

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Friday, June 8, 1979 10:00 a.m.**

[The House met at 10 a.m.]

PRAYERS

[Mr. Speaker in the Chair]

MR. SPEAKER: Now, in memory of Clarence Copithorne, and in gratitude for the distinguished service he rendered in this Assembly as a member of the opposition, and as a member of the government and one of Her Majesty's ministers, may we observe a few moments of thoughtful silence.

[In tribute to the late Mr. Copithorne, members of the Assembly remained standing for a few moments of silence]

head: INTRODUCTION OF VISITORS

MR. HIEBERT: Mr. Speaker, I would like to introduce to the Assembly 50 students from Terrace Heights school, accompanied by their teachers Miss Kortess and Mr. Cuyler, and their principal Miss Kokotylo. Would they please rise in the gallery and be accorded the usual welcome of the House.

head: INTRODUCTION OF BILLS**Bill 208****The Solar Energy Development Act****Bill 209****An Act Establishing the
Right to Sunlight**

MR. NOTLEY: Mr. Speaker, I beg leave to introduce two companion Bills: Bill No. 208, The Solar Energy Development Act; and Bill No. 209, An Act Establishing the Right to Sunlight.

Mr. Speaker, it's appropriate that these two Bills be introduced today, because on Sunday evening, Monday, and Tuesday of next week in the town of Fairview there will be a conference of people from throughout Canada to look at this question of solar energy. It's the Fairview energy and housing conference. I might point out, Mr. Speaker, that the Department of Energy and Natural Resources is making a modest contribution to this conference.

The two Bills in question are self-evident.

[Leave granted; Bills 208 and 209 read a first time]

head: TABLING RETURNS AND REPORTS

MR. KOZIAK: Mr. Speaker, I'm filing with the Legislature Library the 1978 annual report of the Superintendent of Insurance and Real Estate.

MR. LOUGHEED: Mr. Speaker, I would like to file with the Legislative Assembly the content of a telegram sent by the Hon. William Bennett, Premier of British Columbia, to the Prime Minister of Canada on behalf of the western premiers with regard to the longshoremen's strike in the port of Vancouver.

While I'm on my feet, I'd also like to file a written response to a question asked me in the Alberta Legislative Assembly on May 31.

DR. WEBBER: Mr. Speaker, I'd like to table copies of the annual report of Alberta Government Telephones for the year ended December 31, 1978.

MR. SPEAKER: I'm pleased to be able to table the report of the Chief Electoral Officer on the 1979 provincial general election.

head: INTRODUCTION OF SPECIAL GUESTS

MR. KING: Mr. Speaker, I would like to introduce to you, and through you to the members of the Assembly, a class of 40 students from McCauley junior high school, located in the Highlands constituency. They are studying English as a second language. They are new Canadians for whom we provide the first opportunity of direct exposure to an important part of our political process. They are accompanied this morning by teachers Mr. Lea and Miss Calverley, and by an aide Miss Cruz. They're in the public gallery. I would ask that they rise to receive the welcome of the Assembly.

MR. SCHMID: Mr. Speaker, I also have the privilege of introducing to you, and through you to the members of this Assembly, students from another class of English as a second language. They are from the Ritchie junior high school.

I would like to commend the public school board, as well as the principal of Ritchie junior high school, for having such a program. Because we sometimes forget the generosity of Canada and its people, and of course the generosity of Albertans and their educational programs.

Just to give you an idea, Mr. Speaker, there are eight students in the gallery. They are from the following countries: Korea, Egypt, Borneo, Argentina, Fiji, Germany, and Guatemala. Can you imagine the patience the teacher, Jeanette Thiessen, must have in order to show those students what a wonderful and beautiful country Canada is and what a fantastic province Alberta really is.

They are standing, Mr. Speaker. I would like you to join me to show them our welcome to this Assembly, to our province, and to this great nation of ours.

head: ORAL QUESTION PERIOD**Embassy Move**

MR. MANDEVILLE: Mr. Speaker, my first question is to the hon. Premier. Has the Alberta government made any studies on possible impact on Alberta business and the Alberta economy as a result of the federal government's moving the embassy from Tel Aviv to Jerusalem?

MR. LOUGHEED: Mr. Speaker, we consider that a federal matter. That's a decision they should appropriately make.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Has the government received any representation from Alberta business firms with regard to that possible move?

MR. LOUGHEED: Mr. Speaker, I'm not sure if we have. But if we have, we would refer it to the federal Secretary of State for External Affairs.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. As some of our business people, ATCO for example, are going to make representation to Ottawa as a result of the move of the embassy, is the Alberta government going to make any representation in regard to the move?

MR. LOUGHEED: We consider the location of embassies to be clearly and entirely a federal matter.

DR. BUCK: A supplementary, Mr. Speaker. Can the Premier indicate to the Legislature if he has had any communication from Alberta businesses doing business in the Middle East expressing their concern about the move of the consulate?

MR. LOUGHEED: Mr. Speaker, unless there's something deceiving my ears, that was the second question from the hon. Member for Bow Valley.

DR. BUCK: No, Mr. Speaker. I am asking, have Alberta businesses made representation to the Premier's office expressing concern? Is that ...

MR. SPEAKER: This is still the same question already asked by the hon. Acting Leader of the Opposition.

DR. BUCK: So you don't care.

Aluminium Wiring

MR. MANDEVILLE: The second question, Mr. Speaker, is to the hon. Minister of Housing and Public Works. Could the minister indicate whether his department has any statistics with regard to the number of houses in Alberta with aluminum wiring?

MR. CHAMBERS: Mr. Speaker, I'd like to thank the Member for Bow Valley for giving me some advance notice on this question. I did a quick check with the Housing Corporation and the department.

The Housing Corporation specifications don't provide for aluminum wire. In Public Works, however, the norm is not to use aluminum but in larger diameter wires it may be permitted. Of course there is a significant cost benefit for aluminum over copper. The problem, as I understand it, is that with smaller wire the result of a nick is that the wire is more prone to breakage because aluminum is more brittle than copper. So it's only used in larger diameter wires, and by special consent.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Could the minister indicate whether alu-

minum wiring is being used extensively by contractors in new construction in Alberta?

MR. CHAMBERS: No, I can't offhand, Mr. Speaker. I can for the department and the Housing Corporation: it isn't being used extensively, as I've indicated. As to general practice in industry, I'll see if I can obtain that information. If I can I'll make it available to the hon. member.

MR. GOGO: A supplementary question, Mr. Speaker, to the hon. Minister of Labour. Has any unusual number of fires been reported to the minister's department as a result of the use of aluminum wire in residential construction?

MR. YOUNG: Mr. Speaker, I'd like to take the hon. member's question as notice and report. I believe the answer to be no, but I'll check to make sure.

Discrimination in Insurance Rates

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Labour. It flows from the unanimous board of inquiry ruling in December ...

MR. SPEAKER: The hon. member's question doesn't need to flow; it only needs to be asked.

MR. NOTLEY: Mr. Speaker, in that case I will ask the question and then have the flowing from the minister, hopefully.

Mr. Speaker, my question is: is the government considering any amendments to The Individual's Rights Protection Act as a result of the unanimous board of inquiry ruling in December that in fact there was sex discrimination in the setting of rates by insurance companies in this province?

MR. YOUNG: Mr. Speaker, as I'm sure the hon. member well knows, the government has had two items of advice: one from the board of inquiry, following a complaint laid before the Alberta Human Rights Commission, suggesting that there shouldn't be an amendment; and one from the Alberta insurance board suggesting that there should be an amendment. Both of these are advisory bodies to government, and at this point government is evaluating the conflicting advice it has received.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Is the minister in a position to outline to the Assembly when a decision will be made on this matter, in view of the unanimous decision of the board of inquiry which ...

MR. SPEAKER: The hon. member's question is again starting to flow.

MR. YOUNG: Mr. Speaker, I'm not in a position to respond when the government will be able to arrive at a final and definitive conclusion on the matter. It is under review, and that's the most I can respond with by way of satisfying the question this morning.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. It flows from — again — not the

board of inquiry but the annual report of the insurance board. My question is whether or not the government is prepared to accept the concern in the insurance board where the rate structures are pointed out but, in fact, would set the precedent that there is a price tag on human rights legislation.

MR. YOUNG: Mr. Speaker, I've already indicated that the whole matter is under review. Government has received conflicting advice, both with respect to what should be the appropriate legislation and, I may add, with respect to the differentials in premiums which might occur in various hypothetical situations.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Will the minister assure the House that the human rights Act and The Individual's Rights Protection Act will be looked at exclusively from the vantage point of human rights, as opposed to the price tag argument we have in the Automobile Insurance Board report?

MR. YOUNG: Mr. Speaker, I'm sure the hon. member can take reassurance in the fact that some very difficult decisions have been arrived at as a consequence of The Individual's Rights Protection Act and the activity of the Alberta Human Rights Commission in observing its mandate. The member well knows the decision in a case involving nurses and various nursing aides. A very expensive adjustment was made in terms of the public purse, and that was accepted by government. So we have not. And it is not government policy to reflect upon The Individual's Rights Protection Act in terms of dollars and cents, as suggested by the hon. member.

MR. NOTLEY: I'm reassured by the minister's answer.

Mr. Speaker, a further supplementary question to the hon. Minister of Consumer and Corporate Affairs. I'd ask whether the minister's office or the Automobile Insurance Board has contacted the government of Saskatchewan to determine how the government's auto insurance scheme in that province operates in such a way that, as of May 1, there is no sex or age discrimination?

MR. KOZIAK: Mr. Speaker, of course we're all aware that in Saskatchewan the free enterprise system does not exist and a government insurance program exists. Under those circumstances, with a government insurance program, such factors as normally apply in the market place wouldn't necessarily exist. So if a government wished to subsidize certain areas of insurance by having the general population cover the cost of premiums of a certain group, that can well be done, and that has been done.

I understand that the losses of the government insurance operations in British Columbia, Saskatchewan, and Manitoba are somewhere in the nature of \$50 million over the past year. That is covered by the people of those particular provinces, and not by those who benefit from the insurance. I think what's important here is that, as my colleague has pointed out, we have had two independent boards of government provide us with advice and, as the hon. member of course will realize from reading the report of the Automobile Insurance Board, the advice they've provided in terms of the rates is interim.

Of course rates are one aspect of the matter. I think

we have to be careful that in avoiding discrimination we don't fall into the trap, as was ably pointed out by the Supreme Court in the United States, of trying to treat everybody equally. Because sometimes taking people in unequal situations and treating them equally is as discriminatory as taking people in equal situations and treating them differently.

Now again there are two aspects to the question. There is the question of automobile insurance, and then there is the question of life insurance and the annuity programs available. As the hon. member is aware, automobile insurance is a requirement that all drivers in this province must have in order to properly drive on the roads. Life insurance, on the other hand, is not something required of everybody who wants to live in this province. Yet the board of inquiry dealt with both matters. Now there are certain facts, as I understand them, that are actuarially sound that indicate, for example, that women live longer than men. To suggest, then, that the premiums for life insurance should be the same might cause difficulties.

I'm reminded of the situation that I understand existed at one time, when life insurance first came out. The premiums charged to 20-year-olds and 80-year-olds were the same. What happened, of course, was that those who were 20 didn't buy the insurance and those who were 80 did, and pretty soon insurance just didn't exist.

So the premiums charged are as a result of actuarial studies. The Automobile Insurance Board, an independent body, then has independent actuaries confirm that those premiums are actuarially sound. Whether or not we want to take a social dictate and have that dictate

MR. SPEAKER: I regret interrupting the hon. minister.

Let the length of the answer be taken as a precedent, I must say that, having allowed the hon. Member for Spirit River-Fairview to clearly and openly challenge the minister to debate on what was being done in another province, it was impossible for me to prevent the minister from accepting the invitation.

MR. NOTLEY: Mr. Speaker, a supplementary question. It wasn't a debate. The question was whether or not the government had assessed the Saskatchewan plan. It's obvious they haven't, because there's been a cumulative surplus in the Saskatchewan government automobile insurance plan.

SOME HON. MEMBERS: Oh, oh.

MR. NOTLEY: Well, it's a fact.

Mr. Speaker, may I go on from there to ask the Attorney General, in view of the procedures where prosecution follows or can follow a board of inquiry report — notwithstanding the appeal of the minister in favor of discrimination — whether or not the Attorney General's Department intends to pursue its responsibilities now that the report of the board of inquiry has not only been given, but has been given for almost seven months.

MR. CRAWFORD: Mr. Speaker, from a purely technical point of view, the period of time during which proceedings might have been taken pursuant to the board of inquiry report has elapsed. Therefore no pro-

ceedings could be taken at this time.

But I think in fairness I should point out that the government's view at the time — and this was the view of my predecessor as Attorney General as I discussed it with him — was that the issues involved were large enough and important enough that the matter deserved some very considerable reflection and consideration. It's the government's intention certainly to give that reflection and consideration to the issues, the complexities of which my hon. colleagues have only begun to describe.

