

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Friday, March 3, 1978 10:00 a.m.**

[The House met at 10 a.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: INTRODUCTION OF VISITORS

MR. ADAIR: Mr. Speaker, it's my pleasure today to introduce to you, and through you to the members of this Assembly, four members of the Commonwealth Games foundation.

May I start, sir, with a distinguished guest from England, Sir Alexander Ross, chairman of the Commonwealth Games foundation. Sir Alexander, while acquiring an equally distinguished career in international finance, represented New Zealand in the 1940 Empire Games and in the Commonwealth Games in Vancouver in 1954. Sir Alexander is a past governor of the English-speaking union, Central Council of the Royal Overseas League, and has been chairman of the Commonwealth Games foundation since 1968.

Accompanying Sir Alexander is another distinguished gentleman, Mr. Sandy Duncan, O.B.E., honorary secretary of the Commonwealth Games foundation. Mr. Duncan is a former president of the Oxford University athletics team and was a silver medalist in the 440-yard relay at the third British Empire Games in Sydney, Australia, in 1938. Mr. Duncan was secretary-general of the Commonwealth Games council for England for 25 years, and since 1948 has been the honorary secretary of the Commonwealth Games foundation.

These two distinguished gentlemen are being escorted by two very well-known Edmontonians, prominent in the activities of the Commonwealth Games for 1978 here in our city. They are Mr. Rick Lelacheur, the vice-president of the foundation, acting as president in the absence of Dr. Maury Van Vliet; and Mr. Peter Swann, who is well known to the House and is the protocol co-ordinator of the 1978 Commonwealth Games.

I would ask if they would stand and if you would join me in welcoming them to our Assembly.

head: TABLING RETURNS AND REPORTS

MR. SPEAKER: I have the honor to table the report of the Ombudsman, a distinguished officer of this Assembly, for the period January 1, 1977, to December 31, 1977.

MR. LOUGHEED: Mr. Speaker, I would like to table, to form part of the legislative record, the opening remarks I made on behalf of the province of Alberta to the first ministers' economic conference in Ottawa on February 13. I also wish to table for the same purpose, Mr. Speaker, the remarks I made on behalf

of the province of Alberta regarding agricultural policy for Canada at the same conference.

MR. KOZIAK: Mr. Speaker, I'd like to table with the Legislature four copies of a statement made by the hon. Premier and myself on minority language instruction following the important meeting of the premiers in Montreal last week.

MR. FARRAN: Mr. Speaker, I'd like to table the answer to Motion for a Return No. 152.

DR. BUCK: A year late, Roy.

head: INTRODUCTION OF SPECIAL GUESTS

MR. LOUGHEED: Mr. Speaker, I am pleased at the start of this Legislative Assembly to introduce to you, and through you to Members of the Legislative Assembly, a group from my constituency of Calgary West. They have come up this morning and are seated in the members gallery. They're the 101st Glendale Scout Troop, accompanied by their scoutmaster Mr. Walt Mudie and assistant scoutmaster John Miles, as well as parents Mrs. Mudie and Mr. Bill Salloum. I would ask them to rise and be welcomed by the Legislative Assembly.

MR. GETTY: Mr. Speaker, I would like to introduce two groups of students today: the Greenfield grade 5 class, accompanied by a friend of mine, Mr. Morrow; and the St. Martin grade 5 class, accompanied by Mrs. Hanson. They are in both the public gallery and the members gallery. I would ask them to rise and be recognized by the House.

head: MINISTERIAL STATEMENTS**Department of Education**

MR. KOZIAK: Mr. Speaker, there has been considerable interest in the events related to the withdrawal of children from public schools in the Linden area and in the operation of a private, independent centre.

Recently His Honour Judge Oliver, in an important decision interpreting our Alberta Bill of Rights, concluded that The Alberta Bill of Rights takes precedence over all other legislation of this province. The judge further concluded that because of the freedoms recognized and declared by The Alberta Bill of Rights, the parent was not in violation of The School Act in having his child attend the centre.

Mr. Speaker, the government of Alberta has decided not to appeal the decision to a higher court.

I wish to announce that existing private school regulations will be revised to provide for four categories of private schools. The first category will include present approved schools which follow the regular Alberta curriculum, employ certificated staff, and are eligible for government support. The second category will be the special schools which have been established for the education and training of handicapped children, and which have been approved for government support through school board sponsorship of pupils. The third category will be schools which offer approved credit instruction in languages

other than English and normally operate outside regular school hours. The fourth category will cover those schools which receive no government funds. Such schools will be required to follow either the Alberta curriculum or a course of studies approved by the minister, but will not be required to employ certificated teachers. High school programs in such schools will not be accredited.

Mr. Speaker, all four categories of private schools will be subject to government safety and fire regulations and inspection by the Department of Education. Students will be subject to testing by the Department of Education. Students attending first, second, and fourth category private schools will be deemed to meet the compulsory attendance requirements of The School Act.

Further, Mr. Speaker, beginning with the present school year, public school systems losing resident students due to the formation of a private school within their boundaries will be eligible for a one-time grant at 100 per cent of the school foundation program grants for the first year and 50 per cent for the second year, to compensate for any sudden loss of students and revenue. These provisions will be applicable where category one and four private schools are established. Declining enrolment grants, small school assistance, and transportation grant equivalents may also apply if the conditions are appropriate.

Thank you, Mr. Speaker.

head: ORAL QUESTION PERIOD

Cold Lake Oil Development

MR. CLARK: Mr. Speaker, I'd like to direct my first question to the government. It pertains to that portion of the Speech from the Throne yesterday, page 2, that says: "My government continues to be open and responsive." From that point of view I'd like to ... [interjections].

Mr. Speaker, in the early hours of enthusiasm of the session, I'd like to pose the question with regard to the Cold Lake heavy oil plant and the negotiations, both from the standpoint of the socio/economic impact on the area and the position of the negotiations right now. My question to the Premier is: has the government concluded its negotiations with Imperial Oil, or at what stage are those negotiations?

MR. LOUGHEED: Mr. Speaker, in responding to that question in general, because it is first phrased in general, let me say that a response of a government that is open and responsive, of course, is one that recognizes the views of citizens who may not express them in necessarily a strident manner.

Mr. Speaker, with regard to the matter of negotiations, I would like to make it abundantly clear to this Legislature that this government will, at all times when it believes negotiations on any project, such as Syncrude, need be conducted as negotiations in order to provide the best final position for the government and that those negotiations would be prejudiced by being negotiated in open, so to speak — will be negotiated as they were negotiated in Syncrude. The result of course will be what the people of Alberta will want: the best deal in terms of jobs, the best arrangement for the people of Alberta in return, and

that will prove to be the best economy in Canada.

Mr. Speaker, there may be some who are not desirous of seeing the province create new job opportunities, but they are in the minority. As far as the specific questions are concerned, I would refer them to the Minister of Energy and Natural Resources.

DR. BUCK: Nice speech, Peter.

MR. GETTY: Mr. Speaker, we really aren't carrying on negotiations at this time, inasmuch as the application has not yet been recommended to the Executive Council or to the government through the Energy Resources Conservation Board. We have had meetings with Imperial Oil to get a full understanding of its proposal for Cold Lake. The MLA for the area, the Member for Bonnyville, has met with the community advisory committee and often discusses the Cold Lake project with me. But negotiations to work out commercial terms really aren't presently under way.

MR. CLARK: Mr. Speaker, now that we've got away from the spirit of page 2, first paragraph, of the Speech from the Throne, my supplementary question to the Minister of Energy and Natural Resources would be: what are the government's plans for negotiations from here on, specifically with regard to the area of royalties?

