

**LEGISLATIVE ASSEMBLY OF ALBERTA**Title: **Wednesday, October 11, 1978 2:30 p.m.**

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

**PRAYERS**

[Mr. Deputy Speaker in the Chair]

head: **NOTICES OF MOTIONS**

MR. MANDEVILLE: Mr. Speaker, I'd like to give oral notice of motion:

Be it resolved that the Legislative Assembly of Alberta urge the government of Alberta to act immediately to provide relief for those Alberta farmers who, because of unseasonal weather, have been unable to complete their harvest.

Mr. Speaker, I beg the unanimous consent of the Assembly to make this the designated motion for tomorrow, Thursday, October 12.

HON. MEMBERS: Agreed.

head: **TABLING RETURNS AND REPORTS**

MR. SCHMIDT: Mr. Speaker, I beg leave to table the annual reports of the Alberta Historical Resources Foundation, the Alberta Art Foundation, and the Glenbow-Alberta Institute.

MR. LEITCH: Mr. Speaker, I wish to file responses to motions for returns 127, 137, and 138.

DR. HORNER: Mr. Speaker, I'd like to file with the Legislature copies of the memorandum of understanding between Transport Canada and the government of Alberta having to do with the airport terminals at Lethbridge and Grande Prairie. I'll have more to say about those two later in the session.

DR. WARRACK: Mr. Speaker, I have the honor to table the 1977-78 annual report of the Department of Utilities and Telephones.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. GOGO: Mr. Speaker, seated in the public gallery is Mrs. Lily Hogg, one of my constituents who is visiting Edmonton. Mrs. Hogg is a child of the homestead; the daughter of the late George A. Palmer, a pioneer homesteader in Red Deer, Northwest Territories, in 1898; and later a schoolchild in Calgary. When Mr. Palmer joined the territorial government in our sister province of Saskatchewan, Mrs. Hogg moved there. She returned to Alberta, and for more than 30 years has resided in Lethbridge, where her late husband, Mr. Charles Hogg, was a customs and excise officer.

Mr. Speaker, I would ask that this lady, whose life

is so deeply rooted in this province of Alberta, rise and receive the welcome of the Alberta Legislature.

MR. SCHMIDT: Mr. Speaker, it's my privilege this afternoon to introduce to you, and through you to the members of this Assembly, 55 grade 9 students from the Leduc junior high. They are seated in the members gallery, accompanied by their teacher Lorna Hatridge. I would ask them to rise and receive the welcome of the Assembly.

head: **ORAL QUESTION PERIOD****Federal Budget**

MR. CLARK: Mr. Speaker, I'd like to direct the first question of this fall session to the Premier. The question is as a result of the federal government's announcement of proposed budget cuts totalling some \$2.5 billion. What type of assessment has the province done of the federal government's announcements, specifically with regard to the various government departments?

MR. LOUGHEED: Mr. Speaker, I would refer that question to the hon. Provincial Treasurer.

MR. LEITCH: Mr. Speaker, we have not completed our assessment, because we have not yet received all the details of the proposed federal government spending cuts.

MR. CLARK: Mr. Speaker, a supplementary question to the Provincial Treasurer. What representation has the Provincial Treasurer made to the federal Minister of Finance protesting the cutting off of rebates to the province of income taxes collected from privately owned utilities?

MR. LEITCH: Mr. Speaker, I have recently sent a letter to the federal Minister of Finance protesting that action, which I have described as being highly discriminatory against the province of Alberta. Further, it was an action that was taken without any consultation with the province of Alberta. What I think makes it even more distressing is that the program to which we are referring had its beginnings in federal/provincial tax sharing arrangements which began in 1945. So we have condemned in the very strongest terms the action by the federal government, and I expect to have further discussions with the federal Minister of Finance on the topic.

MR. CLARK: Mr. Speaker, a further supplementary question to the Provincial Treasurer. Did the Provincial Treasurer meet with Alberta's MPs prior to their going to Ottawa for the opening of the new House of Commons today and discuss specifically with them this unilateral decision by the federal government which certainly works against the best interests of Albertans?

MR. LEITCH: No, I haven't, Mr. Speaker.

MR. CLARK: Mr. Speaker, to the Provincial Treasurer. Is it the intention of the government to involve or seek to involve Alberta's 19 MPs, regardless of where they

may sit in the House, to go to bat in Ottawa at the federal level on this particular issue?

MR. LOUGHEED: Mr. Speaker, on that matter perhaps I could respond. It has been the intention of the government for some time to follow through with our usual practice of meeting late in the calendar year with the federal Members of Parliament on various matters of common interest. That meeting is in the process of being scheduled.

In our view, with regard to the subject at hand, it's so obvious and blatant, having regard to a number of conversations I've had with various Members of Parliament, that this particular subject really needs no discussion. I'm sure all federal Members of Parliament are aware of the discriminatory nature of the action and no doubt will be raising it, as some already have.

MR. CLARK: Mr. Speaker, a supplementary question to the Provincial Treasurer. What action have the various Alberta departments taken with regard to the announcements made by the federal government? Are all the responses from Alberta being funnelled through the Treasurer's Department to the federal Minister of Finance, because he made the announcements? Or in fact is the Minister of Federal and Intergovernmental Affairs taking the initiative to bring them to the attention of Ottawa? Or is each department fighting its own battle in Ottawa with regard to the announcements made?

MR. LEITCH: I take it, Mr. Speaker, that the hon. Leader of the Opposition has broadened his question to more than the utilities income tax rebate matter. The response to that is that there are individual responses going to the federal government by ministers whose departments have been affected. At the moment I'm not able to advise the Assembly of all those responses.

MR. CLARK: Mr. Speaker, then following on the broad question, to the Minister of Agriculture: what representation has the Minister of Agriculture made to the federal government with regard to their decision to sell the Canadian government elevators?

MR. MOORE: Mr. Speaker, on the Friday immediately following the announcement by the federal Finance Minister, we were informed of the federal government's intention to make budgetary cuts in a number of areas, in fact 10 areas in total, one being a decision to sell the Canadian government elevators in Alberta and Saskatchewan. At that time it was not clear whether or not it was the intention of the federal government to sell the facility at Prince Rupert as well. We immediately made inquiries of officials in the federal government, including the chairman of the Grains Council and the federal deputy minister, to ascertain exactly what their intention was with regard to the sale of these elevators.

Thus far we haven't received any definitive response from the federal government, officially at least, as to whether they intend to sell the elevator at Rupert as well as the inland terminals which were referred to in Mr. Chretien's statement. In the interim, however, the Minister of Transportation and Deputy Premier and I have been working on a pro-

posal that could in fact see involvement by the government of Alberta in the purchase of at least the three elevators located in this province, and possibly the facility in Prince Rupert.

It's our view, Mr. Speaker, that the terminals should operate more efficiently than they have in the past. Our interest is not in being in the grain business, but in ensuring that the three inland facilities in this province are better utilized than they have been previously and that the farmers have an opportunity to utilize those as delivery points for the Winnipeg Commodity Exchange, particularly with regard to rapeseed, flaxseed, and perhaps rye. If in fact a decision is made along the road to purchase the elevators in question, it would be our objective to see if we can lease those facilities to a consortium of grain companies which will, as I indicated earlier, operate them in a manner most advantageous to farmers of this province.

In short, Mr. Speaker, it's not our intention to be in the grain business to operate the elevators. But we're seriously concerned about the possible sale of the elevators to another group which would not utilize them in the best possible way.

MR. CLARK: Mr. Speaker, a further supplementary to the Minister of Agriculture. Has the minister talked eyeball to eyeball with his federal counterpart on the federal cutbacks?

MR. MOORE: Mr. Speaker, as I indicated in my earlier remarks, at least 10 areas of cutbacks announced by the federal Finance Minister relate to the Department of Agriculture. I have talked by telephone with Mr. Whelan, the federal Minister of Agriculture, about some of those cuts. Also in one instance, together with the Minister of Recreation, Parks and Wildlife, I've had correspondence by telex and letter with the federal government regarding cuts in an area related to migratory bird damage and compensation to farmers who have suffered losses in that regard.

Mr. Speaker, we've made an assessment as well of all 10 areas with respect to what action, if any, we might want to take and what effect those cutbacks might have on Alberta farmers or people in this province who are depending on federal finance. I'd be most prepared — I don't know if the question period is the place to do it, Mr. Speaker — to discuss our views on each of those areas and what action we've taken.

MR. CLARK: Mr. Speaker, why has the minister not seized the initiative and met with the federal Minister of Agriculture man to man and laid Alberta's case on the table in front of him?

MR. MOORE: First of all, Mr. Speaker, it wasn't my intention to fly to Ottawa, when the federal Minister of Agriculture was barely aware of the cuts that had been proposed by the Treasury Board. But quite frankly, I did take the initiative of telephoning Mr. Whelan in his office in Ottawa immediately after getting notice of these cuts. Incidentally, he wasn't in that day or the following day, but on arrival at his office about two days later he called me back and we had a very frank discussion about some of the cuts that I was most concerned about. I don't think it's inappropriate for me not to travel to Ottawa immedi-

ately. Much can be accomplished by letter, telex, and telephone, and we're choosing that route for the time being until more is known about the total cuts.

MR. MANDEVILLE: Mr. Speaker, a supplementary question to the hon. Minister of Agriculture. The minister indicated he had discussed several areas of the withdrawal. The one I was concerned about was the withdrawal of funds to CANFARM. Had the minister taken a look at the feasibility of the private sector taking over the CANFARM operations in this province?

MR. MOORE: Mr. Speaker, the CANFARM operations across Canada are costing the federal treasury about \$6 million a year. That involves some 200 man-years of labor involving federal civil servants. In addition, considerable assistance is being provided by each province in co-ordinating CANFARM programs.

For our part in Alberta, we looked at CANFARM as being a useful management tool for those farmers who wished to use that type of computerized program. In fact the program, as it was originally conceived, did not meet the objectives that were outlined. The enrolment in CANFARM operations over the years in this province and elsewhere has not grown to nearly the extent that agriculture officials thought it would.

In addition, it's been my belief for the past two years that there are other perhaps more important and better ways that our provincial Department of Agriculture can assist farmers in accounting, in financial management. So we pursued that area by developing new farm accounting courses. In fact this winter we will be offering a course on farm accounting similar to the short courses on soils, weed control, rapeseed production, and hog production that were offered during the last two years. In other words, we'll be pursuing other avenues to ensure that our farmers have up-to-date knowledge with respect to accounting and financial management practices that are appropriate in today's business world.

In addition, a week ago last Monday my deputy minister went to Ottawa and met with the federal Deputy Minister of Agriculture and his officials and deputy ministers from other provinces for a day-long discussion on a number of cuts that have been proposed by the federal government, but specifically with regard to CANFARM and how it might be saved. My understanding is that a number of organizations are interested in purchasing the CANFARM material from the federal government, the computer works and so on. Included among them are three chartered banks in Canada, as well as the Canadian Federation of Agriculture and some other interested farm organizations. So those discussions are going to be pursued over the course of the next few weeks.

I have no doubt, Mr. Speaker, that there is enough interest in the CANFARM program, as well as enough involvement with the financial institutions that are utilizing it, that it will likely find a new home and continue to be of service to Alberta farmers. But in all likelihood that won't be known for another six weeks to two months.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister with respect to the federally

owned grain handling facilities. In view of the fact that there is constant lobbying on all these cutbacks that were announced in August by the Prime Minister, is the minister in a position to advise the House specifically where things stand on the sale? The minister indicated he's not quite sure whether the federal government is prepared to sell. Where do things stand? Has any timetable been set by the federal government? I have no doubt that certain people within the federal government would like to keep the facilities.

