr. Chairman, if the Provincial Treasurer really wanted to do something in this area and really wanted to see that women had an opportunity to move up to more senior positions in this government, they could have done it long before now. This is simply a red herring the Provincial Treasurer is drawing in front of the members of the Assembly at this particular time.

So let's have the record very, very clear. If the Treasurer wants to go back and compare the increase in the public service over the last three or four years, I'll be pleased to go down to my office and bring back the figures. He himself knows that we've seen a higher increase in the last three to four years in this province than we have for years.

AN HON. MEMBER: Right.

MR. CLARK: Question.

MR. CHAIRMAN: I'll read again the amendment to Vote 6, Personnel Administration:

That the resolution be amended by striking out the figure \$3,519,802 and substituting the figure \$3,349,548.

[A standing vote was taken]

[Motion lost]

Agreed to:

Vote 6 Total Program	\$3,519,802
Vote 7 Total Program	\$49,140,800
Salary Contingency	\$36,800,000

#### Vote 4

MR. LEITCH: Mr. Chairman, I think we might return to Vote 4 and continue with it. I have some additional information that may be sufficient for the committee to include that vote.

I wonder if the Member for Spirit River-Fairview could repeat his question. I think I've got the information, but I just want to be sure.

MR. NOTLEY: Page 178, 4.0.6 under the elements, Government Insurance and Risk Management. I'd like a breakdown of that, the reason for the increase and what, if any, of that is set aside in the self-insurance fund for government vehicles.

MR. LEITCH: Mr. Chairman, I can give a great deal of detail with respect to that item. The total insurance premiums are \$980,000 and are broken down: aircraft, \$100,000; automobile third party liability, \$90,000; boiler and machinery, \$40,000; crime, \$75,000; general liability, \$175,000; master travel accident, \$75,000; miscellaneous excess bonds, \$10,000; miscellaneous travel accident, \$5,000; mortgage impairment, \$6,000; overseas automobile, \$1,000; property, \$400,000; and registered mail, \$3,000.

Then we have a number of self-assumed costs or self-insurance. The automobile for 1977-78 is \$187,500; for 1976-77, \$56,250. The automobile third party for 1977-78 is \$110,000, and for the three preceding years there is a total of \$80,000. That would be for accidents that occurred in those years, but the claims have not yet been settled and we have to provide a contingency fund to settle them. Crime for the two years '76-77 and '77-78 is \$30,000. General liability — and it is treated very much the same as the liability for automobiles, and covers a number of years — totals \$116,250. Property damage for two years is \$225,000, and other self-insured risks total \$25,000. Adjusting fees are \$70,000. Brokerage fees are \$80,000. Claims handling fees are \$3,000, and administration is \$312,300. I think that comes to the total of \$2,275,300 that is in that vote.

The member asked, why the increase? I think the increase there is for the same reasons we are finding increases in most of our insurance premiums; the cost of repairing damage, no matter what kind of damage it is, has risen very appreciably in the past year or two. In addition to that the accident rate has climbed, certainly in the automobile area. Those are the two prime reasons for the increase in this year's amount over last year's amount.

MR. NOTLEY: Mr. Chairman, I tried to take down the figures, but the Treasurer gave them quite quickly. What is the breakdown between the self-insurance on one hand, and the premiums we are paying out for insurance coverage on the other hand?

MR. LEITCH: These were just rough, Mr. Chairman. I would say that of the total vote it looks like about 55 per cent might be for insurance premiums, 40 per cent for our own self-insurance, and the balance for various fees and administration costs. I wouldn't rely too heavily on my mathematics.

MR. NOTLEY: I believe it was in January 1973 that the then Provincial Treasurer announced the government would be proceeding with self-insurance as far as the fleet of government cars was concerned. However, I noticed that in outlining the premiums, they were cited for cars. That kind of surprised me, because I thought the fleet was covered by self-insurance. I would like some comment on that.

But rather more important, is the Minister in a position to outline to the House, now that we have

had a form of self-insurance for some years, how in fact it is working and whether or not the government sees it being extended. Would it not, for example, make some sense in the case of a government aircraft to have self-insurance, or is there too distinct a danger there to make self-insurance practical? Does it have to be spread over a large number of individuals, vehicles, or what have you to make it practical? I would be interested in a report on where things stand after four years of experience with self-insurance.

MR. LEITCH: Mr. Chairman, on the question of the breakdown of the insurance premium, for automobile insurance third party liability within North America there is a \$90,000 premium, but the self-insurance premium we've set aside is about \$230,000. I haven't checked on that item recently, but from my memory of discussions I had some time ago about this insurance, I think that covers — we just take the bottom part of the loss.

I certainly wouldn't urge the government to assume the total risk, because you could get very major losses that would have an impact on the government. That's the same with aircraft insurance. One could be self-insured for the loss of the aircraft, and you've merely lost the value of the aircraft. But I certainly wouldn't recommend that the government ever be self-insured for the third party liability arising out of an aircraft accident, because the amounts can be staggering. I suppose one of these planes could hit a 747 or something, and the liability for the loss of the plane and the claims that would have to be paid to the satisfaction of all the people who may have lost their lives would be immense. That is a risk I don't think the government should run. So I think we should continue with our self-insurance program, providing we keep the total exposure in any one incident down to an acceptable level and continue to insure against potential very large losses.

When the member asks how it is working, apart from saying we're satisfied that in the peculiar circumstances the government is in it's more economical to make the split this way, I can't give you the details. I just haven't reviewed that in recent times and don't have any report I've seen recently. I'm satisfied the breakdown here is the best one we could get.

MR. NOTLEY: Mr. Chairman, I'm inclined to agree that when it comes to the third party liability question, there almost certainly is merit in spreading out that risk by obtaining insurance. I hope one of those well-equipped executive aircraft doesn't run into a 747. It would be unfortunate. But I don't argue that point.

Mr. Minister, when I was in southern Alberta, one of the matters that was brought to my attention by one particular school division — and the same thing came up several times later with other school divisions — was a complaint about insurance on schools. The amounts school divisions are paying right across the province are enormous when one totals them. The suggestion was made that if the government can set up a self-insurance fund for cars, would there not be some merit in setting up in conjunction with the school divisions of the province a self-insurance scheme for schools where there would be, I think, a very acceptable liability risk? I just wonder whether

the government had given any consideration to that, or whether that proposal had been made to the Treasurer at any time before?

MR. LEITCH: Mr. Chairman, to my knowledge that proposal hasn't been made to me or to the government. I don't have any memory of such a proposal coming to me. As far as I'm aware, we've not considered it.

MR. TAYLOR: Mr. Chairman, did I understand the hon. Provincial Treasurer to say the premium for auto liability was \$90,000 and that under self-insurance we paid \$203,000, or was that only part? I wonder if you could clarify that point.

MR. LEITCH: The figures I gave, Mr. Chairman, were \$90,000 for the automobile third party liability insurance premium; then we have a small third party premium for overseas automobiles to be operated by our house in London and the other offices we have. The costs we ourselves assume total \$430,000, with some \$240,000 being damage to the automobiles and \$190,000 being third party liability.

MR. TAYLOR: In connection with that point, I wonder if any analysis has been made of the fact that we are assuming the responsibility for the lesser amounts and expecting the insurance companies to carry us on any very large tragedy and third-party liability. If so, are we paying for that insurance because we haven't taken it? I'm not going to try to hold up the vote or anything, but I would like to see the amount the insurance company has paid out for third party liability under the \$90,000 premium. Also how does that \$90,000 premium now compare with the total insurance premium we used to pay for complete coverage?

I would like to see the Provincial Treasurer make an analysis of what we really are saving by being self-insurers in the automobile industry, taking the thing as a whole. It would be a very, very interesting exercise, and it might lead us to the right procedure.

While I'm on my feet, the government is a self-insurer for workers' compensation, and I agree with that. I think it's an excellent procedure. But I'm wondering if the government has any reinsurance for the responsibility we assume for injury to workers who are government employees. Do we reinsure, or do we simply pay it out of a vote?

