

LEGISLATIVE ASSEMBLY OF ALBERTATitle: **Wednesday, May 14, 1980 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF BILLS****Bill 33****The Medical Services Research Foundation
Amendment Act, 1980**

MR. BOGLE: Mr. Speaker, on behalf of Mr. Isley, I request leave to introduce Bill No. 33, The Medical Services Research Foundation Amendment Act, 1980.

This Bill provides for the expansion of the investment powers of the foundation and will permit the expenditure of capital donations when so directed by the donor. In addition, the Bill provides for the change of name of this Act to The M.S.I. Foundation Act, to avoid any confusion with The Alberta Heritage Foundation for Medical Research Act.

[Leave granted; Bill 33 read a first time]

MR. CRAWFORD: Mr. Speaker, I was going to say that I'm 50 per cent of the view that, in light of the fact that my hon. colleague introduced Bill No. 33, I don't need to move it to Government Bills and Orders. I'm also 50 per cent of the view that because it stands in the name of the hon. Member for Bonnyville, I do have to move it under Government Bills and Orders. [laughter] So on that basis, I move that Bill No. 33 be placed on the Order Paper under Government Bills and Orders.

[Motion carried]

head: **TABLING RETURNS AND REPORTS**

MR. STEVENS: Mr. Speaker, I am pleased to table the Public Service Commissioner's annual report for the calendar year ended December 31, 1979.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. LEITCH: Mr. Speaker, I am delighted today to be able to introduce 45 senior ladies and gentlemen known as the Fish Creek Seniors. They live in a number of constituencies in Calgary, but as the majority of them live in the constituency of Calgary Egmont, I have the honor of introducing them. They are accompanied by their tour leader Mrs. Helen Lindsay, and they are seated in the members gallery. I'd ask that they rise and receive the welcome of the Assembly.

MR. PAHL: Mr. Speaker, I'm very pleased to rise and introduce to you, and through you to members of the Assembly, two Alberta pioneers: Mrs. Mary Junker, a

long-time resident of Edmonton, and Mrs. Marj Chaloner, who is making a homecoming visit from Vancouver, B.C. Mrs. Junker and Mrs. Chaloner accompanied my grandfather in homesteading in the Hanna district during the first decade of this century. I was also pleased and gratified to learn that Aunt Marj started the tradition of being the first Alberta-born Pahl. For that I am ever grateful. I wonder if they would rise and receive the acknowledgement and greeting of this Assembly.

MR. D. ANDERSON: Mr. Speaker, I have a very special privilege today. Shortly after the last provincial election, when I found campaign funds in excess of what we needed in our constituency, we opened up an award for students in each junior or senior high school in the constituency of Calgary Currie. We have with us today nine recipients of that award, which is given to the individual in each school who has exhibited the most interest in the process of government.

I have the pleasure to introduce to you these ladies and gentlemen: Gordon Nettleton from Bishop Pinkham school; Robin Vangastel from Mount Royal junior high; Michael Old from Bishop Carroll; Tony DiMaio from St. James junior high; Ray Leather from Viscount Bennett; Robyn Ferguson, also from Viscount Bennett; Don Chartrand from Sir Samuel Steele; Julie Heath from Shaughnessy; and Lance Heinrich from Dr. Oakley. Mr. Speaker, they're accompanied by two officials from my constituency association, Mr. Ed Benson and Mr. Garry Sargania. I'd ask that these future leaders of the province of Alberta rise and receive the enthusiastic welcome of the Assembly.

MR. LYSONS: Mr. Speaker, I'd like to introduce to you, and through you to the members of the Assembly, 42 grade 6 students from the Viking school. They're in the public gallery. I would like to have them, their teachers, and their bus driver stand and receive the welcome of the House.

MR. MUSGREAVE: Mr. Speaker, it's my pleasure today to introduce to you, and through you to the Members of the Legislative Assembly, 35 grade 6 students from Huntington Hills school, accompanied by their teacher Mr. Sproule. They are seated in the public gallery. I would like them to rise and receive the greetings of the House.

head: **MINISTERIAL STATEMENTS****Department of
Advanced Education and Manpower**

MR. HORSMAN: Mr. Speaker, it gives me great pleasure to announce the establishment of the 1980s Advanced Education endowment fund. Under the provisions of this new fund, the government will provide up to \$80 million in matching grants during the next 10 years to Alberta public postsecondary institutions — the universities, the Banff Centre, the colleges, the technical institutes, and the vocational centres.

Private business and industry, organizations, foundations, and individual citizens will have an opportunity to participate in a meaningful and worth-while way in the further development of our postsecondary educational system. The combined contributions of the private sector and government thereby may generate an additional \$160

million to the institutions for capital acquisitions and operational purposes during this decade.

The fund is being established to replace the three Alberta universities fund, which has provided close to \$20 million in matching grants to the universities of Alberta, Calgary, and Lethbridge. The Universities Act will be amended accordingly. I am tabling the revised policy today.

The new fund will permit a continuation of the same type of donations which have resulted in such projects as the Nickle Arts Museum and its treasures through the Nickle Family Foundation, and the Reeve Theatre through the Francis F. Reeve Foundation at the University of Calgary; renovations to the Medical Sciences Building through the Muttart Foundation, and restoration of Convocation Hall and Assiniboia Hall at the University of Alberta; and part of phase two through public donations at the University of Lethbridge.

Mr. Speaker, I want to reiterate that the new fund will be accessible by all our public postsecondary institutions, and that we are prepared to match donations in two ways. Firstly, we will match the principal of capital gifts designated and approved for use on capital projects, such as construction and acquisition of equipment. Secondly, we will match the revenues from endowment gifts for operational purposes which relate to the teaching, research, and community service functions of the institutions. Funds could be used to employ scholars of national and international standing, to develop specialty schools and institutes of study, to operate conservatories and athletic facilities, to introduce areas of specialization, to implement new programs, and to expand or maintain established programs or facilities.

Mr. Speaker, I want to point out that there has been no effective system in place until now to deal with the many generous offers of operating support that we have received. This new matching grant system will give us the capability to respond appropriately to such proposals.

The 1980s Advanced Education endowment fund is an exciting and bold concept in institutional funding. It will allow the private sector to share in the enhancement of the learning experiences of our students, and in the enrichment of the lives of the people in the surrounding communities. I challenge and encourage the citizens of Alberta to participate more fully in the development of our postsecondary institutions, and I want them to know, Mr. Speaker, that their interest and support will be recognized and matched by the government of Alberta.

Thank you.

head: ORAL QUESTION PERIOD

Energy Negotiations

MR. R. CLARK: Mr. Speaker, I'd like to direct the first question to the Minister of Energy and Natural Resources. I note that the minister has returned to the Assembly apparently unscathed from his last foray into battle. Seriously, my question to the minister deals with recent negotiations with his federal counterpart. Would the minister inform the Assembly what progress has been made in obtaining from the federal government an agreement price on Alberta energy products.

MR. LEITCH: Mr. Speaker, I know of no way of measuring progress during a complex negotiation, which this certainly is, except to say that we got started yester-

day. We had a meeting. We're not yet finished, because we don't yet have an agreement. We're somewhere in between those two points.

MR. R. CLARK: Mr. Speaker, someplace closer to the starting than the ending, I have that strange feeling.

Mr. Speaker, emanating from the discussion that took place yesterday, was reference made to natural gas export revenues being taken, in whole or in part, by the federal government? My understanding of the Alberta government's position is that, up to this time, that has not been a part of the negotiating package Alberta is putting forward. Can the minister indicate what the position of the Alberta government is with regard to natural gas export revenues being taken, in whole or in part, by the federal government?

MR. LEITCH: Mr. Speaker, I can call the attention of the hon. Leader of the Opposition to the terms of the agreement which we had nearly completed with the prior federal administration and which I reviewed in some detail while the department's estimates were being put through Committee of Supply. Members will recall that part of that energy package was a reaffirmation by the federal government of its intention to approve for export all volumes of natural gas found excess to Canada's long-term needs, and to do so without imposing an export tax.

But, Mr. Speaker, as the question of the hon. Leader of the Opposition appears to be approaching actual discussions that are now going on, or the terms that might now be under discussion, perhaps it's useful for me to repeat now a policy I have expressed on other occasions in the House with respect to discussions of these negotiations, and simply to say this: I would like to give the information that I'm sure a number of hon. members would ask for in this Assembly, but in these kinds of negotiations — they're complex; they're difficult — no one would expect us to be involved in them without having some strategy plans, some tactical plans, and so on. And I know of no way in which you could have those things if you were going to be saying publicly what was said by the opposing side, what was said by our side, and getting into the details. Much as I regret taking that position, it seems to me that, in the public interest, one can take no other position.

MR. R. CLARK: Mr. Speaker, a supplementary question following up. I want to make very clear that I'm not asking for anything close to the Alberta government's strategy in the course of negotiations. But what I want to ascertain from the hon. minister is that the Alberta government still holds the position today that the revenue which comes from natural gas export makes its way to the province of Alberta, and a portion of it will not be intercepted at Ottawa. Is that still the position of the Alberta government today?

MR. LEITCH: [Not recorded]*

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Has a date been arrived at for the next meeting between the provincial minister and his federal counterpart?

MR. LEITCH: No, Mr. Speaker.

*See page 1024, right column, paragraph 4

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Reports have indicated that no action will be taken until after the referendum and also after an international conference. Is the minister in a position to give the Assembly some information as to the approximate time that further ministerial meetings will take place? I assume officials are going to be meeting on a regular basis, but has an approximate time been arrived at?

MR. LEITCH: Mr. Speaker, we did discuss some possible meeting dates in early June, but we didn't firm up a meeting place or date. That really is what I meant when I answered no to the former question.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Has there been any discussion of a meeting with other energy-producing provinces and the federal minister? I would include the province of Saskatchewan as well as the province of British Columbia.

MR. LEITCH: Mr. Speaker, I didn't catch the first few words of the hon. member's question.

MR. NOTLEY: My question, Mr. Speaker, is: was there any discussion yesterday, or has there been any discussion recently, with respect to a meeting between Mr. Lalonde on one hand, and all the energy-producing provinces, the three major ones being Alberta, British Columbia, and Saskatchewan?

MR. LEITCH: Mr. Speaker, I gather from the question that the hon. member is asking whether we're contemplating a negotiating meeting or a discussion meeting involving the province of Alberta, the federal government, and other provinces. I can answer that in this way: we have always been prepared to carry on discussions on energy matters with other provinces, and we've been doing that on an ongoing basis. But it's equally always been our position that negotiations ought to go on directly between the federal government and ourselves, on a bilateral basis. I do not anticipate any change in that approach.

MR. NOTLEY: Mr. Speaker, one supplementary question to the minister. Will there be any efforts by the Minister of Energy and Natural Resources over the next few weeks, before the next meeting scheduled, hopefully in early June, to try to work out a common position beyond the statement made at the western premiers' conference of the three major energy-producing provinces?

MR. LEITCH: Mr. Speaker, in a sense there is a common position, in that the views of the producing provinces have been expressed, either individually or at the premiers' conference, and in a number of areas the views are the same. However, I do not contemplate working out over the next little while a common position with other provinces with respect to elements of the energy package. As I mentioned earlier, I have had a number of discussions with other energy ministers and would expect to continue to have discussions with them. But I wouldn't regard those discussions as negotiations, either with respect to a common position or with respect to the federal government.

MR. R. CLARK: Mr. Speaker, one further supplementary question to the minister. Once again not getting into the negotiating strategy, but after the negotiations yester-

day, I think it's clear we have on the record the position of the government on this question of a blended price. I'd like confirmation that the Alberta government is still opposed to what's referred to as a blended price, which really would be a composite of domestic and foreign oil pricing. Is that still the position of the Alberta government today?

MR. LEITCH: Mr. Speaker, the difficulty I've always had in responding to comments about the blended price is simply this: in one sense we have in Canada today a blended price, in the sense that one price is paid for conventional oil, another price for imported oil, and another price for oil produced from the oil sands. Yet the consumer pays the same price for the product, regardless of whether that product comes from conventional oil or otherwise. Now in a sense that can be termed a blended price.

However, any time the phrase "blended price" is used to mean different prices for conventional oil, we have consistently rejected such a concept, and continue to do that.