MR. GETTY: Well, Mr. Speaker, first we would have to have recommended to us, through the Energy Resources Conservation Board, that there be a plant. I think the hon. Leader of the Opposition would agree that until we have that recommendation, we are prejudging the Energy Resources Conservation Board, unless there were in place some broad royalty terms which were not specifically aimed at that project but at all oil sands or non-conventional oil. Other than that, we would not carry on negotiations.

MR. CLARK: Mr. Speaker, can the minister indicate to the Assembly in what areas, as to royalties, as to environmental safeguards, as to the socio-economic impact in the Cold Lake area, discussions have taken place between the government and Imperial Oil, and between the government of Alberta and the government of Canada on this issue?

MR. GETTY: Mr. Speaker, when we first met with Imperial Oil, they asked if we would put together a committee of some officials from the company and some representatives of the government — Department of Municipal Affairs, Energy and Natural Resources and, I believe, a member of the Department of the Environment — to consider some of the problems, and approvals that might have to be obtained, in the course of the proposal getting the final approval of the ERCB and the government, the various permits and so on.

We have had that committee meet. They continue to discuss the matter, but it's a discussion and an understanding of the various permits and so on that are going to be needed, the various problems that perhaps will be encountered in the community growth in the area, environment problems. But that's where it sits now, Mr. Speaker.

As I understand, the ERCB has issued a deficiency letter to Imperial Oil on its original application.

Imperial Oil will now make up the deficient matters, then there will be a public hearing. We'll have to wait for the results of that.

MR. CLARK: Mr. Speaker, just one question on the economic side of the proposed plant at Cold Lake. My question to the minister is: have there been discussions between senior officials of Imperial Oil and you with regard to the specific question of . . .

MR. SPEAKER: Would the hon. leader please use the ordinary parliamentary form of address.

MR. CLARK: Mr. Speaker, to the minister — the minister, recognizes the question. Have there been discussions between the government — and specifically the minister — and senior officials of Imperial Oil with regard to the questions of royalties and the Alberta government or the Alberta Energy Company investing in a proposed plant in the Cold Lake area?

MR. GETTY: Mr. Speaker, we have discussed royalties; we have not negotiated royalties. As I recall, the discussion was along the lines that we would hope a royalty arrangement would be struck which would provide sufficient incentive to the company to take the risk and proceed with the proposal, and yet a sufficient and adequate return to the people of Alberta who own the resource. Those are broad principles that we would try to work out.

In terms of investment by the government specifically in the proposal, I've indicated to Imperial Oil that as I understand my colleagues' views, we are not interested in direct investment in the proposal. Whether or not the Alberta Energy Company invests will be a matter between Imperial Oil and the Alberta Energy Company. I understand they are having discussions.

MR. CLARK: Mr. Speaker, to the minister. Mr. Minister, has Imperial Oil requested specific royalty rates, and has Imperial Oil indicated to the minister that it would need something in the vicinity of a 20 per cent guaranteed rate of return before it would go ahead with the project?

MR. GETTY: No, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, a supplementary question to the Minister of Energy and Natural Resources. Have there been any discussions, either between the minister or officials of the department and any officials of Imperial Oil, with respect to the November 15 letter from the vice-president of Imperial Oil to Mr. Gillespie asking for some fairly substantial tax concessions that will have a good deal of relevance to the province of Alberta? Have there been any discussions, either directly or indirectly, with respect to that letter?

MR. GETTY: To the best of my knowledge, no, Mr. Speaker.

MR. CLARK: Mr. Speaker, one further supplementary question on the issue to the Premier. What minister or ministry has the responsibility of overseeing the social impact of a proposed plant on the Cold Lake-Bonnyville area?

MR. LOUGHEED: Mr. Speaker, in that particular case a number of cabinet committees would be involved. Certainly the cabinet committee on rural development, chaired by the Deputy Premier, would have an important role. But as the hon. minister has pointed out, the matter is still before the Energy Resources Conservation Board, so the discussions are very tentative at the present stage. Needless to say, there is a recognition that there are problems. But I think it's also fair to say, having come back from Ottawa and hearing what's going on in other provinces, that we're very fortunate even to have a discussion like this today.

MR. CLARK: Mr. Speaker, we're even more fortunate to have the oil sands in the province, and this government didn't present them to the province.

Mr. Speaker, a supplementary question to the Premier. Has the Deputy Premier or the Premier met with the citizen group in the Cold Lake-Bonnyville area to set up some sort of working relationship between the government and the citizen group in that area?

MR. LOUGHEED: Mr. Speaker, I believe, in fact I know, that very important discussions have been undertaken, as they should be, by the MLA in the region. I think it's important to note that it's one thing to have a resource within your province; it's another to assure that that resource is developed and not left idle, and that opportunities are there for employment for our citizens.

MR. CLARK: Mr. Speaker, I appreciate the Premier's commercial, but the question was: has the Premier or any of the senior ministers met with the people in the area?

MR. LOUGHEED: Mr. Speaker, we hold to the view that in these matters there's a very important role played — as perhaps in times past there wasn't, but there is today — by the MLA in the constituency.

DR. BUCK: The answer was no.

MR. CLARK: Mr. Speaker, we'll be pleased to convey the answer of "no" to the people there.

MR. NOTLEY: Mr. Speaker, one couldn't help but wonder if maybe there's not going to be an election earlier than some people think, by listening to the Premier's answer.

DR. BUCK: We may need it, too.

MR. NOTLEY: Mr. Speaker, to the hon. Minister of Energy and Natural Resources, with respect again to the letter of November 15 from Mr. Lougheed to Mr. Gillespie. Obviously this matter is getting quite far down the road if a letter of that import is written to the federal minister. My question to the provincial minister is: in view of the fact that the request will cost the Alberta government \$130 million, who is assessing the impact of that proposal as far as the province of Alberta is concerned? Is it this committee the minister talked about? Is it the minister himself? Is it the Premier? Is it the cabinet in total? Who,

specifically, is in charge of assessing that particular proposal?

MR. GETTY: Mr. Speaker, first, the hon. Member for Spirit River-Fairview makes an assumption of a cost to Alberta of \$130 million, which I don't accept. Secondly, correspondence between an employee of Imperial Oil and the federal Minister of Energy is really not something I necessarily pay a great deal of attention to. As a matter of fact, I have not really fully read that letter.

MR. NOTLEY: Mr. Speaker, a supplementary question. In light of the fact that Mr. Howe once said, what's a million, and now we're looking at what's \$130 million . . .

Mr. Speaker, a supplementary question to the hon. minister. Who in the Alberta government is specifically in charge of evaluating on an ongoing basis the proposals being made with respect to this plant? We're surely not going to wait until the ERCB makes its report before we have an initial position.

MR. GETTY: Mr. Speaker, I don't know why we wouldn't. The Energy Resources Conservation Board has to make a positive recommendation to the government before there will even be any possibility of a development there. Personally, I would love to see the development, because it is an opportunity . . .

MR. FARRAN: If you don't want it, we want it.

MR. GETTY: It is an opportunity for an area of Alberta and a resource of Alberta to have great growth and potential. It's an opportunity to develop a portion of our resources by a method that, up to now, we have been unable to do. I would like to see it happen and be proven successful. But until the ERCB has concluded its hearings, I will not prejudge whether or not it will proceed.

MR. CLARK: Mr. Speaker, I wonder if I might ask the Premier if his office or the government has received a . . .

MR. SPEAKER: Excuse me for interrupting the hon. leader. Is this a further supplementary or is it the second question? If it's a further supplementary, might it be the last one please.

MR. CLARK: It might be.

Mr. Speaker, my question to the Premier is: has the Premier or his government received a request from the local advisory committee in the Cold Lake-Bonnyville area for funds so that that advisory committee might become involved in doing some — you could use the term "legwork" on their own, in preparation for the plant going ahead?