MR. LEITCH: Mr. Chairman, I'll certainly consider very carefully doing the kind of analysis the member has suggested. To answer his question on whether we have insurance with respect to workers' compensation or people who may be injured from the public service, the answer is no.

DR. BUCK: Mr. Chairman, to the Provincial Treasurer. I'd like to know if the Treasurer can indicate to us what public tendering mechanism they use for obtaining insurance, and how often it is reviewed. Is it yearly, and when does it go to tender?

MR. LEITCH: Mr. Chairman, I can't. I reviewed it some time ago, but I wouldn't want to rely on my memory to answer the question. I just have to get the information.

DR. BUCK: Mr. Chairman, through the Chair to the Treasurer. Can you make that information available please?

MR. LEITCH: Well, I'm sure I can. I'm just not certain how quickly I can do it.

DR. BUCK: We'll be here for a while.

MR. TAYLOR: Mr. Chairman, does the hon. Provincial Treasurer have the amount we paid out during the last full fiscal year for workers' compensation?

MR. LEITCH: I have it, Mr. Chairman, but I'm not sure exactly where.

MR. TAYLOR: Could I have it at a later date?

MR. LEITCH: Yes, we can have that for you.

MR. CLARK: Mr. Chairman, with regard to Vote 4, element 4.0.6, one or two insurance agents have approached me with some concern regarding these government insurance and risk management people who apparently have gone to some of the educational institutions, primarily community colleges, and suggested how they might best handle their insurance. This seems to me to be completely away from and out of the purpose of setting up this particular vote in the estimates. My question to the Provincial Treasurer is: is the Treasurer aware of people from his department going to college officials or boards and telling them where they should be placing their insurance, and has any concern been raised with the Treasurer on this?

MR. LEITCH: Mr. Chairman, I'm aware of some discussions held by members of the department with colleges in connection with their insurance. I think the concern arose because of the insurance premiums and the fact that it is government money. Beyond that I do not think the department personnel have gone, and certainly it's not my intention they go, any further than that.

MR. CLARK: Would the Treasurer then give the committee an undertaking that he will check with his people in the department and see that they are not putting pressure on college boards as to where they should be placing the insurance? I have no question about their concern whether the colleges are adequately covered insurance-wise. I think that's a legitimate concern. But to be going to college boards or some segments of the insurance industry and telling them they're going to get the insurance for the colleges across the province, and telling boards or administrators of colleges which company is to be carrying their insurance, to me is clearly beyond the jurisdiction of this vote and frankly not in the best public interest either. Will the Treasurer impart that message or something similar to his officials?

MR. LEITCH: Mr. Chairman, as the Leader of the Opposition has said, I think it is appropriate that they be concerned about the coverage, although it may be more a matter for the colleges to decide what risk they want to run. I think they are also entitled to be concerned about the cost of the insurance. As I

indicated earlier, it is my view that they ought not to go any further, and they won't.

MR. CLARK: Mr. Chairman, the Treasurer was going to see if he could shed some light on the question of the office of the controller and the growth there as opposed to the Provincial Auditor. Was the Treasurer able to get some additional information there?

MR. LEITCH: I haven't been able to get it, Mr. Chairman. But I think the real question the Leader of the Opposition had dealt with the increase in the Auditor's office. I don't want to press the point. I just make the suggestion that that will be open when that estimate is before the House, and I'll have the information by that time. Can't we deal with that question when we're dealing with the Auditor's estimate?

MR. CLARK: Mr. Chairman, as long as you're prepared to give us the kind of flexibility to reflect back on this vote like we have in the Auditor's vote today, that's reasonable. I just want to raise the concern that I find it very difficult to follow the logic in the office of the controller moving along the way it is here when we've had no legislative discussion of the matter, and we find the Auditor's office moving along in the preaudit area that was outlined earlier. As long as we can have that kind of discussion, fair ball.

MR. LEITCH: Mr. Chairman, I'll come with greater information on those two areas when we cover the Auditor's estimate.

MR. CHAIRMAN: As there is an interlocking between the two departments, is it agreeable to the House that this can be brought up when the Auditor's [estimate] comes up?

HON. MEMBERS: Agreed.

Agreed to:	
Vote 4 Total Program	\$6,967,400

MR. LEITCH: Mr. Chairman, I move that the resolution be reported.

[Motion carried]

MR. HYNDMAN: Mr. Chairman, I move the committee rise, report progress, and beg leave to sit again.

[Motion carried]

DR. McCRIMMON: Mr. Speaker, the Committee of Supply has had under consideration the following resolutions, reports the same, and requests leave to sit again:

Resolved that for the fiscal year ending March 31, 1978, amounts not exceeding the following sums shall be granted to Her Majesty for the Treasury Department: \$1,025,200 for departmental support services; \$1,021,300 for statistical services; \$59,126,800 for revenue collection and rebates; \$6,967,400 for financial management, planning and central services; \$24,251,200 for public debt service; \$3,519,802 for personnel administration; \$49,140,800 for public service pension administra-

tion; \$36,800,000 for salary contingency under the Provincial Treasurer to be transferred to other votes pursuant to Treasury Board directive.

Resolved that two subcommittees of the Committee of Supply be established with the following names: Subcommittee A and Subcommittee B.

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

HON. MEMBERS: Agreed.

#### head: **GOVERNMENT MOTIONS**

##### 1. Moved by Mr. Leitch:

Be it resolved that this Assembly approve in general the fiscal policies of the government.

[Adjourned debate: Mr. Horsman]

MR. HORSMAN: Mr. Speaker, in rising to take part in the budget debate, I wish to add to those of other speakers my congratulations to the Provincial Treasurer for the manner in which he presented the budget, and of course more particularly for the content. Viewing budgets of other provinces, and indeed viewing in particular the budget of the federal government of this country, I think our Provincial Treasurer is particularly fortunate in that this budget is remarkable. Therefore I certainly congratulate him, and I hope he can do as well in future years.

Of course I think it is important to note that in the Budget Address a caution is expressed by the Provincial Treasurer as to the source of our revenues. All members will recognize the importance of bearing in mind in our deliberations the fact that we are relying to a very large extent on revenues from depleting natural resources.

My remarks this evening, Mr. Speaker, will relate in particular to the question of municipal finances, and to the effect those finances have upon my particular constituency. I think it is relevant because of the fact that a lot has been said in and outside the House with regard to the question of the position of municipalities in relation to the government of Alberta. Before going into the question of figures and so on, Mr. Speaker, may I just remind this Assembly of the relationship municipalities bear to the government of Alberta and to the governments of other provinces within this federation of Canada?

Of course the provinces, Mr. Speaker, are really the foundation of Canada. It was because four provinces came together back in 1867 and formed a federal government, and through the British North America Act passed by the imperial parliament at the time, that there are provinces and there is a federation. So really the federal government arose from the provinces, but of course the role of the municipal governments within the provinces comes from the provinces. In other words, this government is the creator of municipal governments. I don't propose to get involved in the question of terminology except to say that, as the creator of municipal governments in this province, the government of this province has a role to play with regard to assisting municipalities.

I'm always intrigued by suggestions made by those in the opposition that municipal governments should be given more power and more taxing participation in the funds available from the government of Alberta. I wonder why exactly how those municipal governments would raise the funds haven't been spelled out in more detail. I've always believed it is the responsibility of those who tax to spend. This whole question of revenue sharing and so on puzzles me, because I can't quite understand the arguments advanced by the opposition as to how governments such as municipal governments should be allowed to participate in revenues raised by another level of government without real direct responsibility. If the opposition is prepared to suggest that municipal governments be given the right to raise income tax at the local level, perhaps they should advance it in those clear terms rather than suggesting it be done by revenue sharing. However, I doubt we'll get that clear an explanation of the opposition's position in this regard, because I'm sure they really don't have that clear an understanding as to how it should be done.