Individual's Rights Protection Act

MR. R. CLARK: Mr. Speaker, I'd like to direct the second question to the Minister of Labour. It deals with the Bill introduced yesterday by the minister. Has the minister received representation from the Alberta Status of Women Action Committee expressing their very serious regrets about several portions of the Bill introduced yesterday? Has the minister plans to sit down and meet with this group prior to discussion of the Bill on second reading in the House?

MR. YOUNG: Mr. Speaker, I can advise that while I've had a number of phone calls, I don't believe the Alberta Status of Women was included in that group. That's the best information I have at the moment. I'm sorry, I missed a very important verb in the last part of your question.

MR. R. CLARK: Mr. Speaker, supplementary question to the minister. The question was: has the minister arranged a meeting with the Status of Women Action Committee? Obviously, if the minister has not received direct representation, the meeting is not organized. Could I then pose a supplementary question to the minister?

Could the minister indicate to the Assembly whether he has received recently — since the government made a decision on the legislation to be introduced — a letter from the chairman of the Alberta Human Rights Commission expressing the commission's very serious regret that more of its recommendations were not included in the legislation?

MR. YOUNG: Mr. Speaker, I can indicate that I have had a continuing exchange of both verbal and written communication with the chairman of the commission. I think the most recent expression by the chairman of the commission was at the news conference this morning. I don't detect from the formal release at that conference any of the direction suggested by the hon. leader's question.

MR. R. CLARK: Mr. Speaker, perhaps I didn't make the question clear to the minister. I'll pose a supplementary question that perhaps will clear up any difficulty the

minister might have. Over the past two months, has the minister received written correspondence from the chairman of the Human Rights Commission expressing to the minister the commission's very serious regret that the government did not move on more of the commission's recommendations?

MR. YOUNG: Mr. Speaker, as I indicated, I have received a number of communications in terms of our ongoing review of the legislation. It's perhaps significant for the understanding of the Assembly that during the last six or seven months I have maintained a very close involvement with, participation by, and consultation with the chairman, in particular, of the Alberta Human Rights Commission. I would judge that I have met at least six times during that time frame with the full commission on matters relating to the revision of the legislation.

Mr. Speaker, I restate my position, which is that the conclusion of the commission, as expressed by the chairman in terms of the attitude of the commission with respect to the legislation, is contained in the press release dated May 14 and the commentary which followed during the press conference.

MR. R. CLARK: Mr. Chairman, a further supplementary question to the minister. Once the minister received the correspondence from the chairman of the commission indicating the commission's displeasure, did the minister very quickly get hold of the chairman, arrange a meeting, and attempt to clear up the misgivings the commission had?

MR. YOUNG: Mr. Speaker, in terms of the relationship between the chairman of the commission and me, which the hon. leader seems very desirous of exploring, I can assure him that to the best of my information, I have responded in writing to every communication I have received from the chairman. In some cases I have also followed up with telephone calls. I think I have adequately met all requests for responses that have been initiated by the chairman of the commission.

MR. R. CLARK: Mr. Speaker, perhaps I might pose one further supplementary question to the minister. It isn't a question of the minister's not answering the correspondence or answering telephone calls or talking with the chairman of the commission. My question is this: once the minister received the letter from the commission indicating the commission's disappointment at the government's legislative initiative, all I want the minister to do is confirm to the Assembly that he called the chairman of the commission to the minister's office and had a two, two and a half, or three-hour meeting attempting to change the chairman's view somewhat.

MR. YOUNG: Mr. Speaker, I fear that I am unable to continue to let the insinuation or innuendo pass without comment. The hon. leader purports to have information as to what may have been contained in correspondence which may have existed. I can say that to the best of my recollection, in most of the instances of correspondence I've received from the chairman, I've responded by correspondence before any telephone calls.

MR. R. CLARK: Mr. Speaker, just one further supplementary question to the minister. Is the minister in a position to indicate to the House whether any member of the Alberta Human Rights Commission or its staff has

left the commission as a result of the government's decision to move on the legislation the way they did?

MR. YOUNG: Mr. Speaker, I would not be able to indicate if anyone had left the commission; none have, by the way. In fact, I've received a number of indications from commissioners as to their individual support for the changes, let alone the commission's support which is contained in today's press release. But at this time I cannot confirm any staff resignation for the reasons suggested by the hon. leader. I think that's part of the question. There has been a staff resignation, Mr. Speaker, but I cannot confirm for the reason advanced by the hon. leader.

Highway Construction

MR. FJORDBOTTEN: Mr. Speaker, my question is the Minister of Transportation. In light of the expanded highway construction program announced in this year's budget, would the minister advise the House whether he has had any assurance from the construction industry as to their capacity to meet the corresponding higher demand for their services? Also, considering the early spring, what progress has been made on that construction program?

MR. KROEGER: Mr. Speaker, yes, we're in constant touch with the industry. The same water shortage conditions that are creating problems for us in the north, in the forest fires, and in the grain growing area are adding to the capacity of the industry to respond. Actually our program has advanced considerably.

MR. FJORDBOTTEN: Supplementary, Mr. Speaker. Considering the shortage of supplies there was last year, can the minister advise whether the increased activity has had any real effect on the supply of materials and the construction costs?

MR. KROEGER: No, Mr. Speaker. As a matter of fact, our contracts are better than we had anticipated.

DR. BUCK: A supplementary question to the hon. Minister of Transportation. In light of the fact that in some years the weather has such a varying effect on construction in the province as far as it relates to highways, is the government or the minister giving any consideration to long-term planning of highway construction in this province?

MR. KROEGER: Mr. Speaker, of course we do look forward several years in some aspects of our planning, and certainly plan so that there will be continuity. Conversely, though, we work towards staying within the budgetary limits we have.

DR. BUCK: Mr. Speaker, a supplementary question to the minister on the budgeting. Is the government looking at a three- or five-year budgeting program so that contractors in the province can gear up for that type of program?

MR. KROEGER: We can only give indications, Mr. Speaker. Speaking for the department and not for the government, I can't really say we're going to come with a five-year with certain figures attached. This year we were trying to develop a program that would fit the capacity of

the industry. That capacity, of course, has been increased because of the very good conditions we've encountered in the last six weeks. I can't really comment on a five-year kind of program, other than to say that the numbers have been growing every year. We have been keeping the industry fully informed of our plans, to the degree that we can control them.

DR. BUCK: Mr. Speaker, a final short supplementary question. Can the minister indicate if his department has done any studies on what advantages there would be to long-term budgeting, as it applies to the construction industry in the province?

MR. KROEGER: Mr. Speaker, the answer would be yes. But any concept of very long-range planning, as the question implies, is a little difficult to handle in this province, because about the time you think you're catching up and now have control of it, the growth gets ahead of you again. It isn't quite the same as if we were in a static position. The ground rules keep changing, and we have to keep adjusting to that as rapidly as possible.

Asbestos Fibre

MR. NOTLEY: Mr. Speaker, I'd like to direct this to the hon. Minister of Labour. I assure him it doesn't involve the resignation today of Dorothy Richardson.

Rather, it is with respect to the question of asbestos fibre. Mr. Speaker, is the minister in a position to advise the Assembly whether the firm which tested for asbestos fibre concentrations at Jasper Place composite high school is, in fact, the same firm that undertook the testing of a number of public meeting places and three schools in the Calgary area, referred to in the question period on April 9?

MR. YOUNG: Mr. Speaker, I must advise that to the best of my information that testing was, first of all, at the initiative of and contracted by the Edmonton Public School Board. I am not privy to the information the hon. member requests, although I may be able to get it. I'm not sure.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Is the minister able to advise the Assembly whether the firm which did the testing in Calgary — which I believe was Western Research & Development — had in its service a qualified industrial hygienist? By that I mean a person with a degree in industrial hygiene.

MR. SPEAKER: With respect to the hon. member, we really seem to be getting into some detail. As hon. members know, the place for detail is not the question period; it's the Order Paper.

MR. NOTLEY: Mr. Speaker, perhaps I can rephrase that question, because of the sensitivity of the issue and the importance of having competent people looking into it. My question is: is the minister fully satisfied that the consulting firm which in fact did the study in Calgary — and I understand the same one did the study recently at Jasper Place — had in its employ people who were fully qualified to undertake that kind of sensitive and highly technical survey?

MR. YOUNG: Mr. Speaker, I must advise the Assembly that, unfortunately, to this point I haven't thought it within the terms of reference of my ministerial responsibility to check the credentials of the employees of firms doing work on contract for agencies other than the government — at least that far removed. I am sorry, I cannot supply the kind of information the hon. member is asking for.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Given the question surrounding the accuracy and validity of the surveys conducted thus far and alluded to by the minister last month, is the minister in a position to advise the Assembly whether the government is prepared to make public all such air sampling reports so that the quality of the work performed can be independently verified, as requested by the Alberta Federation of Labour?

MR. YOUNG: Mr. Speaker, the hon. member appears to be familiar with correspondence which has been directed to the Federation of Labour, in response to correspondence to me, in which I have indicated that I do not intend to do that, for several reasons. The foremost one, as I've already indicated, is that that firm has no relationship to the government on a contractual basis whatsoever.

Mr. Speaker, this is a sensitive area. For that reason the Department of Labour, in conjunction with the Department of Education, has provided to the officers in charge of buildings and maintenance for school boards across the province a review of the kinds of things to look for in the school system if they have any concern or any reason to believe that the building product may contain asbestos which could become airborne in any respect. If they have reason to believe that that could be the case, a testing mechanism has been provided to them. They have been told how to take test samples of the material, and where to send that material for analysis, so that we may confirm or otherwise whether there is any asbestos content in the building materials in question. If they follow through on that procedure, we are then in a position to give them advice on steps to take to make sure that material does not release any airborne asbestos fibre.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. It really relates to the question of the release, in the public interest, of surveys taken in Calgary, so that the technical competence of the procedures can be reviewed by other experts in the area. While I realize it's a very sensitive issue, it is because it is a sensitive issue dealing with the health of our young that I would ask the minister again: will the government reconsider its position on making these reports public?

MR. YOUNG: Mr. Speaker, I've already indicated some of the reasons for not doing so. It seems to me that it is a sensitive issue we're talking about. It's also an issue on which there is no evidence at the present time of any problems in the province of Alberta. We have strong reasons to believe, in fact, that there isn't any problem. We have those reasons, based upon the differing types of construction between eastern and western Canada which have prevailed for economic reasons, among others.

Mr. Speaker, as I've indicated, we have developed a system whereby samples of the construction materials which may have given rise to any question on the part of anyone — and I should point out that a very great deal of rumor is abroad at this time about different construction

materials. We think most of them do not contain any asbestos whatsoever. So we have put in place a procedure whereby community halls, hospitals if there be any, and certainly all schools, have means to take a sample of material, ship it to a lab, and have it tested. If it tests positive, we can give some guidance on how to seal or otherwise remove the material in question.

Mr. Speaker, I should say for all hon. members of the Assembly that the most important and safest means of dealing with asbestos — the safest test — is to determine by means of a sample of the product, rather than by the air test, if in fact there is any asbestos there. The product sampling approach is much more conclusive than the air test approach, and that is why we have opted for what we believe to be the most conclusive approach that can be taken.

Postsecondary Endowment Fund

DR. PAPROSKI: Thank you, Mr. Speaker. A question to the Minister of Advanced Education and Manpower regarding the very significant announcement today of the Advanced Education endowment fund for all postsecondary institutions, as I understand it. Mr. Speaker, \$80 million will come from the province, and \$80 million may come from donations, representing \$160 million. I wonder if the minister would indicate how much of an increase this \$80 million from the province is over the previous allocation from the province?

MR. HORSMAN: Mr. Speaker, the previous allotment, brought in by the previous government, was \$25 million. Until this year, approximately \$20 million, perhaps a little more, had in fact been matched; that is to say, roughly \$20 million of government funds had been put up to match gifts from the private sector. So that goes back approximately 10 years. That's the relative amount.

DR. PAPROSKI: A supplementary to the minister, Mr. Speaker. I wonder if the minister would indicate to the House who will make the final decision regarding the use of these funds.

MR. HORSMAN: Mr. Speaker, first of all, the institutions will have the option to accept or reject the gift, depending upon the needs and requirements of the institution. Then my department will also have the option of matching or not, depending upon the position of the government with respect to the type of donation. So I guess the final and ultimate authority will rest with my office.