MR. MOORE: Mr. Speaker, I think I indicated in my initial remarks that we've asked for a list of what in fact is for sale, a timetable with regard to when that might occur, and whether it will be by open tender or what method of sale will be utilized. Thus far to my knowledge we have not received that. Perhaps the Deputy Premier and Minister of Transportation may want to supplement my comments.

MR. NOTLEY: Mr. Speaker, I ask that question then of the hon. Minister of Transportation, with respect to whether or not we've received any definite word from Ottawa on the proposed cutback as it relates to these grain handling facilities.

DR. HORNER: Mr. Speaker, the latest word I've heard is that they are interested in our proposal. However, as my hon. colleague has pointed out, they don't yet know what they have to sell, and I would be rather hesitant to make a proposal on the part of the province of Alberta if we didn't know what we were buying.

MR. TAYLOR: Supplementary to the hon. Minister of Agriculture. Has the hon. minister any idea how many farmers are actually using the facilities of CANFARM?

MR. MOORE: Mr. Speaker, is the hon. member referring to how many farmers across Canada, or in this province only?

MR. TAYLOR: In Alberta.

MR. MOORE: No, I don't have the exact figure, Mr. Speaker. Rather than quote something that may be approximate, I will undertake to find out.

MR. TAYLOR: One other question then, Mr. Speaker. Does the hon. minister have the number of farmers across Canada out of the total?

MR. DEPUTY SPEAKER: Could we make this the final supplementary. We've had quite a number of supplementaries on this subject already.

MR. TAYLOR: Does the hon. minister have the figure of the actual number of farmers in Canada, then, who are using the facilities of CANFARM, compared with the total number of farmers?

MR. MOORE: No, Mr. Speaker. I don't have that exact figure. I'll undertake to get that at the same time.

MR. CLARK: Mr. Speaker, I'd like to direct the second question to the Premier. It deals with basically the same broad area: the question of what approach Alberta is taking in making representation to the federal Minister of Finance — or the Prime Minister, as far as that goes — prior to the federal budget, which I would suspect is in the process of being put together now, because it's going to come down later this fall. What form of presentation or lobbying, however you want to phrase it, is Alberta going to make to the federal government prior to that budget coming down, rather than after?

MR. LOUGHEED: Well, Mr. Speaker, I think the Provincial Treasurer has in part answered that in the first question, in terms of what is intended. Two ministers are charged with that responsibility: the Minister of Federal and Intergovernmental Affairs working in tandem with the Provincial Treasurer, because the announcements of the federal government were made by the federal Minister of Finance. But perhaps in terms of further discussions the Provincial Treasurer might be having with the federal government, he may wish to elaborate.

MR. LEITCH: Mr. Speaker, I'm pleased to add to the comments of the hon. Premier by advising the Assembly that I will be meeting with the federal Finance Minister later this month. I'm sure that meeting will take place prior to the finalization of the federal budget plans. I will be making representations to him at that time regarding the matters raised in the question period today.

#### Petroleum Pricing

MR. CLARK: Mr. Speaker, a supplementary question to the Premier and, really, the other part of the discussions that I'm sure have to be going on now. That deals with the federal government's decision at the same time to back out of the agreement they'd given the producing provinces, primarily Alberta, with regard to the \$1 per barrel increase.

My question to the Premier or the Minister of Energy and Natural Resources is: at what stage are the discussions now? Are they over? Have we lost that battle? Are the discussions still going on, and are they going to be headed by the Provincial Treasurer, the Minister of Federal and Intergovernmental Affairs, the Premier, or the Minister of Energy and Natural Resources?

MR. LOUGHEED: Mr. Speaker, the matter of energy pricing is the responsibility of the Minister of Energy and Natural Resources. I'd be pleased to refer that question to him.

MR. GETTY: Mr. Speaker, obviously the matter of oil and gas pricing is important to this province. In this case the prices that are scheduled for January 1 and February 1 depend on conditions at that time and are covered by agreements. We consider them very important pricing agreements, and we are presently assessing a proposal we've received from the federal government, in the Canadian interest, to alter them. As every member can imagine, Mr. Speaker, that would have serious implications for this province; therefore we are going to take our time in deciding.

At some point I imagine we will feel sufficiently confident of our assessment that we will respond to the federal government. I might say that as of right now there have been no negotiations; we have agreements.

MR. CLARK: Mr. Speaker, a supplementary question to the minister with regard to the proposals Alberta is now assessing. Is the minister in a position to indicate whether there were any discussions of those proposals, which the minister is now talking of as being assessed, prior to the Minister of Finance making his unilateral announcement?

MR. GETTY: Mr. Speaker, not in terms of what I would call consultation; no. There was a phone call from the federal Minister of Energy, Mines and Resources saying: my colleague will be saying something tomorrow about energy; please don't get too upset about it. So I made sure I was listening. Other than that, there weren't consultations prior to the announcement by the Minister of Finance.

MR. CLARK: Mr. Speaker, to the minister. If that has been the tenor of the federal government consultation, I'm sure the minister would have no difficulty outlining to the Assembly, perhaps this afternoon or at a more opportune time early in this session, the nature of the federal proposals Alberta is now considering, so that not only the government but the Legislature and in fact all Albertans have input into the decision that Alberta makes, first of all as to the proposal and, secondly, whether it's acceptable to Albertans.

MR. GETTY: Mr. Speaker, the hon. Leader of the Opposition was first referring to prior to the statement of the federal Minister of Finance. Since then, the federal energy minister has travelled to Alberta to present their proposal, which calls for a temporary pause of the oil price increases, and a reassessment and perhaps a new type of natural gas pricing in Canada. Those basically are the proposals. While I can describe them relatively simply that way, I would still caution the members of the House, though, that they do have serious implications for Alberta.

MR. TAYLOR: Supplementary, Mr. Speaker, to the hon. minister. Does the agreement itself contain a provision for cancellation or postponement?

MR. GETTY: Mr. Speaker, the oil pricing agreement signed two years ago provided for four automatic \$1 increases, subject to three provisions. One was that the agreement would be reviewed, not necessarily changed but reviewed, in the event that the increase of \$1 at any one of the stages would exceed the average price of crude in the United States, that average being their domestic production and imported production. The second point was: if the price would cause Alberta oil being sold in Canada to exceed the OPEC or Persian Gulf price. The third was an international event such as a war or something like that — in the Middle East or somewhere else, I imagine — some international event of that magnitude which would cause us to reassess the agreement. Obviously two of those factors would have to await an

assessment of conditions much closer to January 1 and February 1 in this case.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister with respect to the provision in the agreement respecting the average blended price in the United States. What provision is there in the agreement between the Alberta government and the government of Canada to determine the actual blended price of oil? I raise that question in light of what would appear to be contradictory statements by the federal minister and the provincial minister as to the actual blended price of oil in the United States.

MR. GETTY: Mr. Speaker, the agreement deals with it in relatively simple terms, although the matter is not simple. It can be quite complex, depending on what you put into an average barrel. I would point out that it could involve butanes, propanes, and condensate pricing; it does involve the exchange rate between the Canadian and the U.S. dollar. It is a complex matter, and two people assessing it can disagree on what the average prices are. I must say there is some degree of disagreement; however, I don't think it's something that cannot be worked out between reasonable people.

MR. NOTLEY: A supplementary question to the hon. minister.

MR. DEPUTY SPEAKER: If we could make this the final supplementary. There is quite a list of other members who have not had an opportunity to ask questions as yet.

MR. NOTLEY: Mr. Speaker, the hon. Minister of Energy and Natural Resources mentioned the exchange rate. What emphasis would the government of Alberta place on the exchange rate? Right now it would certainly favor the American dollar; there have been times when it would favor the Canadian dollar. It strikes me that tying prices to the exchange rate would inject a degree of uncertainty into the whole market place.

My question to the minister is: what emphasis does the government of Alberta place on the exchange rate, which right now could see prices rise, but three or four years ago would have seen prices drop?

MR. GETTY: Mr. Speaker, the present agreements under which oil is compared or sold to the United States are in U.S. dollars.

#### Harvesting Progress

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Agriculture and ask if he could advise the Assembly exactly what steps the government is taking, what contingency plans are being prepared with respect to the inclement harvesting conditions this fall and the very substantial decline in net farming income that appears to be a result of the weather conditions.

MR. MOORE: Mr. Speaker, with your permission I'd like to take the time to do that today. As I understand it, however, the matter is being raised for debate

tomorrow afternoon as the opposition designated motion. With the extent of the subject at hand, my comments might better be reserved for tomorrow.

MR. NOTLEY: Mr. Speaker, perhaps we could put some specific questions to the hon. minister, because it would undoubtedly have some implications on the debate tomorrow. Could I then put the first question again to the minister: does the government at this time have any timetable with respect to preparing contingency plans to aid farmers affected by the weather conditions this fall?

MR. MOORE: Mr. Speaker, very briefly the situation is that generally in the area south of Red Deer, in southern Alberta, and certainly south-central Alberta, harvest conditions have been much better than in the rest of the province. As of Tuesday this week, information from my department sources and other sources is that in a matter of three or four days the harvest can be considered virtually complete in that area, with the exception of sugar beets, perhaps potatoes and other specialty crops which usually don't come off until about this time of year.

So the problem situation is really from Red Deer north, with the most difficult problem being centred around the Ponoka, Wetaskiwin, Camrose, and Stettler areas, where the amount of rainfall during the latter part of August and September was substantially more than in other parts of the province. Some of that area stretches into the area just east of Edmonton as well. In addition, we've had a difficult time getting harvest operations started in the northeast part of the province; in the northwest region, centring around the Barrhead, Athabasca, and Mayerthorpe areas; and of course the Peace River country, where some difficulty has also been evident in harvesting operations.

The facts of the matter are that about 70 per cent of the total crop in the province has been harvested, but that doesn't indicate that every region is that well off. Some have only 50 per cent harvested; some 100 per cent. The situation as of this morning was that combines were running in every region of the province where crops are still left out. We had good drying winds yesterday and are having them again today. In fact it wouldn't surprise me if several hundred combines ran all last night and will again tonight. So our farmers are out there, well prepared and ready to go to work the moment it's dry — and it's dry now.

If we get some good weather over the next 10 days, the harvest will be virtually complete in most areas of the province, with of course some exceptions for isolated areas that have had difficulty getting on their land.

Now comes the question of what, in fact . . .

MR. DEPUTY SPEAKER: I think perhaps we could cover it a little quicker, Mr. Minister. The time frame does not allow for an expansion on the subject.

MR. NOTLEY: Could I just ask a supplementary question that would be answered by yes or no? Mr. Speaker, to the hon. minister. Have any preliminary discussions been held either with Unifarm or with the National Farmers Union or any other farm organiza-

tion in the province, to get their input on the question?

MR. MOORE: Mr. Speaker, at 9 o'clock this morning I met in my office with the president of Unifarm, Mr. Howard Falkenberg, and in addition to other subjects discussed the current situation with regard to harvesting. I ascertained from Mr. Falkenberg the views of his organization on what action, if any, might be taken at the present time by government.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Has the government considered the impact of the declining quality of the lower grades of grain? Even if harvesting is completed, the impact this will have will still be very serious. And will that be part of the consideration that the government takes into account when deciding whether or not to make assistance available?

MR. MOORE: Mr. Speaker, I was coming to that a moment ago. I'll be as quick as I can, and say first of all that the major problems farmers are facing, given some good weather over the next 10 days, are the lack of quotas and delivery opportunity, and the price of feed grains and wheat. In addition, the fact that the quality has deteriorated one or two or perhaps three grades in many parts of the province means that the opportunity to sell under the present practices of The Canadian Wheat Board and the federal government may be rather non-existent.