DR. BUCK: Just in case the plant goes, Getty. Just in case.

MR. GETTY: Mr. Speaker, during this past week the MLA from the area has discussed with me the interests of the community advisory committee in obtaining financing. From my discussions with him, he felt it would be advisable if he had further meetings with the chairman of the advisory committee and

had the advisory committee set out the terms of reference of any funding that might be necessary. The government would then have to decide whether it was something they would want to support with funds, or whether the groups represented on the advisory committee should in fact fund their own representatives.

Red Deer Dam

MR. CLARK: Mr. Speaker, I'd like to direct the second question to the Premier. I am advised that the Premier's office yesterday agreed to meet with a group of farmers from the area west of Red Deer on the question of a dam out there. The agreement was made by staff in the Premier's office that the Premier would be prepared to meet with that group at some time in the future. Has a date been set for that meeting?

MR. LOUGHEED: Mr. Speaker, I have been advised of no such understanding with regard to such a meeting. I believe there has been constant communication and opportunity for communication with the responsible minister, who is the Minister of the Environment, on that matter. Perhaps he may wish to respond to the tenor of the leader's question.

MR. RUSSELL: Mr. Speaker, there are probably two pieces of information which would interest the hon. leader. The group that met on the steps of the Legislature yesterday was invited to come into my office by way of their representatives, to put their message to us. They declined that invitation. The other group . . .

SOME HON. MEMBERS: Oh, oh.

DR. BUCK: Why didn't you go out there, Russell, instead of sending your executive assistant?

MR. RUSSELL: The other group that is being organized, or should I say spoken on behalf of by the Uniform director for the region, is meeting with me at a later date with some of the farmers from the area. The invitation to respond to questions or to discuss the project has been well put, and we're proceeding on that basis.

MR. CLARK: Mr. Speaker, a question back to the Premier. So there's no misunderstanding, it's my information that senior staff in the Premier's office yesterday indicated to a representative of the group that the Premier would be prepared to meet with representatives of that group at some time in the very near future. Is the Premier prepared to meet with representatives of that group at an early date?

MR. LOUGHEED: Mr. Speaker, I realize the hon. Leader of the Opposition is receiving his information from a source he can rely upon. I believe it's the Social Credit candidate who has been nominated in that area.

My information is that no such undertaking was made. What may have been misunderstood was the request that had to do with the fact that I was obviously unable, because of the nature of events yesterday, to meet with any group. But quite clearly

we've taken the position on this matter, as we do in this government, that there are responsible ministers. The responsible minister has attended numerous meetings, has made himself available on many, many occasions, and has already answered in this House that he will be meeting with a responsible group with regard to the matter. I hope as well that the hon. Minister of the Environment, as well as perhaps the Leader of the Opposition, might hear from some of those downstream who really want this facility to go ahead.

MR. CLARK: Mr. Speaker, once again in keeping with the comment on page 2, "My government continues to be open and responsive", I'd ask the Premier if he'd check with a Mr. Lee Richardson in his office and ask if Mr. Richardson gave a commitment to the group yesterday that the Premier would be prepared to meet with representatives of the group.

MR. LOUGHEED: Mr. Speaker, Mr. Richardson is a very valuable member of our team. I doubt that he made that. If he did, he didn't make it with my instructions, and I'll speak to him afterward. [laughter]

MR. NOTLEY: He won't get a raise this year. [interjections] His raise will be taken away.

DR. BUCK: He'll never make \$39,000 like Rappard. [laughter]

CCIL Financial Status

MR. NOTLEY: Mr. Speaker, I'd like to direct my question to the Minister of Agriculture. It flows from the current difficulties of Co-op Implements. First of all, can the minister advise whether the government of Alberta turned down an initial request last summer by Co-op Implements for financial assistance, along with Manitoba and Saskatchewan?

MR. MOORE: Mr. Speaker, late last summer or early last fall Canadian Co-op Implements did make a rather informal request to the three provincial governments in which machinery is sold from CCIL to assist in the operations of its company by way of guaranteeing additional loans for operating capital. We made a brief review of the financial structure of CCIL, including its management and operating losses over the course of the last two years, and concluded that the proposal which had been presented to us was not one which would solve the problems of CCIL over the longer term, but would only delay the inevitable solution, which in our view lay in improving the management and operations of CCIL coupled with an investment by someone of equity funds in the company.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. In view of a meeting that is taking place in Ottawa on Monday between the federal government, I believe, and representatives of the three prairie provinces concerning a financial package to assist CCIL, can the minister advise the Assembly whether or not the Alberta government is looking favorably upon the new proposal of an approximately \$15 million financial package from the federal and provincial governments?

MR. MOORE: Mr. Speaker, I'm not at all sure that a meeting will be held in that regard in Ottawa on Monday. On Tuesday of this week we received from the federal Deputy Minister of Agriculture the thumbnail sketch of a proposal that had been presented to the federal Department of Agriculture by Canadian Co-op Implements Limited. That proposal also included a request that there be a meeting to finalize financial arrangements on Monday next in Ottawa.

We have advised the federal government, which is handling the matter of communications between CCIL and the three provincial governments, that we're willing to sit down and discuss any financial support that might be forthcoming from the province of Alberta, but that it has to be on the basis of a loan guarantee related to the percentage of equipment sales and business carried on by CCIL in the provinces of Alberta, Saskatchewan, and Manitoba, as agreed to by those three provinces.

So there will be ongoing discussions, Mr. Speaker, with respect to CCIL's financial problem. We will be involved in them. To say that we would be involved next Monday in Ottawa, I cannot yet be sure.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Do I take it from the minister's remarks that the Alberta government would look favorably, then, upon the proposal — I believe it's a \$7 million portion of that package that would be divided among the three prairie provinces — that we would look favorably upon Alberta participation in the loan guarantee equal to our share of the implements sold during a period of time in the province?

MR. MOORE: Mr. Speaker, it's a little too early to suggest how favorably we might look at any involvement in assisting in solving CCIL's financial problems, in that thus far we have only received about a four-page telegram outlining the criteria involving the federal government's loan and the additional funds that may or may not be forthcoming from the core group of co-ops involved in assisting CCIL.

Before it would be possible for me, together with the Provincial Treasurer and others, to present a proposal to our Executive Council for consideration, it is necessary that we have a great deal more information with regard to the management and operations of CCIL, with regard to the financial package being put forward, so that we might assess the longer term viability of the company. Without having that, Mr. Speaker, it would not be proper for me to suggest that indeed the Alberta government is or is not going to be involved in any assistance program.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. In light of two problems, what specific steps did the Alberta government take between the summer of 1977 and the present time to obtain as much information as possible concerning this particular project? In the failure of securing the financial position of the company, it will affect sales during the coming year; that's one problem the company has to look at. The second problem is the obvious impact on the value of about \$80 million worth of farm equipment sold in the province over the last three years if the company goes under.

MR. MOORE: Mr. Speaker, we took basically the same steps which were taken by the governments of Canada, Saskatchewan, and Manitoba. That was, first of all, to understand that there is a group of what we refer to as core co-ops — which includes Federated Co-ops, Saskatchewan Wheat Pool, Alberta Wheat Pool, and others — who in my opinion have a considerable degree of talent in management, financial and otherwise, who have been heavily committed in the operations of CCIL by way of funds committed to that organization over the past several years. We were aware that Federated Co-ops and the other co-ops I spoke of were involved in assessing the entire CCIL operation, that those co-ops had the management and ability to do that, and that they were proceeding on the basis of, having finalized their discussions with CCIL, presenting a financial package to the government of Canada and the three provincial governments involved.