DR. PAPROSKI: Another supplementary, Mr. Speaker. Recognizing that these funds have increased by 250 to 300 per cent, which is obviously very significant, I wonder if the minister would indicate whether the use of the funds, whether capital or operational uses . . . Could these funds be used, for example, for specialized training of handicapped teachers; for example, teachers of the hearing handicapped or other handicapped training programs, or for teaching a health team approach, a nurse practitioner, general practitioners if you wish, or a team approach in family practice teaching units?

MR. R. CLARK: If you're about to make a contribution. Ken, the answer is yes.

MR. HORSMAN: Yes, Mr. Speaker, and I would welcome donations from the hon. Member for Edmonton Kingsway, at the suggestion of the Leader of the Opposition.

Yes, in the ministerial statement I tried to make clear that we will match the revenues from endowment gifts for operational purposes which may relate to any of the component parts of the institutions for the teaching, research, or other community service functions of all the institutions mentioned. With reference to the specifics, I should point out that it would be in the capacity of the donor to designate the gift to a particular function, such as the ones mentioned by the hon. member. In the case of teachers for the handicapped, it might be used to supplement programs now under way as a result of our previous announcement last fall with respect to new funding in that area.

DR. PAPROSKI: Mr. Speaker, a final supplementary. It's nice to hear that latitude and flexibility. Incidentally, Mr. Speaker, I have donated to this fund, and I hope all members donate to this fund.

Having said that, I wonder if the minister would indicate further and clarify whether a donor will be able to designate specifically what those funds will be used for, if there are matching grants?

MR. HORSMAN: Yes, that is part of the policy of a document filed today. The policy, guidelines, and procedures are part of the material I have supplied to hon. members. The donors may make specific requests, but I must underline again that the institutions must determine whether any attached conditions are acceptable to them. Of course, that same principle would apply to the government's contribution. So it is true that they can be donated for specific purposes, specific faculties, specific chairs, or whatever. And that, of course, if the institution approves, would be passed on to the government. The government would then decide whether to match the amounts.

DR. PAPROSKI: A final, final supplementary, Mr. Speaker. Would the minister indicate whether the \$80 million of matching grants — it states here, over the next 10 years. If donors gave a large amount over a year or two and that \$80 million was taken up, would that end the famous endowment fund?

MR. HORSMAN: I didn't bring my crystal ball with me today, Mr. Speaker. But the figure was based upon a rough estimate, perhaps, of what might result from opening up the fund-matching capability to colleges, technical institutions, vocational institutions, the Banff Centre, and Athabasca University, which hadn't been included before, based upon previous experience with a rough estimate as to what might happen in the '80s. So there's \$80 million for the '80s. If there's more than that, perhaps the government in 1988 may have to take a look at that question.

MRS. EMBURY: A supplementary question to the minister, Mr. Speaker. I believe you indicated in one of your answers that the Department of Advanced Education and Manpower would be responsible for establishing a system of receiving the donations, reviewing the acceptability of the proposals, distribution, and monitoring. Due to this change and the large amount of money involved, I wonder if the minister had given any consideration to

having an independent board, advisory to the minister, involved in that decision-making?

MR. HORSMAN: Mr. Speaker, two types of trust funds will be established; one by the institution, where the donations are received by the institutions. Those funds, of course, would be under control of the board of governors of that institution, and that is of course where most donations have traditionally gone. But if any donations are made directly to the Department of Advanced Education and Manpower for the general purposes of postsecondary education in Alberta, then that should be under the discretion of the department. I'm sure the minister of the day will get lots of advice from the caucus of the day as to how those funds should be properly allocated amongst the various institutions.

Roloff Beny Collection

DR. BUCK: Mr. Speaker, my question is to the Minister responsible for Culture. It deals with the ill-fated Roloff Beny collection. I'd like to know if the minister can inform the House if she has received any counter-offers from Mr. Beny as to the purchase of the Alberta or Canadian portion of the Roloff Beny collection.

MRS. LeMESSURIER: No, Mr. Speaker, I have not.

DR. BUCK: Mr. Speaker, can the minister indicate if Mr. Beny has responded to the government's offer?

MRS. LeMESSURIER: Mr. Speaker, we have put it in the hands of our solicitor, and at this time I have not had any indication that Mr. Beny has replied to the solicitor.

DR. BUCK: Mr. Speaker, can the minister indicate if there's been a further extension of the expiry deadline for the offer by the Alberta government?

MRS. LeMESSURIER: No, Mr. Speaker. The deadline is still the same.

DR. BUCK: Mr. Speaker, to the Minister of Economic Development — International Trade. Can the minister indicate if he had an opportunity to call on Mr. Beny when he was on his trip to Italy? [interjections] Well, he started the whole mess. [interjections]

MR. SCHMID: Mr. Speaker, first of all I would like to inform the hon. member opposite that what he wants to call a mess is probably . . .

DR. BUCK: Half a million dollars is a mess, Horst.

MR. SCHMID: I know the appreciation of art of the member opposite is questionable in any case. Mr. Speaker, I would also like to state that I would hesitate to have my son take dentistry from someone as uninformed as he is.

DR. BUCK: I don't think he would be smart enough.

MR. SCHMID: Mr. Speaker, in reply, we met in Rome with the representatives of a national oil company of Italy as well as steel and coal companies. Therefore we were not able to do any other business, since they usually took from early morning to late at night.

DR. BUCK: Mr. Speaker, to the hon. minister. Does the minister indicate that he did not meet with Mr. Beny, then?

MR. SCHMID: Mr. Speaker, the assumption of the member opposite is correct.

MR. R. CLARK: Most of the Auditor's assumptions were right, too.

Alberta Energy Company

MR. MANDEVILLE: Mr. Speaker, my question is with regard to the Alberta Energy Company. I would like to direct it to the hon. Minister of Energy and Natural Resources, who is in charge of the Energy Company. Could the minister indicate whether there was any consultation by the board of the Alberta Energy Company prior to agreeing to purchase a \$10 million executive jet?

DR. BUCK: Better than yours, Peter.

MR. LEITCH: Mr. Speaker, I take it that the hon. member is asking whether there was consultation between the board and me. If that is the question, the answer is no.

MR. MANDEVILLE: Supplementary question, Mr. Speaker. Could the minister indicate what the purpose of the jet will be? [interjections] Is the Alberta Energy Company anticipating getting into the international markets?

MR. LEITCH: Mr. Speaker, I can only enlighten the member by saying that the purpose is to fly. Where, how, and why are obviously questions to be asked of the management of the Alberta Energy Company.

DR. BUCK: We're down to just \$65 million now, Merv.

MR. MANDEVILLE: Supplementary question. Since our Alberta Energy Company shares might be skyrocketing [interjections] could the minister indicate where the income from the shares goes? Do the dividends go into the Provincial Treasury or into the heritage trust fund?

MR. LEITCH: Mr. Speaker, I would pass that question to my colleague the Provincial Treasurer.

MR. R. CLARK: He's trying to think of the answer.

DR. BUCK: Like C.D. Howe said, what's a billion?

MR. HYNDMAN: Mr. Speaker, it's proved to be just a superb investment for the Heritage Savings Trust Fund.

MR. R. CLARK: Supplementary question to the Provincial Treasurer. Obviously, then, the Provincial Treasurer doesn't know whether it's gone into the General Revenue Fund of the province or into the heritage fund? The answer is no. He doesn't know.

MR. NOTLEY: Mr. Speaker, supplementary question, if I may, to the hon. Minister of Energy and Natural Resources. I realize the minister doesn't always answer for the Energy Company, but is the minister in a position to advise the Assembly whether as minister he is aware whether the decision to buy this jet was made as a result

of the board's contacting the one firm, or whether there was a competition among firms, and whether any consideration was given to purchasing a Canadian-made product?

MR. LEITCH: Mr. Speaker, from the number of occasions these matters have arisen in the House before, I'm sure the hon. member would be aware that these are not matters that I as minister would be asking of management of the Alberta Energy Company.

DR. BUCK: Mr. Speaker, a supplementary question to the Premier. Is the Premier or the government considering that there be direction given, or that somebody else vote the proxy shares of the government, rather than the president of the company? Has any consideration been given to that?

MR. LOUGHEED: Mr. Speaker, I thought we answered that question earlier and said, definitely not. We were delighted with the performance of the president and directors of the company, and as the Provincial Treasurer just said, it's been an outstanding investment for the heritage fund.

DR. BUCK: Their airplane is worth \$10 million more than yours, Peter.

Moisture Conditions

MR. R. CLARK: Mr. Speaker, I would like to direct a question to the Minister of Agriculture. What decisions were made following the meetings yesterday between Alberta's Deputy Minister of Agriculture and the federal officials concerning the drought situation? Or to put it this way, what emergency plans are now in place?

MR. SCHMIDT: Mr. Speaker, I just had a short telephone conversation with the deputy minister, and it is my understanding that now that each representative of each province is back, they are bringing together all the areas they felt would be of mutual concern, and another meeting would be called perhaps towards the end of May.

MR. R. CLARK: Mr. Speaker, to the minister. Is it the intention of the Alberta government to put in place any plan and have it available to farmers prior to the end of May? Is Alberta going to wait until the federal initiative is dealt with, or in fact is the government going to move more quickly itself?

MR. SCHMIDT: Mr. Speaker, as we stated yesterday or the day before, there are of course areas of mutual concern that would affect across Canada in the drought period, if it were to continue, both in agriculture and indeed other areas. There are areas that affect the province directly, and of course the remedies would have to be done here and the timing would be dependent on the need. I suggest to the hon. Leader of the Opposition that in areas where we're looking at the lack of suitable potable water that's used for watering livestock, those are actions that can be taken immediately: either to pump water from existing sources or to work with the industry in providing and trucking water in. There are indeed areas that affect communities which find it difficult in their water supplies. Those are things we can act upon immediately if it becomes necessary.

MR. MANDEVILLE: Mr. Speaker, supplementary question. Could the minister indicate if the pipe and pumping systems that were used the last time we had an emergency water situation are still in place?

MR. SCHMIDT: Yes, Mr. Speaker. Both the Department of Environment and the Department of Agriculture have available pipe and pumping equipment which has been used off and on since the original purchase, but is available at the present time.

MR. SPEAKER: I believe the hon. Minister of Labour would like to supplement some information.

Individual's Rights Protection Act (continued)

MR. YOUNG: Thank you, Mr. Speaker. Earlier in the question period I was asked about communications from the Alberta Status of Women Action Committee. I would now like to confirm that beyond any doubt, my office advises, there have been no communications, written or verbal, from that association within the last 24 hours.

ORDERS OF THE DAY

MR. SPEAKER: May the hon. Deputy Speaker and the hon. Member for Drayton Valley revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. APPLEBY: Mr. Speaker, to you, sir, and other members of the Legislature, in this year of Alberta's 75th Anniversary we are honored today to be able to welcome a very distinguished gentleman who has had a very historic association with this Legislature and indeed this Assembly. The gentleman served as a page in the Alberta Legislature for four sessions, starting in 1913. Seated in the members gallery at the present time is Mr. Elwood Butchart. I would ask him to stand and receive a warm homecoming welcome from the members of the House.

MRS. CRIPPS: Mr. Speaker, it is my honor today to introduce 100 students from St. John's School at Genevieve. They are accompanied by their teachers Simon Jeynes, Peter Jackson, John and Helen Corkett, Paul Nordahl, Ian Whitmore, Barbara and Keith McKay, and Elizabeth Preston.

These boys from all over the province attend St. John's, a residential school. Many of them had the chance to meet their MLAs prior to the House's assembling. The boys have a model parliament at the school and intend to meet their counterparts after question period. The school is affiliated with St. John's in Manitoba and Toronto. The basic idea is to get back to the traditional aim of education. The program highlights history and geography, and six levels of French. The literature course includes emphasis on grammar and composition.

Through an intensive outdoor program, an attempt is made to transfer classroom learning into work and fun. The school has 50 sleigh dogs which they use extensively

all winter, along with snowshoeing activities. The boys build their own sleighs and canoes. Teamwork and co-operation are emphasized. The highlight of the year probably occurs in June, when all of the boys participate in a journey by canoe. This year the juniors are travelling from Edson down the McLeod River via the Athabasca, La Biche, and Beaver Rivers to Cold Lake. The intermediates take the historic Methye portage starting at Lac La Loche, Saskatchewan, to Yellowknife. The seniors are going to travel 750 miles from Tete Jaune Cache to Prince Rupert.