MR. NOTLEY: A supplementary question to the hon. Minister of Consumer and Corporate Affairs. Mr. Speaker, could the minister outline for the Assembly whether the Automobile Insurance Board obtained an actuarial report from one person or whether they sought information on this important matter from a number of people, and whether those people in fact were engaged in the automobile insurance industry?

MR. KOZIAK: Mr. Speaker, may I begin by indicating that sometimes answers flow as easily as questions, and I was caught in that situation earlier.

The Automobile Insurance Board is an independent body that reviews the rates that insurance companies operating in the province of Alberta ... [interjection]

Thank you, Dr. Buck.

... the rates charged pursuant to the requirements of our legislation and would, under the facility suggested in the amendment that has gone through the Committee of the Whole, review the rates that would be charged by the facility. That board receives an application from an insurance company for certain classifications and rates, and then reviews them by hiring independent actuaries. My understanding is that the independent actuaries the board uses do not even operate in the country. They try to make sure of the independence of the actuary by going to the United States to have the information confirmed. I don't know if they use one, two, or more.

MRS. CHICHAK: Mr. Speaker, I'd like to direct my supplementary question to the hon. Minister of Consumer and Corporate Affairs. I wonder if the hon. minister could advise whether he has received information detailing the matter that insurance rates are set based on performance, whether certain classes of automobile operators fall into categories which statistically indicate different rates of performance insofar as accident-free and those rates are then based on that, and whether the fact that the statistics indicate that women operators have a preferential rate, in the sense of performance ... My question ...

MR. SPEAKER: The hon. member appears to have covered several questions already. Perhaps we could interrupt here to let the minister answer.

MRS. CHICHAK: Mr. Speaker, if I can just conclude the final point I was trying to make: that the cost the female operators fall into gives them that preferred classification rate and is not really anything insofar as sex is concerned.

AN HON. MEMBER: Ask the board of inquiry.

MR. KOZIAK: Mr. Speaker, to me the fact that the classifications and the rates charged for a particular classification have been actuarially investigated would seem to indicate that the rates charged to female operators, which are substantially lower than the rates charged to male operators, indicate a much lower accident experience, or at least claims experience, for female operators. Whether that means they are better drivers, they drive less, or their circumstances are different, I'm not in a position to say. I would definitely acknowledge that the hon. Member for Edmonton Norwood is a better driver than the hon. Member for Edmonton Strathcona, but that's ...

MR. NOTLEY: A supplementary question, if I could, to the hon. Premier. It flows from the answer of the hon. Minister of Consumer and Corporate Affairs, in which I think the minister made reference to the Bakke case in the United States, that sometimes equality requires unequal treatment.

Mr. Speaker, my question to the Premier is: is that the view of the government of Alberta at this time, and will the Premier be proposing changes, either to The Human Rights Act, The Individual's Rights Protection Act, or both, with respect to this particular view of human rights legislation that we have heard this morning?

MR. LOUGHEED: Mr. Speaker, no final decision would be made on that matter, but I think it's clear that we established both The Alberta Bill of Rights and The Individual's Rights Protection Act with provision to consider these unusual circumstances in certain cases, and this may be one of them. That is why we have within those two Acts the provisions that, notwithstanding the provisions of that Act, we can bring in amendments, say to The Alberta Insurance Act, which say: notwithstanding The Individual's Rights Protection Act, we will do certain things in certain ways.

Take the debate here in the Legislative Assembly. I think it's clear that we may have a decision here — we haven't finalized it. Yes, in one sense we would be saying there would be discrimination, but I think a fairly heavy body of public opinion would say discrimination in a case where there has been better performance is one we should be considering carefully. If that's the ultimate decision, we'll present it to the Legislative Assembly.

Housing — Cold Lake Area

DR. BUCK: Mr. Speaker, I'd like to ask the Minister of Housing and Public Works if he has the information for the question I asked yesterday on housing in the Cold Lake area.

MR. CHAMBERS: As I recollect, the hon. member asked me if the Housing Corporation had conducted a study. No, I don't have a reply to that yet, Mr. Speaker.

Gaming Controls

DR. BUCK: Mr. Speaker, I'd like to address my question then to the hon. Attorney General. It results from a communication from the service clubs, specifically the Kinsmen Club of Calgary, to the members of the Assembly and the Attorney General regarding the re-

visions of the legislation that pertains to gaming. Can the minister indicate if he has received that communication and if he has answered it?

MR. CRAWFORD: Mr. Speaker, perhaps it's a good time to indicate to the House the time frame and the method by which the government proposes to re-examine regulations in respect of gaming.

In answer to the hon. member, I did indeed receive a letter from the Kinsmen of Calgary. It was responded to on behalf of the government by the hon. Member for Stony Plain, who is chairman of the caucus committee charged with the responsibility of making recommendations in regard to gaming regulations.

The timetable will be that we hope that perhaps by next week — if not, then immediately thereafter — a nine-person advisory committee of citizens will be established that will have the responsibility of providing to the caucus committee by late summer their recommendations about what changes should be made, taking into account the representations made by the Kinsmen Club of Calgary and other agencies. After that we would prepare a series of guidelines or regulations which would be the procedures by which we would see gaming being regulated for a considerable period of time into the future, and resubmit the draft regulations to the advisory committee to be sure that at least we knew their views in respect of any proposals. The last step in the time frame would be that in the event everything goes along according to schedule new guidelines would be available by the end of this year.

DR. BUCK: A supplementary question to the Attorney General or possibly the Solicitor General. Yesterday I received a complaint about the operators of these small-town fairs and amusement companies in that some of the games were — shall we say the person who was playing the game didn't have as good a chance as the operator. Can the Attorney General indicate what monitoring of this type of gaming there is in the province?

MR. CRAWFORD: Mr. Speaker, monitoring of each individual event, particularly of the informal type described by the hon. member, would probably be impossible in the sense of on-site surveillance at all times. Groups that apply — and let us look particularly at the smaller-centre fair for the moment, because the hon. member's question relates to that — would normally be given permission to have their annual licence if over the years they traditionally had had one for that particular event.

I think the gaming division is able to do a fairly sophisticated investigation and follow-up of complaints now — a situation which was not so a few years ago — and in any case where there were anything like an accumulation of complaints a more thorough investigation would be done. I believe the investigators have the full capacity to satisfy themselves as to whether anything is being done that makes the game appear other than it is.

DR. BUCK: A supplementary question to the Minister of Labour. Can he indicate if there is a monitoring of the people who work in these small-town fairs to make sure they are properly paid as it relates to the industrial labor relations Act?

MR. YOUNG: Mr. Speaker, I think it fair to say that there isn't a particular monitoring of the employees and the payroll concern except inasmuch as we monitor quite closely the safety of these operations. Because it's the same department, there could be some spinoff and closer checking. Certainly there is a much easier possibility for employees to identify any concerns they have. We do have a system of monitoring certain employers if they trigger our complaints desk too frequently. So in the event that any complaints were coming in, I'm sure they would be caught immediately.

MR. ZAOZIRNY: A supplementary to the Attorney General with regard to gaming controls. Could he advise the House what procedure is in place during the interim until these final regulations are in place, once the advisory board has reported and a final decision has been made? What procedure is now in place when a major complaint is received, for example the concern of the Kinsmen Club in Calgary with respect to the Kinsmen car awards at this year's Calgary Exhibition and Stampede?

MR. CRAWFORD: Mr. Speaker, the arrangement is meant to be a very practical one. Most activities going on this year, while the review of what the regulation should be is taking place, have taken place before, as in the case of the Kinsmen car awards in Calgary. On the whole the policy is that if the event has a history at all, if the parties have received a licence for that type of event in a previous year, for this year in any event it would be granted again. That was done in the Kinsmen case in Calgary and other similar cases.

Oil Pricing

MR. NOTLEY: Mr. Speaker, I'd like to ask either the hon. Premier or the hon. Minister of Energy and Natural Resources if the government has yet determined the appropriate differential between the world price and the Canadian price, and the U.S. blended price and the Canadian price. A word of explanation is necessary, because as of July 1, with the dollar increase, there is a difference of about \$4.25 between the Canadian and the U.S. blended price compared to \$1.50 a year ago.

I would direct the question first of all to the Premier.

MR. LOUGHEED: Mr. Speaker, there's something implicit in the question asked by the hon. member that I believe should be clearly stated to this Legislative Assembly.

Last August this government was very disturbed with the federal government in suggesting that they should unilaterally change agreements simply because some short-term situations had developed over a period of time, when there was an established agreement, and that prices should therefore be reduced or altered or increases should not take place. We took a very strong position last August that an agreement was an agreement to which we were bound. We made a judgment decision last November to enter into an agreement for a period of 18 months expiring on June 30, 1980, and we took it on that basis. It is our judgment, therefore, that we have an agreement in which we are bound. Because if all that happens in one of these situations is that when conditions change, one can tear up the contract, those agreements will di-

minish in their significance for both this province and the people of Canada generally.

So whether or not there is a shortfall for a period of that 18 months, it's certainly a factor that we're aware of, but not one which we think puts us in the position that we should tear up an arrangement entered into in good faith between two governments. It's essential to the future of our country, Mr. Speaker, that pricing agreements be entered into between Alberta and the federal government, and that these agreements stand and the terms be met. It works both ways; we have to take it when it works against us as well as when it works the other way.

On the precision of the second question implicit in the question by the hon. Member for Spirit River-Fairview, I would refer to my colleague the Minister of Energy and Natural Resources.

MR. LEITCH: Mr. Speaker, I don't know that I have anything to add to what the hon. Premier has said. As I recall the question, it was whether we had determined an appropriate difference between the Canadian price, the United States composite price, and the world price. Frankly, while it's relevant to the discussions in the agreement the hon. Premier has referred to, that is not something we do from day to day or month to month.

MR. NOTLEY: A supplementary question to the hon. Minister of Energy and Natural Resources. In view of the fact that these discussions took place a year ago and the present agreement ends on July 1, 1980, a little over a year away, has the government begun preliminary negotiations with respect to a new agreement to commence once the present agreement terminates on July 1, 1980?

MR. LEITCH: No, Mr. Speaker, we haven't begun preliminary negotiations. There's a new federal Minister of Energy, Mines and Resources, and I think he would need some time in office before he would be in a position to open even preliminary discussions with respect to a new oil pricing agreement.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Energy and Natural Resources. Is the minister saying at this time that the government of Alberta has no position with respect to what the pricing of Canadian oil, particularly Alberta oil, should be, vis-a-vis the American blended price; that there is a disparity at this time, but it's all subject to negotiation down the road?

MR. LEITCH: Mr. Speaker, I have a bit of difficulty with the question. There is a position with respect to pricing within Canada and pricing within the United States. For example, in the agreement to which we have referred, there is a reference to price increases not penetrating the composite price level in the United States.

MR. NOTLEY: Mr. Speaker, a supplementary question for clarification again. As I understand it, the position a year ago was that Canadian prices should at least match the American composite price. To the hon. minister: is that not the position of the government of Alberta at this time?

MR. LEITCH: Mr. Speaker, I do not believe the hon. member's assumption is accurate, that there was a position that the Canadian price should be equal to the American composite price or the rolled-in price, as it's sometimes referred to. The overall position of the provincial and federal government has been that the price of oil within Canada ought to move toward world levels over time. But in the discussions about pricing that the Alberta government has held with the federal government, and in the agreements, there has always been this reference that the movement of the price of Canadian oil toward world levels should not go through the American composite or rolled-in price. I do not recall any position of the Alberta government that it should be equal.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Energy and Natural Resources. Is the minister able to advise the Assembly whether he's received any forecast from his department or from the Alberta Petroleum Marketing Commission with respect to the timetable to reach world price, in view of the fact that world prices now seem to be rising at a much faster rate than the present agreement?

MR. LEITCH: Mr. Speaker, we receive a variety of reports and estimates of pricing, but we have not reached a specific time frame within which Canadian prices should reach world levels.

We always have to keep under consideration the principle or concept in the agreement I've referred to, of Canadian prices not moving through the U.S. composite price. When that price will reach world levels is a matter of considerable speculation at the moment. Members of the Legislative Assembly will recall that the President of the United States has proposed a graduated program of decontrol of oil prices within the United States which, if accepted by Congress, would move the price within the United States toward world levels more rapidly than would be the case under the present control system.

I think we will be keeping a very close watch on the developments and movements of the oil price in the United States. That, of course, is going to be a very important factor in any future discussions we may have with the federal government and others about oil pricing in Canada.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Is he in a position to advise the Assembly when negotiations will begin, in view of the fact that this agreement has a little over a year run? Would it be the position of the government at this time that increases of a fixed amount, \$1 a barrel every six months, would not be appropriate in view of the possible decontrol in the United States, the substantial increases in the OPEC countries, and the growing disparity between the world price and the Canadian price?

MR. LEITCH: Well, Mr. Speaker, as to the time negotiations might begin, obviously the hon. member has asked that somewhat facetiously. They are certainly going to begin before the agreement expires. As I've indicated, the federal Minister of Energy, Mines and Resources is just recently in office. I think it's going to take some time before he is in a position to begin discussions on future pricing of oil.