From time to time, Mr. Speaker, I was advised of the progress being made in that regard and felt that the matter was in good hands considering the expertise of Alberta Wheat Pool, Federated Co-ops, and others. So the onus was really on CCIL, and those who were involved financially prior to this date, to present proposals to the governments involved.

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

MR. NOTLEY: Has the government of Alberta commissioned any studies — in light of the Premier's comments about agriculture, for example, to the first ministers' conference — on what the impact on Alberta farmers would be if CCIL went under, both in terms of the value of the equipment and, probably even more of a problem, being able to obtain repairs?

MR. MOORE: Mr. Speaker, first of all a decision has not been made that CCIL is indeed going to close and that farmers won't get repairs. Quite naturally, we have certain concerns and obligations with respect to the provision of parts for farm machinery sold in this province, and we will carry them out. But we are not, as the hon. member suggests, going to jump the gun and decide that CCIL is closed up and finished before the discussions which have been taking place are concluded. It's my hope — and I think it will probably occur — that the company, through improved management and operations and additional equity financing proposed by the core group co-ops and others, will continue.

MR. TRYNCHY: A supplementary question to the minister. From what I gather here, Mr. Minister, is it government policy to subsidize CCIL in competition with other implement dealers in Alberta?

MR. MOORE: No, Mr. Speaker, indeed it is not.

DR. BUCK: Just the oil industry.

MR. MOORE: I'd like to make it clear at the outset that proposals which have been presented to us with regard to the provision to Canadian Co-Op Implements Limited of a loan which might be forgiven at a later date have been rejected on the initial basis. As a matter of fact, I have suggested to the federal

government that any involvement by this government in assistance to CCIL would be based on the guarantee of loans at normal commercial interest rates and terms. It's my understanding that that kind of assistance can be of help to CCIL. It's also my understanding that the provinces of Manitoba and Saskatchewan, in the past at least, have looked at the problem of CCIL on the same basis as this government has.

Farm Implement Industry

MR. COOKSON: Mr. Speaker, if I might ask a supplementary of the minister. In view of the drastic drop in income across the province and across western Canada of farm implement dealers and other major companies — and I'm thinking in particular of Massey-Ferguson, whose share value has dropped considerably — has the minister had any submissions from other major machine companies represented here in Alberta with regard to their financial problems?

MR. MOORE: Mr. Speaker, not from any major farm equipment manufacturers. We have had discussions with Alberta manufacturers of specialty farm equipment, with regard to financial assistance that they may require by way of loan, but not with any major Canadian or worldwide farm equipment manufacturers.

MR. SPEAKER: We have actually run out of time for the question period, possibly through the fault of the Chair. The nature of the exchanges on the original questions seemed to pose a difficulty in finding a suitable point at which to cut off the exchanges, which included, of course, some debate. But in view of the fact that the hon. Member for Drumheller has already been recognized, if the Assembly agrees perhaps we might deal with his question.

HON. MEMBERS: Agreed.

Surface Rights Leases

MR. TAYLOR: Thank you, Mr. Speaker. My question is also to the hon. Minister of Agriculture. It involves Section 36(5) of The Surface Rights Act. Under this section, if the board provides compensation to a farmer, at the end of a five-year period the farmer may apply for a review, but that application must be made "during the last three months of the fifth year". Is the government considering making that request for a review any time during the last five years, as the last three months is very restrictive?

MR. MOORE: Mr. Speaker, I've had that problem under consideration. The difficulty really is the farmer realizing or knowing that he is in the last three months of a five-year agreement with an owner of minerals with respect to payment of compensation for entry onto his land. I'm not sure how much it would help to extend that from three months to 12 months. However, I have asked officials of my department and the Surface Rights Board to consider what possibilities might exist with regard to either ourselves, through the Surface Rights Board, or the holders of the mineral rights who have access to that surface advising the farmer at the beginning of that three-

month period that in fact his or her five-year lease is about to expire and they have to make application for renewal.

So it may be, Mr. Speaker, that without any legislative change it's possible to solve the problem of the individual which, as I understand it, is simply not realizing that the time has expired and he has to take appropriate steps, which really amount to advising the Surface Rights Board and the holder of the surface lease of his intention to ask for a review.

ORDERS OF THE DAY

head: **CONSIDERATION OF HIS HONOUR THE LIEUTENANT-GOVERNOR'S SPEECH**

Moved by Mr. Gogo:

That an humble address be presented to His Honour the Honourable the Lieutenant-Governor of Alberta as follows:

To His Honour the Honourable Ralph G. Steinhauer, Lieutenant-Governor of the province of Alberta:

We, Her Majesty's most dutiful and loyal subjects, the Legislative Assembly, now assembled, beg leave to thank Your Honour for the gracious speech Your Honour has been pleased to address to us at the opening of the present session.

MR. GOGO: Mr. Speaker, I should first like to thank my colleagues on the government side of the House, and in particular the Premier, for according the residents of Lethbridge West, Alberta, the honor of having their representative move this very important Speech from the Throne.

I should also like to congratulate His Honour the Lieutenant-Governor on his delivery of the speech. I am sure the members of this Assembly will join me in wishing the continued good health of our Lieutenant-Governor. The Lieutenant-Governor is indeed a proud representative of his people. And I'm very pleased to see that within the past month this government has seen fit to appoint a native person, in the name of Mr. Marvin Fox, to the board of governors of Lethbridge Community College. Mr. Speaker, I think that's further evidence of the continued commitment of the minister of this government responsible for native affairs and the policy of this government to see that the native people of this province are well represented.

Mr. Speaker, I would also welcome the members of the press gallery. I don't see many of them in the gallery. [laughter]

DR. BUCK: It indicates the import, John.

MR. CLARK: They know you.

MR. GOGO: I'm reminded of a famous world citizen, a person by the name of Thomas Jefferson, who made the comment that if he had to choose between a government without newspapers or newspapers without a government, indeed he would choose the latter. I suppose it's only a coincidence that the same Thomas Jefferson was the publisher of a paper.

In viewing the Speech from the Throne, Mr. Speaker, I believe that any legislator in this country or North America would indeed be proud to be part of a

government that wrote it. I'm most surprised, Mr. Speaker, when I read comments by members of this Assembly — and I shan't mention them — who say that the Lougheed government is tired and has run out of new ideas.

Well if those same people believe it's a tired government that reaffirms its commitment to the quality of life and economic circumstances of the senior citizens of this province, I suggest they're out of tune. If those same people believe it's a tired government with no new ideas, one that doesn't recognize the significance of the home care program for Alberta, I suggest they are still out of tune. Not to mention, Mr. Speaker, the other thrusts of the speech in terms of priorities of this government for 1978: continued housing; the establishment and clear definitions by the legislators of this province to the goals and objectives of education, to affect over 500,000 Albertans; and the strong emphasis and commitment, in terms of a priority of this government, that it's time somebody — somebody — took a stand in terms of expanding markets for the breadbasket of this province, namely the farmers of Alberta.

If I may, Mr. Speaker, I'd like to begin my comments with an overview of this province, this great province of Alberta in this great country of Canada, perhaps Canada's newest and youngest province. We only represent 8 per cent of the people of this nation. As a result, our representation around that table in Ottawa is not the greatest. As a matter of fact, we have a population somewhat less than the city of Toronto, and that's reflected in the council chambers of the nation. We're a province that's been described by many people. We're a landlocked province. This province was built by pioneers on the agricultural base. I suggest the future of this province lies in some great measure on the future of agriculture.

Albertans are a people, Mr. Speaker, who continue to believe that hard work is a way of life, and fair play is a way of life I sincerely believe that Alberta is a province where people believe that the liberty of the individual to control his own conduct is a precious possession he enjoys in a democracy, and it can only be interfered with when necessary to protect the liberties and rights of other individuals, to safeguard our society. I believe an Albertan recognizes it's futile to call upon governments to make people happy. All the state can do is provide the conditions in which individuals can set about making themselves happy.