On June 7 the school invites interested persons to an open house beginning at 2 p.m. at the school. The culmination of this day is the blessing of the canoes for the journey they are about to embark on.

Would the boys rise in both galleries and receive the warm welcome of the Assembly.

head: **GOVERNMENT MOTIONS**
(Committee of Supply)

[Mr. Appleby in the Chair]

MR. CHAIRMAN: The Committee of Supply will please come to order.

Department of Agriculture

MR. KOWALSKI: Thank you very much, Mr. Chairman. I am pleased to be able to participate in the review of the estimates of the Minister of Agriculture today. Before getting to the questions that I would like to raise to him, I would just like to make a number of comments with respect to the status of agriculture in Alberta today, as I see it.

I would just like to lay before the Assembly a number of statistics and facts dealing with agriculture that I think are rather important. These statistics come from a very colorful little pamphlet that was drafted in co-operation between Alberta Agriculture and Travel Alberta to promote one interesting facet of vacations in Alberta; that is, the concept of rural or farm vacations in our province.

For all members: it's very interesting to me to note that some 50 million acres in Alberta are currently used for crop and livestock production. That's equal to the combined areas of England and Scotland. With just 8 per cent of Canada's population, Alberta produces some 20 per cent of Canada's agricultural output. Alberta markets more than 15 million finished cattle per year. Over the last several years, an interesting transition with a number of those cattle has taken place in that, while it is true that most of the largest cattle ranches in Alberta are located in the southern part of the province, over half of the beef cattle in Alberta are now found on farms north of Red Deer.

As a province, Alberta also produces some 50 per cent of Canada's barley, some 40 per cent of Canada's rapeseed, some 40 per cent of Canada's honey, and some 75 per cent of Canada's Creeping Red Fescue seed. Some 50 per cent of Canada's total area of forage seed production is here in the province of Alberta. We export over \$1.5 billion a year in agricultural products from Alberta. One out of every four jobs in this province is provided directly or indirectly by agriculture. We all know what sunlight does in the northern part of the province and, of course, we have more hours of sunlight the farther north we go. It is also interesting, Mr. Chairman, to note that the

average farm in Alberta is now over 850 acres in size, and represents a total investment of well over \$250,000.

That's part of the background leading to some of the other comments. Prior to getting to my questions, I'd like to throw out a few plaudits for the Minister of Agriculture with respect to the health and diversity of the agricultural industry in the province, as we move throughout the whole province of Alberta.

In doing a little bit of preparation for what I wanted to say this afternoon, I ran across a very interesting little pamphlet published by Alberta Agriculture. It's entitled *Agricultural Processing & Manufacturing Guide — '79*. I think it may very well prove to be a most interesting document for all members of the House to read, whether they represent rural or urban constituencies. There seems to be a general consensus or viewpoint among many people that we have not progressed in the 1970s in the area of agricultural processing and, furthermore, that what little agricultural processing we do have tends to be located in some of the larger cities of the province of Alberta. Mr. Chairman, I'd just like — and I'm just opening to page 49 of this little pamphlet — to list some of the towns and communities in rural Alberta that do participate in agricultural processing, for the benefit of all. As an example, page 49 of this particular pamphlet lists 35 communities around the province. I want to list all 35, because I think it's important for everyone to understand that when we talk about agriculture, we're talking about agriculture in all parts of Alberta. When we talk about agricultural processing, we're talking about it in a wide variety of communities throughout this province.

On this one page in this booklet we see the towns of Ponoka, Provost, Rainier, Redcliff, Red Deer, Redwater, Rimbey, Rocky Mountain House, Rockyford, Sangudo, St. Paul, Seba Beach, Sedgewick, Sexsmith, Sherwood Park, Smoky Lake, Spirit River, Spruce Grove, Stettler, Stony Plain, Strathmore, Sundre, Taber, Thorhild, Thorsby, Tilley, Tofield, Trochu, Two Hills, Vauxhall, Vegreville, Vermilion, Viking, Wainwright, and Wanham, all participating in one example of agricultural processing or another. In fact, listed are some 78 firms in rural Alberta involved in agricultural processing in those 35 communities. I think that's a very, very commendable situation for our province. I know it's one that under the leadership of our current Minister of Agriculture will be extended and continued, and as we move through the 1980s will become even more important for many people in our province.

I would also like to point out with a considerable degree of satisfaction to the minister the credit to him with respect to the beginning farmer's program that was announced some weeks ago. I think that was essential. It will accomplish several things. It will allow us to see the average age of a farmer in this province reduced. It will provide considerable incentive for new people to get involved and to continue to be involved in agriculture in this province.

I very much appreciate the wide variety of programs available in terms of credit for farm business in this province. I think the Agricultural Development Corporation is doing a fine job in that area. There are a few areas we might want to look at for improvement, but those will come out in some of the questions I'll be raising a little later.

I would also like to congratulate the minister for the very positive and rich program of assistance that he announced on Monday of this week with respect to the

hog situation in our province. My calculations, Mr. Chairman, are that on the basis of hog production in April 1980, some 110,000 hogs were in fact marketed in this province, and that each one of those hogs will provide to the producer a support subsidy of something like \$25 or \$26. That is a very, very rich level of support. It certainly is very clear to me that the support is of that level. After hearing some of the questions from some members of the opposition yesterday in this House, I almost came to the conclusion that we were taking away \$10 per hog per producer, but I dutifully went back to some of the statistics this morning and am now absolutely convinced that that level of support will be in the neighborhood of \$25 to \$26 per hog per producer on all hogs marketed.

Mr. Chairman, when we talk about agriculture in Alberta and look only at the budget of the Minister of Agriculture, perhaps we're not covering all the areas of assistance, the wide variety of programs our government is currently involved in in rural Alberta that benefit our agricultural community. I just want to comment briefly. The Minister of Agriculture knows full well that these are having an impact on our rural citizens.

I'm very pleased that the Minister of Transportation talked to us several weeks ago about an increase in the secondary road program of some 50 per cent in the fiscal year 1980-81, from the level of some \$48 million last year to some \$70 million this year. By and large, those secondary roads are used primarily by our agricultural producers, and that magnitude of expenditure and funding is certainly of great benefit to them.

I'm very pleased as well that the natural gas rebate program is being continued and extended again this year at a level of support of some \$154 million, a substantial amount benefitting all our rural people. The \$1.25 billion capital program for hospitals is of direct benefit to all our rural citizens. The new program announced by the Minister of Advanced Education and Manpower in this House last Friday with respect to a new level of support, grants upwards of \$1,400 for each university and postsecondary student coming from rural Alberta and going to urban centres for their education, will be of great benefit to the citizens of rural Alberta.

I'm very pleased to see in the minister's budget the level of increased assistance to agricultural societies. I think we now have something like 220 or 230 agricultural societies — I could be corrected by the minister — in the province of Alberta fulfilling a very positive and important role in improving the quality of life in the countryside.

Mr. Chairman, to the minister. I'm pleased as well with our continuing involvement with Prince Rupert, with our initiative with respect to the inland grain terminals in the province of Alberta, and with respect to our commitment to purchase 1,000 hopper cars. That will be of direct benefit to our producers. I'm very pleased as well with the response by the minister in his budget with respect to the Farming for the Future program; those that promote research and encourage all of us to seek out new and improved methods of research in the agricultural area; a 31.3 per cent increase in the funds to produce Alberta food product promotion. I think it will be well-received. I have a 6-year-old daughter who has never drunk so much milk today as she may have done three or four years ago, as a direct result of the very fine public relations program that the Alberta dairy producers are putting on, the Wear a Mustache program, which I think is very effective. I know full well that Alberta Agriculture, on the direction of its minister, is affording funds to the group in ques-

tion. The hail suppression research funding: very positive. I'm also very pleased, of course, with other initiatives taken by people of our government with respect to decentralization of opportunities in rural Alberta. All of them are of substantial benefit to our citizenry.

Mr. Chairman, to the minister. After making those background comments, I do have several questions with respect to agriculture in Alberta. The first deals with international marketing of Alberta agricultural products. It's my understanding that for the fiscal year 1978-79, the value of Canadian agricultural exports reached some \$4.8 billion. That was approximately 30 per cent of Canada's total agricultural and food production. That was a significant increase from the 1977-78 fiscal year and, of course, provides Canada with a very positive balance of payments surplus, upwards of some \$800 million in the 1978-79 fiscal year. Of that \$4.8 billion of Canadian agricultural production, Alberta exports a significant amount. With only 8 per cent of Canada's population, we in this province have the ability to produce 20 per cent of the nation's food. That should put us in a surplus position in most sectors of agriculture.

So my questions to the minister with respect to international marketing of agricultural products — I would like the minister to comment on what his view is with respect to the tone — the tone, Mr. Chairman — in the relationship between Alberta and Canada with respect to the initiatives the federal government is taking in the promotion of Alberta agricultural products. I'd like a frank response from the minister in that area. I have one specific question in international marketing: in marketing our agricultural products, is the federal government a help or a hindrance to the producers of Alberta? I raise that question, because it seems to me that we have a world market for our products, and as a surplus producer of most foodstuffs we need to be most aggressive in penetrating these markets.

The second question deals with the announcement the minister made on Monday of this week with respect to the Alberta emergency stop-loss program for hogs. Towards the end of the ministerial statement that was read in the House, the minister indicated that this program was an emergency, short-term program. In his statement, the minister indicated that he had as his objective the establishment of a long-term plan for the marketing of hogs in Alberta.

Two questions specifically: what steps will the minister pursue in arriving at his long-term plan and, secondly, when might we expect to hear details with respect to it? Mr. Chairman, I might add just as a footnote to those questions that I was most displeased with the announcement of the federal Liberal Minister of Agriculture on May 5 with respect to his proposed program to assist hog producers in the 1979-80 fiscal year. After he indicated that his program would afford a very modest amount of assistance to the tune of some \$2 and a few pennies per hundredweight, compared to our program of over \$15 per hundredweight, he proceeded to blame hog producers in this province for overproduction and lack of concern and responsibility in their industry. I just can't buy that.

A third question to the minister, Mr. Chairman, deals with milk production in Alberta. Looking at some of the statistics recently, I'm very pleased to see that Alberta milk production continues to grow. It's growing at a slow pace, but continues to grow. But I understand from some of the producers in the industry that some problems may cause Alberta producers not to have the ability totally to fulfil their market share over the next several years. My

question in this regard is: is that statement a correct one? Are their concerns well-founded or not? If they are, what might the minister's proposals be to assist us in ensuring that Albertans do have benefit of the fine quality milk that we know our producers are capable of providing to the market place?

In closing, Mr. Chairman, I think we have an astute, aggressive Minister of Agriculture. Alberta has been very fortunate since 1971, and I'm convinced this minister will follow in the tradition of the one who served from 1971 to '75 and the one who served from 1975 to 1979. I'm disappointed that the [Member] for Spirit River-Fairview is not here to hear that, because I have full confidence in knowing that our current Minister of Agriculture is much like the chip off the old block, whom the Member for Spirit River-Fairview so loudly applauded yesterday, the one who served from 1971 to '75. I was there, and I think I'm perhaps in a position to say that, being a chip off the old block, he's quite like the previous one.

Thank you very much, Mr. Chairman.

MR. MANDEVILLE: Thank you, Mr. Chairman. Just a few opening remarks. First of all I would like to say that I welcome the announcement the minister made with regard to putting \$25 million into the hog industry. I think it's a move in the right direction. I said when I was speaking on the resolution the hon. Member for Vegreville had on the Order Paper that we had put \$42 million into the cattle industry, just a straight-shot deal. I think it really helped bring some of our young farmers, especially our northern farmers, out of the doldrums as far as the cattle industry is concerned. Now that we have fair markets and good prices in our cattle industry, I'm really pleased that we kept some of our young farmers and our northern farmers in the cattle industry. I'm sure this will do the same thing as far as the hog industry is concerned.

However, I do have much concern when we start getting into subsidizing our commodity producers. I'm very hopeful that we're not going to get the trend that our farmers and producers of these particular commodities are going to be leaning on governments. When they do that, sometimes it distorts the supply and demand rule. I certainly hope we don't get into it to the extent that we do anything in this area.