As to what new pricing mechanism we might have or whether we might follow the current pricing mechanism, I think it would be premature to express any views on that. We're obviously going to watch very closely the situation of oil supplies and pricing in the world, in the United States. When we open negotiations, they will be very relevant matters.

MR. NOTLEY: Mr. Speaker, one final supplementary question to either the hon. Premier or the hon. Minister of Economic Development. In view of the growing shortfall and the very substantial increases in world prices, has the government given any consideration to reviewing its position on a trade-off, vis-a-vis freight rates and some of the traditional concerns that were expressed at the western economic conference?

MR. LOUGHEED: Mr. Speaker, that matter has been raised in the Assembly a number of times. As leader of government in a western Canadian province, I've always found it very difficult to accept that we should have to give something up, in a sense, particularly if it has to do with a depleting resource we own, in order to receive federal policy support for something that is clearly in the best interests of all Canadians and part of our whole Confederation.

I reject completely what the hon. member has expressed both here and in other places: that we should be trading something we have for something we're entitled to. That just didn't . . . [inaudible]

MR. NOTLEY: Mr. Speaker, to the hon. Premier. I'm asking whether or not the government is prepared to review it, because at this stage . . .

DR. BUCK: We're getting nothing.

MR. NOTLEY: . . . we're getting nothing. We're not getting trade-offs on freight rates, and we're getting substantially less than the American price and way less than the world price.

MR. LOUGHEED: Mr. Speaker, I repeat: there is no way we are going to present a position to the federal government that we have to give something up [interjections] for a fair deal for the people of western Canada. We have and will continue to present this position to the people of Alberta. [interjections]

MR. SPEAKER: Order please.

Alsands Hearings

MR. LEITCH: Mr. Speaker, I wonder if I might take this opportunity to answer some questions asked of me earlier in connection with the hearings relating to the Alsands project. [interjections]

MR. SPEAKER: Order please.

MR. LEITCH: On June 4 the hon. Leader of the Opposition said:

Just one further question to the minister. Once the report by the Energy Resources Conservation Board has been received — and if I might assume, Mr. Speaker, that the report would be favorable — is it the intention of the government that there be public hearings in the Fort McMurray or the Fort

MacKay area prior to a final decision, similar to the hearings held in the Cold Lake-Grand Centre area?

As I indicated earlier, Mr. Speaker, in part the answer to that question is no, in the sense that we do not anticipate any further hearings in either the Cold Lake-Grand Centre area or the Fort McMurray area after the hearings conducted by the Energy Resources Conservation Board, but that there would be hearings in the Fort McMurray area in connection with the Alsands plant, similar to the hearings held by the Energy Resources Conservation Board in the Cold Lake-Grand Centre areas.

Mr. Speaker, I was also asked about the format and type of hearings that would be conducted in Fort McMurray. For practical purposes, the format and type will be identical to the hearings held in connection with the Esso Resources project. The panel in respect of the Alsands project hearings will consist of Dr. Berkowitz as chairman, Mr. Strom from the Energy Resources Conservation Board, and Mr. Kupchanko, Assistant Deputy Minister of Environment. The panel will be different from the Cold Lake project hearings in the sense that a representative from Municipal Affairs will not be on it. The reason is that we do not anticipate — and that anticipation has been borne out by the nature of submissions received so far — that municipal affairs matters will be of the same nature or quality as those raised in connection with the Esso Resources project hearings.

I was also asked whether the northeast commissioner, Mr. Henning, had made representation regarding the hearings and the make-up of the panel. I have now been able to ascertain that he has not made any such representations. He did have some discussions with the Deputy Minister of Environment and the Deputy Minister of Energy and Natural Resources in connection with the hearings, but those discussions were of a general nature and would not be regarded as representations.

Mr. Speaker, I was also asked about the right of departmental personnel to cross-examine witnesses during the course of the hearing. That has been the practice and certainly would be followed in the Fort McMurray Alsands hearings. In addition, I'm sure there will be representatives of various departments who may or may not take an active role in the hearings. If they don't take an active role, they will be there as observers.

Finally, Mr. Speaker, I would like to clear up two misconceptions that seem to me to be present in connection with the Energy Resources Conservation Board hearings; that is, that they will be considering during this hearing not only technical but environmental and social impact matters. That has been the practice of the Energy Resources Conservation Board for some appreciable time.

In addition, I would just draw to members' attention that the board in this type of proceeding is of an advisory nature. It will submit advice and recommendations to us, but that would be only one source of advice and recommendations which the government would consider in reaching a decision. For example, following receipt of the board's report, an interdepartmental committee reviews it and makes comments on the recommendations and gives us advice. Of course we would receive advice from other sources such as the

MLA from the area and other interested persons or groups.

Longshoremen's Strike

MR. LOUGHEED: Mr. Speaker, before we close the question period, I wonder if I could update information presented to the House yesterday with regard to the longshoremen's strike. We were relying on misinformation that came, I believe, via the news media. The federal Minister of Labour was not going to Vancouver at the time I made my remarks yesterday.* He has appointed one of his chief mediators, a Mr. Kelly, to undertake that mediation in Vancouver.

ORDERS OF THE DAY

head: GOVERNMENT MOTIONS

4. Moved by Mr. Crawford:

Be it resolved that Standing Order No. 5 be suspended in order that the Assembly may sit at 8 p.m. on Friday, June 8.

[Motion carried]

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

Moved by Mrs. Osterman:

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

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

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

[Adjourned debate June 6: Mr. Mandeville]

MR. MANDEVILLE: Thank you, Mr. Speaker. I'm going to be brief in my speech today, as this is the last day and I understand we're going to be adjourning early.

I want to discuss briefly three other topics: freight rates, water resource management, and roads. I'm going to start with freight rates.

I think freight rates are one of the biggest discrepancies we have as far as the economy in Alberta is concerned. They certainly hurt agriculture. I was really pleased with comments our [member] from Buffalo made in regard to freight rates, and the concern he had in this area. I certainly have concerns about freight rates myself. We have two new transportation ministers, a federal minister and our Alberta minister. So I certainly hope they will get together. We've got to quit talking about freight rates and eliminate some of the discrepancies we have. We have to get the grain on the prairies moving.

Mr. Speaker, it's really hard to understand why we can ship live cattle down east, we can ship our grain down east and have it processed there as cheaply as we

can do it in western Canada. I certainly don't think this is right for western Canadians.

DR. HORNER: It's not true either.

MR. MANDEVILLE: I'd just like to say to the hon. Deputy Premier that to a certain degree it is true. What's happening now as far as beef is concerned...

DR. HORNER: Mr. Speaker, on a point of order. The hon. gentleman can at least put it forth as his opinion, but if he would check the actual rates, what he has just said is not true.

DR. BUCK: That's your opinion.

MR. MANDEVILLE: Mr. Speaker, I'll agree that to a certain degree it is. The reason I say this is the fact that they're now using bulk-head cars and returning goods, and this is helping our freight rates to a considerable degree as far as cattle are concerned. However, as for rapeseed, they ship rapeseed over to Japan and process it there, then ship it back as oil. This has happened.

DR. HORNER: Mr. Speaker, again on a point of order, I think the hon. member...

DR. BUCK: Mr. Speaker, that's not a point of order.

MR. SPEAKER: Order please. Hon. members are probably well aware that a disagreement as to facts does not constitute either a point of order or a point of privilege.

DR. BUCK: Make your own speech, Horner.

DR. HORNER: Mr. Speaker, I really should point out there is not any importation of...

MR. SPEAKER: Order please. Order please.

DR. BUCK: Take your turn.

MR. MANDEVILLE: I know the hon. Deputy Premier is very close to the Crow rates. I know he defends them; many of us do. I want to be the first to agree, Mr. Speaker, that we don't want to give up the Crow rates without getting something in return. The Crow rates certainly do hinder our rapeseed production in Alberta and in western Canada. I'm going to be the first to say there's no way I would want to give up the Crow rates without getting something in turn, because the rail companies owe it to Canada. They owe us a subsidy as far as rates are concerned. But I know that in many cases we've looked into the possibility of acreage payments. Maybe we could have an acreage payment instead of the Crow rates. That's something we could certainly take a look at.

It seems that in the agricultural economy we always have to face problems. Now we have the dock workers' strike out there. It seems about every second year we have a strike such as this to dig into our agricultural economy and the rest of our economy in Canada. I certainly hope the federal government will take some steps at this time to see that that strike is prevented, so we can get our grain moving again.

The other topic I want to discuss, Mr. Speaker, is

*See page 232, left column, last paragraph

water management and water resource development. Certainly we have neglected the development and management of our water in this province. I think we put too much emphasis on oil and gas and not enough on water. I would like to indicate — I was hoping the new Minister of Environment was in the House — that we do have a situation on the Bow River ... I'm not saying only the Bow River; I think we should be storing water on all the rivers in this province.

At the present time, we have the Bassano dam, which only diverts water but doesn't store any. We could look at the possibility — there have been some studies on it — of putting in the Eyremore dam, which would store 300 acre-feet of water. I'm sure this dam could be put in for \$80 million to \$100 million. I've heard that it's going to cost \$200 million. I think it would, if we were to put in a dam to store 1 million acre-feet of water. I certainly hope our Minister of Environment will take a good look at putting in the Eyremore dam, in place of rehabilitating the Bassano dam, which could wash out at any time and still doesn't store any water on the river basin. If we had this dam, we could add another 200,000 acres of farmland in the Eastern Irrigation District.

The hon. Member for Drumheller mentioned that we need a north-south road, running from Drumheller south. I certainly agree with this. The dam could be used to facilitate a bridge there for a north-south highway. It could also be used for tourism, to a certain degree.

But as I said, Mr. Speaker, I think we should get the federal government involved. I think they should put some funds into the development of water resources in this province, because they certainly benefit from it.

My last topic, Mr. Speaker, is roads. It's one of the most talked about topics in this province. We certainly don't get the money Albertans would like to see spent on roads. I think we should have a five-year plan ...

MR. NOTLEY: Hear, hear.

MR. MANDEVILLE: ... for building roads. If we were to establish a plan for five years, I think we could get our contractors in line so they could build these roads. I agree it's hard to go out and build roads at the present time, because we don't have enough contractors to build roads in this province. But if we had a five-year road program, it would put the contractors in a position where they could bid on our roads.

Mr. Speaker, where do we really put our priorities? Do we put them on building roads or improving our agricultural economy? Or should we spend \$14 million on the Legislature grounds? Should we spend \$43 million on the Kananaskis park, or \$3.5 million on a golf course? I certainly think — and I think a lot of Albertans think the same — that we should put more priority on building roads in this province.

I look at Highway No. 1. It was twinned from the Banff entrance to approximately four miles west of Strathmore in 1971. To this date, the twinning of the highway is still west of Strathmore. I think it's about time we twinned Highway No. 1 and, as the hon. Member for Banff-Cochrane indicated, that we twin the highway inside the park. I experienced myself, Mr. Speaker, a line-up for 15 miles back as a result of the speed circle inside the park.

I'm pleased we are getting eight miles of Highway

No. 1 twinned. The previous Minister of Transportation has agreed to twin eight miles of Highway No. 1 in the Brooks area. It's certainly very much appreciated.

If we don't make some changes or have a five-year plan, I don't think we'll ever complete the grid road program that started in 1969. There are approximately 8,500 miles in the grid road program, and to date — 1979, 10 years later — we have built only approximately half of the grid road program. The problem municipalities and counties have is that all the moneys made available for the grid road program have to be used to maintain the half of the grid road program in place at the particular time.

I would also like the Minister of Transportation to take another look at the articles of agreement grant, especially for irrigation districts, because in irrigation districts it costs much more to build roads. I'm sure several members in the Legislature would support me in having the articles of agreement grant changed so there is some recognition for building roads in irrigation districts.

I was disappointed that developing airports in this province was cut back. I think we could spend more money on developing airports. In my own constituency, an airstrip in Bassano needs to be put in. They don't have an airstrip in Bassano. They're going to purchase the land, but they don't have and won't have any money to develop the strips. We're going to build a terminal at the Brooks airport this year. Before the terminal is going to be serviceable, and we can get an air flight into Brooks, we're going to have to have a better airstrip.

In conclusion, Mr. Speaker — I see that the Minister of Advanced Education and Manpower is not in his place, but I would like to thank him for having the foresight to extend the community college, from Medicine Hat to Brooks. While he's doing that, Mr. Speaker, I would like him to take a good look at taking some extension programs from the Olds agricultural college to Brooks. We have the horticultural station there, and I think some extension of Olds college to Brooks would work out very successfully.

MR. LYSONS: Mr. Speaker, I too would like to join in the Speech from the Throne. I will be very brief today, as I know some very important things are to happen.

I'd like to congratulate the Lieutenant-Governor on bringing his speech to the Legislature in the manner he did. In view of the fact it will be his last speech, I would like to wish him well in his future.

I'd like to congratulate the mover and the seconder for the way they spoke to the throne speech. Both being new members, they certainly went on as veterans, right from the word "go". I'm very impressed with the quality of the newly elected MLAs this term. I certainly feel we're in good hands and have a strong group of people to help lead us through the '80s and the '90s.