Because of that, this morning I sent a telex to the Hon. Otto Lang, minister responsible for The Canadian Wheat Board. It reads as follows:

It is now apparent that much of the grain crop in Alberta is of unusually low quality due to poor weather during harvest. Light weight grain, bleached kernels and sprouting have played havoc with quality. Quite evident that very special efforts will have to be made to dispose of all lower quality grains, especially barley and wheat.

It is important that you take immediate action in assisting the [Canadian Wheat Board] in moving this grain to export markets.

Farmers in Alberta are urgently in need of quota particularly for barley.

That's signed by me as Minister of Agriculture, with a copy to the chief commissioner of The Canadian Wheat Board.

MR. MANDEVILLE: Mr. Speaker, one supplementary question.

MR. DEPUTY SPEAKER: Might this be the final supplementary on this subject.

MR. MANDEVILLE: Has the minister had any discussion with officials of the Ag. Development Corporation with regard to putting a moratorium on loan payments as a result of low-quality grain and lack of quotas?

MR. MOORE: This morning, Mr. Speaker, in communication with the chairman of the Agricultural Development Corporation, Mr. Lorne Ordze, I asked him to have the board of directors of ADC discuss the matter of low-quality grain being harvested and the harvest situation at their next regular meeting, which I

believe is a week from today, not with a view to what they might do or suggest be done next week, but to have some initial discussions that may be important to any decisions we want to make after we're sure that no more harvesting is going to be completed this year.

As I said yesterday in talking with individuals in the news media about the matter, it's too early in my view, only October 11, to be suggesting that the harvest is finished. There's still a lot of grain that can come off. We know the quality is going to be lower. I would like to reserve judgment on whether or not any special programs or assistance are required in some areas until we have had an opportunity to assess exactly what has occurred.

In addition to that, tomorrow we will be receiving updated reports from the Alberta Hail and Crop Insurance Corporation relative to the number of claims that have been made and their expectations of claims coming into that office.

#### Dental Care

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Social Services and Community Health. In the review of the heritage trust fund a provincial dental program was mentioned. I wonder if the minister would indicate whether that program will be introduced this session or not.

MISS HUNLEY: I'll indicate that, Mr. Speaker; the answer is no.

#### Grain Handling

MR. TAYLOR: Thank you, Mr. Speaker. My question is to the hon. Minister of Agriculture. One of the major concerns of our grain farmers is the transportation costs. Two of the most irksome transportation costs are the hauling of moisture in the grain and paying for that moisture all the way to the coast, and the hauling of rejected materials such as rejected malt barley. In its package program to assist our prairie farmers, is the government considering cleaning and drying facilities in Alberta?

MR. MOORE: Mr. Speaker, I'm not sure I can adequately answer that question. There is a considerable degree of opinion that we could improve our situation by cleaning on the prairies and utilizing the screenings here. However, one has to appreciate that the entire system has to change in order to be able to do that. For example, the terminal elevators that exist in the port of Vancouver were not built and equipped to handle clean grain and to unload hopper cars in unit-train situations.

I guess, Mr. Speaker, that's one of our major interests in seeing that a new terminal is developed in the port of Prince Rupert: that it in fact will be able to take unit trains or at least trains broken perhaps in two, if they're unloading on straight trackage, be able to move clean grain, as well as have the ability to clean grain and allow us the flexibility of cleaning in Alberta.

Insofar as moisture in grain is concerned, I don't perceive that to be quite the same degree of problem as the screening situation, in that most of our grain is now in close to dry condition before it moves into the

country elevator system. The Minister of Transportation may want to expand on my remarks.

DR. HORNER: Mr. Speaker, just very briefly. Certainly the consideration of the inland terminals that we have here and the modifications that might be made to them to act as drying and/or cleaning centres have some potential which we don't think has been reached in the past. In addition, as my colleague has said, the problems with the present terminals in Vancouver being equipped to take a unit train. I think anybody who has visited the port of Vancouver understands that one of their difficulties is the five railways and the short trackage and all the other things, and why the real key to unplugging the bottleneck is the facility at Prince Rupert.

We think there is some possibility of establishing a much more efficient transportation route using the inland terminals and using them effectively. There are all kinds of problems with that, such as stop-off charges, et cetera; but they can be overcome.

#### **Rural Gas Co-ops**

MR. SHABEN: My question, Mr. Speaker, is to the Minister of Utilities and Telephones. A few weeks ago the minister announced a program to assist the rural gas co-ops. I wonder if the minister could advise the House, in view of the onset of colder weather, when the rural gas users will receive the benefit of this program announced, I believe, in September?

DR. WARRACK: Mr. Speaker, the answer is: very soon. This was announced September 22, and I believe it will have an important further impact in terms of the progress of rural gas co-operatives in Alberta. The recalculations that are necessary will take some time to do accurately. As a result, what we plan to do is get initial cheques out to people early on the basis of tentative calculations. So as soon as the harvest period is done they can proceed, with what hopefully will be good weather for construction later this year, and be in a position to make their plans for the coming year.

#### **Utility Costs**

MR. JAMISON: Mr. Speaker, I'd like to direct a question to the Minister of Utilities and Telephones. The announcement from Ottawa a couple of weeks back by the Minister of Finance regarding the possible rescinding of the Public Utilities Income Tax Transfer Act came as a real shocker to those areas outside the city of Edmonton served by private companies like Calgary Power and Alberta Power. As a short preamble, Mr. Speaker, I'd like to point out once again that St. Albert has been trying for the last 10 years to improve its tax base of 94 per cent residential, 6 per cent commercial/industrial. With this sort of kick in the pants, I wonder if the minister, knowing that Edmonton Power, which serves industry in the city of Edmonton, is subsidized to the tune of \$7 million to \$8 million in the gas rebate plan of the province and that this is going to make it very tough for areas outside Edmonton to compete to get industry, to improve their tax base . . .

MR. DEPUTY SPEAKER: I wonder if the hon. member could get to his question.

MR. JAMISON: Thank you, Mr. Speaker. Has the minister anything in mind to improve this situation in the event that the tax transfer act is rescinded, making it almost impossible for areas outside Edmonton to compete with Edmonton Power in industry?

DR. WARRACK: Mr. Speaker, in terms of reaction to the federal government proposal, and it is a proposal, it seems to me so clear that the proposed action is discriminatory and unfair to those who will be taxed additionally and separately beyond what has presently been the case — including the people in St. Albert, Calgary, Lethbridge, Camrose, and the REAs served by both Alberta Power and Calgary Power — that this matter needs to be dealt with on the basis of its principle, and the principle is wrong. In the interests of Canadians and in fairness to taxpayers not only in Alberta but to a lesser extent elsewhere across Canada, we think that that proposal is ill-conceived and ought to be reversed.

MR. GOGO: Mr. Speaker, a supplementary to the hon. minister. Although the principle of the rescinding of that act is no doubt very important, could the minister indicate to the Assembly the magnitude in dollars to the province of Alberta and its people?

DR. WARRACK: Yes, Mr. Speaker, I can. It's a very large amount. In round figures, it's a \$50 million matter. In addition, it's important to notice that it does not fall equally across the people, but discriminates against those who take their utility services from investor-owned utilities, such as the citizens of Lethbridge, as the gentleman from Lethbridge West points out. Incidentally, the representations on this matter from the city of Lethbridge — and I was talking to the city of Calgary earlier today — are very helpful in the matter at hand.

But it is some \$50 million in Alberta, and it is primarily against a portion of those people in Alberta. I think that their views ought to be heard in Ottawa and that we need to help that process and effectively turn back the ill-conceived proposal.

#### **Federal Budget (continued)**

MR. YURKO: Mr. Speaker, I would like to explore with the Provincial Treasurer a question in regard to the meeting that's been scheduled with the Finance Minister of Canada. The Finance Minister indicated yesterday that he was going to consult the provincial treasurers in connection with the forthcoming budget. I would like to ask the Provincial Treasurer first of all if the meeting, which I think he referred to as being at the end of this month, is a joint meeting of all the provincial treasurers with the Finance Minister, or a bilateral meeting between the Provincial Treasurer of Alberta and the Finance Minister of Canada.

MR. LEITCH: It is a bilateral meeting, Mr. Speaker.

MR. YURKO: Mr. Speaker, a supplementary question. In regard to budgetary matters, and particularly tax

changes, the magnitude and influence upon Canadians of this type of budgetary influence are very large. As a result, it's customary to have some notification of what's being contemplated, so that in fact some background data can be arrived at or put together for the nature of this type of discussion.

Could I ask the Provincial Treasurer if he has received any indication as to what the agenda of this meeting might be, or whether or not any new tax changes are being contemplated by the federal government, such as making home mortgages or property taxes deductible.

MR. LEITCH: Mr. Speaker, there is no specific agenda that I've been advised of as yet.

SOME HON. MEMBERS: Well done, Bill. Nice shot, Bill.

## ORDERS OF THE DAY

### head: GOVERNMENT MOTIONS

20. Moved by Mr. Lougheed:

Be it resolved that this Assembly approve in general the operations of the government since the adjournment of the spring sitting.

MR. LOUGHEED: Mr. Speaker, I welcome this opportunity annually to report to the Legislative Assembly on the operations of the government during the period of time, some five months, since the House has been in session; the opportunity as leader of government to give to the Members of the Legislative Assembly an overview of the various activities, programs, and operations of the government during this important period in the history of the province.

Mr. Speaker, it's been a busy and exciting and very stimulating five months for the government and for the people of Alberta. In preparing my overview I was amazed, frankly, when I pulled it all together, [at] the magnitude of the various actions and events that have occurred during the period since this House was last in session, so much has happened.

For Albertans the highlight, of course, during the summer months was the very successful staging of the Commonwealth Games. It was really something for which all of us felt a very great degree of pride about Albertans, and particularly pride in Albertans through the efforts of the volunteers, some 7,000 to 9,000. The government played its appropriate supportive role — not dominant but supportive — in an event of this nature. I was delighted at the official opening of the Commonwealth Stadium in July to hear the remarks of the president of the Commonwealth Games association, Dr. Maury Van Vliet, frankly my old football coach, who made some observations about working with our provincial government. I was pleased, and I'm sure members of the Legislature were, that he felt there was no question that when the difficult times occurred in the planning and staging of the Commonwealth Games they were able to look to the provincial government and obtain the necessary support, not only financial but in a number of other very important ways.

I just can't resist, and again I don't have this in my

notes — and it's one of my failings, because I bring these comments in — but there was a little highlight that I had personally in the Commonwealth Games on the opening day when the Prime Minister bounced down to speak to me. We were talking in very friendly terms, and as he looked around with some great impression about the beautiful Commonwealth Stadium, I asked him if he'd look around at it and then afterwards ask the mayor of Edmonton what the cost was. Well, the Prime Minister had to ask the question, and when he got the answer of \$22.6 million on schedule and on budget, even the Prime Minister, able as he is to take questions of that nature, was really awed and amazed by the capacity of the labor force, management, and all the people that made that such a success.

Another highlight for all of us this summer, of course, was the visit to the province of Her Majesty with Prince Philip and other members of the Royal Family. It was great to have her here, a very charming and gracious person. As you know, she visited many communities in northern Alberta and was received very, very cordially by our citizens. I mentioned in my remarks at Government House during her visit the clear devotion and loyalty of the people of this province towards her and to the Royal Family, and when she left she expressed to me deep appreciation of the arrangements that had been made to make her visit here so successful. It was clearly an event important to all of us and I think important in underlining some of the discussion as we go into constitutional debate, Mr. Speaker, of the importance of the monarchy as an institution that I think is respected very, very much by the people of this province.