I'd briefly like to make a suggestion to the hon. minister with regard to the Alberta development corporation loans. The announcement the minister made this spring on the extensions of loans and some amendments and changes was well received in the agricultural industry. However, the announcement was made late in the season. A lot of applications were in and a lot of applications came in, and it put some of the applicants in a situation where they didn't know whether they were going to get their loans approved or what to do, and didn't know whether to go ahead and farm the land. Mr. Chairman, I think a lot of these applications have now been put over till fall. I would just like the minister to comment on approximately how many applications have come in. What time period are they now using to process these loans? I'm thinking of a lot of the new applications that just came in. What is the backlog?

I would like to reiterate a suggestion I had that I would like the minister to take a good look at; that is, give more authority to our loans officers right at the local level. They are dealing with the applicants. I'm sure we now have in place some loans officers who are very competent in loaning out money. I'm not saying — if it's a complicated or a large loan, I think it should go to the regional

office, and then come to the head office in Camrose. However, I think a lot of these loans could be handled at the local level, at the district office, and processed right there. I'm sure they're knowledgeable. They know the applicant; they know the situation the applicant is facing. I would certainly like the minister to take a good look at setting some guidelines where we could streamline the applications for loans to our farmers through the Alberta development corporation. Let our loans officers at the local level have some authority on the small loans and some of our young farmer program loans.

Another suggestion I would like to make concerns our research money under the heritage trust fund. It's appreciated in the agricultural area, but I would like to see an extension at our horticultural station in Brooks. It's a tremendous asset down there as far as our fruits, flowers, and some of our truck produce are concerned, but I would like to see it extended to get into our cereal grains. At the present time we don't have enough input or research on cereal grains. I realize that they are doing some work in that area at Beaverlodge, but I would like to see something like this happen at our research centre in Brooks. It would certainly be a step in the right direction.

Another area is giving us some concern now. I'll say that I've never seen drought subdue us in the first part of May, but I'm pleased that the minister has got in hand some of the problems we could be facing in pumping water and drilling wells, the program we had several years ago; also at this point in time, possibly taking a look where we have supplies of forage, in the event we have to start moving forage from one area to another or possibly moving our livestock to where the forage is, even if we have to take an inventory of our forage crops, possibly in Saskatchewan or other areas where we could get this forage if we need it.

Also with the possibility of drought facing us, I would like to see more emphasis put on irrigation. With the water supply and the snow we've got in the mountains, I am certain we're going to have a shortage of water for irrigation in southern Alberta. I think we have to start taking a good look at coming up with an overall water policy, looking at storage of water on our river basins, or possibly internal storage. Some of the irrigation districts are doing this now, and they're using funds from the heritage trust fund to store water within the districts. I would like the minister to put some emphasis on this, possibly in consultation with the Minister of Environment and with the federal government, the PFRA, to get more storage and an overall water policy to store water on our river basins. Especially in a year like this, it would be very convenient to have a supply of water, because we know we're not going to have the flow in the rivers this spring unless we have a real change in the weather and get much rain towards the end of May and in June.

Another area that concerns me, Mr. Chairman, is the suggestions and the recommendations on assessment of farm dwellings, more particularly the assessment of our farmlands. I'm hopeful that the Minister of Agriculture will have some consultation with the Minister of Municipal Affairs. I appreciate it's an area that has caused problems, and it's going to continue to cause problems. I can't really argue that much with having the \$28,000 that we can deduct from our home. But the concern I have is increasing the assessment value of our land from \$40 to \$260. It gives us almost a 600 per cent increase that an assessor can assess this land. I think this could be very serious. So long as they take everything into consideration — what it costs to put your water and sewer out on

the farm, what it costs for your electricity, power, natural gas, and so on. If we have a different formula for making the assessment, maybe we can get by with something like this. Unless the formula is changed, if we use the same manual for assessing farm dwellings and farmland, it gives the assessor a big range, up to \$260 an acre. It could be disastrous as far as the agricultural field is concerned. I would like the minister to possibly have some consultation with the Minister of Municipal Affairs before we implement this, or bring it into legislation or regulation.

Thank you, Mr. Chairman.

MR. MAGEE: Mr. Chairman, in commencing my few remarks this afternoon, I would like to commend the minister for his grasp of the needs in agriculture in this, his first year as Minister of Agriculture. This was certainly evidenced by his grasp and announcement of the short-term, stop-loss program to assist those engaged in the production of hogs, and thereby set in motion some spinoffs such as the continued processing by hog producers of some 8.5 million bushels of barley, which is Alberta's largest cereal grain crop and does affect the life style of many farmers growing grain.

However, Mr. Chairman and hon. members, I'm sure I will not perceive, and certainly I hope the public does not perceive, that this short-term, stop-loss program will magically correct all the ills of the agricultural industry, because in this program there will be no profit, which is necessary, of course, to keep agriculture and its support industries such as the farm equipment business alive and well and able to survive this current downturn in the agricultural industry. Not only are hog producers in a profit squeeze, but cattle prices are dropping and, as well, our federal government just announced that the initial price for grains will be down 50 per cent per bushel from that of last year.* Of course farmers are loath to borrow operating funds and are also stalling on the payment of accounts because of these very high interest rates now prevalent, which certainly greatly increases their cost of operations.

Mr. Chairman, this of course has a dramatic backlash on the farm equipment sales and service industry. Farm equipment sales, as reported in April by the farm and industrial equipment institute for the United States, show that March sales for farm tractors were down 29.9 per cent when their interest rates showed a rapid climb sooner and faster than the Canadian spiral of interest rates. However, we in this country are rapidly catching up to the bad news coming from the United States, our neighbors below the border. Because the Canadian farm industrial institute reports that March farm equipment sales were already down 20 per cent and were dropping fast. It is also significant that with the hay season approaching, coupled with the shortage of hay which is going to be very evident, already sales are down 18 to 20 per cent. I predict they will be off in a very dramatic fashion because of the shortage of hay. It is now forecast that two of the large Canadian implement companies, Massey-Harris — now Massey-Ferguson — and International Harvester Company, anticipate substantial employee layoffs.

The reason I give hon. members this background and relate pending farm equipment problems is that I am convinced we are experiencing just the beginning of a serious problem in the supply of farm equipment repair parts and, consequently, service to keep this machinery working in the fields. If hon. members will keep note in the next few weeks, they will observe that many of the

spring tillage machines — tractors, grain drills, hay balers — are building up in the dealer's inventories. These goods have to be paid for, which will take a tremendous amount of capital that will have to be borrowed at very high interest rates. There is no place in North America to ship these new machines, many of which arrive in pieces or partly assembled prior to reaching the dealer's place of business. After arrival they are assembled, and once that has been done it's practically impossible to take them apart again for reshipment to some other area of Canada or the United States, due to their excessive size.

The manufacturing industry operates with lead time of up to a year from the date of the dealer orders to the date of receipt of machines. Consequently, there is no way to shut off the tap within a year's time. The machines are going to be made and are coming down through the stream. The first place a farm equipment dealer in his own place of business or department can cut down on his operating capital is to reduce his orders for replacement parts. Instead of having them in stock, let them back up in the system to the manufacturer's stock hundreds of miles away from the dealer's place of business or, in some cases, thousands of miles away at the manufacturer's location.

This problem will have a very great impact on agriculture as it is common for most farmers today to operate very big equipment — large four-wheel drive tractors, very large combines — costing over \$100,000 per machine. It only takes a small part to shut down the operation of hundreds of acres of agriculture if this big equipment cannot operate. Of course this can be disastrous in this province, which generally has 90 to 105 frost-free days, in which time a farmer has to have his crop ready to come out of the ground and mature. For instance barley, one of our major grain crops — which, incidentally, keeps our red meat production going in this province — takes from 95 to 105 days to mature. While this crop can stand some frost, it is oftentimes very dicey, and timing between a late spring frost and an early spring frost always poses a problem of profit in the operation of a farm.

I bring forward these points, Mr. Chairman, to point out to hon. members who do not know of the fine time lines farmers must work within that there are no latitudes of time to wait for parts and service in critical times of seeding and harvest. Unfortunately, too, trained mechanics are hard to find and to keep. If the dealer's service business drops off by reason of farmers delaying repairs until the last minute to avoid borrowing money at high interest rates, and the dealers cannot afford to keep staff during downturns of service activity which will run longer than usual, these laid off mechanics will go to other industries such as the oil field servicing industry and put up with the inconvenience of working away from home, but at least they will be employed. This matter of enough qualified heavy duty mechanics knowledgeable about farm operations has been a problem for years, because a heavy duty mechanic employed in the farm equipment service business must also have a very complete knowledge of the crops those machines are expected to plant, harvest, or till. So it is critical that those mechanics be able to remain within the dealerships. Any disruption of this service industry does pose a very real problem to the dealers as well as to the farmers.

Could the minister in his comments deliberate on any possible plans to meet this pending problem? My background in this industry convinces me it is just a matter of months from becoming a very real problem if the interest

*See page 1044, right column, paragraph 15

rates stay high and dealers go out of business because of the traditionally low profit markups in the industry. They have little in the way of assets or reserves to protect themselves in this crisis. Generally dealers' assets are invested in new and used equipment in their lots and in parts inventories in their bins. They do not have cash in the way of assets, and to remain viable will be forced to borrow large sums of money.

I would like to cast our minds back about 12 or 14 years when a similar downturn in farm economics in western Canada took place. That was on the reduction of grain prices, hog prices, and cattle prices without the further element we have now of greatly expanding interest rates, which is another new dimension to the problem that occurred in that time span I talked about when 42 per cent of all the farm equipment dealers in western Canada went out of business.

Mr. Chairman, to the minister. I think it behooves us all to keep a close eye on this very serious pending problem in agriculture during the next few months. My remarks today are really to alert. Sometimes to be forewarned is to be forearmed.

MR. BATIUK: Mr. Chairman, it's a pleasure to participate in this. I must say how delighted I am with the budget of the Minister of Agriculture. I particularly want to mention the private member's motion I had brought to provide more incentive for beginning farmers. However, the minister beat me to it when he brought out the program in the ministerial statement before I had the chance.

Nevertheless, sometimes we hear members being critical, that there is too little for agriculture. When you look in the budget, it may not be a total direct in dollars. Many programs available in other departments provide for agriculture, whether it's allocation for transportation fuel allowance, the natural gas protection plan, or the many other programs. Furthermore, I think one program of the Minister of Housing and Public Works plays a very important role in promoting incentives for beginning farmers. In a rural constituency such as mine, about 90 per cent of the people who live in self-contained units come from the farm. Almost all these people have made it abundantly clear that if it weren't for such accommodation, they would have had to sell their land to be able to purchase a home in an urban municipality. So here again, I think this has gone far for these elderly people who retire, move to the towns and villages, and are able to leave their land for their children.

One area that I think I mentioned earlier — and I still think the minister would do well to take a look at — is to provide crop insurance for beginning farmers without cost. That is one obligation of the Ag. Development Corporation to beginning farmers, that they must take crop insurance. I wholeheartedly agree, because in case of any difficulties at least they would have their expenses returned. But when they must take out insurance — and I would say 100 per cent of the time they can't pay for it when they take it out. When they bring their first truckload of grain in the fall, that grain is totally taken to cover the premiums. Very often, the young farmer hasn't got a dollar to take back for groceries. So I would suggest that the minister strongly consider, at least for the first three or five years of the beginning farmers' program, providing crop insurance without a premium.

[Mr. Purdy in the Chair]

I must say I am delighted with the stop-loss program for hog producers that the minister announced the other day, even though I must say that I would rather never see a subsidy program. I recall five years ago when we had the same support for the cattle industry. I know at that time, the stockgrowers, the cattlemen's association, strongly opposed any program for financial support. There is the feeling with this program also. I still believe the supply and demand concept is what brings better agriculture and success in the agricultural industry. It has gone that way for many, many years and I think it will have to. Nevertheless, in a case like this, I hope it will prevent some of them from going bankrupt and carry them on until there will be better prices. But a program such as this may have effects: when there's a guaranteed profit, you're going to find so many more going into raising hogs, which could have a detrimental effect over many years in the future.