Mr. Speaker, I would like to congratulate you on the way you keep everything running so nicely here in the Legislature. I have sat in other legislatures, and we've certainly watched the House of Commons on TV often enough to realize and to appreciate just how well you do.

Getting into some of the things that were in the throne speech, I suppose the most important element was the municipal debt reduction plan and the impact it will have, certainly in our constituency and for all

municipal governments in Alberta. There's just no way we can possibly have a system whereby we can help municipalities really contend with the type of growth we're having all across this province. We have 11 centres in our constituency. Some are growing like wildfire, some are going to grow. We would like to see some grow a little faster, but we really have no idea where things are going to happen. If a heavy oil plant goes in in the south end, fine, we have a panic situation there; but if it goes into the north end of the constituency, that's not a panic situation. And no one knows where this is going to go. I have great confidence that our Minister of Municipal Affairs will help us when the time comes, that we will have assistance. Certainly with his record as the Minister of Agriculture, we know he will be very considerate when he's needed.

Mr. Speaker, I get a little worried when I hear people in Alberta, and in Canada as well, criticizing leadership just to criticize leadership. I think the Pope's visit to Poland and the brave precedent this is, how well he has been accepted and the nerve he has to go into a Communist-held area, to be able to have masses of people, some of whom have never been photographed the way they're being photographed now — for the Pope to be able to attract these people and to have the risks he's under, the risks these people are under, yet have hundreds of thousands of people come and take those chances because he is the Pope. I'm not suggesting we should have leadership in Canada that would attract these groups of people, but it does say something about faith and trust in leadership. Certainly the Pope is to be admired by everyone in the world, whether they're of Catholic faith, or Polish, or whatever. I think we can all draw some confidence from the fact that in a Communist country Christianity is alive and well and boldly expressed.

Mr. Speaker, here in Alberta, where things are really rolling along, we don't have too many earth-shattering problems. But we do have a number of concerns. I would like to express a couple of concerns in my constituency. One is the movement of grain.

As Canadians, we probably have been a little complaisant about our grain-handling capabilities and systems. We've always felt that, yes, there's going to be a problem now and then, but it will work out and we'll get our grain moving. But I think if we really look at grain, and at agriculture in general, particularly in the areas in the new part of the constituency, with redistribution, people are just raising grain. A number of them don't have mixed farms; they're just growing grain. With farm costs and the margins you have with agriculture, whenever we do have a product to move, we should be moving it. To store grain, we've always relied on the inland storage system, with primary elevators, granaries, and so on. I think it's absolutely vital that we shake up the grain-handling system. Certainly the storage and the movement toward larger grain facilities at Prince Rupert will help some. But as I go around the constituency, I see hundreds and thousands of new granaries. If we consider that if each of the 50,000 or 60,000 farmers in Alberta bought a new granary, let's say a smaller one at \$1,000 apiece, we could build \$60 million worth of storage at tidewater.

Certainly everyone recognizes that a farmer should probably have a year's storage, plus his seed and feed. But when it goes beyond that — and some people are

beyond that with two or three years' grain stored on the farm — this is not practical or wise, and it's darned poor economics. We should have that grain at the coast, Thunder Bay, or Churchill, so we can have better blending, and we know what we have. As we talk to people in the terminal system, they say they never really know what the grain is going to be like until it's actually in place and they have to start putting it in batches. So often they then realize they have to use a better quality of grain to make up a lower grade. In every port I've been in they have said: if we just had more surge capacity, if we could just store, say, another 10 million or even 5 million bushels where we could blend this better, we could make more money. I think that's something we should very well consider. If we have to use a better quality grain to make up a lower grade, we're all losing. Besides that, why should we build grain storage on the prairies when the grain really should be at the port of export?

Mr. Speaker, a few things happened in the constituency in the last four years that I'm very pleased about. I'm pleased we have one new hospital, one being built, and one well into the drafting stage. I don't suppose there's any place in Canada that has so few people and such an interest in health care. As a matter of fact, before I got involved in politics I never realized the importance of health care to the extent my people down there do. I've thought of other issues in the constituency and what the pressures really were, and I've realized only recently that the pressures coming to me have been for health care facilities. I suppose that's from perhaps 20 years of neglect in the building and maintaining of health care facilities. I am really very, very happy and proud we have a government that, even though we're criticized, has such a high priority in health care. We think back to, I believe, 1971 when we had a \$1 billion budget, and now just in health care alone we spend \$1 billion. That has to mean something. We spend \$1 billion in health care and social programs. That's performance.

Mr. Speaker, just recently I had the privilege of assisting our MP, who is now the Minister of Transport in Ottawa, turn the first sod for Canada's largest grain dryer manufacturer. He is building a new 60,000-square-foot building to manufacture grain dryers. A few years ago we dreamed we would have a factory, or some industry that would employ some people. Right now we have a factory that is not only manufacturing in Alberta a very necessary product for Alberta farmers, but a product that's being used around the world. I believe he has developed markets in five or six countries, and he can't go any farther until he has more facilities. I think it's just great, and I'm so happy for him that he has been able to set it up and develop it here in Alberta and have the economic and investment climate, the work force, and all the things that go along, particularly his management ability and his staff. It's just unimaginable. When you drive into town in the middle of winter, see all these dryers set up, and wonder, my God, is he ever going to be able to move those things? Come fall, they're all gone. It's great.

Mr. Speaker, we have a problem in several areas in rural Alberta. I suppose urban areas have it as well, but in rural Alberta utility problems and servicing come with growth. We have a couple of particularly tough concerns. One is water supply. I would like our Minister of Environment, government members, and others to look at perhaps using some of the heritage money

to supply water pipelines to those areas and treat it as a utility rather than having each municipality out building storage facilities or wells, treatment plants, and all the various things that go along with water, and having such an inconsistent supply of water in Alberta. I really believe we could use our fantastic natural gas program in rural Alberta as an example of just how valuable a utility like this can be, particularly pipelines. A water pipeline is something we should certainly look at.

Mr. Speaker, I intend to be brief today, but I would like perhaps just to mention that we hear so much from other parts of Canada where they're complaining about Alberta receiving so much wealth from our natural resources. I would mention to Canadians that Alberta is really contributing to Canada. I believe our contribution is in the neighborhood of billions of dollars every year. When we hear our friends from other parts of Canada suggest to us that we're taking from them, I would like people, particularly back home, just to remind them that there are limits to how much we can contribute. If we're not contributing enough in a social, cultural, or educational way, then we can take criticism. But certainly in an economic way there is no reason for Albertans ever to feel bad about selling resources at fair market value.

Mr. Speaker, I'm very pleased also to suggest to Canadians that with the new health science centres we're building for cancer and heart research, we will be contributing much more to Canada's economic development. I can't help but be just a little angry at the suggestion that we should be doing more, when really some of the other provinces needing some of our resources are in fact not helping us too much in our development.

Mr. Speaker, with that I would like to congratulate our new members again. When you consider that the average age of Alberta MLAs is, I believe, 41 years . . . [interjection]

It's not true, he says, but it's very, very close. Maybe my mathematics aren't too good. We really have a bunch of boys.

AN HON. MEMBER: And girls.

MR. LYSONS: And girls. Alberta has a role to play in Canada and in the world, and we certainly have the youth, the vigor, and the beauty to do that job.

Thank you very much.

MR. SPEAKER: May the hon. Member for Bonnyville revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. ISLEY: Mr. Speaker, it gives me great pleasure this morning to introduce to you, and through you to the members of this House, a group of 20 grades 8 and 9 students from the Ardmore school in the hamlet of Ardmore, which is located in Alberta's number one constituency, Bonnyville. They are accompanied by their teachers Mrs. Genevieve MacDonald and Mr. Remi Gagnon, and three parental supervisors Mr. Roy MacDonald, Mr. Charles Magistad, and Mrs. Ann

Bowers. I would ask the Ardmore group to stand and be accorded the welcome of the House.

head: CONSIDERATION OF HIS HONOUR THE LIEUTENANT-GOVERNOR'S SPEECH (continued)

DR. BUCK: In rising to take part in the debate, first of all I would like to pay tribute to our outgoing Lieutenant-Governor. I believe he is a man of the people. He has done a job that has made him much admired by the people of this Assembly and of this province. Also, I am sure the people of the racial origin from which he springs are very proud to have had him as the Lieutenant-Governor of this province.

Mr. Speaker, I would also like to congratulate you for your re-election as Speaker of this House. You try to remain impartial at all times, and we will try to make sure that you try to remain impartial, Mr. Speaker.

I would like to welcome to the Assembly the new members on the government side. I hope they enjoy their four years, and I hope they're not back the next time.

AN HON. MEMBER: Speak for yourself.

DR. BUCK: Of course, Mr. Speaker, I say that facetiously. But it's the role of the political process. We are here to try to make sure you're not back the next time. I'm sure you will try to reciprocate, as you tried to do the last time. But I guess we have to leave these decisions in the hands of the voters. I do not agree with those judgments, but I go along with them. [interjections]

Mr. Speaker, I would also like to congratulate a neighbor of mine and of the hon. Member for Vegreville, the now Hon. Mr. Don Mazankowski, for his elevation to federal Minister of Transport. Mr. Mazankowski is a Tory in name, but I'm sure he's a man of the people. He'd probably do the job regardless of which side of the House he was on. Maybe he's more of a conservative than the Progressive Conservative members of this Assembly are. But I'm sure Mr. Mazankowski will do a good job on behalf of the people of Canada.

I would like to acknowledge and bring to the attention of some of the new members of the Assembly two other men who were former members of this Assembly, the late Mr. Copithorne and the late Dr. Bouvier. They served with distinction in the Assembly and in their communities. They both will be much missed, Mr. Speaker. I had the privilege and the pleasure of being very closely associated with these two gentlemen, and I know the high regard in which they were held in their communities.

I would also to indicate to the new members of the Assembly — and I will try to be brief, as the hon. member before me was brief. That's the longest 10-minute speech I've heard for a long time, from the hon. Member for Vermilion-Viking. But I guess politicians know only one type of briefness, and that's when the clock stops them.

I would like to say to the new members of the Assembly my philosophy on the way the game of politics should be played. I'm not using the word "play" in the sense that it is a game we play around with. There's a role for members of Assembly on the

government side, and there's a responsible role for members on the opposition side. The way I feel those roles should be played is that when we are in this Assembly we must remember what they are. I expect to give a few barbs to members of the government, and I'd be very disappointed if I didn't receive some in return. But once the doors of the Assembly close, hon. members, I feel we must all be friends. We must all work together to better the affairs of the people of this province. [applause]

So I would just like to say to members: don't take anything personally. You're going to get some, and I expect to get some in return.

Mr. Speaker, I think it's incumbent upon all new members of the Assembly that they indicate the extent of their constituencies, the important, salient factors in those constituencies. So the members who have been here before can keep on with their letter-writing; to the new members I would like to indicate what the constituency of Clover Bar is, the area it encompasses, and some of its important factors.

Basically it is an area surrounding the city of Edmonton, excluding Sherwood Park. It follows the river, includes Refinery Row, goes north and east to include Fort Saskatchewan, Bruderheim, Lamont in the east, Tofield in the south, and basically coming back to Highway 14 to include the acreage areas surrounding Ardrossan.

The constituency of Clover Bar probably has the highest density of acreages in the province of Alberta. They have some unique problems in those areas, and later in the session I will be moving a resolution that I think is very, very important: that the Legislature direct the government to set up a legislative committee to review the assessment and taxation on acreages and small holdings. I think it would be a very timely and necessary move, because there are many inequities in this area. It's time we as members of this Assembly recognize some of those problems.

Fort Saskatchewan is a town of about 10,000-plus. Mr. Speaker, I think it's very important that members of this Assembly know that if it is not now, it will be the petrochemical centre of the province. A major project is under construction right now, the Dow complex, which will be between \$500 million and \$700 million, just for that complex. As well, there is always the spinoff of smaller plants in the area that are part of that complex and will be associated with it. Farther down the road we have the Diamond Shamrock Alberta Gas project, which will be manufacturing polyvinyl chlorides, a plant which will be in the vicinity of \$50 million to \$100 million. The application for a new project, the Petalta plant, which will be going into Bruderheim is before the ERCB. So, Mr. Speaker, it is a constituency that is very urban on the one hand, and also many areas are very rural.

Within the confines of Fort Saskatchewan, of course, we have the Fort Saskatchewan Correctional Institution. Many times the people in the community feel that the publicity we get from the Dow project, Sherritt Gordon Mines, and all these, plays second fiddle to the publicity we get because the Fort Saskatchewan Correctional Institution is in our community. But, Mr. Speaker, we all have very short memories. Many years ago, before the industrial complexes came to Fort Saskatchewan, we were very pleased to have that institution in our midst. It was the largest industry in our community. So there are some problems. I have confi-

dence in the new minister. I might say I have much more confidence in the new minister than I did in the former minister. I'm sure the minister is concerned, because he knows the people in that community are concerned about some of the problems we've been having. So I say to the minister: I am available at any time to help him in any way I can to make sure the community and the institution can work together harmoniously.