Mr. Speaker, there were a number of other major events during the course of the summer. One of the key ones, of course, in my view, was the opening of the Syncrude plant. It was certainly a happy day for most of us. A few of the cynics and knockers probably weren't all that happy, having regard to some remarks they'd made at earlier times in the Legislative Assembly. But those of us who were involved in having the courage to move forward with that important decision and playing a major role in it were very proud indeed to be a part of it.

Also during the course of the summer we opened the first two metropolitan parks in Canada by provincial governments: the Capital City Recreation Park in Edmonton and Fish Creek Provincial Park in Calgary. This is important for citizens of moderate means — to be able to go and utilize park facilities and the interior beauty of our metropolitan centres — and very important for us. It's a commitment, though, that I must remember: I have already undertaken to travel the 10 miles, I believe, of bicycle trails involved, and maybe there are more, personally rather than travel down as I did in the opening via boat to see both sides of the park.

During the break we also dedicated Kananaskis Country. This is truly going to be looked upon, in my judgment, as one of the very important decisions of this government, the concept of having a park and then surrounding the park with a recreation country and establishing limitation of facilities so that the facilities are first of all family facilities with a wide divergence of interests, not just isolated and specific, facilities that of course can be used by citizens in



every way. I think it's truly going to be a very important project for the citizens in terms of recreation use and of course jobs, as I will be mentioning later in my remarks.

In addition to that, Mr. Speaker, during the summer there were a number of important visitors here in Alberta. Fortunately, when major visitors come to Canada they now consider it almost a must to include Alberta on their itinerary. That, I think, is a reflection of the development of this province. It's an added responsibility for us, but it has some benefits in terms of investment and awareness. It's certainly very helpful for us from a standpoint of increasing knowledge of what's going on in the world about us, as I've mentioned many times in the House, Mr. Speaker — the need for the government and legislators to be aware of conditions as they change in this dynamic world, because we are a trading nation and very definitely this province's economy is so much a part of that.

I think of course of the visit of Sheikh Yamani, the oil minister from Saudi Arabia, as a follow-up to my visit with him in Saudi Arabia. I'm sure the Minister of Energy would agree with me that we had a very useful dialogue during his visit here, helpful to us in an assessment of the short-, the intermediate-, and long-term position in energy.

I also had just recently an opportunity to visit with a very important delegation from China and to express to them the concern we have with regard to the possible stability of the markets for grain. I'd like to deal with that later in my remarks.

I can't resist another aside in terms of important events, Mr. Speaker. There was an important event in the other end of the country, in the province of Nova Scotia: the election of the sixth Progressive Conservative government. [interjections] I think it looks pretty good.

Mr. Speaker, the highlights during summer for myself and for the Minister of Federal and Intergovernmental Affairs obviously include the annual premiers' conference, this one held in Regina in August. I want to refer to this in terms of policy positions during the course of my remarks.

One of the keys in the last five months for the government, Mr. Speaker, has been to follow through on our commitment in terms of accessibility and moving around the province and moving out from under the dome, as we have said, with our cabinet tours — a very intensive summer. It visited many of the constituencies that are represented here: northeast in May, northwest in June, and the Peace River in September. We visited almost 100 communities as part of the cabinet tours, and we learned a great deal.

Frankly there is no substitute, Mr. Speaker, for being on the ground, so to speak, and seeing these things first-hand. It was obvious to us in our briefing sessions in cabinet after the three tours that the overwhelming factor is to help the municipal governments and help the people in the areas manage growth in a differential way in terms of different needs through the province. We accept and recognize that, and that's why our programs are geared as they are to support in that nature for both municipal governments and various areas.

Mr. Speaker, I think it's certainly fair to say that what we observed in most — frankly not all, but most — of the communities we visited was a reverse of

what I saw in my early years in public life in the '60s when I visited those communities: a feeling at present of vitality and confidence, and concern with managing growth but confidence that they'd be able to do so. I think there's also an understanding — as we're requested by various citizen groups in these communities, Mr. Speaker, to look at matters that they raised with us by way of briefs — there's an awareness in most of them that these things are a matter of priorities and they have to be developed over time, and certainly a recognition of that on very many occasions.

In addition, Mr. Speaker, the ministers themselves have been very busy, and their itineraries reflect that. I personally have been involved in some important field trips. Of course they include visits to Lethbridge and to Consort, Alberta, which I thought I'd particularly mention because of the nature of the activity there, and out of the province to Prince Rupert and to the port of Vancouver that I want to come back to.

Mr. Speaker, turning next to the legislative session ahead of us, the Government House Leader has advised that of course there will not be a large legislative program. Frankly that's as it should be. I can't see the point that some people seem to make in judging a legislative session in terms of the number of items of new legislation. If there is a mood, it is surely the mood within both our province and the country and perhaps North America for less government control, not more. Surely there should be some recognition of that. We will judge the performance of our session, and I believe the people will, based on the necessity and the substance of the legislation. There is of course a certain amount of it that is of a necessary administrative nature.

We will have important debates here in this House in the fall session with regard to the report of the committee on the heritage savings trust fund, of course the appropriation bill with regard to the heritage savings trust fund, and the capital projects division estimates for the heritage savings trust fund. There will be a position paper by the government of Alberta, prepared by the Minister of Federal and Intergovernmental Affairs, which will be tabled in this Legislative Assembly prior to the constitutional conference at the end of October. This position paper, being tabled in the House, will then hopefully be the focal point of an important debate that we should have during the fall session before the constitutional conference occurs, so we can have the benefit of the views of the members. We will listen with interest to the views of the members on the constitutional position of the government, and I think that will be an important part of the legislative session for the fall.

Mr. Speaker, it's now my intention to review the progress by the various departments of government and highlight those developments that have occurred over the course of these past months. It is a lengthy, but I think important, list for the members to be aware of, in terms of the individual items but also in terms of the cumulative effect of all these programs and, in my view, the meshing of them in a very cohesive way.

The first one I wish to deal with is Hospitals and Medical Care. In mid-June we were able to respond to appeals by the various hospital boards with regard to budgetary circumstances. We looked at the fact that the population increase in this province is quite

dramatic, some 3.5 per cent over the past year compared to the 2 per cent Canadian average. That is a very important fact we felt we should respond to. Primarily for those reasons, although there were some specifics as well, we responded to the appeals that were properly made to us with a special warrant for \$20 million to support the hospitals.

As the Minister of Hospitals and Medical Care mentioned at the time of announcing that, Mr. Speaker, we are still very concerned with a factor of utilization in the province. We are anxious to hear the views of members as to how we might take some remedial action, but frankly I am puzzled and don't have the answers as to why, in our province, with all we have here in terms of health, we use hospitals more than people in any other province in Canada. I think we as legislators have to be asking ourselves why. We won't have easy answers I'm sure, but I think it's important for us to ask that question and try to deal with that matter.

Mr. Speaker, in addition to the matter of the actual operating costs, though, we have been moving ahead with a number of rural projects relative to the hospital construction. We have by far the largest hospital construction program of any province in Canada and in terms of our history. The Minister of Hospitals and Medical Care advised me some \$700 million of commitments are out there now in terms of construction or planning or developing of plans. We have more work to do in terms of the planning process, and this will take time. In the mean time we're moving ahead with a vast number of projects. Of course, the Minister of Hospitals and Medical Care just yesterday announced the first phase of development of improved facilities in the Rockyview hospital in the city of Calgary because of their population growth.

Mr. Speaker, we would like again to have the view and the assistance of members on a recognition of the need in these areas not just for new facilities. Sure, everybody would like new facilities. In some cases there's a very definite and legitimate need for new facilities. But we saw, for example, in the Peace River tour what was very well done in the Peace River hospital, I believe some \$6 million saved in a renovation project that went on there. Rather than simply abandoning the present facility, they built upon it in a renovation project. I think that's a very important step forward, and in many of your constituencies more can be done in that area.

The final comment I wanted to make on the hospitals side is that we have now established and appointed the members to the Hospital Privileges Appeal Board, and they're functioning in an operation.

In Social Services and Community Health, the minister and her department have been moving ahead in terms of both our significant day care and home care programs. Also it's important to mention some of the data we've received on public assistance this summer. For five straight months we had a decline in the case load of public assistance. It did rise in August, but the total picture was significant. It's in a downward trend. As the Provincial Treasurer would readily note, this is contrary to what it was during the previous year. We believe the reasons are the new single parent policy and the new policy with regard to employables. It is significant that that has occurred.

Mr. Speaker, in the area of education there's cer-

tainly been quite a number of developments since the House last sat. First of all, the positive reaction the minister and the government have received to the elimination of the gasoline tax — I'm not sure all members are aware of the magnitude of that. That means some \$600,000 a year of improved position by way of revenue to the various school boards throughout this province. Of course the advance payment of some \$130 million that we made a year ago was showing its effect during the course of this year. During the summer, we made some important improvements in the declining enrolment grant, substantial improvements — a 50 per cent increase in financing support for this very important area of helping those school jurisdictions that are involved with declining enrolments and refining that program.

We've also made some refinements to the rural school transportation plan, and that of course has been useful as well. These were a direct result, I think the minister would agree, of the northeast cabinet tour and some of the representations we received there. Fifteen rural systems will qualify for increased support.

In the future there are three very important items in the educational field. First of all, changes in school building costs will be outlined quite shortly by the minister. Next, we're reassessing our small school grant situation in terms of the formula to try to respond to some specific needs in various parts of the province. Finally, we're looking at the whole area of the social studies curriculum. I think there's some merit — and this is just a personal point of view — in hoping the Curriculum Policies Board will look not just at social studies but, perhaps at some stage in the course of our educational time, at a non-optional subject that's directed, not as social studies, to Canadian history and Canadian geography. So we have quite a bit ongoing in the educational field.

In the postsecondary and manpower side of our activity, the apprenticeship system had to be further expanded. We found that from 1971 to 1978 we doubled the number of apprenticeships, programs going on in the province, from approximately 9,000 to 18,000. I think this is a very major step forward in this administration: to improve this apprenticeship program, to upgrade the skills of our citizens, and to reduce the need for skills coming in from outside the province. As far as the postsecondary field is concerned, I was privileged to participate in the seventy-fifth anniversary of Alberta College, and respond to them in my remarks overall of the important role that they, and the community colleges as well, are playing.

We met recently, with the cabinet committee, with the universities co-ordinating committee. We asked them to look at what they felt were their priorities within their institutions. Frankly, we challenged them to reassess the priorities they should have within their institutions, recognizing the principle of autonomy involved with universities. That's going on all over Canada today, Mr. Speaker, and certainly should go on within the universities in our province. I believe the minister would agree with me that the reaction we've received from the university community was positive.

In the cultural field, you could go at great length. All I can say is that wherever we go in Alberta — and I think it's now recognized across Canada — we have

literally a cultural explosion in this province. We have a program that's been recognized as second to none in Canada in terms of support for culture.

I'm glad to see that the minister was able to settle the lotteries matter. I was surprised he wasn't asked about that today, Mr. Speaker. I know how difficult that's been, and I know the leadership role the minister played in assuring that the provincial lottery situation was not overwhelmed by the federal approach.

As far as the Attorney General's area is concerned, we have had the Kirby Board of Review fourth and final report. I want to go on record now, Mr. Speaker, on behalf I'm sure of every legislator here, and say that the members of the Kirby Board of Review — Mr. Justice Kirby, Dr. Max Wyman, and Ted Bower from Red Deer — simply did a superb job for the people of this province. [applause] I hope it's not taken for granted. I'm sure it isn't by members of the Assembly.