AN HON. MEMBER: Agreed.

MR. HORSMAN: Mr. Speaker, I wish to point out it is important that this government has recognized there are growing communities in Alberta, and that particular emphasis was paid to this question in the address of the Provincial Treasurer in the recognition that there are municipalities experiencing extraordinary financial difficulties coping with unprecedented growth. I think we must tie this in to the fact that it is through the policies of the present administration that smaller municipalities and municipal governments in Alberta are facing the problems of growth. The problems faced by those municipalities prior to 1971 were in fact problems of stagnation rather than growth. I would much rather have problems of growth than the problems of stagnation that were so much in evidence prior to the change of administration.

I represent a constituency which has experienced this type of growth, Mr. Speaker. In 1975-76 the city of Medicine Hat — these are figures up to the end of June 1976 — in that one year period grew from 30,174 people to 33,220 people, a growth of 3,046 which works out to 10.09 per cent. Now those figures may seem small indeed to members from these large metropolitan centres. But I would suggest that if either Calgary or Edmonton grew at 10.09 per cent in one year, the members would be whistling out of the other side of their mouths. Because that type of growth really does place a great strain on the abilities of municipal governments to cope with the changing society, just to be able to service the land, provide the necessary police protection, and so on.

I think our governments in smaller communities have done a remarkable job coping with that growth. But it is important to recognize that in this current budget the grants for special assistance to growth centres has been spelled out, and in the ministerial statement by the Minister for Municipal Affairs it was spelled out in particular.

Assuming that the growth of Alberta has been 2 per cent per year over the past two years, communities which grew in excess of that would be entitled to a \$40 per capita grant over that rate. In my particular

case, representing as I do the city of Medicine Hat and the town of Redcliff, the city of Medicine Hat unconditional grants will grow by 42 per cent over last year. For the town of Redcliff, which has also grown rapidly, the growth factor is in excess of 50 per cent; that is to say, the growth factor and the unconditional grant of the government of Alberta to that town. I think that's significant.

Just this morning, having heard over the weekend that the financial statement of the city of Medicine Hat for the period ending December 31, 1976, had been issued, I had this brought to me from city hall in Medicine Hat prior to coming here. I had the financial statement for 1976, which I read — or summarized or scanned briefly, I should say, because it is a lengthy document. I was struck by the fact, Mr. Speaker, that in this financial statement page after page there are references to the participation by the government of Alberta in the financial affairs of my city.

I'm sure that in examining financial statements members who represent other municipal governments will be struck as well by how many areas there are in which the government of this province participates with the municipalities in providing services to those communities. I think it would be useful to cite a few examples, because I'm sure they are operative in other communities as well.

Dealing first of all with the question of debenture repayment reimbursement, I think it is significant that we fail to hear very much in the way of congratulations on this area. The fact of the matter is that the government, in recognition of the rapidly increasing interest rates payable by municipalities, has provided the shelter and has provided interest subsidies to municipalities for debentures when those debenture rates have climbed over the level established by this government. That is significant in this one example: the debenture repayment reimbursement under general funds for the city of Medicine Hat brought over \$71,000 into the city from this government.

Going on, we find the government has indeed participated with the operation of the transit system in Medicine Hat, providing operating grants there in excess of \$110,000. In regard to the construction of the water supply system, once again there is a debenture interest subsidy from this government.

Going on to the question of general revenue, we find that in the area of social services the provincial government, through the preventive social service program operative elsewhere in most municipalities in this province, has contributed substantially to assistance in providing those services to the people of Medicine Hat. We run through a list, and I'm sure it is the type of list people will find in other communities as well: social services cost reimbursement; administrative costs; family service; day care; senior citizens' services and gloribus; the early childhood services, which come from PSS and the Department of Education; day care centres. We find in this particular case that Medicine Hat got almost \$600,000 in government participation in that area.

We go on to other areas: police; law enforcement grants through the Solicitor General's Department; municipal aid grants, which I have referred to already and which will be increased next year by 42 per cent in the case of Medicine Hat; recreation grants; civil defence grants; highway grants; grants in lieu of taxes for provincial government buildings located

within the municipalities; police department custody cost reimbursement; juvenile section preventive police measures reimbursements; and, once again, debenture interest subsidies. In those areas over \$1 million in provincial funds were provided to the government of Medicine Hat to run the city and provide those necessary services.

Let us go on even further, Mr. Speaker, and examine what has happened with regard to capital projects, a startling picture related in large part to the participation of the Department of Transportation. We find that in excess of \$3 million in capital assistance grants was provided by this government to the city of Medicine Hat.

I suggest to the members of this Assembly that when you take all these factors into consideration, it must be acknowledged that the government of Alberta, under the present administration, has been more than fair to the municipal governments of this province.

In one particular area I think it is interesting to note a five-year mill rate comparison included in this financial statement. It brought to mind very clearly what this government has done to assist the municipal taxpayers of this province with regard to relieving municipal governments of a great deal of the tax burden, particularly in education and hospital services. It's interesting, Mr. Speaker, that this financial statement is a five-year comparison, because it demonstrates what has happened during the past five years of this administration.

Mr. Speaker, we find that in 1972 in Medicine Hat there was a mill rate across the board of 57 mills, of which 42.82 mills went toward education and 3.81 mills toward hospitalization. Then in 1973 the mill rate stayed the same at 57. Going on from there, however, we find that in 1974 the mill rate dropped from 57 to 34.7 mills. We must ask ourselves why. It is because the government of Alberta relieved the municipal taxpayer and the residential taxpayer of the foundation portion of the education levy, a substantial reduction. In 1975 the mill rate on residential property was 39, and in 1976 was under 45. In fact the mill rate on residential property in the past five years is still down substantially, despite the fact that this government has freed to municipal governments a large area of taxation power as a result of the removal of the education foundation levy on the residential portion as well as the complete last-dollar financing of hospitals.

Mr. Speaker, I realize other municipalities in Alberta have mill rates somewhat in excess of those in Medicine Hat. As a matter of fact, I don't know of any that are quite that low.

There's another reason for that of course, and I wish to turn my attention to that at the moment. It relates to the question of ownership by the government and by the city of Medicine Hat of its own natural gas. In that area it is significant to note that this government moved in the fall of 1975 toward the establishment of a Natural Gas Pricing Agreement Act with the government of Canada. Under that act the city of Medicine Hat was the owner, supplier, and seller of natural gas primarily for domestic, commercial, and industrial use in Medicine Hat and district and became entitled to share in the flowback of the revenues from natural gas.

This has had a significant effect upon the finances

available to my community. As a matter of fact in the 14-month period from November 1975 to December 1976, the city received in excess of \$5.2 million from the flowback provisions of that Natural Gas Pricing Agreement Act, an average of \$432,962.74 per month.

I suggest, Mr. Speaker, that is another indication of how this government has responded to the needs of my community. It should be clear, but I must point out that the government did take back a royalty on that, which of course has benefited the coffers of the province of Alberta and no doubt is part of the funds the Provincial Treasurer has available now to place in service to the people of Alberta — at least 70 per cent of it — and the remaining 30 per cent of it is to be placed in reserve for the future citizens of Alberta through the Alberta heritage savings trust fund.

Mr. Speaker, for those in this Assembly and otherwise who allege that this government has been unfair to the municipal governments in this province or has treated them unfairly or meanly in terms of the revenues that have been made available to them, I reject those allegations as complete nonsense. I really think before members of the opposition come to my constituency again and make these allegations, they'd better be sure of their facts. The fact of the matter is that the communities in my particular constituency have been well treated by this government in terms of municipal financing.

I would suggest as well that it is significant this budget has seen a major increase in the funds available to libraries. I applaud the Minister of Culture for his diligence and tenacity in ensuring those funds are available in this year's budget. I compliment the Provincial Treasurer for his amenity to that tenacity.

AN HON. MEMBER: Good lord. [interjections]

MR. HORSMAN: Those are three-dollar words. [interjections] The still, small voice.