Another area that concerns the people of my town and my constituency is directly related to the movement of hazardous chemicals in the Fort Saskatchewan area. The former Minister of Transportation, the Deputy Premier, is well aware of the problems. The railroads are aware of the problems. I would also say to the new Minister of Transportation that I have a concern that we may have an accident in the Fort Saskatchewan area relating to the movement of hazardous chemicals by road transportation. We can do and have done things to cut down the hazard of the movement by railroad of hazardous products through the town. We have had great co-operation with the CNR to make sure the trains move at a slow rate as they come through our community. Disaster Services and federal people are involved. So some steps are being taken. But we do not want to have a major problem. So I say to members of the Assembly and to members of the front bench that this is a very high-priority concern of ours. We would certainly appreciate the government taking appropriate steps.

Another concern we have is the delay of the decision on the location of Athabasca University, Mr. Speaker. Two areas in my constituency, the towns of Lamont and Tofield, have made representations to the government and to the minister. I feel it's only fair to the many communities that have applied to have Athabasca University within their confines that the government move ahead rapidly and let these communities know if it is going to leave the university where it is, or if it is going to be relocated. These small communities are spending time and funds in their lobbying to have the university in one of their locations. So we'll be looking forward to that announcement being made soon, and we will be lobbying on behalf of our constituents.

For two elections now, Mr. Speaker, we have heard members in the Edmonton area talk about how we're going to get a hospital in the Sherwood Park-Mill Woods area. All we get are promises. It's a blessing that the Queen came to open the Commonwealth Games last year, because at least we had sod-turning ceremonies at the Grande Prairie hospital. If the Queen hadn't made it to this province, maybe even that wouldn't have happened. We are tired of listening to promises from this government of a new hospital facility in that area. We would like some action.

Mr. Speaker, we hear from government members all the great things that are going on in this province. That's fine. That's fair game. But there are concerns that should be brought to the attention of the government.

One area that concerns many small communities is the inadequacy, in many cases, of fire-fighting equipment in small towns and villages. This was brought home to us very forcefully last year when two major businesses in the village of Bruderheim burned to the ground. The job done by the local fire unit was excellent. But it was the assistance, fortunately, of the fire units from Fort Saskatchewan and Lamont that

averted a major calamity. So, Mr. Speaker, I would like to bring that matter to the attention of the government and say it is an area that needs some reviewing.

Later, on Estimates, I will speak on some of the problems and some of solutions in the jail situation. So I will not touch on that.

I would like to speak on the annexation question, Mr. Speaker. Just before the last election it was a very, very important issue to the people in my constituency, and to the hon. Member for Edmonton Sherwood Park, the hon. Member for St. Albert, and especially the hon. Member for Stony Plain. I have received written assurance from the Premier of this province that we will have a full and open debate in this Legislature. I would also like to indicate that I feel the people who are going to be affected by that annexation should have a say, through a referendum if needed, to indicate their feelings. I did not receive that assurance from the Premier. But in a problem, an application as large as this, I think it's only right and fair that the people have as much input as we, the politicians, can afford them.

So, Mr. Speaker, very briefly for a change, these are some areas of concern. I look forward to working with the new enlarged cabinet.

MR. NOTLEY: Lot's of people to work with over there.

DR. BUCK: I think it's not necessary. I think it's a waste of the taxpayers' money and is another area that concerns me, because it further isolates the big five and the Premier from the people. Enlarging the cabinet, setting up caucus committees that delegations must go through, isolates further the Premier and the big five from the people. That way the Premier and the big five receive only the information they like to hear.

MR. NOTLEY: Pats on the back.

DR. BUCK: Pats on the back. Mr. Speaker, this is planting the seeds of this government's own destruction.

The last point that I want to make is that I am not very happy, because I don't think it's right — I would not feel right as a member of this Assembly just recently retired or removed from office by the wishes of the voters — that these members be placed on government boards and agencies.

MR. NOTLEY: Agreed.

DR. BUCK: It doesn't really upset me that badly that these members are being rewarded for their years of service. That doesn't bother me as badly as the fact that because we place these people on boards and agencies, we are taking away the supposed independence of those boards and agencies. That is the biggest problem I see in placing past political people on boards and agencies. I can appreciate that it's a nice retirement fund for the former Solicitor General and the former Minister of Advanced Education and Manpower. I guess that's the way the cookie crumbles.

MR. NOTLEY: Things aren't so hot in the private sector these days.

DR. BUCK: I just don't think it's right, Mr. Speaker.

I would like to say to the new members, welcome. I look forward to working with the members. May their stay be short, Mr. Speaker.

ANHON. MEMBER: May your speech be shorter.

DR. BUCK: The member says, may my speech be shorter. I still have 15 minutes left, but I said it would be short.

So with those few remarks, I look forward to the Estimates and further participation in this Assembly.

Thank you, Mr. Speaker.

MRS. OSTERMAN: Mr. Speaker, if I'm somewhat slow in rising it's because I'm already two years older than the average age in this House, and I've only just begun, unfortunately. I would wish the hon. Member for Clover Bar the same wishes he sent our way.

DR. BUCK: They tried three times, Connie.

MRS. OSTERMAN: Mr. Speaker, in closing the debate on this motion, I would reflect on the speeches given thus far. I would certainly agree with the hon. Member for Bow Valley, who mentioned the calibre of the maiden speeches. As a rookie, I particularly appreciated getting to know the concerns and interests articulated by my colleagues, who, like myself, are charged with the responsibility of reflecting in this Assembly the views of their constituents. To accomplish this, we must work together and understand one another. However, overriding that responsibility is one that encompasses the entire province. To that end, the overview provided by members in speaking about their individual constituencies has been invaluable.

The hon. Member for Calgary Forest Lawn, in an excellent presentation, reminded me of many of the differences that remain between a largely rural area, like my own, and the urban setting he described. His admonishment to us regarding the fundamental role of government, that of nurturing and maintaining an economic climate in which individual initiative can thrive and individual opportunities are plentiful, is a point well taken.

For the benefit of the hon. Member for Spirit River-Fairview, I would assure this Assembly that I believe this government is dedicated to providing equality of opportunity. But human nature being what it is, that doesn't necessarily mean we're going to have equality of outcome.

We learned from the hon. Member for Red Deer the pressures that growth places on his constituency. Indeed, members from up and down this province have repeated similar concerns in various ways. Mr. Speaker, while our growth augurs well for the future in that we will have built-in markets, many members expressed concern for the present growth pains that are inevitable.

The hon. Member for Calgary Buffalo talked about empty classrooms in his constituency in the heart of the city, much the same as the declining enrolment in some rural jurisdictions.

My rural colleagues have taught me much more about agriculture with its many facets, and that it exists in a lot more areas of this province than just between Calgary and Edmonton. I for one look forward to travelling to various constituencies, especially

those that are so different from my own.

Mr. Speaker, I appreciate the sense of humor that has been displayed by many, such as the hon. Member for Edmonton Gold Bar, who had a most novel analogy in that he likened the maiden speeches to that of a maiden horse race. For the benefit of those who were not in the Assembly, and at the risk of being repetitious, I'm going to quote the hon. member:

The entrants were all first-time starters, except for a few classy interludes. There was no past form to go on. A few of the fans are quibbling as to the outcome. There's a feeling of anticipation. The parade to the post has created a little excitement, even like Buck, and there was a commotion or a stir. There were a few false starts due to a question of order or priority. The field was primarily colts. There was a reluctance to get into the starting gate, but at post time the gate opened up and the filly from the number one slot broke out on top and has continued to set the pace.

I was a little concerned in case the hon. member made reference to any particular part of the horse, although later he was reassuring. I also reminded him of the part of the anatomy viewed by the bunch who left the starting gate slightly after that filly — and you know what view that is. I have a feeling I know who the filly was, and I must say she's very grateful to the Premier for the opportunity to be first out, especially in light of the quality of the maiden speeches.

I believe we all are running together now, no one out front and no one behind. I look forward to it remaining that way. If we all pull together, it will be a very successful First Session of the 19th Alberta Legislature, benefiting all Albertans.

MR. SPEAKER: In view of the somewhat unusual and traditional form of the motion, perhaps it would be in order if I were to read the motion in putting the question. As moved by the hon. Member for Three Hills and seconded by the hon. Member for Calgary Forest Lawn, the motion is:

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

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

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

[Motion carried]

head: **GOVERNMENT MOTIONS** (*reversion*)

5. Moved by Mr. Crawford, on behalf of Mr. Lougheed:
Be it resolved that the address in reply to the Speech from the Throne be engrossed and presented to His Honour the Honourable the Lieutenant-Governor by such members of the Assembly as are members of the Executive Council.

[Motion carried]

MR. CRAWFORD: Mr. Speaker, in view of the fact that the House will sit this evening, it is proposed that we not continue at the present time. I therefore move that the Assembly do now adjourn until this evening at 8 p.m.

HON. MEMBERS: Agreed.

[The House recessed at 11:52 a.m. and resumed at 8 p.m.]

MR. HYNDMAN: Mr. Speaker, I have received certain messages from His Honour the Lieutenant-Governor, which I now transmit to you.

SERGEANT-AT-ARMS: Order!

MR. SPEAKER: His Honour the Lieutenant-Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1979, and recommends the same to the Legislative Assembly.

His Honour the Lieutenant-Governor transmits estimates of certain sums required for the service of the province for the 12 months ended March 31, 1980, and recommends the same to the Legislative Assembly.

Please be seated.

MR. HYNDMAN: Mr. Speaker, I request leave to table a copy of the Estimates of Expenditure and move that the messages of His Honour the Lieutenant-Governor, the Estimates, and all matters connected therewith be referred to the Committee of Supply.

[Motion carried]

MR. HYNDMAN: Mr. Speaker, I move that this Assembly approve in general the fiscal policies of the government.

head: **BUDGET ADDRESS**

MR. HYNDMAN: Four years ago, Mr. Speaker, in the spring of 1975, my colleague the Hon. Merv Leitch presented the first of four imaginative budgets. Alberta has been well served by his thoughtful stewardship of our provincial finances and his key role in launching the unique Alberta Heritage Savings Trust Fund. I know that all members will join me in congratulating him on his record of excellence during those crucial years. [applause]

The budget I have the privilege of presenting tonight, Mr. Speaker, marks the end of the '70s and the beginning of a new decade. This government can take pride in the success of our economic and fiscal policies over the past eight years — now more than ever Alberta's economy is ready to move ahead from the solid base constructed and refined since 1971. This budget will begin Alberta's march into the '80s. It lays a foundation for meeting challenges, facing problems, and capitalizing on opportunities.

We will continue to build upon Alberta's strengths, to improve the quality of life, to diversify our economy,

to balance growth, to stimulate the creation of thousands of new and better jobs, and to seize the initiative in moving to overcome our geographic and regional disadvantages.

Ten years ago, Mr. Speaker, at the time of the spring 1969 Alberta budget, few Albertans would have dared to predict that in the 1970s:

- Alberta leadership would begin the movement west of Canada's economic centre of gravity;
- the average family income of Albertans would surge from \$7,289 in 1967 to almost \$21,000 in 1977;
- total net migration to Alberta would jump from about 25,000 during 1960-68 to over 177,000 during 1970-78;
- the total number of jobs created in Alberta would rise from 138,000 in the 1960-68 period to 282,500 in the 1970-78 period;
- total farm cash receipts for Alberta farmers would leap from \$805 million in 1968 to over \$2.3 billion in 1978;
- Alberta's gross domestic product would rise from \$5.2 billion in 1967 to \$25.2 billion in 1977; and
- Alberta's percentage of Canada's gross domestic product would rise from 7.7 per cent in 1967 to 11.8 per cent in 1977.

What follows, Mr. Speaker, is an up-to-date assessment of Alberta's enviable economic climate, proposals for improved programs for people, and fresh new policy approaches to meet the social and economic needs of a thriving province in the years ahead.

The strength in Alberta's economy and our solid financial position are due only in part to our God-given endowment of temporarily valuable resources.

The benefits which all citizens are obtaining daily from these resources result both from their talents and skills and from the imaginative public policies put into place over eight years: policies of resource management and development, policies which ensure that the people of Alberta, as resource owners, receive a fair return from that ownership; and, perhaps most of all, far-sighted policies involving the prudent management of the public funds flowing from these resources.

Non-renewable resource revenue over the past few years has put Alberta in a unique, though temporary, position. This revenue adds a dimension to Alberta's policy decisions not faced by other provinces, and that is the responsibility to take into account the depleting nature of the resources from which they come.

Our government is committed to spreading the benefits from these depleting resources over time, so we initiated the Alberta Heritage Savings Trust Fund three years ago. This bold approach ensured that 30 per cent of the non-renewable resource revenue would be set aside with a definite purpose: to build and sustain the quality of life for future generations.

Only 30 per cent of resource revenue goes to the Heritage Savings Trust Fund. Let us not forget that over two-thirds of the revenue from each and every barrel of oil or cubic foot of natural gas is used to provide today's generation of Albertans with high-quality education, health, and social services on a day to day basis.