As the Attorney General advised in the spring, we have moved very extensively in terms of the first reports of the Kirby Board of Review. We've now got the important one on native people in the courts, which involves not just the Attorney General but also the Solicitor General and the Minister responsible for Native Affairs. They no doubt will be bringing forward specific and useful program actions that I would hope would be reflected in our budget next year.

The matter of the Solicitor General brings me to a number of things that have been going on in that department, Mr. Speaker. One that I think is important in the whole correction area, and perhaps not enough attention is given to it by our citizens, is the fact that the Solicitor General has brought within our penal system an accent on work that has been very positive. At the same time the temporary absence program for non-violent prisoners, who are serving up to a third of their sentence in one of the 24 halfway houses and are involved in work and schooling, is a very positive rehabilitative program. I think the approach on the work camps in the Nordegg wilderness challenge area is effective as well. We now have within all the penal institutions trained medical personnel and training programs for correction officers. We all look forward, of course, to the Remand Centre in Edmonton being completed, because that's an important step forward in that area. A great deal more could be said in terms of what I think has been an outstanding program of improvement in the correction system in this province.

In Native Affairs, I think there was a considerable overlooking of the significance of the first transfer of land by way of title to the Metis people of the province in the Wabasca-Desmarais area this summer — 200 lots by way of land tenure, and I believe others are under way. This is a very important step forward for the province and one that we certainly wish to encourage.

We had a tense time with the Peigan Band for a period of the summer. The matter was handled well by the judiciary, and then culminated recently in an important meeting with the Minister of the Environment as well as the MLA for MacLeod constituency and the Minister responsible for Native Affairs setting up what I hope will be effective negotiations and fair compensation to the band with regard to our program of irrigation development.

In the area of recreation and parks, Mr. Speaker, in

addition to the openings we've had, we've certainly seen a considerable increase in the utilization and upgrading of our parks. I'm sure that the budgetary program which we approved last spring has been very positive for the government despite the weather conditions.

I'd like next to move, Mr. Speaker, to the very critical area of the government; that is, the area of housing. The record of this government in the area of housing is just so far ahead of every other government in Canada, it isn't even close. We're just outpacing the rest of the country, both in terms of the public and private sectors, and in terms of the co-operation between the public and private sectors. Housing starts are at record levels for the third straight year. Some of the MLAs don't know about some of these things. I suggest they travel a bit in other parts of Canada and review housing programs there. Forty-two thousand starts in a year that we frankly thought might turn down slightly because of extensive programming in previous years. The average in the past was some 25,000 to 29,000 starts. That compares with the third straight record year, this year, as I mentioned, 42,000.

Twenty-five per cent of these housing starts are the direct result of government programs. That's high in one sense and perhaps not high enough in the other, but I think it strikes a good balance. We don't want it so large that it overwhelms private-sector activity. We want our programs on housing through the Alberta Home Mortgage Corporation and the Alberta Housing Corporation to move into the areas of assisting those people of limited income. That's what they're doing; that's what they're geared for. I think it's an important fact of the commitments this Legislature has made, and I think truly a program of just major proportion that is unequalled in Canada.

In addition to what has occurred, one of the pluses is that increases in prices of new housing have eased off somewhat, and this is important in the area of affordability. In 1977 the new prices of homes increased only 7 per cent, compared with between 20 to 30 per cent in the period of '73 to '76. Now in a boom economy such as Alberta we are going to have pressure in terms of prices. You can't have a rapid increase in population and not have that. This is one of the effects of it. But there's just simply no way that a government could respond more extensively or more effectively, in my judgment, than the way this government has responded to the whole issue of housing in this province.

Mr. Speaker, with regard to housing I want to continue by noting the changes, revisions, and modifications made by the Minister of Housing with regard to mortgage interest rates, the lending guidelines of the Home Mortgage Corporation, and the refinements to the core housing incentive program.

Mr. Speaker, if I could pause and reflect, taken altogether these aggregate social programs of the government of Alberta — there's no question in my mind, and I believe the balance of our citizens would agree — are unequalled in Canada. On an aggregate basis they're far in excess of social programs in any province in Canada. It is true that there is the odd program in the odd province — I should be careful with the second "odd" — that might be an improvement on what we have here. We are not of the view that we're going to be complacent or rest on our oars

in this area. We will examine and review them, and if they're practical we'll bring them into our province, perhaps not in the way they've brought them in. But they are few and far between. On a total basis there isn't a member of this Legislative Assembly, in my view, who can't look at the social programs of this government and this administration and say, yes, they're unequalled in Canada, unparalleled in Canada. Nobody has to take second place to that.

Mr. Speaker, next I want to move into the economic areas affecting the government and deal first with the very active time in the five months, particularly of the Minister of the Environment and his department in terms of decision-making, particularly in water management. We made a decision with regard to the flood control plan in the Paddle River after our northwest tour. This is an \$18 million program over a number of years. I believe I heard the MLA from Barrhead on that subject back about 1968 or '69, and I think the people of the area very, very generally . . .

MR. GETTY: '69-70.

MR. LOUGHEED: '69-70, I've heard, and in many other years — finally seeing that program as a fait accompli and moving ahead to protect the farmland and the whole area through a system of channelization and dikes.

Mr. Speaker, the next important water management decision was the shoreline control in the Lesser Slave Lake area. As announced it was a program of some \$8 million to \$9 million to eliminate flooding of 30,000 acres and potential flooding of an additional 30,000 acres.

In addition to that, the Minister of the Environment has been involved, through the Environment Council of Alberta, with establishing hearings on the Oldman River in November. And of course the Dickson dam project on the Red Deer River. The prime consultants have been hired and are commencing work. In addition, the Minister of the Environment has proceeded with increased financing in the municipal sewage treatment program that has improved the accessibility of this program to a number of small municipalities. And of course I've already mentioned the Capital City Park, which was under this department's management, being completed on budget and on schedule.

Mr. Speaker, in Municipal Affairs the whole question of support of municipal government is certainly one in which we welcome debate. I welcome it here. I welcome it outside the Legislative Assembly. It's certainly a point of view that we have. I won't reiterate the position of the government, which was reflected in my remarks a year ago on this occasion, except to say that we're even more convinced that small communities in any system that involves direct revenue sharing will not have the benefit of it and that it will tend to go to the larger communities. Secondly, we're quite clear and quite satisfied that programs that work entirely on an unconditional basis don't meet a divergence of needs in this province. As a provincial government we think we are in a position, a position we're very confidently prepared to put to the people of Alberta, to assess these variable needs throughout the province and to work co-operatively with the municipal governments involved. We'll have much more to say about that matter on other occasions.

Mr. Speaker, I next move to Consumer and Corporate Affairs. The vacancy rate situation is improving, pretty close to forecast. The Edmonton and Calgary rates now are 3.5 and 2.5 per cent respectively, which compares with three-tenths of 1 per cent a year ago, and it should continue. Our plan with regard to rent deregulation is showing that it's working well. Some of my fellow premiers asked me to send some material with regard to that matter; they wish they had approached it in the same way.

New incorporations: I think there has been some concern in the Legislative Assembly about incorporations, having regard to changes in The Companies Act. Members perhaps from Glenmore and Currie, and others, might be interested in the figure. There were 15,000 corporations in the first seven months of this year compared to 13,000 in the whole 12 months of 1977.

Mr. Speaker, I was pleased, it caught my eye — I wasn't sure who the model was — the ads that have gone in the paper by the Consumer Affairs department on the consumer education program and the use and abuse of personal credit. That's a very commendable program, because we have to be alerted to the fact that in Alberta we have higher outstanding credit for our citizens than the Canadian average.

In the Department of Utilities and Telephones mention was made in the question period of the important improvements in the rural gas co-op plan as a result of the recommendations of the caucus utility committee. As has been noted in the House, I think the rural gas program is working very well. The necessary modifications, I think, are now made for almost every co-op, perhaps all co-ops we hope, to be able to operate to full capacity. Certainly the vast bulk of them are working very well, and of course it's the only program of its kind in the entire world.

In the area of public lands we're continuing our program of expanding grazing and of course of protecting our agriculture and recreation land from acquisition by non-Canadians not resident in this country.

That moves me next, Mr. Speaker, to the area of Business Development and Tourism. The Research Council of Alberta has been fully reorganized. The minister has been successful in recruiting an outstanding Canadian in Dr. Cloutier to take over the head role in the Research Council of Alberta, and I'm sure we will be very pleased to report further to the House on that matter.

In addition I thought it was important at this stage, and it's a good time to do so, to recognize the Alberta Opportunity Company and its five-year record: 880 Alberta businesses in 236 communities have been supported, for a total of \$104 million in this entirely new entity. That's important in terms of small business. Mr. Speaker, 95 per cent of these loans to small business continue to operate successfully, yet each borrower initially was refused financing by one or more conventional lending institution. Frankly, Mr. Speaker, there's no doubt in my mind that the Alberta Opportunity Company, its concept and its implementation, is another Alberta success story in the fullest sense of the word.

Next I want to refer to the interesting observations that were made at the time the Minister of Business Development and Tourism brought forth the Stamp

Around Alberta program. I think those who are stamping around Alberta should check, because the response to that program is by any measure very, very positive and, I hope, will be continued. One of the interesting information documents I receive indicates that tourism in this province, unlike many provinces, in 1978 is at the stage of a \$900 million a year business, and has gone up 11 per cent this year over the previous year. So that shows the significance and importance.

In the area of Labour, Mr. Speaker, as anticipated, it has not been an easy summer as we move out of the umbrella of the anti-inflation program. In terms of the private sector we've had our share of disputes, particularly in the construction industry, and we still have some others. We hope they'll be worked out. We're relatively pleased with the two-year settlements of 6 per cent a year. Certainly the settlement in the packing industry — although it was quite a protracted strike, I think the Minister of Agriculture would agree that it did not have the negative impacts upon the producers as did the strike in 1974, and was less disruptive.

Mr. Speaker, a comment and observation at this time about our wage and salary guidelines. Generally, we think they've worked well. Municipal governments and many others have spoken to me and my colleagues and said, frankly, they're almost a necessity in terms of effective collective bargaining in the public sector. I frankly can't understand the view of a few that consider we could operate here as a provincial government, with any degree of sound financial management in co-operation with the hospitals, schools, and municipal governments, without establishing wage and salary guidelines. I think the vast, vast bulk of Albertans support that move on our part.

Let me move next to Transportation, Mr. Speaker. The largest program ever — that's not a surprise, having regard to the strength and drive of our Minister of Transportation and the requests we've received from time to time from the various members — in terms of primary and secondary construction. I think one of the problems in this area, Mr. Speaker, is clearly not the problem of financial commitment but of trying to work around the weather in our difficult climatic circumstances, just as it is in the harvest area. It is important that we upgrade the primary and secondary roads in a number of parts of the province. I don't mean it isn't important in southern or central Alberta, but it is very important in northern Alberta. The dollar commitments are there. We need the break in the weather to complete the paving, the grading, and the other construction involved, but the commitment is certainly there. I hope we'll get that break during the fall to catch up on the schedule of this extensive program.

As far as Transportation as well, I could mention that our airport program, both in terms of runways and construction, is proceeding. Again, a program unequalled by any other province in Canada. Pacific Western Airlines is of course having a very good year, and the Transair merger is working out, through the process of the legal and other regulatory aspects of it, and should strengthen that entity for the benefit of the entity, the shareholders, and the people of Alberta.