Mr. Speaker, I suggest this government recognized that when they passed The Alberta Bill of Rights, now carved in wood on this Chamber wall. I think it should remind us as legislators and, more important, remind the government of Alberta, sitting opposite that plaque, of the citizens' rights in this great province. I would remind Albertans and members of this Assembly that it was this government that passed that as primary legislation, and we should be proud of it indeed.

I suppose one can say, Mr. Speaker, that it's an accident of geography, an accident of constitutional law in Canada regarding natural resources, perhaps an accident of world politics, particularly in the Middle East, that has made Alberta Canada's wealthiest province. But are we really rich and are we really wealthy when we look at the commitments of this province in the future? I would like to come back to this in detail a little later, Mr. Speaker.

I think Alberta has always been blessed with stable governments. I believe that to be a true reflection of the people of Alberta; a people who are not afraid to risk new ideas to better themselves, a people not afraid to speak for their rights or the rights of others, a people ready to learn from their mistakes, and a people prepared to share their good fortunes with others. I believe this has been so clearly evident in the past. Yes, Mr. Speaker, I suggest that this government has proven to be a true reflection of the people of Alberta during the past six and a half years, and I'm indeed proud to be a member of this government.

But, Mr. Speaker, we're not a nation unto ourselves; we're proud to be part of Canada, a great nation. But I would like to remind members of the Assembly that we're part of a country that spends more than it earns. We're part of a country that in the last few years has lost more days in labor conflict than any of 55 nations in the western world. We've lost over two and one half days due to labor conflict, compared to West Germany with less than one hour.

We're part of a nation where the working hours in manufacturing have declined significantly, from 41.5 to 38.5 in the past three years, while nations such as France, West Germany, Japan, and our neighbors to the south, still work more than 40 hours a week in manufacturing. We're part of a nation where, judging by disclosures last week, the gross national product is just over 2.5 per cent of a planned 5 per cent. We're part of nation, Mr. Speaker, where of 10 million people working, only 3 million are organized, unionized, professionalized, or 'associationized'; 7 million are not.

Perhaps as never before in our history, there's a greater discrepancy of income than this country has ever seen. Inflation continues to hurt these very people, these 7 million Canadians who, I suggest, as part of this great country called Canada, are the backbone of Canada. If governments cannot represent them, Mr. Speaker, I don't know who can. I'm pleased to see that one of the priorities in the Speech from the Throne, read yesterday, is some recognition of those low-income earners.

We as Albertans are partners in a country and, as such, have a vested interest in seeing that this country gets back economically strong. I suggest the first step is to ensure that we Albertans keep Alberta strong economically. As a great man, Abraham Lincoln, once said, you cannot help the poor by destroying the rich. Surely this applies to provinces as well as individuals. Therefore, Mr. Speaker, I suggest we generally continue the fiscal policies of this government to make it economically one of the strongest governments, strongest provinces in Canada. That policy has enabled us in Alberta to have the highest take-home pay in Canada, the lowest tax rates in Canada, no requirement for a sales tax, the ability as a government to spend 16 per cent more on our citizens than any other province, mainly in programs such as health, education, and social services.

But I ask, Mr. Speaker, can we continue? Historically, governments that have been notorious spenders of money have had to go to the taxpayer and raise a dollar in order to spend a dollar. In Alberta today we have the phenomenon where for every dollar we spend, 30 cents comes directly out of taxation, the other 70 per cent from non-renewable resource

revenue. As an example, Mr. Speaker, a married man with two children, earning \$20,000: if we had to tax him at the Saskatchewan formula for the benefits we spend in Alberta, we would have to raise his tax to \$1,526 from \$1,133, or a 30 per cent increase. I would suggest and hope that members of this Assembly are cognizant of the fact that if we continue the high spending in this province that may lead to higher expectations, the day of reckoning cannot be far off.

I would like to take a moment or two to review some of the programs, trends, accomplishments, and concerns I have for the future of this province. First of all, a word about a group of very special people, not only to me but to this government, and that's our senior citizens. This government has stated as a priority its continued economic support for the senior citizens. We are the province that provides more to our senior citizens than any government in Canada. We provide free health care, free dental care, optical care. No charge, for example, to be examined to continue driving their cars. We provide their renter rebate. Through the Minister of Housing and Public Works, we have the very successful senior citizen home improvement program.

We have about half of our senior citizens, over 75,000, on the Alberta assured income plan. That's costing about \$3 million a month, but it provides our senior citizens, our pioneers, with the highest income in Canada. I think it's rightly deserved. I would suggest many provinces would love to be in that position. As a member of this Assembly I don't view it as our giving anything to our senior citizens that's not deserved. I think they richly deserve it.

I would like to touch on some very pertinent areas, Mr. Speaker, as I see them, in this province. I would like to commence with the health of our people and with the portfolio of Hospitals and Medical Care. I just wonder how healthy Albertans are. You know, we don't have the population of the city of Toronto. Yet at the Alberta Health Care Insurance Commission we have over 260,000 claims every week for health treatment of our citizens. That means that every seven or eight weeks the population of Alberta has made a claim against the health care system. Are Albertans really that unhealthy?

You know, just 10 short years ago the budget of this province was just over \$680 million. In the estimates for 1977-78, Hospitals and Medical Care was over \$650 million, and there may be special warrants on top of that. Mr. Speaker, when we look at the facts, they suggest to us that as a government we should be proposing alternatives in health delivery to our citizens.

We have seen practitioners grow in this province from 2,700 to 3,200, a 20 per cent increase, while the population, those registered for health care, has only grown by 14 per cent. We've seen the average payment per person in this province for the past five years increase 43 per cent. The significant factor, Mr. Speaker, is that the general practitioners have gone up 50 per cent, the specialists have gone up 40 per cent, and those others we sometimes talk about — which includes optometry, chiropractic, podiatry, and dental mechanics — have only gone up 20 per cent. The significance of those figures is that it's the physical ailments, the physical illness, the medically treated side of Albertans, that should be giving us

cause for concern.

We've seen in the past year alone, with the number of claims against the system for every Albertan — and I know some members of this Assembly haven't seen a physician in some time. But the average Albertan has seen a physician 7.91 times, or a practitioner under the act. Just in the past year we've seen where the number of people covered under our plan has increased 75,000, but the number of claims has increased 800,000. Is it any wonder, Mr. Speaker, that the minister and this government and members of this Assembly should be concerned about the health of Albertans? Does affluence really do that much damage to the health of our people?

That's the good news, Mr. Speaker, because the health delivery system, the treatment system — not the prevention system, not where the future lies in the health of people — only represents about 25 or 30 cents of our health care dollar. It's in the hospital areas where I suggest we're going to have to be concerned. If we think the capital costs are high, we'd better have a look at the operating costs. Because it's been suggested the operating costs will equal the capital cost about every two and a half years. If we continue the way we've gone in this province over the past five years, Mr. Speaker, we won't have to worry about the future of the heritage fund, because it won't be there.

I'm confident, Mr. Speaker, that most Albertans are prepared today to accept more responsibility for their own health. I think it's a responsibility of this government to offer those people alternatives. But we can't do it without the co-operation of all, and that includes the citizen, the practitioner, and the hospital boards of this province.

We now have in this province the finest and highest standards in North America. In 1976 in the United States there were 15 million bankruptcies because of health costs. We've insured our people so that doesn't happen. But, you know, we call our act The Alberta Health Care Insurance Act, and the theory of insurance is not to avoid paying anything but to provide [for] financial disaster. I suggest we should get back to the definition of insurance and ensure that our health care system allows the citizen to pay for part of his cost and to bear some of the responsibility, but to avoid his going bankrupt. I think now, Mr. Speaker, is the time this government is going to have to act financially in the health care area.