Mr. Speaker, I wish to commend the Provincial Treasurer as well on his intention, demonstrated in the budget, to curtail the growth of the civil service and to maintain it at 1.2 per cent. I think it is significant to note when one examines the growth of the civil service during the past five years that there was a time after the government became the government that the growth was somewhat higher than that. Of course the reason for that, Mr. Speaker, is that the needs of the people of Alberta cried out for more service. You go back to 1971 and examine whether there was a specific department of housing. Was there? Was there a program on the part of the government of the day to provide the massive housing that has been provided by the Department of Housing and Public Works?

AN HON. MEMBER: Yes, retired and moved to Victoria.

MR. HORSMAN: That's where all the former members of the government have gone: retired and moved to Victoria. The fact of the matter is that in order to provide these housing programs to the people of Alberta, it was necessary to provide civil servants to administer that program. When I hear members in the opposition call for a reduction in the civil service — no more growth, no more increase — I

challenge them to show us where they would like to cut out some of these civil servants who have been hired.

DR. BUCK: Political appointments would be first, Jim.

MR. KING: Let the giraffes run the provincially-owned game farm.

DR. BUCK: You just buy it, we'll run the farm.

MR. HORSMAN: May I remind the hon. Member for Clover Bar that he is interfering with the available time I have. I trust he'll keep his interjections to a minimum.

DR. BUCK: Start your speech.

MR. HORSMAN: By the way, Mr. Speaker, I'm still keeping that list of inaccuracies and inconsistencies on the part of members of the opposition that I started at the beginning of this session. Every time they have stood in the House to date and called for new programs, such as the purchase of the Game Farm, I have put it down on a list, and at the end of the session I intend to remind those members in the opposition of their inconsistencies. I think it is quite an anomaly to call for additional government services on one hand and a smaller civil service on the other. That's a masterful act of juggling, and I'm remembering . . . [interjections] That's right. I haven't yet had an opportunity to read all the private bills that have been submitted — private members' bills. I must keep the distinction between private bills and private members' bills in view of my other responsibilities in the Assembly. But the private members' bills from members in the opposition have called for a large number of new government services. I think it would be useful to add those up and remind them at the end of the session as well.

However, I've spent far too much time talking about what has been proposed by the opposition members. It really doesn't merit too much attention.

In returning to my remarks, may I say how important it is that in this budget we have provided for phase two of the senior citizen home improvement plan. And of course that's going to take some civil servants to administer. That may surprise some members of the opposition, but it's true. Nevertheless the fact of the matter is that this government has committed itself to providing an additional 20,000 senior citizen households in this province with senior citizen home improvement grants for people on limited income. That program, announced in the Speech from the Throne and spelled out in this budget, has done more to add to the hope of senior citizens for proper accommodation than anything since phase one. I suggest it has been exceptionally well received and is being applauded throughout the entire width and breadth of the province of Alberta.

Mr. Speaker, I did want to comment on those particular items and to point out the very real importance this budget will have in providing to growing municipal governments the extra help necessary to assist them in that important period [between] their assessments and the taxes on assessed property they will take in and the time they have to provide the services. It's been applauded entirely by the people in

Medicine Hat and Redcliff. I can assure the members of the opposition that both municipalities have expressed to me their pleasure with these particular measures by the Provincial Treasurer and the Minister of Municipal Affairs on their behalf.

I cannot conclude my remarks, Mr. Speaker, without adding my congratulations to the Minister of Housing and Public Works and the Attorney General for their decision to proceed with the construction of new court facilities in smaller centres in the province of Alberta. As a member of the legal profession, I can assure all members of this Assembly how important it is that when the administration of justice takes place in this province, it is right and proper that it take place within the proper setting. The effect of bringing justice to the people in centres that are not appropriate is that people tend to put the law and the administration of justice into low regard.

Now it is true that excellent justice has been handed out in facilities that are far from adequate. I can well recall travelling to some smaller centres near Medicine Hat and having to put up with very unsatisfactory court facilities. These measures are long overdue. It is most important that we proceed with the implementation of the recommendations of the Kirby report to remove courtrooms from police facilities such as we have in Medicine Hat where the courtroom is located right within the police station. That is wrong. I applaud the Minister of Housing and Public Works, the Attorney General, and the Provincial Treasurer for measures in this budget to remove these undesirable facilities.

In conclusion, Mr. Speaker, may I say that I really feel sorry for some of the members of the opposition who are so short-sighted they cannot see that this is one of the finest budgets ever presented in the province of Alberta and certainly one of the finest budgets presented this year by any province; in fact, the finest in the whole Dominion of Canada.

MR. YURKO: Mr. Speaker, as on every occasion I have spoken formally in this House, I want to say what a privilege it is we all enjoy. It is a privilege given to very few people to have the opportunity to get up and speak in this House, and it is a privilege that's not necessarily retained by very many for a long time.

My first comments, Mr. Speaker, are in connection with you. I have learned something about you this year. That is that indeed you're not infallible, you can also make mistakes like the rest of us. It was enjoyable to see you make the odd mistake in terms of conducting the business of this House.

My second comments are with respect to the opposition. They'll be very brief, because it is not a subject I wish to dwell on very long. However, I do want to say that I have been disappointed by the performance of the opposition, as I'm sure most of us in the House have. I think the only way I can attempt to categorize the performance of the opposition, if you wish, Mr. Speaker, is to indicate that I think there are 570 lights in this hall. I've counted them twice and I've come pretty close. While the opposition was speaking I had such wonderful things to do. That's about eight lights per person, but I'm really surprised there really is so much darkness among some of the opposition.

MR. SPEAKER: Possibly the opposition has de-lighted.

MR. YURKO: The performance of the opposition reminds me of a theatrical scene. This huge theatre was in total darkness. The play was about to begin and a spotlight appeared on the stage. In about five or 10 seconds, a clown appeared in the spotlight and kept looking for something around the spotlight. After a few more seconds a policeman joined him in the spotlight and asked if he could help look. They both looked around the spotlight for what the clown said was the key he had lost. Finally the policeman looked at the clown and said, sir, are you sure you lost your key here? The clown said, no sir, I lost it over there. The policeman said, why are you looking here? The clown said, because the light is here.

Mr. Speaker, I'm trying to suggest that the key in all political movements is out there amongst the people. During the last year I have had the opportunity to engage myself in 119 functions across the province, and I can truthfully say the people of Alberta are pretty pleased with the performance of this government. They're not necessarily very pleased with the performance of the opposition.

Mr. Speaker, there are times when I believe a person should adopt a world perspective. I have tried to do that on many occasions. To begin with I'd like to suggest that I considered the budget presented by the Provincial Treasurer so inspiring that I sent him a note and asked him what I considered a most pertinent question: in your opinion, what are the impediments to an expanding world economy? The Provincial Treasurer, with his usual brilliance, answered very forthrightly and gave me five reasons. I'll quote them very quickly: inflation, rising energy costs, business nervousness, increasing negativism — and that's my word — about the acceptability of profits, and decreasing annual savings going into equity investment. All excellent points. If you wish to applaud him, you can.

However, I wrote him a note and said that I thought those were the symptoms. The causes, concerns, and trends in society were perhaps deeper. Very briefly, I stated that the trends were as follows: first, nationalism replacing internationalism; secondly, overwhelming problems of population growth, and the increasing trend towards the redistribution of wealth rather than the creation of new wealth; thirdly, use of the world's resources in a constricting rather than expanding manner; fourthly, the increasing involvement of governments in the economic process; and fifthly, an increasing disillusionment with the effects and results of technology.