Obviously, Mr. Speaker, there has just been extensive program development in all these areas, both

social and economic, and they are the result of an overall cohesive plan by the government and the objectives of the government.

Mr. Speaker, before moving on I wanted to come back just briefly to the matter of the constitution and reiterate its importance. I've mentioned what we are going to be involved with during the course of this legislative session, and I suggest the members consider these aspects as very important in terms of Alberta — in fact, a crucial time in our history.

Let me move next to the fiscal policy of the government. I've been advised by the Provincial Treasurer, Mr. Speaker, that the financial plan of last spring is proceeding as planned, and as projected there are no major variables in either the revenue or the expenditure side. There are, of course, some special warrants, which there always will be, and there has been some acceleration of new programs. But overall the financial plan and the financial controls have been what we have anticipated and what has been scheduled, particularly on the operating side.

I am satisfied, Mr. Speaker. Perhaps others aren't. But, if I could say, I think they'd better be listening to the citizens today. The citizens out there have a message for those of us in government at every level throughout North America, and that is: watch pretty carefully your spending plans and your tune of constant spending. I think most citizens recognize the effectiveness of this government's financial plan over the last number of years. It's working well, and we simply have to look at the interests of Albertans in the long term. We do have the largest budget of any provincial government in Canada. We do spend more on education and health and most social areas than any provincial government in Canada. There is no doubt about that in our view.

In conclusion I have to make an overall comment on fiscal policy that I think really can't be challenged. I think if you travel this country or this province from one end to another, you'll get the view that the financial affairs of the people of Alberta are being very, very well managed in terms of meeting needs but, at the same time, exercising judgment and restraint. And that's the position we've taken.

Mr. Speaker, it's not my purpose to dwell on the heritage savings trust fund at this juncture. I appeared before the committee and welcomed the opportunity to answer their questions. We will of course be having debates on the matter, as I've mentioned, and will look forward to those debates.

Mr. Speaker, this moves me next to an assessment of the economy of Alberta, where we are and where we're going. In 1971 and again in the fall of 1974, I outlined on behalf of the government the economic strategy for the government of Alberta, working with the people of Alberta. I doubt there is a provincial government in Canada that has outlined it as clearly as we have. It's a strategy that reflects our goals and objectives. It certainly shows the areas of emphasis and the basic thrust in terms of economic strategy. I don't need to repeat it because, as I say, it appears in *Hansard* in my remarks in the fall of 1974.

It has been, as will be mentioned in these remarks, adjusted over the course of time. It's not rigid. It has an element of flexibility, but it retains its basic thrust and its basic objectives. We've had to make modifications and will continue to make them in terms of

priorities as external events occur, as technology changes, and as circumstances develop within the province and the country, and internationally.

Mr. Speaker, I'm pleased to say that the overall economic thrust of the government is fairly well understood. As leader of a government, I have a concern that in some areas our communication has not been what it should be, and we certainly have to improve in terms of areas such as the heritage savings trust fund and some of our other programs. But in the area of economic strategy I think there is a general awareness and acceptance by our citizens.

From time to time I think the people involved in assessing this program misjudge the time constraints that are involved. We don't. We recognize that we are facing difficulty here. We face the obstacles by the federal government; I regret that I have to use that phrase. We also have to face the reality that we live in an area with a small population, not on tide-water, and a long distance from markets. That has a great bearing on the economic activity and diversification that we can look to. The opportunities available to us are not that extensive, so it's important to capitalize upon the opportunities available to us.

Mr. Speaker, it seems to me incumbent upon those who suggest that further should be done in these areas, to be more specific about what they would propose be done in terms of other areas of diversification. I don't really think it washes any more in public life today simply to be negative about these matters. I think the people are looking for alternative approaches and will welcome them when they come. But they can't be merely a negative approach, and the alternative, if presented, has to be presented with some degree of detailed thrust as to how it would be implemented. I'm frankly pleased with the progress we've made. I look at the economy of Alberta . . . If we could think for a minute, Mr. Speaker, of this province in 1971 and now seven years later and of what's involved and what's changed. If all of us could even think of our own constituencies and the change in the seven years. It's really been very remarkable.

As we move forward in terms of diversification, it must be remembered that it is essential, as we mentioned, that the base industries of agriculture and energy be maintained, strengthened, and improved, that they don't stand still or weaken, and simply that as we improve in our diversification in the province, those two base industries remain, as they will, bulwarks for the future.

Mr. Speaker, certainly some aspects of agriculture that I want to deal with are affected by the weather, but overall it's quite clear that over the course of the seven-year developments agriculture and petroleum are stronger. I want to come back to that particular point.

Mr. Speaker, let me move next to diversification. We've made significant progress, and I'd now like to take issue with a number of positions that have been placed on the record with regard to the matter of diversification. First of all — and certainly fair debate, and let's put it out there — I view non-conventional crude oil production as being very clearly diversification. What is involved in non-conventional crude oil production is jobs of a very, very different nature than jobs that are involved in terms of our conventional oil and gas industry. I think it's clear that the long-term markets are there.

So then it's a question of whether or not, on the other side of the equation, we can find ourselves in a position where we can improve our supply base in the non-conventional side. Now we want to move on both, and that's what has been happening in this province today and it's been a very important positive feature of the way in which we have developed. I look at the prospects for future oil sands plants as being very promising, and I think Syncrude was a crucial step in the history of this province.

Mr. Speaker, I can't resist the fact that there were some who wanted to call the 1975 election the Syncrude election. Some might remember that. I think that's interesting when we're four years later and we see what happens. I think some people should blush a bit about that.

You know, Mr. Speaker, I think Syncrude was truly a tribute to a partnership of governments and the private sector; governments in terms of what we can do in bringing forward the necessary support, infrastructure, housing, governments in the overall supportive way. But governments couldn't have built Syncrude, in my judgment. To do it on budget, on schedule, that massive job, that highly technical, complex job, had to be done by the private sector taking a lead role in building up a group of people as effective as Brent Scott had on the management side, working with the labor unions involved. Yes, it required a private sector lead and supportive government position to pull Syncrude together to attract and meet them, the skilled technicians who have come from many parts of this province and throughout the country to form that 2,600 to 3,000 permanent labor force of highly skilled people up there. I don't know if governments could have attracted them. I doubted it.

I think Syncrude is a tribute too, to the growing capacity of Alberta and Canadian management ability, as I've mentioned, to have done that project, and of course to the fabricators, the suppliers, the engineers, the labor unions, the native people, and all who were involved. Yes, it was an important one, and I'm pleased we moved forward with Bill 52 some years ago, over the objections of some. It was a sound move, but it was made and, I think, properly responded to.

One of the real success stories of Fort McMurray, Mr. Speaker, is the housing. For those who haven't been there, go look. Any fair-minded, objective observer would say, that was truly a remarkable story of progress in the time that it took to pull together the housing facilities there. I don't think it's been done anywhere else. Of course through it all the citizens of Fort McMurray co-operated as well. The visitors to this province have mentioned the project and how impressed they have been with it. It's really an example of what can be done in an enterprise society in a collective way between government and the private sector.

Mr. Speaker, I want to look further at this whole matter of diversification, because I strongly feel that diversification for Alberta involves the oil sands plants, and in my judgment they involve the whole technology that comes together when we put together a project of that magnitude and its multiplier effect and its throw-off in the whole province. It's great indeed. So it's an important aspect of our diversification.

Mr. Speaker, when we look at diversification I

mention the limitations we have. We're not going to be able to manufacture automobiles in Alberta. Quite obviously we can't. We have to build on our strengths. It has always been the strategy of this government to build on strengths. And the strengths are building on the basic resources we have, renewable and non-renewable, and on the talent of our people. That's the thrust of our economic strategy. You know, the key really is jobs. And you know the figure — I said it a year ago, and it's higher this year. There are 48,000 more people employed in this province today than a year ago. Forty-eight thousand more people are employed in this province. Mr. Speaker, in terms of two and a half people for direct employment, that means a community of over 150,000 people has developed in this province, if you look at it in those terms, in one year. That has to be a very impressive position for the people of Alberta and a step forward, and of course I think it can continue.

Now I wanted to briefly run over the areas of diversification, because there have been some important developments since I last reported to this Legislature. In the area of renewable resources, certainly in agricultural processing, we were talking today with the Minister of Agriculture about the whole area of the rapeseed plants and the other plants in agricultural processing. Thank gosh we had the good judgment and the courage to move ahead in these particular areas, of course again over the knocks of the cynics who said it couldn't be done. It's not easy, but they are succeeding out there in many different ways. I think that's important.

In addition, we have to look at the food industry in Canada and work over the course of perhaps five to 10 years to try to shift some of that food industry here to Alberta in a larger way than exists today, not just in the meat products side but in many other areas. In the meat products side it would involve, as we know, the question of freight rates — and we'll be discussing that, I'm sure, in the months and years to come — but other areas as well.

The decision of General Foods to go to Lethbridge and the plant I was involved in opening with the members for Lethbridge East and Lethbridge West last spring was a case in point. It's just a start. Not large in terms of its agricultural utilization, but a solid business. Why did they come to Alberta? I asked them that question. They came to Alberta certainly because of the availability of the sugar. They came to Alberta, though, because they liked the community of Lethbridge, and they liked this government's policy toward balanced growth. They came to Alberta because they liked the climate and the way they were welcomed here. They felt good about it and the whole attitude of a variety of people to a firm like General Foods making that move. That was a significant one, and frankly it was why I wanted to be responding to it.

We also have been emphasizing irrigation through the heritage savings trust fund, and I'm sure there will be extensive debates about that. But I think it is so important for Canadians to reduce the degree of imported food products into our country and, to the extent that we can — and fortunately this is one area where I have the Prime Minister in agreement; I'll remind him at least of that — he wants to see, as he told me on a prior occasion, a greater degree of production of a variety of agricultural products. We

have that potential here in Alberta, Mr. Speaker, and I think we should work very hard to capitalize on it.

We move as well in the area of forest products and recognize that, in terms of renewable resources, and we have some interesting propositions to expand upon that during the course of this session. The obstacles here are obvious. I don't need to go into them in detail. We're all aware of them. They're essentially transportation limitations and tariff problems for us.

The next one of the six major areas of diversification over the non-conventional crude oil, Mr. Speaker, is processing our non-renewable resources. I'm pleased that the petrochemical project is moving on budget and on target. We were at a meeting with Alberta Gas Trunk Line not too long ago, and they certainly have been an important leader in economic activity in this province. But they're in partnership with Dow, which I think reflects sort of the best of Alberta's enterprise system. Here you have a concern like Alberta Gas Trunk Line, basically here in Alberta with Alberta management, working with an international concern such as the one that comes to us, as Dow has, with the largest investment in any single project that Dow Chemical has made anywhere in the world.

In terms of petrochemicals I want to just briefly refer the hon. members to an address on Chemicals in the Americas by Mr. Kridl, who was the director of the Stanford Research Institute. He reviewed it on an overall basis and made the point that he looked at the Canadian chemical industry and said that, summing it all up:

... it turns out that a brand new plant erected in the Province of Alberta could be directly competitive with a similar plant erected on the U.S. Gulf Coast with only reasonable minor adjustment in [feedstocks] ... Clearly, the West Coast of the U.S. represents the most attractive market for Western Canadian chemical [production].

Mr. Speaker, I think that's a very important point. It's a difficult industry to expand. We've certainly had our setbacks, and Petrosar of course illustrates it, but it is making progress.