Heritage Savings Trust Fund investments to date reflect a careful balancing of objectives:

- to ensure that our citizens have future services of high quality at reasonable tax rates;

- to provide a "savings trust account" for the time when oil and gas revenue declines;
- to strengthen and diversify the Alberta economy while yielding a commercial return; and
- to initiate quality of life projects of long-term social and economic benefit that would not otherwise have been possible.

Because Albertans want to know more about the Heritage Savings Trust Fund, steps to improve the communication of its key elements to citizens are being considered. The proven investment policies of the fund will be continually assessed and modified where appropriate.

We will continue, Mr. Speaker, to resist those who would squander this precious fund in the short term by throwing money at questionable pet projects, leaving our children in the years ahead to reap a sad legacy of high taxes and reduced public services. It is a fund for investment, not for expenditure. Looking to the next decade, the Heritage Savings Trust Fund provides an important source of confidence that the '80s can be as prosperous as the '70s.

THE ALBERTA ECONOMY

International and Canadian Outlook

During the balance of 1979 the hesitant recovery of the industrialized nations from the recession of the mid-1970s is expected to continue. Their real gross national product is expected to increase by 3.5 per cent, the same as in 1978. Japan and Germany should record strong growth in 1979, but of serious concern is the prediction that the United States' growth rate may decline to about 3 per cent.

Inflation in industrialized nations may accelerate slightly from an average of 6.75 per cent in 1978 to 7 per cent in 1979. United States' authorities now expect inflation in that country to rise to 8.5 per cent this year. Unemployment in those nations will remain a significant problem and could increase slightly in 1979.

As for Canada, real gross national product should grow by around 3.5 per cent in 1979, close to the 1978 growth rate. This growth rate is probably too slow to lower the Canadian unemployment rate significantly.

Canada's inflation rate may moderate slightly in the second half of 1979. The Consumer Price Index could rise by between 7.5 and 8 per cent in 1979 compared to close to 9 per cent in 1978. These expectations anticipate no major change in the Canadian dollar exchange rate.

Although the recent depreciation of the dollar has helped Canada's exporters, the stark reality is that if Canada is to maintain the jobs we now have and create new ones for our young people, the unemployed, and others who will be joining the labor force, Canada must continue the responsible policy of restraining cost increases. It is critical that the competitive position recently regained by Canadian industry not be lost by high wage, salary, or price increases in 1979.

The dollar's decline has created some serious difficulties with respect to the servicing of the debt account of Canada's balance of payments, increasing Canada's foreign debt charges. A large current account deficit is expected to continue in 1979. One action the federal government could take to relieve this problem would be to assist in the expansion of sales of Alberta natural gas to eastern Canadian markets to replace purchases

of foreign oil. The deficit would be further reduced by significant additional exports of Alberta natural gas to the United States under appropriate conditions. Our government firmly believes that the effects of these two measures would greatly benefit the Canadian economy.

It is doubtful that the recent strength shown in Canadian exports will continue through the last half of 1979 as the United States' economy weakens. Most of the negotiations of the General Agreement on Tariffs and Trade have been concluded, but it's too early to assess their effect either on Canada or on Alberta. The main area of Canadian strength in 1979 is expected to be business investment in machinery and equipment. There are now indications that plant utilization in manufacturing is reaching high levels, labor costs are rising more slowly, and a good measure of our export competitiveness has been regained.

However, the negative effect of high domestic interest rates adds uncertainty to the outlook for investment. Since February 1978, the Bank of Canada has raised the bank rate seven times, to a record 11.25 per cent in an effort to moderate the decline of the Canadian dollar on foreign exchange markets. The western premiers, at their recent meeting in Prince George, voiced concern as to the difficulties this continuing high rate has caused for borrowers, especially young people, prospective home-buyers, and new and expanding businesses.

The Alberta Economy

Alberta's overall economic performance in 1979 will remain strong and vigorous, but there may be moderation from the extraordinary growth rates of the recent past. This year should be regarded as a plateau separating the very rapid growth of the past few years and the strong anticipated growth of the 1980s. We are, as it were, catching our breath. This is helpful for Alberta, as it will enable us to consolidate our growth and put in place needed support services. Real growth in the Alberta gross domestic product was in the range of 6 to 7 per cent in 1978; it is expected to decelerate to the 4 to 5 per cent range in 1979 and accelerate again in the 1980s.

Inflation in Alberta should see some slowing in 1979. However, this slowdown depends crucially on restraint in wage demands. As part of its leadership responsibility, the government suggested public-sector guidelines of 6 to 7.5 per cent to ensure that public-sector wage increases do not exceed those of the private sector. Most public-sector contracts for 1979 have now been signed, and the guidelines generally have been honored.

Behind the remarkable economic expansion which Alberta has experienced over the past several years has been a sustained high level of investment. In 1978, Alberta's share of all new investment in Canada was 18.4 per cent; this province's share of the Canadian population is only 8.3 per cent. Information on investment intentions in 1979 suggests that investment growth in Alberta may be slowing from just over 18 per cent in 1978 to about 11.5 per cent in 1979. This activity should surge ahead again if and when construction starts on anticipated major projects in future years. Promising investment opportunities and a stable, mature government will continue to combine with the favorable investment climate to maintain Al-

berta's economic buoyancy in the medium and longer term.

Employment

The increasingly deep-seated strength of the Alberta economy in recent years has been paralleled by the rapid creation of new jobs. In 1978, employment increased in Alberta by 5.4 per cent, the highest rate of provincial employment growth in the country and significantly faster than the Canadian rate of 3.4 per cent. Of the 322,000 jobs created in Canada last year, a remarkable 47,000 were in Alberta. In other words, roughly one out of every seven new jobs in the country in 1978 was created in the province of Alberta, almost double Alberta's proportionate share of the Canadian population. It is not anticipated that this rate of job creation, however, can be sustained indefinitely.

New jobs were created in small and middle-sized businesses, in service enterprises, in the petroleum industry, manufacturing, construction, and transportation. Clearly the Alberta economy is developing diversity and depth on a series of fronts.

Net in-migration to Alberta remained high in 1978, with approximately 2,900 newcomers arriving each month. This trend, coupled with a significant increase in the proportion of adults entering the work force, contributed to the rapid growth of the labor force. The Alberta participation rate of working-age population, currently at 68.7 per cent, is the highest in Canada.

Even though roughly 16,000 more jobs were created in Alberta in 1978 than 1977, the average unemployment rate edged up from 4.5 per cent to 4.7 per cent in 1978. In 1979 the rate is not expected to change significantly and should remain the lowest of any province in Canada, about half the national average unemployment rate.

Manufacturing

There was strong growth in manufacturing during 1978 in Alberta. Over the year manufacturing shipments grew by 21 per cent, compared to the 18.6 per cent growth registered at the national level. Almost all manufacturing sectors grew much more rapidly in Alberta than at the national level. Alberta may witness a slight deceleration in the growth of manufacturing shipments this year, reflecting the national trend, although this province may well achieve again the fastest growth rate in Canada.

Investment in manufacturing increased by a remarkable 34 per cent in Alberta in 1978, compared to 2.6 per cent for the country as a whole. This figure excludes the Syncrude project, which is an important example of new diversification. Over 2,500 permanent new jobs were created there.

The petrochemical outlook has improved substantially over the last six months. With improved rail rates, ethylene derivatives can be more competitively delivered to tidewater. At the centre of our major petrochemical complex is Alberta Gas Ethylene's plant at Joffre, near Red Deer. Upon completion this year, it will produce ethylene both for export and for use by derivative plants at Fort Saskatchewan. Three of the scheduled four derivative plants, constructed by Dow and Diamond Shamrock, should begin production this fall.

Agriculture

For our crucial farming sector, 1978 was a very favorable year. The cyclical reduction in herd sizes restricted the supply of beef, and cattle producers benefited from improved prices for beef and other meat products. Agricultural cost increases have, by relative standards, been moderate. Crop results were better than expected after a very wet August-September of last fall. Wheat production was up strongly, although the grade was affected by the rain. Record rapeseed crops were achieved and grades were only slightly reduced, but barley production suffered both in yield and grade due to bad weather.

In 1978, farm cash receipts are estimated to have increased by 17.3 per cent, and realized net farm income jumped by 32.5 per cent. Further increases in both receipts and incomes are expected this year.

Total cash receipts from crops should rise by about 10 per cent this year, provided costs of production and final prices remain reasonably stable.

Cattle prices during the first quarter of 1979 reached new highs. Growth in cash receipts from all livestock and livestock products may exceed 10 per cent in 1979, unless there is heavy importation of offshore beef. The meat-packing industry is currently undergoing difficulties which could continue for two or three years.

Realized net farm income, on average for the 1977 through 1979 period, is expected to rise by over 17 per cent per year.

Energy

Exploration and development activity in Alberta during 1978 continued to expand. Geophysical crews were used to maximum capacity. There was a rapid addition of drilling rigs to the existing fleet, and rig utilization rose. At year-end 1978, oil and gas well completions were up 7.4 per cent over the same period in 1977, while the total depth of wells drilled was up 14.9 per cent. Drilling activity appears to be accelerating. Up to April 1979, cumulative depth drilled was up 20 per cent over the same period in 1978. The Alberta petroleum exploration plan, initiated in 1973, is obviously working well.

Production for 1979 is expected to advance by over 15 per cent for crude oil and equivalents, and over 4 per cent for natural gas. Conventional light and medium crude oil production will be increased to supplement the shortfall in eastern Canadian supplies resulting from the Iranian cutbacks. Production of heavy crude oil, synthetic crude oil, and pentanes plus will also increase. Expanded sales of natural gas to eastern Canadian markets will be pursued. Additional gas exports to the United States would be very important in order to generate the cash flow required to sustain activity in our basic petroleum industry. Because the Alberta/Federal agreement on natural gas prices expires on August 1, 1979, key negotiations will take place in the weeks ahead.

Alberta's forest industry continues its steady growth. Procter & Gamble have begun construction on a major new sawmill near Grande Prairie. In July, the province will proceed with public hearings to determine how major timber reserves in the Berland-Fox Creek area are to be developed.

General Assessment

Despite our growing diversification and self-sufficiency, Alberta's economy is still potentially fragile in terms of external factors that can affect massively the health of our economy. Many of our markets are outside Canada. Other governments can determine the demand for and price of many of our products. World currency fluctuations are unpredictable. Technological change elsewhere can affect our economy here, today. So, despite our quality standard of living, we remain in Alberta vulnerable to world forces beyond our control. We must therefore strive constantly to try to understand, predict, and counterbalance these outside trends.

In summary, Mr. Speaker, with a few exceptions, the economic outlook for Alberta in 1979 is generally positive. Real growth will probably moderate, but this trend will be temporary if required new federal policies on transportation and natural gas export are forthcoming, and if export markets are sustained and prices are realistic.

TAX INCENTIVES TO ASSIST ALBERTANS

The overall level of provincial taxation is markedly lower in Alberta than in other provinces. We estimate that typical Alberta residents pay provincial taxes equal to roughly one-half the average tax burden in the rest of the country.

Today, Albertans of all ages are receiving massive benefits from the sale of our depleting assets. For example, by reason of the universal 28 per cent cut in personal income tax in 1975 and the elimination of fuel oil tax last year, Albertans are benefiting from an annual tax saving of more than \$300 million. Partially as a result of these reductions, taxes account for less than 25 per cent of this province's total budgetary revenue. Yet Albertans enjoy an unsurpassed level of health, education, social, and other government services.

Personal Income Tax Rate Reduction for Low-income Earners

In 1975 we introduced a personal income tax rate reduction specifically for lower income Albertans. Effective with the 1979 taxation year it will be enriched by \$38 million. This measure will add significantly to the after-tax incomes of our lowest income taxpayers.

Under this initiative, those taxpayers reporting a taxable income of less than \$3,620 will pay no provincial tax at all. The comparable figure last year for a taxpayer with no dependants was \$2,790. Approximately 290,000 additional citizens will benefit from this progressive program. Some 260,000 low-income Albertans will no longer pay any Alberta income tax, an increase of 114,000 over last year.

Personal income tax collections from all taxpayers will be reduced in 1979-80 by 6 per cent because the tax system is indexed annually to offset the impact of inflation, and by a further 3 per cent to reflect the proposed increase in the maximum general deduction allowed for employment-related expenses from \$250 to \$500.

Assistance to Renters

Your government is sensitive to the impact of increased rents payable by Albertans with low or fixed incomes, especially senior citizens. In February the

Premier announced that the senior citizen renter assistance grant would be doubled from \$250 to \$500 per household, effective April 1, 1979.

Today I am pleased to announce a \$3 million enrichment of the Alberta renter assistance tax credit as well. This credit, introduced in 1973, is a refundable credit for persons under 65 years and is delivered to Albertans through the personal income tax system. The program has been improved by focussing it more directly on those renters most in need. For example, a renter reporting a taxable income of \$1,500 and making rental payments of \$300 a month will now receive a credit of \$235, compared with \$155 under the old formula. Some 255,000 households are expected to apply for a credit.