Now, Mr. Speaker, before I get into discussing some of the various aspects of my portfolio, I thought I would take this occasion to expand slightly on these five world trends. I do that, Mr. Speaker, by virtue of the fact that I've had the unique responsibility and opportunity in the last five years to represent Canada at three world conferences sponsored by the United Nations, basically three of the six. The six were the Stockholm Conference on [the Human] Environment in 1972; the Law of the Sea Conference in Santiago, Chile; the World Population Conference in Bucharest; the United Nations World Food Conference in Rome; the International Women's Year Conference in Mexico City — which the Deputy Premier should have



attended — and the United Nations Conference on Human Settlements (Habitat) in Vancouver. I attended those in Stockholm, Roumania, and Vancouver.

I'm not going to tell you what happened in these conferences, but it is my intention to tell you something about the trends that have become evident to me in the world situation.

First, the internationalism so prevalent during the third quarter of this century, fueled by a common desire for materialistic and humanitarian upgrading, is progressively giving way to a worldwide narrow nationalistic craze. Each state, each nation, each race is seeking to guarantee its survival like never before. This is the result of an accelerating world trend towards homogenization where cultures are blurred, languages forgotten, customs synthesized and even races are beginning to blend. Now this world trend hasn't escaped North America and hasn't escaped Canada. In fact it's threatening the Canadian nation today.

In my estimation, if Quebecers have a cause at all it is surely the fear of homogenization of their culture and language in an overwhelming sea of English-speaking people already severely moulded by the homogenization process. If French-Canadians need any assurance, it's the assurance that this homogenization process will not overwhelm them, both in the short and the long term. This assurance was certainly not evident nor even developing with any degree of certainty. For English Canada was, until the November 15 event, too preoccupied defining and implementing its own aspirations. In my estimation the future stability of the present Canadian federation lies not in economics, but rather in the guaranteed survival of the nation's many cultures and two official languages. The question facing all of us is whether we're willing to pay the price. I don't think the events of the past are very encouraging. But the future does hold promise, and I particularly commend our Minister of Culture for the terrific work he's doing in this area.

Mr. Speaker, at my annual meeting last December 6 I was asked to comment on the state of the nation's integrity. My publicly delivered comments are a matter of public record. Indeed the press has them, and I don't mind repeating them to the House so they're not brought forth later to reflect on what I may or may not have said. This is what I said, and it's not very long:

Some say that the country is having a nightmare and that when we wake up all our illusions of nationhood will be shattered — dashed upon the cold wet rocks of the three oceans that surround us.

But then on the other hand our present condition as a nation can be looked upon as an opportunity. Recognizing the transitional phase we are in as a country and the vast potential before us as a people, so diverse, so intellectually advanced, so creative and dynamic, and so endowed with God's creation, we should grasp this brief moment in history to create a united community of peoples which will be the marvel of the 20th century. We have all the ingredients, but do we have the will?

I said to my constituents that I think we do, because it seems to me that three separate phases of dialogue

will occur during this transitional phase of the evolving of the new community of peoples we call Canada. After overcoming our initial jitters and hysteria over that election, I said the first phase would be to take stock of our position. The second would be an emotional outpouring by most Canadians. The third would be a redefinition, reapplication, and reconstruction of the constitution.

Now in taking stock and weighing the economic benefits of union, we will realize that prosperity comes from tolerance rather than bigotry; through co-operation rather than isolation; through construction rather than destruction; from integration rather than separation. We will realize and behold the near-perfect masterpiece that is Canada. After taking stock, we will enter the emotional phase where the shrill cries will relate to cultural and linguistic preservation and advancements. Bigots and intolerant people will again scream for unilingualism, a halt and a reversal of the growth of multiculturalism and biculturalism. But in my estimation it will all be in vain, for the Canadian state is durable and can withstand all its extremists and embrace all its people.

Then the real period of constitutional reconstruction will begin. It will be a process taxing our most knowledgeable and most dedicated. But the task will not be impossible, for the trail has been blazed for 110 years by the urge to be Canadian. That's what I told my constituents and I'm proud to repeat it in this House.

Mr. Speaker, the second world trend that has become increasingly obvious is the importance, value, and availability of the world's resources. The renewable resources are increasingly being nationalized, whereas the non-renewable resources are being manipulated for political power, economic ransom, and sometimes almost piratical barter. The rules of international trade and barter are rapidly changing, and the resultant readjustment is producing increasing shock waves within the world monetary systems and is straining traditional world relationships. The already furious pace of negotiated international trade relationships and patterns is increasing in complexity. It is becoming increasingly evident that the world's two-bit players are straining to gain a seat in the poker room, if not at the poker table.

Thirdly, the exploding world population pressures are overwhelming nations, straining rational community development, depersonalizing humanity, and increasingly confusing the rationale of the present while generating fear of the future. It was technology that caused this problem, and it is the application of technology that is the only solution.

At the world population conference in Roumania two solutions were paramount. On one side it was population control through chemistry; on the other side it was population control through economic development. The key in all cases was growth — growth of the world economy. But as I said earlier, today serious impediments to the growth of the world economy are developing. An overwhelming preoccupation and disposition toward redistribution rather than toward creation of new wealth is developing. Certainly the world needs a balanced thrust between these two processes.

The fourth trend throughout virtually all nations is the fact that governments are becoming increasingly involved in the economic fabric of those they govern,

irrespective of political ideology or philosophy. Socialization is advancing and individualization is receding. In Canada the portion of the gross national product spent by governments, as the Provincial Treasurer indicated, increased from 26 per cent to 42 per cent in just over 10 years, a truly shocking and scary increase. The trend is prevalent in all countries in the world. Indeed even in the United States the trend is rapid in terms of the increase of government involvement in the economic life of its citizens.

Now the fifth trend I as a technologist noticed more than other types of trained or professional people, was the increasing trend toward disillusionment with the results of technology. In fact some state that the common world religion prevalent during the last half of the century has been the religion of technology — its application, its benefits. This religion, if I might call it that, is now being examined like never before. In fact the social balance or interplay between this new religion of morality, if you wish, of the body or looking after the body, and the older religions of morality of the mind, is being studied and examined again like never before. The future direction of the world tied to the religion of the technologists, as frequently predicted by the technologists, is not comforting; for example, the eventual results of and the widespread use of nuclear energy. There is great dialogue and caution in the world today as to the disadvantages as well as the advantages of the use of nuclear energy. In fact technologists have indicated to me that the complexity of the growth equation defies present-day analysis and logic.

Now, Mr. Speaker, these world trends have impacted significantly on every part of the world, as indeed they have on North America. For the first time, I believe, in the history of the United States of America, the nation is being led by a man trained in the complexities of technology. I, for one, will be very interested in seeing how he performs.

Mr. Speaker, the growth of the Alberta economy and society is being moulded through the application of modern and complex technology in a way and at a rate experienced by few societies in the past. Our daily life and growth is under the control of engineers, technologists, and technicians. I understand that the registration of professional engineers, geologists, and geophysicists in Alberta now exceeds 10,000, and is growing rapidly. Indeed, we are brewing technologists in our NAITs, SAITs, and other institutions as never before.

I have no difficulty in telling you, Mr. Speaker, that technology has moved over the face of our province with a heavy hand, creating opportunities but also causing problems. Of course the most complex of these problems is coping with growth at the local, municipal, and provincial levels, and the provision of adequate housing to cope not only with the needs of those fortunate to be living in Alberta, but those who are flocking to Alberta. Indeed they are coming in considerable [numbers].

Now it is the vision of this government, Mr. Speaker, to recognize developing trends and developing problems. Indeed it certainly recognized the difficult problems of housing as they were developing several years ago. As a result the new Department of Housing and Public Works, for which I was given the opportunity to be the minister, was formed. The overall policies we have instigated are simple and

well worth remembering, because they're precise and can be stated over and over again. They are to assist the needy, the low- and the middle-income families, with their housing problems and to provide extensive community infrastructure. If any government has performed in the provision of extensive community infrastructure, I would ask you to compare Alberta's record to [that of] any other society in North America. Literally hundreds of towns have been supplied with water and sewer during the last five years, bringing them to a position where growth can indeed occur and is occurring. Every little town I fly over has five or six or 10 or 20 houses cropping up, and people are living in those houses. The young are going back to the towns. So that remarkable policy of this provincial government of balancing growth across the province, enunciated as early as 1971, is bearing fruit.