It has been mentioned, at least by a couple of opposition members, why \$35? Why not \$45? I've heard that so many times. Had the minister announced \$45, I'm sure they would say: well, why not \$55? I've kept hogs on the farm. There were a good number of years that I didn't get a total amount of \$30 for a pig, yet I made a profit. So if they are guaranteed \$35 on a hog and a person keeps 100 hogs, he's going to get \$3,500, which is a fair return. A person who keeps only that number, keeps them only as a partial program of his farming. But for the one who keeps 1,000 pigs a year, \$35,000 is going to mean a lot, and so forth. So I think this is a good program. I hope the price strengthens and it doesn't have to carry on too long.

Mr. Chairman, I would also like to mention that I am a member of the Alberta Grain Commission, a minister's advisory committee formed back in 1972 or '73 by Dr. Horner, the Minister of Agriculture at that time. The purpose of this committee was to study and bring recommendations to the minister which would increase net income to the farmer. I think this association or committee has done this well over many years. The work may not be noticed, but I know we've met with the Canadian Wheat Board, the Canadian Grain Commission, and groups throughout this province, and many of them are very thankful. From time to time we get letters expressing their appreciation to this committee for the help that farmers, whether in groups or as individuals, have received.

True enough, I do not always agree with the Wheat Board. Many times I've felt there should be a dual system of marketing. I think the Wheat Board served a very good purpose 40 years ago, but conditions have changed. Even today I think the Wheat Board is doing a reasonably good job. But, you know, they provide you with a reasonably good minimum return for your grain, but only for nine or 10 bushels per year. What about the other 30 or 40 the farmer can raise? With a dual system, I think a person would be able to get rid of a lot more grain.

Mr. Chairman, I very recently met with the appointed grain co-ordinator, who was our colleague, at the opening of the Edmonton office. He was very optimistic that within a very, very short time, there'll be no wheat or barley surpluses in this country. He mentioned that grain is moving very well now. He hopes and is very optimistic that in a very short time these surpluses we talk about will not exist. Also when we talk about surpluses, actually there has never been too many surpluses of agricultural products. When we look at the surpluses in Canada today, they would provide a hungry world food for only

one week. So you can see that the surpluses are not very great. It's the marketing, the transportation to market, that I think is something that is going to help this situation.

In those few remarks, I would just like to express my appreciation to the minister, who has been a successful farmer and a municipal and county councillor for many years. He has served on many boards. He knows the agricultural situation, and I think he's doing a good job.

MR. L. CLARK: Thank you, Mr. Chairman. I too, would like to take this opportunity to congratulate the minister, especially on his young farmers' program. I think it's just an excellent program for this province. Also on his temporary hog program — until six months ago, I didn't realize I had any hog producers in my constituency. But I found out a few weeks ago that very definitely there is quite a number of them out there. Also the weather modification program and rain increase program — I would like to say to the minister, he can turn it on any time he wants for us out there. We're getting rather dry.

Speaking of agriculture generally, I would like to speak a little on water management. I had occasion last night to fly down to Hanna with the hon. Minister of Transportation. Anybody who has flown over the special areas by plane this time of year knows that from the air it's usually like a lawn; it's green. This year it's brown, and the only green you can see is around low spots where the sloughs are. We sat down and talked with the advisory board out there. Anybody who has any doubts as to the value of water in this province should sit down with that board someday. They have been the survivors of an area that once had a farm on each quarter. They couldn't pay their taxes. They started to move out, and they sold out to their neighbors. It finally got so bad that the municipalities went broke, and it returned to the government for their taxes. It is now called the special areas. Some of the people there have actually come through the '30s and survived that terrible situation that arose there in that time, or they are the sons and daughters of people who have come through that era. They are worried. The forecast of the worst drought in 100 years makes them really concerned. So I would like to ask the minister to put whatever pressure he can to see that more water is brought into southern Alberta, because five million acres out there are just waiting for water.

That leads me into markets. I have a few quick remarks on markets. Both the hon. Member for Barrhead and the hon. Member for Vegreville mentioned it briefly, but I would just like to add a little. Of course, one of the problems has always been not really the markets, but getting our product to market. I'm beginning to believe that maybe the time has come in Alberta when we should treat agricultural products, which is a renewable resource, the same as we treat the non-renewable resource. In other words, we should set policies that are for Alberta. We should have a little more control over our transportation and our markets from Alberta than we have. I think it's time we took a firmer stand in that role. If the federal government cannot put together a transportation system that can get our products to market, we're going to have to do it ourselves. I think it's time that we took a very serious look at that.

The Member for Vegreville also mentioned the Wheat Board and that maybe it was not quite as useful as it has been in the past. I think it's like the Crow rates. Everything comes to a time when they are no longer applicable

in a situation. I think it's time we took a whole new approach to our agricultural products to see if we couldn't market them with a much more aggressive manner than we have in the past, with more control from Alberta.

With those few remarks, I would just like to say again that I appreciate the minister and the help he's given us in many areas that have been troubling agriculture. Thank you very much.

MR. SCHMIDT: Thank you, Mr. Chairman. In starting out the replies to the estimates, I would like to . . . It's unfortunate the hon. Member for Spirit River-Fairview [is not here]. Perhaps I will just bypass that for the moment.

I'll reply to some of the questions that were posed by the hon. Member for Bow Valley. He touched on three basic areas: supply and demand, the Agricultural Development Corporation, research funding, irrigation water management, and farmland assessment. Supply and demand: in regard to the comments that were made on behalf of the livestock industry, I perhaps couldn't agree more that it would certainly be nice if we didn't have to look at the influx of dollars and cents in the way of programs to either supplement or bring up to basic standards our producers so they may compete with our neighbors on one side or another. I suggest to the hon. member that the program of stop-loss that was announced is designed for a basic short-term infusion of funds. It is certainly not designed to change any supply, basically because we feel that it just meets some of the needs and shouldn't generate anyone to go into the business of raising hogs who wouldn't normally have been in it. We have tried to look toward the industry and those who have been in it and, hopefully, will stay and become part of a much stronger industry.

In regard to the Agricultural Development Corporation and the loans: after the announcement of the change in the new beginning farmer loan and indeed the other two aspects of direct lending that gave a 3 per cent from the preferred rate on a direct lending to 9 per cent and the balance of the other side of direct lending at a basic 12 has, of course, generated a fair amount of loan activity throughout this province. I'm very pleased to say the majority of them, of course, are beginning farmer loans. It was unfortunate that the announcement came at a time when most farmers interested in acquiring land by either purchase or lease would like to have the process completed early in the game so they could at least enjoy this year's crop season with their new purchase or acquisition. I'm sure the announcement made it difficult for some. But through other means — going to a lease with a purchase option — many have been able to beat some of the problems that have existed. I'm very pleased that many have achieved really what they set out to do. Hopefully, before the year is out we will be able to meet all the needs of those who have made application.

The number of loans before us at the present time: not so many in the basic districts themselves through the loans officers, but we are now getting a small bottleneck in Camrose in the main loans office itself. I have looked at the problem and, hopefully, there may be some temporary relief that can be carried out that will get it back to a normal process. In that way, we shouldn't hinder the average individual who is out with his loans' officer making the application and is being held up because of a time factor.

There are other areas that we can certainly look at, and at the present time are checking over the system of forms

to see if there are duplications, if we can achieve the same type of information on fewer forms, streamline them, and of course looking at making available more people in the field who would be able to process the applications.

An interesting comment by the hon. member in regard to providing more authority to loans' officers is indeed one that one should take a look at and consider.

Research funding at Brooks: Brooks has carried out an exceptionally good program over a period of years and will continue to do so, and perhaps should grow. Whether or not Brooks should be the basic area that would eventually grow into a large research area for the production of coarse grains is another factor. At the present time, a fair amount of work is being done in coarse grains, in the barleys and indeed some of the forages, in the Lacombe station and other places in conjunction with both the federal research and our provincial people.

Irrigation water management has been mentioned, not only by the hon. Member for Bow Valley. I guess the approach being taken by this government and the involvement of the Department of Agriculture in the future of irrigation and what it means to this province, not only from an agricultural point of view — the amount of funds that have been injected into irrigation and of course the number of dollars that are still there that should be injected into it. The upgrading of existing irrigation systems will have to continue. We have an excellent start. The irrigation districts themselves have done wonders in changing both the direction and the amount of work they can handle in one year, and changes in technology of course are giving them the option to go in different routes than existed in the past. The interest in the amount of work that's being carried out is also a start of an industry that is tending to lend itself directly to the upgrading of irrigation systems and, perhaps as an offshoot, has started an industry that may have been available before but now seems to be more directly involved and kept busy for the full term in upgrading the systems.

Just a comment in regard to where we go from here. Water management in general would bring us to the point where I think we have to have better utilization of water. Indeed, we must look to better systems for the control and hopefully the collection of water within the Eastern Slopes, which is our source; an opportunity to make sure that the amount of water we utilize is kept available for the time we need it. At present we lose a lot of good potential long before we really need it, and of course that then ties us into the management of water storage so it's available and meets our responsibilities and the amount of water that is still carried downstream for our neighbors, for which we have that responsibility.

The item of farmland assessment: I'm just going to mention that from an agricultural point of view there has always been some concern that the Canada land inventory classification of farmland has really been outdated. For many years, it's been based on its ability to grow wheat. Some classifications are indeed low compared to its productive capabilities. If I had any area I would like to touch or to do some work on in the future in regard to farmland assessment, it would be a different system of classification of farmland, to tie it perhaps more closely to its ability to produce and its ability to produce what. It really doesn't make that much difference if the soil is capable of production of an agricultural product, whether peanuts or sunflowers, because usually that's a choice of the individual producer, who recognizes the best capability of his land and usually tends to grow what he can grow best.

With that, Mr. Chairman, I would like to skip to the comments made by my colleague from Barrhead and say thank you for all the kind words in regard to Agriculture Alberta. I'm sure the pride one feels in the productive capabilities of agriculture in this province is shared by many, because we certainly take a back seat to no one in our ability to produce a good, sound, quality product.

The questions raised by the hon. Member for Barrhead — a quick one in regard to whether the feds have been a help or a hindrance to agricultural marketing. I would say the interest being generated for a new direction for Agriculture Canada to go into the marketing aspect is a feather in the marketing group for this province, because in its efforts over the past three or four years, to my knowledge it has met with little or no opposition as it has travelled throughout various parts of this world promoting agricultural products and, indeed, Alberta agricultural products. I think the recognition and work they have done, and the successes they have achieved, have brought to the fore that if one has a product to sell, you have to get out and sell it. I can only assure the members of this House that we will continue to do that job and are constantly looking for new areas of availability to sell and show our products. As they change and as we go to more processing within our own province in the production of our own, individual, Alberta home-grown, we will continue our efforts to market in every part of this world. So they haven't been a hindrance to us in the past, because there has been an absence of people. Hopefully the change for the future will give us the opportunity to work collectively in the best interests of all producers across Canada.

The long-term program, the steps that will be taken in regard to stabilization: I think the statement was made that we've just introduced a short-term program. It has a start and a finish. It's an emergency. It's stop-loss, and if there is to be a continuing long-term program, I suggest that it be of a broader nature, hopefully of a federal nature, but barring that, at least a program where perhaps neighboring provinces can band together for mutual concern to products and producers of a general type; in this case, the hog industry. If we're unsuccessful in coming up with a federal program, if it is necessary on the long term, we then look at the option of joining with some of our neighbors in coming up with a program, to minimize the problem that exists when one province bids against another and you have differences of input costs. You sell on an open market. That places a government entirely on the basis that if those producers are going to be equal, you have to subsidize or bring up to the neighbor's value to give them that option to be competitive. If there are differences across Canada, it becomes very, very difficult for us collectively as Canadians to market a product as an export, mainly I suppose because of the viewpoint of the United States in regard to subsidization to the degree that would leave a free and open border to let inputs come in that would compete with their own products that are not subsidized. So it would be very, very difficult.

It is my understanding that the federal Agricultural Stabilization Act would not be the basis for a program, if it were to be a federal program. If you are looking at an acceptable long-range program for the hog producer, you would have to look at the stabilization Act itself and revamp it. That's just an assumption, and I guess time will tell. I think the timing for us to start working with producers in various organizations for the long term has to be early in the game. Because we have a program that

will close at the end of March, I don't think we should be leaving it to that late a date. I suggest that perhaps early this summer is the time we should start gathering the type of information to come forth with finalizing something that, hopefully, would be flexible enough either to fit in or to wind down, if a program were acceptable on a much broader scale.