I believe most Albertan senior citizens want to stay in their own homes. I think it's a comment most members hear, and we hear it often. They don't want to go into institutions. They certainly don't want to go into hospitals. And that's why I view as a sign of encouragement the announcement in the Speech from the Throne about the new nursing home act on the one hand and the comprehensive home care act proposed by the Minister of Social Services. I believe that's another example of this government's commitment to the people of Alberta. I can just hear the senior citizens now. One of them might be saying, I might be old and a little tired, and I may not be feeling the best all the time, but just give me a little help now and then and I'll stay in my home and out of the hospital and save this province a lot of money. I'm confident, Mr. Speaker, that down the road we'll see the wisdom of the decision with the home care pro-

gram. I know how hard the minister has worked to get this program through, and I congratulate her for it.

This government, I believe always cognizant of the people, is not a tired government with no ideas. It recognizes that in Alberta, with the hottest economy in Canada, with the opportunities that exist here, that exist nowhere else, it naturally causes social pressures and social problems. Where we have two out of three women working, surely, Mr. Speaker, day care in the '70s has become a fact of life. I believe this government was very responsive when it struck the task force on day care and now is proposing in the Speech from the Throne some action on day care. I assure this House that it's welcome news to many Albertans, notwithstanding those who don't feel the state has a role to play in the upbringing of children. I suggest, Mr. Speaker, that more of us stop and think a moment about the children of this province.

I'm encouraged by examples set in Medicine Hat, where a group of senior citizens has undertaken as a project looking after children. Too many of us sell our senior citizens short.

In the area of social assistance: sure, if you look across Canada in terms of the dollars spent by governments on social assistance, we're way down the line. And why not? We only have 36,000 on assistance in this province. Because the unemployment rate in Alberta is the lowest in Canada, we have the fewest on assistance. Therefore it's only natural that we spend the least, or almost the least. But I assure you, Mr. Speaker, that out there in Alberta over 14,000 single parents are on assistance. They need our help, and I think they've got our help. Of those 14,000, 98 per cent are women, and most of them believe their place is in the home with their youngsters. Maybe it should be otherwise; I don't care to make that judgment. But I do know that 75 per cent are there because of marital breakdown, and they can't have assistance anywhere else.

Mr. Speaker, I've always had a deep interest in the concerns of this government stemming from the last election. The priority, both in my opinion and in this government, has been the recognition that Albertans require housing, Albertans require shelter. Certainly in the hierarchy of needs we get food, clothing, and shelter. I would like for a moment to dwell on housing in Alberta.

Since 1975 we've seen a 54 per cent increase in housing for Albertans. In this year just past, we've seen almost a record again of 38,000 housing starts; this increase of 54 per cent in Alberta, when the rest of Canada has a decline of 11 per cent. But most important, Mr. Speaker, we've stopped that transition from rural Alberta to urban Alberta with all the attendant problems. Since 1975 there have been over 8,000 housing starts in rural Alberta, Mr. Speaker, an increase of 73 per cent in the construction of housing for rural Albertans. It's truly an outstanding record for a government that's been committed to the people's needs.

The problem, however, remains one of affordability, and I'm pleased to see that both this government and its minister are cognizant of that.

Mr. Speaker, I have that problem so many people tend to have, I guess; I forget when I started. I would like to comment on an area I feel very strongly about in this province, and that's noted in the Speech from

the Throne, and that's culture. I'm pleased to see the minister responsible is in the House. I think it's fitting, Mr. Speaker, to mention that adding to our high quality of life in Alberta is the exciting, almost spectacular, development of the arts in this province. In many ways, Mr. Speaker, it may be said that Alberta's leading all of Canada in the area of such importance to the self-enrichment and fulfilment of our citizens.

In the area of books, only a year or two ago we were on Bill 9, if you recall, The Library Act. It's said that books remain the greatest monument to the mind of man. This past year has seen direct financial assistance to public libraries increase from \$460,000 to over \$2.5 million, a six-times increase. Mr. Speaker, I congratulate the commitment of the government and this minister.

Many of us as members receive a publication, every couple of months, called *Heritage*. I would hope our members are aware of the magazine, which captures in print for generations to come the customs, folklore, and traditions of Alberta's 54 ethnocultural groups. Just over four years ago, the first issue of *Heritage* was produced. It was a printing of 2,500 copies. Reader demand has swelled the mailing list to 41,000 copies every two months, and there are over 500 letters of praise a month to this government from all parts of the world.

Mr. Speaker, I would like to comment on two other areas. One is the volunteer in our society. I think the volunteer in many ways is tending to disappear. Thank heaven, in Alberta he or she is still alive and well. Because the success of any government in its programs has to lie upon the participation of the volunteer. I would hope this government continues its policy of encouraging the role of the volunteer. That's really what's made the PSS program successful. It's really what's made the Cancer Society's ability to raise \$1 million successful. It's really what's caused this government to become more cognizant and aware of heart disease. It's the role of the volunteer. I suggest he's alive and well, but let's hope we continue policies that are going to keep him alive and well.

I'd like to close, Mr. Speaker — perhaps some people think it's time I closed — on the changing life styles I perceive in this province and in the country. I'm 46 years old. I'm not that old, but my memory is reasonably good. I find that in the '70s, Mr. Speaker, we can put a man on the moon and talk to him. But a father can't speak to his own son in the same room, nor a mother to a daughter. In the United States of America the best known man after President Carter is Ronald McDonald. For years, as a society, we've resisted the use of school uniforms. Yet in every school today in Alberta you'll find kids dressed in the same jeans.

AN HON. MEMBER: The same ones? Are you sure?

MR. GOGO: The only way you know about the sex is you watch the washrooms. McMaster University in eastern Canada has just opted for co-educational washrooms. The urinals are now flower pots. But at the same time there are people expecting the day care standards to have separate washrooms for children 2 years old.

A man will work all his life to acquire a business or a farm, which in many ways is his pension plan. He

will sell it off and pay a horrendous tax. Yet others can go and put down a little money and buy a lottery ticket, win a million dollars, and pay no tax. We've seen our society — and I know it's a concern of the Attorney General — with these pull-tickets or Nevada tickets; it's gone from \$10 million a year ago, to \$90 million this year, to \$200 million next year. Where's it going to end? We now are spending more per capita in this province on gambling than the state of Nevada.

I'm not saying it's wrong, Mr. Speaker. I'm saying we as legislators should be aware that that philosophy of something for nothing is developing in our people. We should be aware that last year over 4 million gallons of booze were consumed by our people; we've got 1.8 million people, and theoretically 54 per cent of them are under 25.

I saw a sign the other day on Jasper Avenue. It said: No wonder I'm depressed. It costs more to insure my car than to insure my life. And I have a choice with the latter.

Just last week a national political party seems to have legalized or decriminalized marijuana. I ask you, is the country going to pot? Our society has developed to the point, it seems to me, where more people attend a city council meeting dealing with dog by-laws than they will on a rezoning application from residential to industrial.

Well, Mr. Speaker, the days and years ahead will be challenging and exciting for governments at all levels — not just ours. Will we continue to be a true reflection of the people who elect us? If we are, I think we must be cognizant of what's in store. I'm confident in Alberta's future, Mr. Speaker. I'm confident in Canada's future. But the duty imposed upon governments in a free society is not to take care of their citizens — let's remember that — but to make it possible for the citizens to take care of themselves. Every person in a free society is a proprietor, an owner, and draws upon the capital as he earns that right.