In addition, our policies were simple: to increase the supply of housing, to improve affordability, and to repair the existing stock of housing in the province. I think we have done very well in each of these areas. We have had to reorganize and set up not only a Department of Housing and Public Works with two deputies but a new corporation, the Alberta Home Mortgage Corporation, to handle the mortgage portfolio.

Now I would like to review very briefly the performance in the area of housing. Perhaps I won't have time to get to the public works side. I don't want to give the House the indication that I don't consider the area of public works important. I consider it very, very important as part of the overall balancing of growth across the province. If I don't have time to refer to the public works side in my talk tonight, Mr. Speaker, I hope I will have an opportunity again during the course of the debates.

Now, Mr. Speaker, I would just like to review quickly the Alberta Home Mortgage Corporation record. Its first year of operation was 1976. It came into being in the middle of the year, took over the portfolio from the Alberta Housing Corporation. This is what its performance record was in 1976. I'll go through the figures quickly. In 1976-77 we budgeted for 2,000 units under the direct lending program and appropriated \$65,850,000. The performance was 1,806 units with the loaning of \$63,000,660, so we did very well on that program.

In the starter home ownership program we budgeted for 2,100 units. In the first full year of the program — actually we started several months in 1975 — we budgeted \$75.6 million and overestimated. We actually lent out \$33.7 million and have 903 units under construction.

In the farm home lending program we had only 11 applications, and virtually all were approved. The Minister of Agriculture and I had a meeting this morning to review this program and its need. There is a question as to the need for the program, for the simple reason that it is our policy not to interfere with the traditional lines of credit now enjoyed by farmers. We do not want to displace that area of credit in any way with this particular program.

Now in the area of the rental programs and the core housing incentive program, called CHIP, we budgeted \$50 million last year for 2,200 units and actually put out \$72,889,000 as mortgages for 2,750 units.

In the modest apartment program for the smaller

centres, we budgeted \$10,450,000 for 550 units and actually placed 505 units in the smaller centres for \$9,829,000.

Mr. Speaker, in the area of mobile home parks we actually lent \$3.5 million for 535 stalls. We had budgeted for 1,000 stalls at \$5.5 million.

In Syncrude housing in Fort McMurray — where, in my estimation, a miracle has occurred in the area of community development and housing in regard to what has been done in such a short period of time — we actually have 834 units under construction or mortgaged for \$33.86 million, whereas we had only budgeted for \$27 million for 675 units.

In total we put forth into the community 7,340 units and stalls equivalent to \$217.8 million or 90.03 per cent of the approved budget. Mr. Speaker, this was done with a staff of the order of 95 to 96 people across the province. I want to give that staff a great deal of credit. I know they've had problems and some difficulties with their public relations. But in my estimation they've done a remarkably good job in their first year of operation.

As you know, Mr. Speaker, the Provincial Treasurer indicated to the House that in the forthcoming budget we were budgeting some \$318 million as loans through the Alberta Home Mortgage Corporation, identifying 10,095 units and stalls and 2,500 lots under the new program called the residential lot development fund.

Mr. Speaker, in regard to the Alberta Housing Corporation program, as against the Alberta Home Mortgage Corporation program, again the picture is one of enormous, extensive growth with basically very little increase in the manpower allocation but a substantial revision in administrative policies, management policies, indeed in the management of the corporation itself. In 1975 we had 650 public housing units budgeted. In 1976-77 we had a 1,000. This year we're budgeting for 900. In senior citizens' lodges, we budgeted for 740 in 1975-76, 390 beds in '76-77 and 219 this year. In both those years we approved all the lodge bed applications submitted to the Alberta Housing Corporation by the various foundations throughout the province. In regard to senior citizens' self-contained apartments, in 1975-76 we approved 585 units for \$11.7 million. Last year we approved 1,000. This year we increased that to 1,219, and the lists are increasing.

Mr. Speaker, senior citizens' lodges and self-contained accommodation are becoming a way of life for our senior citizens, a way of enjoyment in their senior years of life. Nothing pleases me more than to open one of these units and find 200 to 500 senior citizens looking up at me, because I remember what it was like in this province when my grandparents came here in 1898 and, subsequently, the type of accommodation they died in. So it pleases me very much to see the type of accommodation being provided by this government for senior citizens.

It had been my intention to dwell on rural and native housing for awhile, Mr. Speaker, and to talk about transitional housing, some of our other programs, land banking, and so forth, but obviously my time has gone quickly. It had also been my intention to review SCHIP and the manner in which it is working. I must indicate that it's working very well. I do want to quote particular statistics in regard to the 26,260 applications approved under phase one of the

senior citizens' home improvement program, particularly the distribution to show you where houses are being repaired. Edmonton had 4,945 or 18.83 per cent of the 26,260; Calgary had 14.11 per cent; Lethbridge, 4.27 per cent or 1,120 units; Red Deer, 425 or 1.62 per cent; and Medicine Hat had 881 or 3.35 per cent. Mr. Speaker, the most important single item is this: for the other towns, villages, and rural communities, the small communities throughout the province, we approved grants for 15,184 houses. Indeed 57.82 per cent of the grant money of the senior citizens' home improvement program went to improve housing in the smaller communities, the little communities where the need is substantial. As I said earlier, over 40 per cent of that money went for roof repair, gas connections, water connections, and so forth.

Mr. Speaker, I know my time has run out. But again, as I started, I'm indeed very humble and grateful for having the opportunity to speak in this House. Thank you very much.

MR. DOAN: Mr. Speaker, in rising to address our 1977 budget, I would first like to commend our Provincial Treasurer for the capable manner in which he presented it. Our seventh budget runs true to recent form, with good news as it relates to the present day operation, and with a little apprehension about the outlook for the 1980s. Our 1977 budget indicates an increase in spending of 11.1 per cent with no new taxes, and must put this province in a very enviable position.

This government's present financial position is the strongest of any province in Canada as well as the strongest at any time in Alberta's history. However, we must bear in mind that things may not always be this rosy. The easy money from oil and gas may dry up someday, making it necessary to raise funds by other means.

This government's genuine effort to keep government growth under control should be noted also, as last year's operation costs have been held down to 7.7 per cent.

Mr. Speaker, our government is in an unusually favorable position, with an increase in spending of only 11 per cent without any new taxes still able to put three-quarters of a million dollars in our heritage savings trust fund. However, having said all this, I would still say it is certainly difficult to exercise restraint when our provincial coffers are bulging and our province's economy is booming.

Mr. Speaker, I would now like to consider our budget as it relates to our basic industry, agriculture, with a budget of \$60 million, corresponding to last year's initial budget which rose to more than \$100 million after our cow-calf grant. However, there is no doubt that the cow-calf grant saved a few small farmers in my area, while a few others took advantage of it anyway. With low returns on livestock and grain, we farmers may just have to tighten our belts for another round, something farmers are quite used to anyway. Our rural people feel they have been used by the dominion government which imports cheap meat from other countries, thereby keeping the cost down at the farmers' expense.

Mr. Speaker, our government's land-use committee is wrestling [with] some tough problems. Land prices are going beyond any hope of their being able to pay

their costs from production. In an effort to diversify the farming industry, our government promoted a lamb processing plant in our town of Innisfail. For some reason yet to be worked out, it met with dismal failure. Surely the sheep industry of western Canada is obligated to this government, and must [make] a unified and determined effort to get behind the sheep industry or we will miss a tremendous opportunity to strengthen farming in Alberta.

A constant battle is going on today to save our good soil for agriculture. For many years there has been strong opposition to the establishment of industrial parks. One of these developments is our petrochemical plant east of Red Deer, just across the river from my constituency. However, we must understand that the entire issue must be one of balance in order for people to have jobs, schools, hospitals, and all the amenities a community desires.