Milk production: I'm very pleased that the production of milk in this province is growing, but it is growing at a rather slow pace compared to the fluid milk we as Albertans are consuming. Wear a Mustache has certainly caught on. Every one is wearing one, and we are drinking more milk per capita than we had. What happens is that the production we have in the fluid side is kept up but, at the same time, robs some of the industrial milk that's available for all the other areas. That's really the concern we have. In meeting the fluid challenge, we are depleting the industrial side from the amount of milk it should normally have. The competition then becomes very tight, and the question is: how does one increase the basic production?

We're involved in two ways at the present time. The beginning farmer program makes it possible for some young people to start off in the dairy industry. That is one aspect. The second: the province has accepted the producers who overproduce their basic quota and are penalized. At the present time we're picking up any penalties they're assessed, to give them the opportunity to produce. For the winter months, when milk production normally drops, we've instituted an incentive program of production, using last winter as the base. All the production over and above last winter's base will gain \$2 a hundredweight over and above the regular price as an incentive bonus for their new production. Hopefully, that in itself will build up the type of production at a time during the winter when normally it drops.

It's only fair to say that we're concerned, because at the end of the year, come July 1, we will be in the position to be bidding for our new quota, the allocation of quotas. Of course if we're down drastically it will become very, very difficult for us to justify that the quota remain at the level it is. It was very, very difficult on behalf of the ministers who were before me to build up that basic quota to that level. That's one of the goals we would like to aim for so we do not lose, and at least maintain, the level we've had.

The Member for Red Deer stated his agreement with short-term stop-loss, and I'm pleased his producers have accepted the program. I guess to say in a general way to the comments made in regard to machine dealers, if I have any concern in Agriculture at the present time I guess it would be for those who provide some of the services to agriculture who perhaps will fall by the wayside before the farmer would be affected. I say that because farmers have a habit of being able to dig their heels in; they just don't buy if they can't see their way clear or if there's any doubt what the immediate crop year will bring for them — and, of course, can make do quite nicely with what they have. That affects basically the machine dealers and those people who provide some of the services to agriculture, those in the provision of fertilizers, supplements, feeds, and the ancillaries that go with it.

In talking to the organizations that represent all the machine dealers across the province, their basic concern is tied — and, indeed, from an agricultural point of view, ours is tied — to the availability of parts. That to them is a cost factor because of the high interest rates. Most parts

are 30 days, and to carry a large inventory means using borrowed money at a high interest rate and, of course, it means costs. The second aspect: for those who provide service, in other words, servicing of farm equipment, it becomes a cost if the individual starts doing at home what he or she feels is necessary. Then dealers start to lay off professional staff. Overhauls of tractors and usually self-propelled equipment that take some time are costly. The farmer either puts it off or, in some cases, does some of it himself. The dealer is then forced to lay off personnel and, in many cases, closes the shop.

So from the availability of parts and service, it certainly is a concern. The short opportunity I've had to discuss it with those who represent the industry, I guess the total answer is interest rates: dollars and cents. If they had the availability of some funding at a comparable rate which would be closer to what the norm should be, they probably would be able to meet the demands which they normally do in keeping a good supply of parts, and could do so at a rate they could carry.

Those are some of the concerns we have, and we would certainly like to look further and work with the industry, because I feel that it's part of the responsibility to make sure those producers have parts available. A machine with one broken part is useless; you might as well have no machine.

I'm very pleased with the resolution that was brought forth by the Member for Vegreville in regard to his interest in beginning farmers and farmers in general. I say to the hon. member that I'm very pleased to beat you to the punch before you got the resolution off. There will be many more resolutions coming forward that deal with agriculture, and I'll be running a second, way back. So keep them coming. I'm very pleased that I had the opportunity to beat you at that one.

A very interesting comment in regard to crop insurance and the availability to beginning farmers: I would suggest if you're looking at a time limit and if one were to go, perhaps the five years that provides a subsidized interest rate of 6 per cent might be the way to go. The subsidization is there because of need, and perhaps one should take a look at the provision of crop insurance one way or another.

I'd like to take this opportunity to thank the hon. Member for Vegreville for the work he is doing as a member of the Alberta Grain Commission, and to say thanks for the extra jobs that have been going to the commission in the areas of marketing, and to say also that, hopefully, we'll be able to use the commission to a greater degree in the very near future. Hopefully, we'll be able to have that input collectively towards the marketing of all the coarse grains that are available. For the information of members, the Alberta Grain Commission is looking at a very comprehensive study on the domestic use within this province of grains that are so necessary to the livestock industry, both pork and beef.

The question arose as to grain surpluses, and I would just like to say that at this particular time in the province of Alberta we have in storage perhaps the lowest amount of barley we've ever had. In fact the amount of barley that appears on storage at present is about what we would normally use domestically, or could use, in one year. So there doesn't appear to be any great surplus. At the same time the barley quota system has been opened up this year, hopefully trying to gather it up to a greater extent than it's ever been in the past. So on one hand perhaps we should be looking at holding on to what's out there; on the other hand we have the opportunity now to

ship all the barley, without quota, at a time when perhaps we should be looking at it to hang onto it.

To the hon. Member for Drumheller, I'm pleased with the approach and the acceptance of the programs announced. With regard to weather modification — perhaps a time when the need and the challenge are certainly there. We'll wait and see. I'm very pleased to be part of a new, expanded weather modification, and to have an opportunity, through the Research Council of Alberta, to tackle the three basic areas that, hopefully, are going to provide answers to some of the questions asked by all hon. members. First of all, the indication that a successful snowpack can provide the nucleus and base for our eastern watershed could be the insurance policy in the guaranteed water required for the total irrigation system. It could meet all those demands and still meet our obligations beyond. It's interesting to note, from an agricultural point of view, that the drought conditions in British Columbia this year are tied basically to the very, very limited snow run-off from the mountains. So indeed snowpack is of interest to other areas, not only the province of Alberta. An opportunity to continue with the hail suppression program, and indeed an opportunity to branch out in the area of weather modification in water management. So I would like to say to the hon. member, thank you for your interest. I'm sure we'll be looking forward to the work of the weather modification groups in the area you represent.

I've mentioned that perhaps in water management collectively we have a responsibility to go to much better control, and to take a long look at continued and future use of water in accepting responsibility. I think at the same time, an opportunity for research to look at the damage the misuse of water has caused throughout the irrigation districts, and certainly recognized by the districts — and are now looking toward those areas of research to come up with some of the problems that exist in salinity through the misuse of water in the districts themselves. It's very timely.

I look forward to the ongoing saga, I guess, of grain transportation and what it means to Alberta, being totally landlocked, not only from the point of view of being able to sell a grain product we can grow, but how it affects the reverse and how it's tied to the livestock industry. The options I suppose, the natural advantages we've lost over a period of years that we as Albertans should have back — I'm talking about the loss through feed freight assistance programs that have taken some of the natural advantage Albertans should be enjoying now, that would give livestock industries that little edge that makes the difference in whether you're competitive or not. Those are things that are before us, and indeed certainly carry a priority as far as agriculture is concerned.

The total question of boards, the Wheat Board's responsibilities; the area of transportation; the storage problems that exist, part of the transportation system; farm elevators; whether one should be involved in the numbers of grades of grain we've had in the past — we have millions of them — whether we should be in the dockage business; the argument between clean grain and grain as it comes straight from the combine; whether we should be in the business of selling tough or damp grain; whose responsibilities: those are the things that perhaps collectively have to have some answers before we will end up with a transportation system that, hopefully, is going to take some of the bugs out of the system that existed in the past.

We will continue to work with all the provinces, all the agencies, to try to arrive at a transportation policy that will give producers in this province a fair shake at being competitive with not only the rest of Canada but indeed the rest of the world.

The interest in the commodities we grow: as an exporter, Alberta has earned a deserving comment from those areas that deal with us in providing a top-notch quality product. We've tried to present to them that all we ask is an opportunity to be competitive. We'll provide a product. We've also tried to tell some of the countries which are new in the import business, although much older than we are, that you cannot always have a quality product if you bid and accept the lowest tender. The lowest-tender concept is great unless you're trying to upgrade livestock or breeding stock, in other aspects. So there comes a time when one has to pay for a quality product. As Albertans, and indeed as the Department of Agriculture, as we present the products we have on behalf of producers throughout the world and throughout our travels, I think that is being widely accepted and we have built up a good reputation on that approach.

Mr. Chairman, I would now like to go back to the comments made last night by the hon. Member for Spirit River-Fairview as we entered into the estimates, just to touch on the hog industry a year ago and to go over a few points and answer some of the questions the hon. member had. About early last summer, shortly after taking over the responsibilities of Agriculture, I had the opportunity to be visited by many organizations and agencies that represented various aspects of agriculture across this province. Everybody likes to stop and try on for size some old stories and some new ones, and just see how it's going to wear with the new minister. In this case I had the opportunity to discuss with the hog industry in total. It started with some of the problems the packers had. I had the opportunity at that time to discuss some of the problems the marketing board had. Of course we didn't have too many producers individually, because at that time the price was rolling along nicely. It was in the high 70s, and the only two sides we had were the hog marketing board on one side and the packers on the other.

[Mr. Appleby in the Chair]

As of a year ago, the problems that existed were really those of mechanics. Of course each one disagreed with the physical system of marketing hogs and would like to see some changes made. It was a matter of supply. Of course the legal interpretation of whether domestic contracts were allowed or whether they were not within the purview of the marketing board itself. Those who had contracts had a different view from those who didn't. It got to the point where a packer, with a full complement of people to run the organization for the normal day, in bidding was not assured that he would have 50 or 500 hogs delivered. It became very, very difficult for them to look after staff. Sometimes two shifts had nothing to do. Sometimes the original shift that rolled up had to run a double shift.

So all the things built up to a head. At that time there was also ongoing litigation between some of the packers and the board over the interpretation of some of the legal aspects as to jurisdiction. After hearing both sides on more than one occasion and having had the opportunity to look back at some of the problems that existed and some of the studies that had already been done, it

appeared to me that some of the studies had dealt with economics, the price — whether the price of hogs was too low at X number of dollars and it should be higher to another level — those types of things. It boiled down that the problem I was faced with at that time was strictly a mechanical one, of straightening out the areas of jurisdiction — who had jurisdiction and who did not from a legal point of view — and, secondly, to bring the parties together to mechanically accept a system of marketing hogs that was acceptable to both sides.

Now we looked at the aspects of a million different ways of achieving this. It boiled down to the fact that there was only one person who was really smarting during all the time element, and that happened to be the producer himself. So the fastest and easiest way to achieve what we maintain was the basic problem was to get the two sides together, because you'll never ever convince me that if the two people involved, the producer and the packer, are not speaking to one another, they're not going to arrive at the best situation on behalf of the producer himself.

That appeared to be the best direction. Indeed, we called and set up an independent review. That was established on the 20th and it just happened to be luck . . . Well, I shouldn't say luck, but as the timing turned out, the following morning the board announced they were starting litigation against the packers. We assured the board at that time that we the government, and the marketing council, because it falls under the purview of the government, would do nothing. Indeed, the independent review would not hinder in any way the process of law upon which they were embarking in starting litigation against the packers. We've lived up to that commitment to date.

So really that establishes whether or not . . . Hopefully, very shortly we will arrive at a situation where we've had the opportunity to hear from both sides, from producers across the province, and had time to assess the physical systems that are in place across Canada, and a chance to review what's been ongoing here, because we've had some changes in the system of marketing for some time.

If I remember correctly, the hon. Member for Spirit River-Fairview then swung into the packer. The question that we face across Canada is that packers, I suppose because of the start at one particular time right across Canada, find themselves with a network of packing houses that are rather old. They are certainly not very efficient. They're labor-intensive, and today that's dollars and cents. They're costly. There comes a time when corporations, I suppose, have to make up their minds as to whether they rebuild completely, and if so, where? Do they upgrade existing plants, and if so, how diversified do they become? Do you then swing and become a specialist in hog kill, or do you have a plant that's capable of both hogs and beef? The question also arises, how much and where? It's certainly a concern to us in Agriculture, because we have a responsibility to the producers in this province to see that the products they have can be processed and sold.