Thank you, Mr. Speaker.

MR. PLANCHE: Mr. Speaker, I welcome the opportunity to second the motion proposed by my friend and colleague the hon. Member for Lethbridge West. I would like to offer my congratulations on his well-considered contribution to the debate on the throne speech.

Before I begin, I'd like to express my thanks to the Premier for extending the opportunity to second the Speech from the Throne on behalf of myself, my family, and particularly Calgary Glenmore. Mr. Speaker, please accept my appreciation and congratulations for the manner in which the business of this House is being conducted, and for your unflagging patience in assisting all of us freshmen through the rules of parliamentary procedure.

Mr. Speaker, Calgary Glenmore is perhaps the most generously endowed recipient of the good things Alberta's remarkable prosperity can provide. The majority of its constituents are well housed and fed. They have interesting jobs, and they have incomes that afford them the luxuries of choice. They have excellent health care, fine schools, as well as access to recreation, and the privilege of living in what I consider to be the finest city anywhere.

Mr. Speaker, they are concerned because many of them remember Alberta before 1948 — that we are

too reliant on raw petroleum sales for our future well-being, and that the agricultural base of Alberta is in troubled times. I suspect the reason they voted so convincingly for this government in 1975 was because this government recognizes these problems and has set out with courage and conviction to create an environment to diversify our base for the long-term strategy.

This government realistically sees an end to prosperity from the oil and gas business alone, and has properly assessed our potential growth as most likely in areas of natural strengths. Broadly defined, Mr. Speaker, these areas would include access to the north, processing of renewable resources, tourism, the establishment of research and development oriented industry, and finally the broadening of our banking and financial base. These goals seem simple enough.

The last few years have shown some of the problems that have to be faced go further back than simply our lack of markets, our distance from salt water, our small population and accordingly small representation in Ottawa, the policies of the federal government, and that old chestnut, rail rates. Indeed, Canada is still suffering from a 19th-century national policy designed to protect central Canada's manufacturing industry. There was a time, Mr. Speaker, when economies of limited scale made this policy economic because everything made behind tariff and barrier walls was consumed behind those same walls. No more. The economies of scale now are enormous. We must compete to export or pay more for everything from cars to eggs because of tariffs.

Secondary industry in Canada, Mr. Speaker, has found that economies of scale require great concentration of investment in one area, an effort to vertically integrate, resulting in few larger industries and huge regional economic and employment disparities. The other choice was increased tariffs, causing research and development to become less of a priority, and finally economically impossible. This further caused a proliferation of controls, regulations, trade restrictions, subsidies, and all things that channelled investment and manpower into increasingly non-competitive sectors.

An important side effect of Canada's unrealistic transportation policies and the federal trade policies has been to benefit primary producers as opposed to manufacturing and processing, which has left Canada a shortage of skilled labor and management, few research and development facilities, and a lack of financial and technical support.

Finally, the beginning of the 1970s showed a huge increased demand on government services as the postwar babies continued down the pipeline into the family housing and job market.

With this scenario our government began to implement its strategy to achieve an economy in Alberta where diversification of jobs by geography and opportunity would become possible. Transportation was the first and most fundamental problem. Not only was the attack made at WEOC to have the structure changed, but also alternatives were presented. The user-pay concept is unfair, Mr. Speaker, as witnessed by enormous government support in the St. Lawrence Seaway and the Air Canada system. It's not good enough that the rail rates respond to competitive pressures only when Alberta is not geo-

graphically located to exert such pressure. We are presently shipping 50,000 tons a day out of Alberta, and this solid, basic part of our economy is dependent on worldwide competitive factors.

While our tenacious Minister of Transportation continues his dogged fight on this front, we are moving on others. A series of smaller-town airport facilities is coming on stream. Our road building continues to be extensive, and we are doing considerable research in air-cushioned vehicles and lighter-than-air craft.

Mr. Speaker, there will be a continuing thrust to enlarge the use of both the Prince Rupert and Fort Churchill ports to facilitate even and continuous flows of agricultural production.

Pacific Western Airlines, along with the forthcoming approval of Transair, should provide a sophisticated level of service to our smaller centres as well as our metropolitan western cities. But more importantly, Mr. Speaker, the flow of technicians, professional people, and materials through Edmonton to the far north has now been secured.

Alberta has shown leadership in the pressing for energy prices to world levels. This once unpopular concept now is being echoed by all who have an interest in the conservation and effective use of this precious commodity. For our part, the people of this province have been served well by the revenue accrued to our general fund from lease sales and royalties on the sale of gas and oil. Seventy per cent of these funds goes toward running this province day by day, while only 30 per cent goes to our heritage savings trust fund, which I will discuss later. Seventy per cent of these funds represents half of what the government spends, and this money allows Alberta to have a balanced budget, its citizens to have the lowest personal tax, no inheritance tax, the lowest gasoline tax — which, incidentally, is 7 cents lower than the next lowest in Canada — and the only province without a retail sales tax. It can readily be imagined what tax levels would have to be set to maintain these levels of service if we were without these non-renewable resource revenues.

It should be noted that Alberta users of gas will have a fixed cost of 61 cents per MCF, and only 20 per cent of the increasing prices through 1980, resulting in some 40 per cent lower cost for this fuel than other Canadians.* In plain terms, this means that our gas revenues are some \$80 million a year and, as prices increase, the rebates to Alberta users will increase from \$120 million in 1977. Albertans only use 15 per cent of the gas sold, therefore the government is now forgiving in excess of our royalty share to our citizens. These rebates do not apply to our large industrial users other than Edmonton Utilities. One incentive for industrial customers and citizens to come to Alberta and contribute to our future is therefore in place, with the lowest fuel costs in Canada.

We are blessed with an abundance of coal and water, offering the potential to provide ongoing electric power as required. The private companies in Alberta which have generated and distributed power and gas have responded positively and responsibly to Alberta's needs, and are indeed part of the driving force that has made this province a haven for private investment.

Recent events, Mr. Speaker, seem to indicate an increase in conventional crude reserves, and while

*See page 44, right column, paragraph 10

the future for synthetic crude and imaginative secondary recovery has been thoroughly aired, it must be mentioned today because of its magnitude and importance, as well as the opportunities it presents for exportable techniques, applied research, and the maintenance, parts supply, and manufacture.

Mr. Speaker, entrepreneurs have always been troubled at two stages of their plans. The first difficulty is to get equity funds with a balance of debt that they can service and still retain a fair percentage of the fruits of their labor. The second is when an expansion becomes necessary in order to secure a position in the market or make inroads into a larger market. At this point he must either borrow and service the debt for his expansion with his present cash flow, or dilute his own position with further equity participation. In the past, this problem has been compounded by having to go to central Canada for funds, either because of limited local bank lending authority, or in order to get the sophisticated assistance of underwriters or private placement groups.

This government has been vocal and firm about remedies for some of these problems, particularly among those that operate in a controlled market under the regulations of the federal Bank Act. This continuing pressure and the Alberta heritage savings trust fund have caused most chartered banks to expand their lending limits within Alberta, to welcome one, and in some cases more, Albertans to their board of directors, and to have officers at the vice-presidential level in Alberta. Due to this government's efforts, we have a merchant bank presence now in Alberta, and were it not for FIRA there would likely be an enormous amount of activity on this front. The private placement groups are showing a more active presence in Alberta, but the requirement to service debt at very high interest rates long before cash flows begin still plagues the fledgling entrepreneur.

Alberta is moving toward establishing its own corporate tax system. This government is looking carefully at using this move as a means to encourage risk investment to diversify Alberta's economic base, perhaps in a way similar to the venture investment vehicles in Ontario and Quebec.