Mr. Speaker, with this mass movement today of Canadians to the great and beautiful outdoors, as well as the desire of those outside our country to come in, we must not forget that this land is our land. So let us keep it and treasure it. We must move and make use of our outdoor environment for business and for pleasure. Canada's outdoors still holds pleasure for us all, in summer, winter, spring, and fall. It is also the source of our riches, but it will profit us nothing if we gain our riches and destroy our land in the process.

Mr. Speaker, the budget has given much concern for environment problems throughout our province, \$43 million to assist municipalities to improve disposal facilities and \$10 million for water resource management. Under this heading much work has been done in my constituency, or in the hon. Mr. Clark's area adjoining mine, to improve the flow of the Red Deer River. In-depth studies by qualified engineers of the best site on the river for a controlled dam have been completed. It becomes more apparent every day that controls on the Red Deer River are necessary. The need for more river water for large-scale industries is sometimes overstated, while water needs for numerous small secondary industries may have been underemphasized, more so in projections that approach the end of the century when increased domestic need for water throughout the communities of the Red Deer basin will be required.

I believe the best land use and the best water management are intimately interdependent, and must be considered as one integrated operation. The need for a diversified industrial base must be fitted with the best and the highest use of the land, as well as the most prudent use of the sub-surface resources. Conservation of water cannot occur in sharply seasonal climates such as ours without flow control, and flow control must be considered in terms that include good land use. I agree whole-heartedly with the residents of the Red Deer basin. My concern for the preservation of farmland and the concept that high priority be placed on the agricultural land where that land is in production and occupied by residents whose lifestyle is satisfying to themselves, who form an important part of that community and would be threatened by flooding, leads me to feel that the dam on this river should be located farther up the river at site 11 above Sundre.

Mr. Speaker, of tremendous benefit to six towns in this corridor between Red Deer and Calgary was this

government's decision to build a water supply line to ensure lifeblood to the growth of these towns. Our town of Innisfail is bursting at the seams with development of all kinds, except government development. Industry recognizes our town as a good location. The Johns-Manville insulation industry, a \$15 million development, will be starting operations late this summer with 150 to 250 employees. Other small industries are making inquiries while our government is dragging its feet in promises such as improvements to our hospital, a provincial building, and accommodation for nursing home facilities.

Local authorities expect the population of Innisfail to double in the next 10 years. However, this could be seriously delayed if local facilities are lacking. Accommodation for local court hearings is lacking, while the local liquor store, a moneymaker for our government, is sadly lacking in size and location. Housing in our town is going ahead as fast as lots and services can be obtained. There are good school facilities and shopping choices. However, with the lack of interest and support from our government facilities and offices, people are beginning to wonder why our government does not support this area, one of the best agricultural districts in Alberta.

Mr. Speaker, I feel the additional \$36 million for social assistance will take care of most of our social problems in my area. This department, although it must be a headache to the minister, seems to have things well in hand.

However, another area that creates a lot of beefing is our natural gas services. Although this government is increasing the subsidy of gas prices by 50 per cent, which amounts to a good large sum, it nevertheless is a tremendous increase in the cost of living. It seems we are supporting our provincial surpluses on the one hand while we are also increasing our own deficits.

Another point of disagreement is the cost of our gasoline. Although we are saying our gasoline is as cheap as anywhere in Canada, if we eliminated the provincial tax in all provinces, as pointed out by my colleague from Lacombe, we would not have the cheapest gasoline.

However, as we approach mid-point of this second term, this government has much reason for satisfaction. The province's affairs have never looked better. Could it be that we have reached the peak of our prosperity? Yet the temptation to extravagance has been admirably restrained. Recognition of local government problems has been shown by a realistic 15 per cent increase in grants. The long overdue increase in library grants also will be gratefully appreciated.

Mr. Speaker, after riding the prosperity wave for so long, our citizens have become accustomed to benefits such as lower taxes and shielded energy prices, more so than the less fortunate Canadians in other provinces.

The idea of the heritage saving trust fund and our government's attempt to broaden the base of our provincial economy makes good sense in view of the depletion of our natural resources. However, our economic growth and industrialization must be maintained. Our business investments will move to other areas if the pastures look greener. Problems outside of Alberta's borders today could become Alberta's problems tomorrow, unless our stickhandling is par-

ticularly shrewd.

Mr. Speaker, a tremendous amount of the public purse is invested in the education of our children. In the eyes of those responsible there should be enough development in our diversified industries to ensure that graduates at all levels will be able to find the job opportunities for which they might be looking right here in our own back yard.

Mr. Speaker, while we are not without our difficulties there is a tremendous future here. But if we are to be among the highest paid people in the world in any given industry it behooves us all, from government down to the ordinary worker, to do what we can to ensure that these jobs are made available to our own people. The world does not owe us a living. That's our own responsibility.

Thank you.

MR. TOPOLNISKY: Mr. Speaker, I appreciate the opportunity to participate in the 1977 budget debate. As I am one of those who practises economy of words, I'll come to the point and make my presentation in three parts: first, the Alberta budget and how it affects the Redwater-Andrew constituency; secondly, some constituency concerns; and thirdly, the Pine Ridge Forest Nursery, which is funded by the Alberta heritage savings trust fund.

The following items of the Alberta budget are certainly welcome. Taxes won't rise, but Albertans get more. No tax increases and no new taxes of any kind. Of course the goal is to remain within the overall 10 per cent increase in spending restraint guidelines while still maintaining or improving present levels of service. Other welcome restrictions are on the overall growth rate of the civil service, the cost of government administration, and on social assistance with a view to ensuring only those persons with genuine needs are provided for.

The exemptions from the 10 per cent guidelines are natural gas and housing. All Albertans are sheltered from the full force of natural gas price increases; \$35 million more is a 50 per cent increase in the natural gas subsidy to a total of \$105 million annually. The price protection program is to continue for three years. The new natural gas price protection plan is equivalent to a saving of about 2 per cent on Albertans' income tax.

One million dollars will be allocated to assist REAs in a rebuilding program. This is a beginning of an ongoing long-term program. The senior citizen home improvement program will be extended to those earning a maximum of \$9,000, up from \$6,000 or less. Libraries get 450 per cent more, up from 26 cents per capita to \$1.50 per capita, certainly a welcome increase. There will be increased unconditional assistance to municipalities with special assistance for rapid growth areas. In the field of education there will be new and expanded programs with particular emphasis on smaller schools.

Some of the areas for economic diversification are agricultural processing, the processing of natural resources, government services, and tourism. The acquisition of Pacific Western Airlines enhances Alberta's position for supplying the north and giving the province the capability of reaching out for world markets. The major problems with exports from Alberta involve trade and tariff barriers and transportation.

Some of the constituency concerns with regard to rural and natural gas programs: I receive many letters regarding the continuation of the natural gas rebate plan and the possible price increase in natural gas. These two items are now taken care of, but the problems regarding costs of construction and engineering come from natural gas co-ops, not from municipally owned gas systems. Three counties in my constituency have county-owned systems which have many advantages over the co-op system. We often hear a lot of criticism but, Mr. Speaker, I wonder how many hon. members receive any letters of appreciation. I'd like to read one from a county with a county-owned system, not a co-op system:

The County Council and the staff of the County ... would like to take this opportunity to thank you for having natural gas available to the rural people of the County through the Government of Alberta Rural Gas Program.

Because of the rural gas program ... the County ... Natural Gas Utility was able to make available natural gas to 436 rural customers in 1976. ... by July 1977 ... we would have approximately [970] more homes in the Province of Alberta who would be able to enjoy the convenience of natural gas.

Again, thank you for your assistance ...

In regard to agricultural markets and agricultural products marketing, for the last few years there were grave financial problems for Alberta cattlemen caused by imports from Australia and New Zealand; 220 million pounds flooded the Canadian domestic market. Ottawa should have acted quickly to prevent this. Alberta supplies almost 40 per cent of the beef produced in Canada, \$1 billion worth of production every year. The key to long-term stability for our farmers is better access to domestic and world markets for Alberta farm products at stable prices.