Corporate Income Tax

The private sector is the engine of our vibrant economy, and the hard work and initiative of our thousands of entrepreneurs and risk-takers is a growing strength. The contribution of small business to the Alberta economy in terms of new jobs is clearly of key importance. To encourage our smaller businesses and to enhance even further the climate of investor confidence in Alberta, there will be a major corporate income tax reduction from 11 per cent to 5 per cent on income earned in Alberta by corporations qualifying for the federal small business deduction.

This major reduction to 5 per cent will be effective beginning with the 1979 taxation year. I estimate that some 17,000 or over one-third of Alberta's tax-paying corporations will benefit by almost \$40 million, the amount by which collections will be reduced in 1979.

This measure can increase the annual cash flow of an eligible business by up to \$9,000 a year. As a result, qualifying corporations will pay significantly less provincial tax in Alberta than they would in any other province. This is already true of unincorporated small businesses; our personal income tax rate of 38.5 per cent of federal basic tax is substantially lower than any other in the country.

Taxes Related to Transportation

Last year's budget eliminated the fuel oil tax on most gasoline and diesel fuel purchased in Alberta. As a further refinement of that program, I am pleased to announce that the fuel oil tax on fuel used by local service aircraft in Alberta, weighing under 34,000 kilograms, is to be eliminated effective July 1, 1979, at a cost of roughly \$300,000.

The seat-mile tax currently levied against passenger bus transportation in Alberta is to be eliminated effective July 1, 1979, reducing revenue by about \$450,000.

REVENUE - DEPLETING RESOURCES ARE STILL THE PRIMARY SOURCE

After accounting for the tax changes I have enumerated, total budgetary revenue for 1979-80 is nevertheless estimated to increase by 6.5 per cent to \$5,255 million from the 1978-79 forecast of \$4,936 million.

All Albertans should realize that returns from our depleting resources continue to provide the major source of provincial budgetary revenue, over 50 per cent in fact. Total non-renewable resource revenue for 1979-80 is estimated to be \$3,946 million; 30 per cent of

that, or \$1,184 million, will be allocated to the Alberta Heritage Savings Trust Fund, and the other \$2,762 million will remain in the budgetary account. This represents an increase of 11.4 per cent in non-renewable resource revenue over the 1978-79 forecast of \$3,542 million. The 1979-80 crude oil royalty estimate is based on the December 1978 agreement with the federal government on future oil price increases: \$1 a barrel on July 1, 1979, and another \$1 a barrel on January 1, 1980. No price increases for natural gas have been incorporated in the estimate.

Total tax revenue is estimated at \$1,215 million or 23.1 per cent of total 1979-80 revenue. Net personal income tax revenue is expected to amount to \$695 million, an increase of 5.3 per cent over the 1978-79 forecast. Bearing in mind the revenue foregone as a result of the enrichment of the selective tax rate reduction, the indexing of the personal tax system, and the proposed increase in the employment expense deduction, this net growth rate gives an indication of the prosperity of Alberta in 1979.

Net corporate income tax revenue is expected to increase to \$347 million in 1979-80, up 16 per cent over the 1978-79 forecast. This rapid growth, even after taking into account the small business tax reduction, again illustrates the strength of the Alberta economy.

Payments from the government of Canada for 1979-80 are estimated to total \$632 million, compared to the 1978-79 forecast of \$578 million. A good part of this increase is due to special adjustment payments in respect of hospital insurance and postsecondary education.

PROGRAMS FOR PEOPLE

The 1978-80 estimates of expenditure continue to reflect the basic priorities as well as the major new focuses of this government as we move into the 1980s. The budget reflects continued growth in all sectors of Alberta's economy and the resulting requirement for services for our rapidly expanding population.

Our major priorities include education at all levels, health care, agriculture, assistance to property taxpayers, senior citizens, children, renters, the handicapped, and home-buyers.

Before examining the major expenditure details, I wish to outline the budgetary spending plans for the government.

The 1979-80 estimates will total \$4,584.9 million. These estimates include \$4,521.2 million to be voted by the Legislative Assembly and \$63.7 million in statutory expenditures. It should be noted that they exclude the one-time extraordinary expenditure for the generous municipal debt reduction program of approximately \$1,045 million.

In terms of operating expenditures, the 1979-80 estimates of \$3,752.7 million represent a 16 per cent increase over the comparable 1978-79 estimates of \$3,234.6 million.

On the capital side, we are proposing an expenditure level of \$768.5 million, an increase of 41.5 per cent over the comparable 1978-79 estimates of \$543.2 million. It is appropriate to provide capital stimulus to Alberta's construction industry this year and to complete as many required provincial capital facilities as possible prior to the probable commencement of major energy and pipeline projects proposed for the early 1980s.

As to manpower, with two new project exceptions, we have provided for 898 additional permanent full-time employees, a 3 per cent increase over the 1978-79 comparable estimates; the 1979-80 expected provincial population growth rate is 3.3 per cent. The two major projects requiring first-time staff in 1979-80 are the Edmonton Remand Centre, involving 259 completely new positions, and the Alberta environmental centre at Vegreville, requiring 69 new employees.

1979-80 Provincial Operating Budget

I'd now like to highlight some of the major program priorities for the 1979-80 fiscal year.

Social Services and Community Health

The 1979-80 social allowance provision of \$175.2 million is an increase of \$26.7 million over the comparable '78-79 forecast. This reflects our continuing commitment to help deserving social allowance recipients maintain a decent living standard.

In reaffirming our commitment to ensuring opportunities for the handicapped in our society, the budget includes \$35.6 million for the new Alberta assured income for the handicapped program. This initiative will provide an assured income benefit for severely handicapped individuals aged 18 to 65.

Under the new aids to daily living program, Albertans with chronic or long-term health disorders will be provided with such aids as wheelchairs, respiratory equipment, and ostomy supplies. Included in this budget is \$2.9 million for this program, which will assist approximately 10,000 physically handicapped Albertans.

Other important social program initiatives included in the budget are:

- \$4.2 million to increase the support available for the successful home care program;
- \$2.2 million to expand further the support for the quality day care program;
- \$231,500 to improve services at Michener Centre in Red Deer for mentally retarded adults with behavioral problems;
- \$675,000 of additional support to local health units for increased preventive dental services for children; and
- a further extension of the services of the Alberta Alcoholism and Drug Abuse Commission to rural areas at a cost of \$200,000.

Senior Citizens

We will assist in shielding senior citizens from rent increases by doubling the senior citizen renter assistance grant from \$250 to \$500 per household, effective April 1 of this year. An estimated 27,000 households will be eligible for the grant in 1979, bringing the total program cost to \$13.5 million.

Co-insurance rates for auxiliary hospitals and nursing homes will be maintained at 1978 levels. The Alberta health care insurance plan will continue to provide special assistance to senior citizens and low-income taxpayers at a cost of \$64.5 million.

Health Care

I am pleased to announce that health care insurance

premiums will not increase in 1979.

Alberta Hospitals and Medical Care's 1979-80 provision for operating costs within active care and auxiliary hospitals and nursing homes will be increased by \$99 million, or 18.6 per cent higher than the 1978-79 estimates for these facilities.

I am especially pleased to confirm that we will propose to the Legislature in the fall that \$300 million from the capital projects division of the Heritage Savings Trust Fund be provided to establish the Alberta heritage foundation for medical research. It gives Alberta the potential to be a leading centre for medical research in North America and should result, over time, in significant benefits in the form of improved health care for Albertans and other Canadians. In economic terms, it will further diversify the Alberta economy by taking a major step toward becoming the brain centre of Canada.

Law Enforcement and Correctional Services

Support to law enforcement in Alberta remains a high priority of this government. We will provide a total of \$46 million for law enforcement programs in 1979-80, an increase of over 11 per cent from the previous year. Major increases include an additional \$3.5 million for services provided by the Royal Canadian Mounted Police and an additional \$1.5 million for municipal police assistance grants.

Continued emphasis will be placed on crime prevention programs, including the highly effective neighborhood watch, operation identification, credit card fraud, and other prevention programs. In addition, the Check Stop program, which has been very successful in past years, will be continued.

Two new correctional institutions, the Edmonton corrections centre and the St. Paul corrections centre, will open this fall. The Edmonton corrections centre, with an operating budget of \$5.3 million, will house 380 individuals awaiting trial or sentencing, and will alleviate overcrowding at the Fort Saskatchewan Correctional Institution. The St. Paul corrections centre, with an operating budget of \$1.9 million, will be used as a trade school for 85 young offenders.

Support for Education

In terms of basic education, the provincial contribution to the School Foundation Program Fund for 1979-80 of \$523.5 million will provide for an 8.3 per cent increase in per pupil instructional grants. In total, direct provincial grants to schools will be \$648 million, an increase of \$64 million or 11 per cent over the '78-79 comparable estimates. Per capita expenditure on basic education in Alberta is higher than in any other province.

In this International Year of the Child, our government recognizes the importance of quality education as an investment in Alberta's future. This budget provides for new and expanded programs to upgrade even further the quality of basic education. Several of the following programs are particularly worthy of note:

- major increases totalling \$5.2 million for declining enrolment grants, small jurisdiction grants, small school assistance grants, and supplementary requisition equalization grants: all to ensure equality of education across the

- province;
- an increase of \$3.6 million for the education opportunity fund to continue additional programs for elementary students and to assist, for the first time, junior high students with special problems;
- an increase of \$2.7 million for the addition of 104 special education teaching positions for children with special learning disabilities;
- \$3.9 million from the Alberta Heritage Savings Trust Fund for the exciting heritage learning resources project;
- \$565,000 for the introduction of a new grant program for the education of children with multiple handicaps;
- \$128,000 for the improvement of audiology and speech therapy programs at the Alberta School for the Deaf;
- an increase of \$180,000 for the development of a curriculum for the expansion of instruction in the Ukrainian language; and
- an increase of \$741,000 in grants to private schools to increase assistance from 55 per cent to 60 per cent of School Foundation Program Fund rates.

The high level of support for our quality postsecondary educational system will be continued in the upcoming year in recognition of the demand for new and current educational services. Operating grants to postsecondary institutions will be increased by \$21.8 million from \$240 million in 1978-79 to \$261.8 million in 1979-80.

Grants to support further education councils will increase from \$6,500 to \$10,000.

The summer temporary employment program will provide \$4.8 million to offer employment and valuable work experience for approximately 3,400 students during the coming summer months.

Workers' Compensation and Pensions

We have included in this budget, effective July 1, 1979, for a period of 18 months, a 10 per cent increase in the workers' compensation benefit levels for a number of categories of Alberta workers and their dependants. The total 1979-80 funding for this program is \$10 million.

With the enactment of The Special Forces Pension Act last fall, the 1979-80 pensions administration budget includes \$3.6 million to provide benefits and refunds to local police forces.

Housing

Available and affordable shelter continues to be a high priority for this government. Our government's housing programs are far ahead of efforts in other Canadian provinces. This past year, Alberta, with less than 10 per cent of the population of Canada, was the location of over 20 per cent of Canada's housing starts.

The Alberta family home purchase program, now in operation, combines previous initiatives and significantly broadens the eligibility guidelines. Families with incomes between \$10,000 and \$21,000 will be eligible to receive subsidies of up to \$239 per month toward the purchase of a home. This new approach will almost double the impact of the two programs it

replaced. Nearly 10,000 ownership housing units were funded during the last four years; about 19,000 ownership units are projected for the next four years. In total, the Home Mortgage Corporation is expected to provide nearly \$300 million in mortgage loans in 1979 for low- and middle-income Albertans. The financing for these loans is provided by the Alberta Heritage Savings Trust Fund.

The successful home adaptation program will be extended to rental accommodation in 1979-80. A \$1,000 grant will be provided to persons living in rented accommodation who are wheelchair users or to landlords who are willing to adapt rental accommodation for eligible physically handicapped Albertans. In 1979-80 it is expected that \$750,000 in grants will be provided for adaptations which are intended to be permanent. It is important to note that the success of this program depends, in large measure, on the willingness of private landlords to adapt their apartments for use by handicapped tenants.

Agriculture

We are continuing to actively support all facets of our renewable agricultural resource. In recognition of the importance of irrigation to southern Alberta, \$5.3 million will be spent on the irrigation program, an increase of nearly 10 per cent over last year. To improve grain handling, up to \$100 million from the Alberta Heritage Savings Trust Fund will be made available, if required, to finance the Prince Rupert grain storage facility. Subsidies to assist in lowering the cost of transporting rapeseed will rise to \$600,000 in the coming year.

Funds for the promotion of Alberta food products will be increased by 12 per cent to \$8.3 million in 1979-80. Existing support for some 133 small rural agricultural societies will be supplemented by grants of 50 per cent of the total cost of insurance and utilities to a maximum of \$5,000 for each society.

Assistance to Municipalities

Our government recognizes that each Alberta municipality has, through its elected policy-makers, different spending priorities. This budget reflects the strengthening of that local autonomy.

We have provided for a 7 per cent increase in unconditional assistance grants for a total of \$67 million to municipalities generally in 1979-80.