On the subject of encouraging investment, the government must begin to communicate the needs for profit in the economy. We must be consistent in the growth and the cost of the public sector. We must diligently minimize regulatory interference in the economy, and we must assure the investor that, to the best of our ability, there will be consistency and permanence in the rules, so that his investment and risk, as he initially perceives it, can be forecastable.

The international trading relationship is a little more difficult because it is federally initiated and appears to be a sacred cow, particularly with the problems Canada is undergoing maintaining its fragile unity. It cannot, however, be ignored, and I was particularly gratified that the Premier undertook the initiative to have a fresh look at why we in Alberta have continuing problems marketing our production.

Why are Alberta cattle being finished in Denver, Colorado, for sale in Ontario? Why does Alberta sell less than 8 per cent of the beef that the U.S. imports? Why is Alberta beef only 15 per cent of the amount that Australia and New Zealand sell to the U.S., our best trading customer? How can a pharmaceutical

firm be established in the petrochemical heartland of Texas and sell better in Canada, than be established in Alberta and sell in Texas? Why does U.S. farm equipment cost our farmers some 40 per cent more than a competitive U.S. farmer? Why did the auto pact overlook the possibly devastating result of the loss of research and development expertise in the Canadian manufacturing industry? Is it better to have a long-term contracted price for a portion of our wheat sales, or should we be in the spot sale business every year? Where do Central and South America fit in our plans? Can we supply prototypes to the oil fields in the communist bloc with any expectation of continuing sales?

These questions cannot be left unanswered, and to this end we should not be denied at least observer status at the General Agreement on Tariffs and Trade negotiations. Come to think of it, Mr. Speaker, we might ask for at least some input into the Canadian Transport Commission, the National Energy Board, the Bank of Canada, anti-dumping tribunals, not just for Alberta but for all the provinces.

Many of the material components required by Alberta to manufacture for the oil field, agricultural, and construction business must be imported. Duty is paid because it is of a class or kind available in Canada, but in fact is not made domestically. To lower our costs, the onus must be on domestic manufacturers to show that exemption from tariff of materials does not, nor will it in the future, cause them harm. Failing this, these components should come into Canada free of duty.

The province remains resolute in its stated purpose for the funds in the Alberta heritage savings trust fund. As Bob Bell says in the *Edmonton Journal*: the provincial government has no right to be smug about being able to offer life in this province at such an affordable tax rate. Any government in Canada would love the chance to try the same thing. But at least this government has recognized that just because we live in Alberta in the 1970s, we don't have the right to spend all of this province's wealth in one extravagant blast.

The most often heard criticism of the heritage fund is lack of accountability. Let's not forget that the expertise in Treasury has been responsible for placing hundreds of millions of dollars in short-term instruments and securities as far back as we have had money to invest. The members of this Assembly who sit on the committee to assess the performance of the fund are free to bring in criticisms or minority reports, and the House debate determines whether the tap to the fund will be turned off or left on. For my part, I am satisfied that it is well conceived, and I am unable to suggest how more legislative input would be advantageous. The important thing that must be remembered is that, as stewards of the public purse, this government must be sure that ongoing commitments from the Alberta heritage savings trust fund will be affordable and desirable by those who will shoulder the tax burden when oil and gas revenues no longer can.

The throne speech yesterday proudly shows a continuing commitment to provide an environment in Alberta where investment can cause meaningful jobs and generate profits. I think it's worth while to repeat some of them.

One, this government is determined not to build an

unrealistically high expenditure base for the future. Two, there will be continuing emphasis on international tariff and trade arrangements to assist agriculture and other sectors in acquiring new, more stable and expanded markets. Three, recognizing that too heavy a dependence on raw petroleum sales exists, this government will press for fundamental changes in transportation, taxation and fiscal investment, and trade policies. Four, highway programs will concentrate on servicing increasing traffic flows and access to major resource and industrial projects. Five, there will be an intensified effort to establish viable group freight rate systems to complement the provincial government's thrust to decentralize industry. Six, this government will continue to press for tax incentives to improve fiscal investment policy, including such things as recognition of royalties as a federal tax deduction, and capital cost allowance for investment in rental accommodation. Seven, the continuing monitor of Canada's efforts at the General Agreement on Tariffs and Trade, and other important, multilevel trade negotiations to ascertain whether Canada is succeeding in meeting Alberta's objectives.

Mr. Speaker, in the shorter term there several avenues both to encourage investment and to create job opportunities that should be mentioned. I'm delighted to see a positive trend toward private-sector tendering for government services. In my view, it is essential that a solid inventory of independent engineers and technicians be maintained and encouraged. For government contracts, there is no question that civil service engineers must define the problem but, at that stage, the private sector could be asked for submissions. Further, if government tenders were structured so that engineering and construction were separate, it would tend to break the stranglehold the large engineering contractors have, and offer opportunities to our smaller but important independent engineers and contractors. Government tendering should always be with the philosophy that this government, whenever possible, should go no further than defining parameters and putting the infrastructure in place so that private sector can thrive.

I'm glad the reference to Consumer Affairs directing its efforts to consumer education rather than protective legislation was underscored in the throne speech. My personal view is that this department, at both the federal and provincial level, should encourage consumer education, and full and complete disclosure requirements, and let the market place control product and service quality. One incentive to industry would be the screening of all future boards and commissions, to be certain that they do not create an implied uncertainty as to the results of an anticipated investment.

Problems in certain areas and production sectors will always be present. In the proposals to solve these problems, we must take care to prevent inter-provincial balkanization through marketing boards, transportation regulations, labor regulations, and preferential purchasing policies, and we should encourage our neighboring provinces to do likewise. We must be careful as well not to encourage non-competitive industries into specific areas as a solu-

tion to pockets of high employment.

Mr. Speaker, some work needs to be done in the restructuring of fixed asset values for depreciation. Many companies are being too highly taxed in our province for profits because of low depreciation allowed on cost rather than replacement. This not only could lead to some financial difficulties down the road for established companies, but also tends to direct present investment into enterprises that have capital asset requirements. The public is also confused and can be misled about the meaning and importance of return on investment and percentage of profit increase in the reporting terminology. Perhaps these professional accounting bodies could work toward a more meaningful yardstick of company performance.

There needs to be growing public support for restraint in wage demands. This is not only apparent in labor negotiations in the public and private sector, but also in professional and service fees. The success of the petroleum industry is often a function of speed, and many high fees can be tolerated. But these same high fees can cause serious dislocations, and decisions to expand in other sectors to be abandoned or relocated out of Alberta.

There are good examples in the labor relations front this year, Mr. Speaker. The recent settlements of the registered nurses and Calgary inside workers indicate a concern for the ability of all Albertans to compete, and those responsible for these negotiations are to be commended for their understanding and restraint.

My final comment, Mr. Speaker, would be to support the Premier's speaking out in Ottawa on February 13 about the need to turn the country's mood away from pessimism and negative thinking to optimism, vitality, and confidence. Surely, Mr. Speaker, our heritage is one of optimism, because as recently as one hundred years ago people literally carved a living out of the land in this province that never had been touched by either technological progress or social change. The responsibility to create an economy that can properly afford all the important social advantages, the exciting challenges, and a standard of living that should truly be available to all Albertans lies with the members of this House, the media, and the public at large. Alberta's success is to the advantage of every group, not just a certain few. Strong provinces will make a strong Canada.

Thank you, Mr. Speaker.

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

MR. SPEAKER: May the hon. Leader of the Opposition adjourn the debate?

HON. MEMBERS: Agreed.

DR. HORNER: Mr. Speaker, I move we call it 1 o'clock.

HON. MEMBERS: Agreed.

[At 11:45 a.m., pursuant to Standing Order 5, the House adjourned to Monday at 2:30 p.m.]