Mr. Speaker, it is necessary to give international trade and tariff initiative and marketing special attention immediately. To this end, 1977 could be the crucial year with respect to international trade opportunities for Alberta and the west. The focus will be on negotiations toward a general agreement on tariffs and trade, not only for beef and wheat but for other farm products as well.

Regarding the construction and maintenance of secondary roads, I appreciate the fact that the Department of Transportation has a program such that high capital costs are paid by the province. It is true many counties and municipalities have fairly large fleets of heavy construction equipment, probably beyond their effective capacities for work. They require new equipment to oil roads and maintain them, and some are getting into paving roads as well. Counties have requested that maintenance be taken over by the government. The following roads are priorities in my constituency: Highway 855, north of Smoky Lake to connect highways 46 and 63 to Fort McMurray; more money for industrial roads south of Lily Lake and the Waugh area; connecting highways 45 and 857 by 645.

In keeping pace with growth in the rural communities, Alberta Government Telephones will be expanding facilities for telephone service in several communities in the constituency. The following communities are very anxious to have the flat-rate calling program extended to them: Clyde to Westlock, Was-

katenau to Smoky Lake, and Andrew to Willingdon.

Regarding surface leases in the Redwater area, some landholders have not settled after several years of negotiation with Imperial Oil. A formula by which a suitable settlement could be made was submitted by the farmers for consideration by Imperial Oil, but this fell on the deaf ears of the oil company. The formula was not even acknowledged.

There is in my constituency a killing plant on a farm operated by a family which gained experience at a packing plant in Edmonton. They provide a real service to the farmers for many miles around, the service of killing, cutting, wrapping, cooling, and freezing the animals raised on their own farms. The plant is very well equipped and very well kept. The work is carried out the way the farmer wants, and he is glad to pay for a first-class job.

In regard to courts, we've heard today how more efficient services will be. While I appreciate the commitment of the Alberta government to decentralize government operations and to promote the economy of rural Alberta, and I appreciate the construction of a provincial building in the Redwater-Andrew constituency, 48 provincial courts are also to be constructed in rural Alberta. There may be some courtrooms that could be eliminated for whatever reasons, but I do not believe it is possible:

the level of justice must be the same in every provincial courtroom in Alberta. The physical facility in which the provincial court conducts its sittings has a significant bearing on the proper functioning of the court.

Mr. Speaker, I do not believe the level of justice can ever be the same in every courtroom, and I maintain that the physical facility has not much to do with the dignity of the court. It has to be an adequate courtroom, I agree, but the dignity of the court is in the person of the judge and not in the decorum of the courtroom.

Mr. Speaker, I'm concerned and I'd like to bring to the attention of the ministers of Social Services and Community Health, and Federal and Intergovernmental Affairs the sad plight of a widow between the ages of 60 and 65 who is automatically cut off from the old age pension upon the death of her husband. Her spouse's pension terminates. Also, why should a 60-year-old be penalized by not being able to start drawing the old age pension because her husband died just prior to turning the pension age of 65 years?

Mr. Speaker, the final section deals with two plants that provide employment in the constituency. One I'd like to refer to is the Houg Cement Limited plant at Clyde, 45 miles north of Edmonton. This plant started in 1973. The plant itself is unique in that they are making cement from marl and not limestone as is used by other manufacturers at this time. Marl is very fine, therefore it enables them to produce a cement of higher quality than the cement manufactured from limestone. This plant provides employment for local people. At the present time there are about 80 employees on the pay roll, and most of them are local.

The village of Clyde has had an increase in population of 50 per cent in the last year or so. The Member for Lethbridge West was talking about such high increases. The population of Clyde increased from 250 to 375. This is in keeping with government policy of decentralization to balance the economy of

Alberta.

Finally, Mr. Speaker, in response to numerous questions from hon. members about the forest nursery funded by the Alberta heritage savings trust fund, I'm pleased to provide the information. Investment in the capital projects division of the Alberta heritage savings trust fund, being a portion of the funds received from the sale of non-renewable resources owned by the province, that is oil and gas production, is 30 per cent of the non-renewable resource received in each fiscal year. Under renewable resource improvement the purpose of these projects is to restore, to replace, to upgrade the province's renewable resource base. Under the energy and natural resources, it is the Alberta Reforestation Nursery which will expand within the province the capacity to produce seedlings in support of reforestation programs, thereby facilitating the replacement and maintenance of one of the province's vital natural resources.

The provincial government has a newly-established 1,120 acre tree nursery 90 miles northeast of Edmonton, located 13 miles east of the town of Smoky Lake on the north bank of the North Saskatchewan River. It is located on Crown land and the official name is the Pine Ridge Forest Nursery. The proposal is to grow 10 million bare root and 10 million container seedlings annually at this nursery. The factors considered in locating a nursery on this site, 90 miles northeast of Edmonton in the constituency, were the soil type, which is loamy sand well suited to good drainage. The soil can be worked when weather conditions would forestall operations on heavier soils. The soil content and organic matter content is satisfactory for growth of conifers. The organic matter content will be amended by the addition of peat moss which will begin with field development. Adequate water supply is a necessity. Water will be obtained from the North Saskatchewan River, 1.25 miles south of the nursery site. The water will be pumped up an elevation of 180 feet across the 1.25 mile of terrain and into a storage facility in the proximity of the main building. Then the water will be drawn from here for the irrigation of fields, greenhouses, and the remainder of the facility. The nursery fields will be located on lightly undulating land with slopes not to hamper but greatly facilitate machinery operation. The area is relatively free of early and late frosts, there is good air drainage, and is relatively free of damaging hail storms.

As to site development, there are 48 fields varying in size from 3.5 to 5.5 acres. Shelter belts are orientated at right angles to the prevailing storm winds. The total production area is approximately 180 acres. Initial development of the site began in the winter of 1975 with field clearing, and in the spring of 1975 a cutting program was initiated to salvage all post and log material from the fields and road rights of way. This also involved the location and establishment of the main building site and the reservoir area. The salvage cut proceeded into the spring of 1976 and was completed in May.

Also during the spring of 1975, a six-foot high chain link fence was erected on a cut right of way which encompasses approximately 4.25 sections. This will constitute the main production and service area.

All material salvaged from the cutting operation

has been disposed of by public auction. Most of the material was bought by local residents. In the spring of 1976, a clearing contract was awarded for the clearing and stumping of 180 [acres] of the field area. A novel way of land clearing was used in that the contractor used backhoes to remove stumps, and a loader and trucks to transport the material to the burning site. This resulted in a relatively clean soil with minimum soil disturbance. This clearing was completed in a period from June to October 1976.

Thus far, the following has been accomplished: excavation of the on-site reservoir; construction of the main pipeline from the river; construction of a power line to the pump house at the North Saskatchewan River; construction of two site residences; and excavation of 40,000 cubic yards of peat moss for incorporation into the soil.

In the immediate future, the following are to be constructed: a greenhouse complex, the main production and administration building, the core storage and seed extraction facility, irrigation distribution system, the mechanical services and storage facility, a pump house at the on-site reservoir. All of the above development is scheduled for completion before March 1, 1978, with the major portion of the construction activity taking place over the spring, summer, and fall period of this year.

The forest nursery employs about 80 people, 20 of whom are technical; most are local, many of them are farmers.

In conclusion, Mr. Speaker, may I congratulate the hon. Provincial Treasurer for his excellent budget presentation.

MR. HANSEN: Mr. Speaker, I beg leave to adjourn the debate.

MR. SPEAKER: May the hon. member adjourn the debate?

HON. MEMBERS: Agreed.

MR. HYNDMAN: Mr. Speaker, I move the Assembly adjourn until tomorrow afternoon at 2:30.

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

HON. MEMBERS: Agreed.

MR. SPEAKER: The Assembly stands adjourned until tomorrow afternoon at half past 2.

[The House adjourned at 10:29 p.m.]