Home-owners in Alberta continue to pay property taxes that are among the lowest in Canada. None the less, our government is still concerned about the increasing portion of property tax paid by each Albertan that is applied to the retirement of municipal debt. Consequently, we will follow through on a financial commitment unprecedented by a province on behalf of its municipalities by making available from the General Revenue Fund over \$1 billion to reduce the debt of municipalities and thereby assist property taxpayers within their boundaries.

The municipal debt reduction program provides \$500 per capita to each municipality in Alberta to retire debt payable by local taxpayers through municipal property taxes. It is effective April 1, 1979. In addition, the provincial share of municipal debt incurred under

the debt shielding assistance program of Alberta Environment, for water and sanitary sewage treatment facilities, will be repaid under this program.

It is estimated that approximately \$760 million in municipal debt will be retired, thereby providing a significant opportunity for municipalities to decrease or lower the rate of increase of property taxes. In addition, approximately \$240 million in cash grants will be provided to municipalities whose \$500 per capita allocation exceeds their total outstanding eligible debt. The program will have a significant and lasting effect in that hundreds of millions of dollars of interest expense will be eliminated in the years to come in addition to repayment of the principal amount.

Economic Development

The 1979-80 budget provides for the new Department of Economic Development, which will have a funding level of \$19.7 million and a staff complement of 159 permanent positions. The fundamental objective of this new portfolio will be to accelerate the implementation of the economic strategy of the government: building on the strengths of our basic agriculture and energy industries, stimulating further diversification, and continuing to encourage balanced growth.

Provincial Parks and Recreation

In line with this government's commitment to expand and upgrade the provincial parks system and enhance the outdoor recreation and leisure opportunities for our citizens, the budget provides an additional \$3.6 million, a 24.9 per cent increase over 1978-79, for the operation of provincial parks.

1979-80 Capital Construction Program

Alberta's sophisticated construction industry has been a key factor in making our provincial economy the strongest in the country. Major projects such as the next oil sands project, the heavy oil project at Cold Lake, and the northern pipeline from Alaska, if they proceed, will not begin actual construction for some time yet. Therefore, to offset a possible downturn in the industry in 1979-80, we propose a large increase of 41.5 per cent in capital construction. It is prudent to get on with provincial capital projects now, while greater flexibility in terms of construction services and people is available.

Senior Citizens

The enviable situation in which Alberta finds itself today results in no small way from the foresight and pioneering of our senior citizens. While many of the programs already outlined will benefit them, I want to review additional program priorities.

The Alberta pioneers repair program, which replaces and extends the very successful senior citizen home improvement program of past years, is designed to enable needy senior citizen home-owners to remain in their own homes. Grants of up to \$2,000 will be provided for home repairs and improvements over a five-year period. The increased assistance will be provided to those senior citizens most in need. This budget provides \$18 million for the program in 1979-

80. Those who received senior citizen home improvement grants will still be eligible for these benefits. All Albertans benefit from senior citizens remaining in their homes, but the major gain is that our pioneers can continue to live in their neighborhoods in familiar surroundings.

The Alberta Housing Corporation will continue to provide high-quality community and senior citizen housing in 1979-80. It is estimated that \$91.5 million will be provided for the construction of 1,946 senior citizen self-contained housing units, and \$13.7 million for 381 units for senior citizens in lodges.

This budget also provides \$815,000 to begin the senior citizen facility grant program. This new program will enable senior citizens' organizations throughout the province to receive capital grants for repairs and improvements to their many recreation facilities and drop-in centres. These play a key role in providing a focal point for social, cultural, and recreational programs in the community for citizens of all ages. All eligible organizations can apply once a year for financial assistance of up to \$3,000, if community contributions match this amount.

Health Care

To ensure that Alberta hospital facilities keep pace with population growth and technological advances, our government is providing funding to local hospital and nursing home boards for the planning and construction of capital projects involving a total expenditure, when completed, of approximately \$730 million. The value of proposed construction for 1979-80 alone is estimated at \$203.4 million. Of this amount, \$91.2 million will be funded through the Alberta Municipal Financing Corporation, \$92 million will come from the Alberta Heritage Savings Trust Fund, and \$16.7 million from the General Revenue Fund. In addition, the Alberta Home Mortgage Corporation will be providing loans approximating \$3.5 million for the construction and renovation of voluntary, non-profit nursing homes.

For new project proposals, modernized planning and cost-control processes for the construction of hospital facilities will be formally implemented this year.

We will continue our commitment to the health care of Albertans over the long term with the 1979-80 appropriations from the Heritage Savings Trust Fund. During 1979-80, \$16.4 million will be provided to finance the continuing cancer and heart disease research programs. We will seek approval for continued funding for the construction of the Southern Alberta Children's Hospital, the Alberta Health Sciences Centre, the Southern Alberta Cancer Centre, and the Foothills Hospital Specialty Services Facility.

Facilities currently under construction or renovation include the Calgary General Hospital dietary facility; the General, Misericordia, and Royal Alexandra hospitals in Edmonton; the Grande Prairie, Fort McMurray, Medicine Hat, and Red Deer hospitals; the Lynnwood Extended Care Centre and the University of Alberta off-site facility in Edmonton; as well as rural facilities in Cold Lake, Edson, Hinton, Manning, Mundare, Rocky Mountain House, and Wabasca. A number of other hospital projects are approaching the construction phase.

Postsecondary Educational Facilities

A very large increase is proposed for the total capital development of universities, colleges, and provincial educational institutions. It is recommended that \$99 million, an increase of 52.4 per cent over 1978-79, be earmarked for needed projects at 21 institutions.

Housing

The unique and newly created revolving land servicing fund to assist municipalities to finance major trunk line servicing costs will commence in 1979-80. It will provide up to \$300 million to help finance major underground water, storm, and sanitary sewer services in Alberta municipalities. It is estimated that \$50 million will be invested under this new program in 1979-80, providing trunk service capacity for about 10,000 residential lots. This program, the first of its kind in Canada, will make new homes more affordable in Alberta's growth centres by substantially increasing the supply of serviced lots. The financing of the program will be provided by the Alberta Heritage Savings Trust Fund.

Transportation

A major, new, five-year resource road maintenance and improvement program will be initiated this year, with \$20 million proposed for 1979-80 alone.

Among the criteria to be used in the designation of an eligible resource road will be traffic counts, anticipated highway lifespan, and the number and type of vehicles using it. This program will be of special assistance to those areas of the province where traffic is significantly higher than normal due to activity involving oil, gas, heavy oil, coal, forestry, or construction. It will not replace, but will be in addition to, the secondary road program support.

We confirm the government will introduce a program unique in Canada, the \$750 million urban transportation grant program. This comprehensive initiative will improve the quality of life in our cities by reducing traffic problems and will strengthen the province's entire transportation system. These transportation facilities will effectively service and interconnect with the overall provincial highway system to the benefit of all Albertans wherever they may live.

This program recognizes the diverse needs of Alberta's cities and towns, and reflects local autonomy solutions to urban transportation problems. With it, hundreds of thousands of Albertans will be able to move more quickly and cheaply to and from work, shopping, and recreation. Transport savings and convenience for farmers, rural dwellers, and businessmen will result. The design of the six-year, 10-point program permits maximum flexibility for municipal authorities in selecting the specific transportation program mix best suited to the needs of their area.

The 1979-80 urban transportation grant expenditure of \$106.5 million is almost double the comparable 1978-79 funding level.

Other major components of the transportation capital program for 1979-80 are as follows:

- \$132.7 million for the construction and improvement of primary highways, a 24.6 per cent increase over the comparable 1978-79 estimates;
- \$65 million for the construction and improve-

ment of rural local secondary highways, a 16.7 per cent increase over last year's estimates.

- grant assistance for road and street improvements totalling \$18 million; this will benefit the citizens of numerous counties, municipal districts, towns, villages, hamlets, and isolated communities; and
- doubling of the provincial allotment for the towns and villages streets assistance program to \$8 million and the introduction of the \$2 million streets assistance for hamlets program.

Environment Protection

The government will introduce a new solid waste management program in 1979-80. This budget provides \$2 million to encourage the creation of regional sanitary landfill operations by providing land, initial capital, and major operating equipment to municipalities.

In addition, municipalities that undertake the construction of water supply and sewage treatment facilities will be eligible to receive a grant of 90 per cent of the capital cost exceeding \$200 per capita up to a maximum of \$2,000 per capita for improvements to existing facilities and to \$2,200 per capita for new facilities. Eighteen million dollars has been allocated to this new program.

The new Alberta environmental centre in Vegreville will open in September 1979, at a projected total capital cost of \$28.6 million.

Provincial Parks and Recreation

The large capital budget increase reflects substantially expanded park operations in Kananaskis Country plus new or upgraded facilities at Aspen Beach, Fish Creek, Gregoire Lake, Cypress Hills, Young's Point, Carseland/Wyndham, Tillebrook, Hilliard's Bay, Sylvan Lake, Cold Lake, Drumheller, Vermilion, and William Switzer provincial parks.

A REALISTIC FINANCIAL PLAN

Mr. Speaker, the accompanying table summarizes the financial plan associated with this budget and provides similar data respecting the 1978-79 estimates and current forecast for comparison purposes.

Since forecast revenue for 1978-79 is 8.3 per cent higher than originally estimated, while forecast expenditure is 13 per cent above the estimate, the forecast budgetary surplus of \$1,053 million is \$326 million more than the comparable 1978-79 estimate. Because the 1978-79 expenditure forecast does not represent a final expenditure figure, I expect that the surplus might increase somewhat due to the normal existence of unexpended balances at year-end.

The 1978-79 forecast of the overall cash surplus for the General Revenue Fund is up \$544 million. About 60 per cent of this amount is due to the change in budgetary surplus just described. The remaining \$218 million results from a forecast change in non-budgetary requirements. This change reflects largely the recent shift in financing of the Alberta Opportunity Company and the Alberta Agricultural Development Corporation from the General Revenue Fund to the Heritage Savings Trust Fund.

For 1979-80, I estimate a budgetary surplus of \$670

million before the non-recurring, extraordinary expenditure for the municipal debt reduction program is taken into account. After deducting the estimated \$1,045 million cost of this program, a deficit of \$375 million results for this fiscal year only. The overall cash requirement for the General Revenue Fund is estimated to be \$384 million once non-budgetary requirements of \$9 million are included. This requirement will be met through a decrease in cash and investments.

It is anticipated that the surplus in the General Revenue Fund at March 31, 1980, will be approximately \$2 billion, after the expenditure for the municipal debt reduction program.

I further estimate that the Heritage Savings Trust Fund will receive \$1,184 million from non-renewable resource revenue, and that the earnings of the Heritage Savings Trust Fund will amount to \$375 million in 1979-80, for a total increase in the assets of the fund of \$1,559 million. At the present time, \$413 million in commitments have been made by the Heritage Savings Trust Fund for 1979-80: \$230 million in capital projects division investments and \$183 million in Alberta investment division investments. It is anticipated that the total assets of the Heritage Savings Trust Fund at March 31, 1980, will be approximately \$6.2 billion.

The province's major agencies will continue to have substantial financing needs in the current fiscal year. In aggregate the Alberta Housing Corporation, the Alberta Home Mortgage Corporation, the Alberta Municipal Financing Corporation, and Alberta Government Telephones will require about \$700 million. Sufficient internal funds will be available to meet these needs.

This budget demonstrates that even with our strong financial position, Mr. Speaker, difficult choices must be made between competing requirements for funds.

SUMMARY AND HIGHLIGHTS

To summarize, this progressive budget:

- enriches the selective personal income tax reduction program at a cost of \$38 million, benefiting approximately 290,000 additional lower income Albertans;
- assists renters most in need by increasing the Alberta renter assistance tax credit by \$3 million

and by doubling the Alberta senior citizen renter assistance grant to \$500, thus providing a further \$7 million in benefits;

- provides a total of \$38.5 million for the new assured income for the handicapped, and aids to daily living programs;
- reduces the corporate tax rate on small business income from 11 per cent to 5 per cent, thereby boosting the annual cash flow of Alberta small businesses by over \$40 million;
- makes available \$750 million to our cities under the unparalleled six-year urban transportation grant program;
- proposes a new five-year program for maintenance and improvement of high-traffic resource roads in development areas, with \$20 million earmarked for 1979-80;
- continues to restrain operating expenditure, allowing only slightly higher growth than is expected for the economy generally, while maintaining Alberta's lead position among provinces in the quality of services provided;
- includes many other new and expanded operating programs to provide even better services to all Albertans, particularly in the areas of health care, housing, and education, with special emphasis on programs to assist senior citizens, the handicapped, children, and home-buyers; and
- provides \$768.5 million as a major capital project stimulus for the Alberta economy.

Mr. Speaker, in a measured, imaginative, and responsible way, this budget moves Alberta toward the '80s with pride in the past and the basis for confidence in the future. [applause]

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

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

HON. MEMBERS: Agreed.

[A 9:05 p.m., on motion, the House adjourned to Monday at 2:30 p.m.]