Of all of the time we have spent dealing with packers and looking at the future, the province of Alberta has fared reasonably well, if you look at the loss across Canada of the various facilities, and at the influx of dollars and cents and the interest being generated at the present time for new facilities slated for this province. To me, it does two things. It gives me an indication that, first of all, in discussing with the various operators of plants across this province, they believe they should have facili-

ties close to where the livestock is and, indeed, looking down the road that the livestock will be there. Some have decided to specialize in areas, and have been upgrading in the hog industry and have phased out the beef. Others, of course, have beefed up the beef side and phased out hogs, and some are looking at a combination of both.

Just to bring hon. members up to date: at the present time we have the capacity in this province to slaughter 31,000 head of beef a week, and in excess of 42,000 head of hogs a week. Both those figures are using the plants that exist at the present time. There is no forecasting in the figures here of what might come in the future. That's the physical, actual number of animals that could be processed on a weekly basis: 31,000 head of beef and 42,000 head of hogs per week. Basically the capacities tell us two things: first of all, that we have a capacity that will handle our production at the present time and, secondly, that the production we have at the present time is about 70 per cent of the capacity that already exists here in this province.

In addition to that, we have a system of provincial abattoirs for inspected meat that have the capacity of handling 2,000 head of beef and 1,500 head of hogs a week. That's over and above what exists. At the present time, we have indications from groups interested in providing in excess of another 12,000 head per week of hogs and about 5,000 head of beef per week. We've some indications that in the very near future up to \$70 million could be invested in the building and upgrading of existing facilities within the province.

I would suggest that out of the total number of plants, the province of Alberta at the present time has done reasonable well. Certainly, a responsibility to us and the hog industry is a prime example that we have an obligation not only to the producers, but beyond that to see that that industry keeps up a fair slaughter to meet some of the expectations of the capabilities of the packer as well, because the two go hand in hand.

The question then arises, what do we do with regard to the future if we're going to safeguard the industry and make absolutely sure that we have a system and a network of upgraded and modern plants? As you look over past years throughout Alberta, through the DREE and the Nutritive Processing [Agreement] we've helped those that are outside. I'm sure it's not news to you that those plants that have lived quite well, some in the larger urban centres, have now caused some problems from environmental standards, and as soon as there's any move to either upgrade or rebuild, they're asked to relocate.

We as a government are faced with two problems. If you're going to draw that type of industry or hold the industry that's here, and if they are no longer so-called welcomed as an industry within some of the large urban centres — and I'm not arguing that point — then we continue with the support we have in the past through the Nutritive Process [Agreement]. Of course some of the rules of the game have to be changed, because those involved in the large urban centres do not qualify. If you move to the outskirts, they still don't qualify. Secondly, the program itself only had an extension and will either have a new life or will be phased out. So from that financial point of view, there lies perhaps a problem if it's phased out — whether we as a province continue or alter the system, but in some way help financially some of the decisions that have to be made in locating within the province.

The other one which makes it as difficult: when you move a plant of any size outside the large urban centres,

because they happen to be heavy users of both water and sewer you're then in a position that if they can find a suitable location, nine chances out of 10 the community can't handle them from the amount of sewage they have involved on a day to day operation and the amount of water they need. So it's incumbent upon government and the Department of Agriculture to look ahead in the very near future, to work with my colleagues, mainly the Minister of Environment, in those areas where we can perhaps look at an alternative solution, to providing some of the heavy costs involved, both in volume and dollars and cents, to meet the water and sewage problems, and whether a system of financial assistance should follow.

A question was also asked: really where do we go from here in regard to meeting some of our transportation problems and requests? I can say that basically we've been involved, have spent some time looking at the long-range future that exists for the transportation of grain and, as I stated, in the livestock industry. Although we have come up with some general areas which we accept as being the basis of where we go as a government in the future, we have left some of the finer points as to exactly how each one may or may not be achieved, purposely left them to the point whereby we have that option of doing some negotiating and some change.

Just for members' information, and it covers the total transportation aspect as it pertains to grain and livestock, where we go to the future; it tackles some of the basic philosophies of the railroad itself. In five short points I would like to state that we believe, first of all, that if we're going to move a product, somebody has to get paid; in other words, the railroad is going to have to receive some funding to move the materials we have from an agricultural point of view. We feel that the Crow benefit should belong and stay with the producer; that is, the benefit. We also agree that any change we make in the rate structure has to be accompanied with some guarantee that we're going to have an increase in both efficiency and capacity. We feel that the livestock and processing sectors should be allowed to achieve their full economic potential; in other words, any basic benefits that should accrue naturally to them should be part and parcel, and that one segment of transportation shouldn't benefit a producer at the detriment of the livestock industry. We feel that any change in the rate formula should be legislated and, indeed, regulated. So on those five basic areas and broad parameters we hope to build and make presentation on behalf of all aspects in agriculture and the transportation field itself.

Mr. Chairman, I would like to thank hon. members for their questions. Hopefully some of the answers you have received have answered all the questions you have. I look forward to the continuing answers as we go through the estimates.

Thank you.

MR. MANDEVILLE: Thank you, Mr. Chairman. First of all, I want to commend the minister for his response to the members in a very informative manner. It's been very good to listen to.

I would like to ask the minister four questions. One of them is the Land Use Forum. Just where is the Land Use Forum? What staff is still with the Land Use Forum? Is any money budgeted for the Land Use Forum for this year?

Another area there is some concern with, and the sod farmers brought it to my attention, is the fact that when

the sod farmers haul their product on the highway they can't use purple gas. They can use purple gas in the production of their product, but for the transportation they can't use purple gas. If the minister is anticipating any changes — and I know changes in this area come under Treasury.

Another question I'd like to ask the minister: I understand they're going to be building a new agriculture building on the south side for the Department of Agriculture. I'm wondering when the building will be started, when it will be ready, and what the plans are for the existing agriculture building.

The last area I would like to touch on briefly, and the minister also touched on briefly, is our Crow rates. It's been a sore place and has been hard to deal with for many, many years. I'm pleased we have more people coming forward, realizing and appreciating that the rail companies aren't going to transport our grain at a loss. It's just as simple as that. They're just not going to move our grain, and in a lot of cases that's one of the reasons we're not getting our grain moved as fast as we should. I certainly agree that we've got to keep the Crow benefit in the hands of our farmers, because it was an agreement that was signed. I think it is precious, and I think it should be kept in the hands of the farmers. However, we've got to come up with some different method. I see Unifarm has a position on this. The Palliser Wheat Growers have a position as far as the Crow rates are concerned. I'm pleased the minister is dealing with this.

I can recall that every time I mentioned the Crow rate in the House when Dr. Hugh Horner was the Minister of Transportation, he always got really upset when you discussed Crow rates. It didn't fit that well with him. I was just wondering if the hon. Minister of Agriculture has met with Hugh Horner since he's taken over the position he has as far as transportation is concerned. I just met with Dr. Horner in Brooks several weeks ago, and he's certainly enjoying his position. But I would like to know if the minister has had any input with Dr. Horner with regard to the Crow rates and retaining the Crow rates. I believe very strongly that we should keep the benefit, but we can't have the statutory rates if we want to keep our grain moving. Because who is going to keep up the rail beds? The rail companies aren't going to lose money and keep the rail beds up and transport our grain. We have to work out a method, and I think the province has to come up with a firm recommendation on how the Crow rates should be handled.

MR. NOTLEY: Mr. Chairman, I have two or three questions. First of all, I would like the minister to respond specifically to the question of a judicial inquiry to examine the allegations made by the Pork Producers' Marketing Board, as opposed to the process of the legal case which is now before the courts. The reason I raise that is that, as the minister well knows — and the minister made the point very well in his remarks this afternoon — there are not only two sides in terms of meeting with the minister, but a definite feeling of confrontation exists. I would say that one of the major reasons for that feeling of confrontation that exists, not only on the part of the producers but also the packers — and it may surprise the minister, but I've met with some of the packers too — is because of this question: was there any fixing in the market place? Wherever one goes, I think that is the underlying issue you run into.

It seems to me, Mr. Minister, that there really are two choices. One is to let the case proceed. But we all know

that that case will not proceed quickly. I hope it would, but when one watches cases of this nature, heaven knows, we're looking at years, because a lot of very significant implications are involved for both sides. With the battery of high-priced lawyers who are going to be involved, by the time the case is resolved, not only will there not be too many hon. members of the Legislature still here, but I don't know how many pork producers or how many packing plants will still be around, because these things can literally go on forever.

Mr. Chairman, I say to the minister as directly and honestly as I can that one of the advantages of a judicial inquiry with terms of reference designed to zero in on that one central focus of concern is that we could get the job done, have the evaluation, and have the results relatively quickly. It might still be a year, but that's an awful lot faster than waiting for the court case. I would make the point to the minister that waiting for the court case is going to continue the spirit of confrontation, the adversarial atmosphere, that presently exists. There isn't a rural member in this House who isn't well aware of just that kind of situation. If we can somehow deal with it more quickly, I think we have to look at that. It strikes me that one of the recommendations the Foster committee might well make would be that the government has to go that route. But it seems to me that the arguments for proceeding sooner rather than later with this inquiry are strongly rooted in the very point the minister adequately made this afternoon: that there's an adversarial atmosphere and that adversarial atmosphere can only be overcome if there is a feeling that this question is going to be dealt with and we're going to find out whether it's correct or not.

Mr. Chairman, the second question I'd put to the minister is with respect to the consulting firm — and I understand it has been recommended for ministerial appointment by the Foster committee — headed by Mr. Dawson who, as I understand it, is a person of some considerable ability. He's an agricultural economist, headed up the market analysis branch of the department, was manager of the Alberta Cattle Commission, and as of May I went into private consulting. Under contract with Mr. Dawson's firm are three gentlemen who, frankly, are very able people, no question about that. But, Mr. Minister, they very clearly are involved in one side of this present dispute. It would seem to me that if the Foster committee is going to retain its credibility so that the findings it presents to the minister and eventually to the farmers and the people of Alberta can be taken seriously, it can only do that if its information base, its data base, is as objective as possible.

I guess I would simply say to the minister, I know that this sort of thing has to await ministerial approval. I would be very cautious about recommending a consulting firm which is not only totally neutral, but is seen to be totally neutral, because, Mr. Chairman and Mr. Minister, at the moment we are dealing with a very explosive situation. If I can borrow a phrase from Marc Lalonde, it's only by going that extra mile, and appearing to go that extra mile, that there's going to be any hope of bridging the gap.

I just want to make one other comment, Mr. Chairman, to put to the minister a question that some pork producers have raised with me. To be totally accurate, I should say that I've had divided opinions: for example, I've had some people from the pork producers' board say that this assertion isn't correct. But a number of pork

producers have said that one of the problems is not just the packers, but it's the problem of the rather substantial corporate concentration in the hands of Safeway, as the major purchaser. Now I've had two schools of representation on that; one is that this is a problem we have to face in Alberta because you have the buying position of, if not a monopoly, a semi-monopoly, the largest grocery firm in western Canada. On the other hand, I've had people say, no, that isn't correct; Safeway is not the villain of the piece, and the problems vis-a-vis the Toronto price and the Edmonton price really have nothing to do with the power of Safeway. I'd be interested if the minister would respond to that.

Just one final comment about the Crow issue. I appreciate the five points the minister outlined this afternoon. I don't necessarily agree with all five, but I think it's important to point out the principles the minister is using as a basis. One observation I would make, though, is that it's easy to say that the railroads should be paid, and I think Mr. Justice Hall recognized that several years ago when he talked about paying the difference between the Crow rate and the compensatory rate or the actual cost of hauling grain. What I find just a little aggravating, particularly by representatives of the Canadian Pacific Railroad, is this idea that they really want to reopen part of the deal. If I had the CPR saying, we'll go right back to the Crow arrangement — you open up your side, we'll open up our side, and we'll go back to square one — I would be a little more willing to consider that proposal. But basically the CPR isn't saying that. It has always been very careful to make the case on opening up our side of the contract, not theirs. It seems to me that a deal is a deal is a deal, even with the CPR. If we're going to open up one side of it, then the railroad is going to have to consider seriously what the implications of opening up the entire Crowsnest Pass agreement would be.

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

[Motion carried]

[Mr. Speaker in the Chair]

MR. APPLEBY: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

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

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, tomorrow evening it is proposed to do second reading of Bills, starting with Bill 50 and then basically the other ones that are on the Order Paper, in order, except Bill 34 will not be read a second time.

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

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

[At 5:28 p.m. pursuant to Standing Order 5, the House adjourned to Thursday at 2:30 p.m.]