I don't understand how people who knock this area do it on the basis of ignoring the feedstock position of the province. We have an agreement or understanding or law, or however you want to describe it, that we set aside 30 years of feedstock requirements for the people of Alberta by way of natural gas. Surely everybody knows that, and surely it's a distortion to go around this province suggesting that it isn't there. It bothers me that that's done. We have some problems in terms of our petrochemical area; we concede that. But it isn't in terms of feedstock supply. [interjections]

Mr. Speaker, the next subject that I would go to is the question of heavy oil, which is tied to the processing of non-renewable resources as well. Three projects are now being considered, and carefully considered, both by the government and by the investors involved: the Imperial project at Cold Lake, the Pacific project at Hardisty, and the Husky project at Lloydminster. I think we're in a fortunate position in Canada that the leader of government can stand up and list projects of that magnitude. It isn't occurring elsewhere in Canada.

If I may move next to the third area of our diversification, Mr. Speaker, which is making Alberta the research or brain centre of Canada. We have some real pluses in the computer technology that we start with that came out of the oil and gas industry. And one of the other developments that has occurred — and West Pembina didn't just happen. West Pembina was the result of Canadians in a technical way developing some major breakthroughs in seismic work. That technology now is being developed all over the world from an Alberta base, and it shows what can be done by Albertans in this technical research area. I'm very encouraged by it, and of course I think there'll be more in that area that we can discuss at a later time.

The universities have shown their capacity in terms of medical and scientific progress. I wanted to just make a special comment. It didn't catch much attention this summer, but I thought it deserved more: the provincial \$2 million guarantee to the initiatives taken at the University of Alberta in the chemiomed project involving the inventions and patents by Dr. Lemieux, which will be a world breakthrough, frankly. It produces new products which have a significant potential in blood banking, in blood transfusions, and in organ transplant procedures: a very important step forward for Alberta and a good assistance to us as we move forward next spring to launching a plan with regard to medical research as a first stage of a research and science policy development.

Could I move next to a fourth area of our diversification, which is the fact that without doubt Alberta is now recognized as the financial centre of western Canada. Last Monday I had the interesting experience of shuffling my schedule to have the opportunity to meet with two of the largest banks in the world, one of the largest in France and one of the largest in Switzerland, which were coming to Alberta, Canada, because this is where they want to come. They like the climate here.

It's very important to us, I think. It's not just foreign banks, of course; Canadian and others have expanded their activity here. But there's no doubt that what's happening in the course of these seven years is the development of Alberta. I won't get into the Calgary-Edmonton syndrome here, as I'm sure you would expect I would not, as to which is the centre. But the two cities have a good competition in that regard.

Mr. Speaker, what's important about this is the nature of the jobs that it brings and the way in which business activity flows in our system in North America. First of all, the job factor that comes out of the financial area is very, very good indeed in terms of the skills and the professionalism and the sophistication that builds around a financial community. Surely it must be a pleasure to businessmen from Alberta to see this development and not have to feel that they go to central Canada to get the approval process of some important loans. Some of the developments — and look at the Husky takeover by AGTL this summer — some of the developments have indicated pretty clearly the strength of the commitment to the Alberta economy and the involvement of the financial community. One of the other factors involved here, as I discussed with both the Swiss and French banking people, is that they get involved as they return in the various circles of potential joint venturers and risk investors who can come here. It's an ever-widening circle that comes about, frankly, for a number of

reasons. But one in our view is the mission to Europe that we had three years ago, whose benefits are now showing up in a very important way.

Mr. Speaker, the next and fifth area of diversification is of course in tourism and recreation potential. I've already mentioned that and Kananaskis and some of the other areas. Certainly we're going to have to look at what can be done in Grande Cache in terms of real support to them in that community to develop it as a recreation and tourist centre. I could go around the province, but you're all aware of the potential that we have. One of the throw-offs of this whole area of tourism is of course the convention business and all that means in terms of small business and jobs as well. Again, we're leading the country in terms of that particular business activity. Again this is part of diversification for our economy.

Finally as a province, looking at Alberta as the gateway to the north, the basic thrust of the reason for our decision involving Pacific Western Airlines [was] that it be Alberta and not British Columbia that is the gateway province to the north. There's no doubt in my mind, Mr. Speaker, that the Alaska pipeline will be built. There could be some difficulties with a project of that magnitude. I guess it's the largest project in the history of the world in terms of construction; and imagine, it's being spearheaded by an Alberta concern headquartered right here in Alberta. When you add that thrust together with our other various moves, such as the moves of the Minister of Transportation with regard to the Mackenzie Highway paving, the developments and programs of the Northern Alberta Development Council, it's clear that we're establishing our position as the gateway province to the north. I got into a little trouble up in Peace River when I made a sort of semi-humorous comment about the citizens of northeastern British Columbia. I should phrase it more delicately here in the Legislative Assembly and merely say that they look across the border and they're pretty pleased with what they see here in Alberta.

I think overall these six areas give us an important strategy of diversification, and they're working well. I'm not suggesting in any way that we don't have our obstacles, and of course transportation and tariffs are the key. We've made some important progress in the area of transportation. It's been reported on a number of occasions by the Minister of Transportation.

Mr. Speaker, again I can't understand the view of some people who suggest that as Canadians, and we're Canadians, entitled surely to a fair deal on Confederation — having Darcy McKeough's speech in the Ontario Legislature which said the principal beneficiaries of Confederation were Ontario — attempting to get a new deal in freight rates for western Canada, not just for Alberta but all western Canada, the only way we can get it in this country is to trade our resources to get freight rates. Well, I hope that issue goes out there with the people. I will welcome that issue. That's just silly, as far as I'm concerned. I hope the people aren't serious.

Mr. Speaker, I did want to make two observations about the tariff area. Frankly, we're not optimistic about GATT. We're still concerned that the ultimate decision of the negotiators in Geneva will be to sacrifice the western interest for the central Canadian interest. I hope to be proven wrong; I'm not sure I will be.



Let me mention the view that we have with regard to export of natural gas to the United States, and some progress we've made that I wanted to report to the Legislature. We haven't made as much progress as we would have liked, but we've made some substantial progress in the moves of communicating to the United States administration and to the Senate and Congress the view that we were quite prepared to endorse and support the export of natural gas to the United States provided we get some improved access for our agricultural and petrochemical products.

I was very pleased that the United States government, in a direct recognition of the views expressed by the government of Alberta, responded this past summer with a proposal to Canada when they wanted to adjust the degree of meat imports. The reaction of the federal government — and I believe you've heard the Minister of Agriculture on this subject — was regrettable in not recognizing that even though we're in a strong position from a livestock point of view right now, in the longer term let's make sure we do in fact strengthen our market opportunity and market opening in the United States. All the years in the meat processing and livestock industry aren't going to be as good as they are here in this fall of 1978. But we know that a reaction directly to the Alberta submissions of that request for improved access was part of the reason for the federal government response.

Secondly, in the area of petrochemical tariffs we're restricted by confidentiality in what we can discuss here, because the information has been received on that basis from the federal government. What we have received is some important indication that to a fair degree the United States offers at GATT are responding to the specific proposals that are made by the government of Alberta, both in terms of the particular tariff items in the petrochemical field and the nature of the tariff cuts that are involved. Whether they hold together in the process of the GATT negotiations will of course depend upon a number of factors, one of which is the reaction of the central Canada dominated chemical industry and whether or not wisdom prevails and a recognition that it is in our interest not to be protective of the central Canadian petrochemical industry and chemical industry to the exclusion of the expansion of our efforts here in western Canada. But in any event we know that there has already, to this date, been a positive reaction to that initiative on our part. And of course having regard to that, we're satisfied that we're on firm grounds to support natural gas export from Alberta on an intermediate term to the United States and the necessary cash flow that that will bring to our producers and hence in maintaining jobs here in this province.

We go next, Mr. Speaker, to the area of balanced growth in the province. I'm very pleased to be able to advise the Legislature of reports I've received that Edmonton's and Calgary's share of provincial economic activity has declined as the others have expanded. That's quite a statement when you think about it. We've got the two most vital and vibrant metropolitan areas in Canada, yet their share of total provincial economic activity has declined in the last few years. I think that's quite a position in terms of our strategy of balanced economic growth; not that

the metropolitan areas won't grow but that they won't grow at the expense of the rest of the province. This was obvious to us, as I mentioned, during our tours and our relationship to the days of the '60s. It will be uneven, and we have to do what we can as a provincial government.

I want to mention the data I have received in terms of housing. Members will be very interested in the information given to me by the Minister of Housing. Between 1966 and 1971, 94 per cent of all housing starts occurred in Calgary and Edmonton. Now, from '76 to '78, only 64 per cent are in Calgary and Edmonton, and the rest are outside Calgary and Edmonton. That's a very important statistic for many of you from constituencies that went for perhaps a decade without even seeing a new housing start in your particular area. With regard to the Alberta Opportunity Company, over 70 per cent of their loans are outside the two metropolitan areas. And of course we've responded in terms of basic needs of sewer, water, and street paving. That's one of the reasons for the data I gave you at the start of this section.

In government operations, Mr. Speaker, we're continuing to decentralize our operations wherever practical. The Northern Development Council is going to Peace River and the co-op activities branch to Stettler. Frankly, Mr. Speaker, I was a bit nervous about this policy when we received our mandate in '71, because we were going against the tide everywhere in North America. Yet it seemed so important to us. We said it wouldn't be easy, but we said we'd sure make every effort. And, you know, it's working — balanced economic growth right across this province.

Mr. Speaker, that brings me now to the current state of the economy in this province. I've mentioned diversification in job creation and balanced growth. There's no question we have the strongest economy in Canada, the fastest growing gross provincial product as a percentage in Canada, jumping since '74 from 8.6 per cent to 11.6 per cent. Since 1971 personal disposable income has increased for Albertans by 130 per cent, compared to 112 per cent for the rest of Canadians. Almost any statistic you want to look at, you see Alberta at the forefront in Canada, and the forecasts look equally promising.

Why? Why is Alberta, frankly, booming? Well sure, I know what I hear as I travel the rest of Canada, that it's because we have the good fortune — yes, the good fortune — of having natural resources, renewable and non-renewable, here in this province. That's true. But it wouldn't have happened without some other important ingredients. The simple presence of those resources doesn't make the economic vitality of Alberta today. In the oil and gas industry, the resources can be there but they have to be discovered, and that takes talent and enterprise; in the area of agriculture that has to take determination in order to overcome the climatic conditions; in the area of agriculture processing it has to take real courage to face the difficulties of markets and tariffs; and the businessman has to look at the small local market that's available to him.

So what's the key? The key has to be that risk investment wanted to be placed in Alberta — by Albertans, as we saw with the Alberta Energy Company; by Alberta business; by the Alberta citizens; and by others. I think it happened for a number of

reasons: first and foremost, in my judgment — and, I grant, from my point of view — an investment climate that we've developed in this province, an attitude of the government and the people together welcoming newcomers and welcoming venture capital and creating jobs both in taxation and other policies; secondly, by talented people in an enterprise society who are well educated, well skilled, well trained, and have that sense of initiative and innovation. Those are the whys.

So when we travel outside Alberta and they say, you're sure lucky there in Alberta, I hope every member of the Legislative Assembly is prepared to respond to that by saying: yes, we're lucky but luck by itself wouldn't have done it. It took good policy, a sound government, and the talent of our people to make it happen.

We have to keep our two base industries strong, and in my view there's no doubt that that's a challenge for us. I won't review the remarks by the Minister of Agriculture in the Legislative Assembly this afternoon about the difficult harvest conditions. I'm sure he will be prepared to elaborate upon them tomorrow as we debate that matter. He has mentioned and taken the initiative with regard to the market conditions that have been involved in terms of the lower quality, particularly of barley, and the pressure on The Canadian Wheat Board and on the minister responsible for The Canadian Wheat Board, Mr. Lang.

I remind hon. members of our debate in this Legislative Assembly on grain marketing strategy for Canada. It's pretty obvious to me it's becoming increasingly important to do that. I mentioned I would refer again to my meeting a week ago with the Chinese journalists. There is some concern that the Chinese, who provide a very important market, could decide to change their relationships to the United States. There's quite a movement afoot to create that relationship change between the United States and China, which would open up trade in a different way. Of course you can be assured that the good traders in the United States will want that trade to involve: we'll provide you with our oil and gas technology if you buy our grain in preference to Canadian grain. Let's not be unaware of that potential risk for us. Of course that's why we need to have this grain marketing strategy for Canada.

We've had mention in the question period today of the Prince Rupert port and our program there, Mr. Speaker, and I won't elaborate further. I think that's been very well accepted by the citizens of this province. It was obvious to me in my visit not only to Prince Rupert but to the port of Vancouver how important it is in the port of Vancouver to recognize the stake we have in that port. They really have a complicated transportation system. There must be a word to describe it, but if you take one car and follow it through the zags and zigs it has to make in that system in Vancouver, I can understand much better now and appreciate the initiatives by our Minister of Transportation relative to working out a simple program in terms of Prince Rupert. So those are important.

I've mentioned the livestock sector. It's really dramatically improved over the past year. We're now enjoying returns that are even better than the highs in the early 1970s. Frankly, I go back, and I'm sure all

members will agree that we were determined to come in with our cow-calf support program when it was really needed and gave that support to thousands of producers, some \$40 million to \$50 million of support at the very time it was needed. They stayed in the business, they didn't get out of the business, and now it's strengthened. It's that judgment that's very, very important.

Let me move next to the other base industry of the province: energy. The footage has gone up dramatically in record drilling, and of course it's important that we recognize that we've had some adjustments by the minister in the productivity approaches to the smaller natural gas area. We've improved very dramatically in the area of land sales. Essentially, the point I want to make on energy is this: in this province, particularly in northern Alberta, it is apparent that in many of the communities — get outside the metropolitan parts of Alberta and look at what we call off-farm income that comes from the oil and gas industry. Now some could argue the reason they have to go out and get off-farm income is the limited income that comes to them from agriculture. In part true, but only in part, because there is a recognition of the base productivity potential of the area involved, the climatic and other conditions.

What has been recognized, as enterprisers as they are, particularly by our northern farm community, is how important it is to balance the ups and downs in the agricultural income with moving into the area of employment in the oil and gas industry and, in part, sometimes during the course of the winter months and other months when they're not involved in agriculture. What we should remember in this Legislature and in the constituencies is that you can't compartmentalize agriculture, and suggest that agriculture is over here, oil and gas is over there, and you don't have a relationship. You have a very important relationship in this province, Mr. Speaker. Those people who are argue that we can put down the energy industry and just go ahead on the agriculture side don't know what's going on in northern Alberta. That's not what the people are saying.

Mr. Speaker, it has been important in this past year that we've had these new discoveries in oil and gas. They've been encouraging, and they're being assessed. I'd just like to say a brief word about natural gas supply. As you know, it's being assessed today, hearings starting by the National Energy Board and by our provincial government. We're looking at it very carefully. It seems to us that it is desirable to expand our market position in the rest of Canada where it is economically sound to do so, and that as a policy of the Alberta government we believe in that approach to national energy policy. We will do all we can to facilitate that. That means moving into an expanded utilization of natural gas in Ontario, Quebec, and the Maritime Provinces.

Can I take a moment just to deal with the difficulties and some of the obstacles in each one of those market areas. In the Ontario area, you have about three major obstacles. First of all you have Trans-Canada Pipelines, with a policy of scaring some of the potential purchasers of Alberta natural gas that there wasn't adequate supply. That's a confounding problem, to use a kind word. Secondly, you have Petrosar, a project devised and supported by the federal government, now taking 12 per cent of our crude

oil production, Mr. Speaker, and then spewing it out in terms of residual fuel oil that is competing with our natural gas market and competing as a residual, which means price reduction won't change the situation. Thirdly, you have a situation, frankly, in Ontario of a sluggish economy in that province. And I'll come to that in just a moment.

Mr. Speaker, the next market is Quebec. In the Quebec market, by the way, they have a tax at the home on natural gas. It strikes me that if you were starting a national energy policy, if you were Mr. Gillespie the first thing you might try to do is convince the Quebec government to eliminate that tax, which has to be a clear detriment to the use of natural gas in your home. They have even more of a residual fuel oil problem in that area. They've suggested in their recent report — I believe the minister advised me — an increase from 6 to 12 per cent in their forecast of natural gas use. That's not very much in the province of Quebec, and they're going to bring on high-cost electric energy from Hydro Quebec.

When you look beyond Montreal, to the other parts east of there, of course you get into very serious problems of whether or not you can transport it in a way that makes economic sense. But as a policy for Canada we think it's sound to do that and try to move into that market. We will support and endorse that policy, but we're not satisfied it can be done by cutting prices, as the Minister of Energy would report to you. On or about August 1 there was a recognition of that particular matter by the federal government. I think there's a recognition by almost everybody in the business, including utilities and gas utilities in Ontario, that that is so.

So we will do what we can, but it appears that we're into this situation: if we do not start, within the next year or two, to move some significant additional volumes to the market place, we're going to find ourselves with the cash flow problem of the producers, and the drive is going to come out of the exploration industry in the province. That means a clearly negative effect upon jobs for Albertans — not the oil industry, as some are so disposed to use the term — jobs for hundreds of Albertans in many communities. Surely we don't want that to happen. So I think it's a very important question now facing the people of Alberta, whether they support the position of this government that, with the qualifications I've mentioned, natural gas export clearly can flow on an intermediate-term basis to the United States to the benefit of all Canada, because that additional exploration will then provide new discoveries in the future. That is, of course, I think a very important issue.

Mr. Speaker, let me conclude with these remarks on the Canadian economy. Despite the promising forecast of the Alberta economy that I have presented to you today, we face some very important obstacles by the federal government in energy policy, grain marketing strategy, transportation policy, tariff policy and, of course, relative to the constitution, relating to resources and intrusions of the provincial government. There's a sad position in Alberta today that many Albertans look on the federal government as an adversary rather than an ally. I think that's sad. As Canadians, it seems to me the federal government should be considered by the citizens as an ally trying to help us with the development of our province. But there's no doubt that Albertans say it loud and clear

to me that history and current events would indicate that's the case. Federal policies have been negative and not positive for young Albertans and for Albertans in terms of opportunity. But the equally serious concern, Mr. Speaker and Members of the Legislative Assembly, is that we are no island here in Alberta. We're part of this country in the fullest sense of the word, and it's simply not possible for us to maintain our prosperity in the face of a sluggish or weak economy in the rest of Canada. How do you judge the economy in Canada? Well, there are ways you judge things: in elections you do it on the ballot box, in football games on the scoreboard. With economies of countries, you'd better look at what others think of your economy. When the dollar is at 84 cents, a 45-year low, let's be concerned, as I'm sure we all are here. But that's how others see us in Canada.

I had a disturbing discussion a week ago with an investor coming to consider investing in Alberta. He said to me: Mr. Premier, everything I see about your province I like. I like the spirit of confidence, but I can't convince my directors back across the ocean to come to Alberta with this project and joint venture I have in mind. I can't convince them because they're not thinking in terms of Alberta, they're thinking in terms of Canada and they're not satisfied with what they see at the moment. They think Canada has to put its act together, they think Canada has to pull its economic strategy together and develop a much more positive attitude in terms of economic development. So he said, I can't convince my board and will be back to see you in a couple of years.

The very same day I with some of my colleagues met with a group of the young presidents' organization, highly successful businessmen in this province. They said to me and my colleagues: gentlemen, unless something happens in the economy of Canada we're not going to continue to keep all our eggs in this basket, much as we're happy about Alberta. We're going to diversify south of the border.

Now I hope nobody's going to start suggesting exchange controls. That's the beginning of the end for an economy of a country. Mr. Speaker, I raise these matters with you and the Assembly as a matter of deep concern to me, and I'm sure to all of you.

As I conclude, I want to turn to where we should go and what role Alberta should play. When we finished the first ministers' conference in Ottawa last February, I was pretty happy with the communique, frankly. It reflected the views of the Alberta government and, I think, of the people of Alberta. We thought it was an important first step in a coherent and cohesive economic strategy for the country as a whole. But events since that time have been, to use a kind word, discouraging. The budget cuts — certainly we agree that efforts should be made by the federal government to reduce their budget and to cut down the deficit, and that's a factor in the dollar, Mr. Speaker. But when you do it on such an ad hoc basis — we know, because of the time we spend, how difficult it is to do, and of course that's why the discussion in the question period today was very valid and sound in terms of what our responses should be. Disturbing, of course, are the other matters raised in the question period about the discrimination towards Alberta that seems to be there. I always thought that when you had strengths you built on strength. It's a philosophy that we have: why tear down what's

strong? It doesn't seem to make much sense to me.

When we finished our meeting in Regina we came out with a statement in the economic communique as follows:

The Premiers urged the joint development of a national economic strategy. The February Conference was a step in this process. The Premiers reaffirmed their commitment to the principles agreed to but expressed their concerns about the lack of progress on specific policy directions and projects also agreed to.

Now it's a joint development of economic strategy, and we welcome it. On November 27, 28, and 29 we'll be in Ottawa, and we would welcome the suggestions and comments of all members of the Assembly with regard to the approaches we should make at that time.

I made a number of points when I opened that February conference, and in conclusion I think they bear repeating, because I haven't spoken on this matter during the course of the spring session. Basically the viewpoint of Alberta in terms of this economic strategy is a recognition by Canadian governments that it's the private sector, not governments, which create jobs; that Canadian governments have to restrain the requests of Canadians for non-essential services; that Canadian governments have got to assure that public sector settlements do not exceed those in the private sector; that Canadian governments have to resist the pressure for excessive regulation; that Canadian governments should not permanently subsidize marginal economic enterprises and should support a building upon the strengths in our country; that Canadian governments should try to give greater recognition to the doers and the achievers in our society; that Canadian governments should have foreign equity risk investment welcomed in Canada; that Canadian governments should provide sufficient incentives for such job-creating risk investment both for Canadians and for others; Cana-

dian governments should purchase Canadian food products; and that Canadian governments need to develop their own source of energy supply.

Mr. Speaker, there's nothing in that 10-point program that I'm not pleased to re-emphasize today to this Assembly and to suggest that it could form the focal point of our moving forward with a national economic development policy. I think Alberta provides an example, Mr. Speaker, for the rest of this nation, an example in terms of enterprise and confidence. And I'm pleased to say that more and more provincial governments seem to be concurring in the basic economic thrust of the Alberta government.

As we look into the start of 1979, Mr. Speaker, we start with a strong economy, with a good atmosphere and climate here for risk investment to provide jobs for our young people and good prospects for the future. We face major decisions in financial policy, in energy projects. We require the determined effort to overcome our traditional obstacles in Alberta in terms of agricultural markets and transportation improvements.

Mr. Speaker, as I conclude, I'm confident. This province has become a leader in Canada in many ways. I'm confident we can continue to be a leader in Canada and will be in the decade ahead.

Thank you.

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

HON. MEMBERS: Agreed.

MR. HYNDMAN: Mr. Speaker, I move we call it 5:30.

HON. MEMBERS: Agreed.

[At 4:52 p.m., on motion, the House adjourned to Thursday at 2:30 p.m.]