

LEGISLATIVE ASSEMBLY OF ALBERTA

head: INTRODUCTION OF BILLS

Title: Friday, November 7, 1980 10:00 a.m.

Bill 241
An Act to Amend
The Alberta Income Tax Act

[The House met at 10 a.m.]

PRAYERS

[Mr. Speaker in the Chair]

MR. NOTLEY: Mr. Speaker, I request leave to introduce Bill 241, An Act to Amend The Alberta Income Tax Act. The principle of this Bill would be to set out a farm wives' tax credit to change The Alberta Income Tax Act to give farmers a tax credit if they are married and their wife works principally on the farm.

[Leave granted; Bill 241 read a first time]

head: INTRODUCTION OF VISITORS

MR. SPEAKER: I have the honor to draw to the attention of hon. members the presence in the Speaker's gallery of Dr. and Mme. G.S. Dhillon. Dr. Dhillon is the former Speaker for many years of the Lok Sabha in India which, as hon. members know, is the Indian equivalent of the House of Commons. He is a former Minister of Shipping and Transport for the government of India and is now High Commissioner-designate from the Republic of India to the Dominion of Canada.

Dr. Dhillon took his degree in law with distinction at the Law College of Lahore, practised law for a number of years, then became a journalist for a number of years, also held various offices in the Indian National Congress. He was a Member of the Legislative Assembly of Punjab from 1952 to 1967 and Minister of Transportation and Rural Electrification in the Punjab government in 1965 and 1966. He was elected a Member of Parliament in 1967 and was Speaker of the Lok Sabha from 1969 to 1975.

Dr. Dhillon has been very active in parliamentary matters: in the Inter-Parliamentary Union Council for three years, and in the Inter-Parliamentary Union Conference. He has also been notable for his activities in the Commonwealth Parliamentary Association. He's the author of several books and holds positions in some cultural and social organizations.

Dr. Dhillon is accompanied by Mr. P. Ran N. Soni, the Consul General of the Republic of India, Toronto; Mr. A. Iyer, the First Secretary of the Indian High Commission in Ottawa; Mr. Balbir S. Kakar; and as well they have with them today Dr. Sayeeda Hameed. May I ask our distinguished visitors to rise and receive the welcome and recognition of the Assembly.

MR. TRYNCHY: Mr. Speaker, it's my pleasure this morning to introduce to you a delegation of fencers from Hokkaido, Japan, who have begun a nine-day sports exchange with Alberta fencers.

The five Japanese fencers and their coach, Kinya Shimono, will train and compete with Alberta fencers and their coaches as an ongoing sports exchange between Alberta and Hokkaido. The three male and two female fencers from Japan are all prominent national-level competitors and will be competing this week in the largest open fencing tournament in western Canada, which will be held here in Edmonton this weekend, the Wetterberg Open fencing tournament.

They're seated in the members gallery with a number of other people. I would ask them all to rise, and let's give them the reception of Alberta.

head: TABLING RETURNS AND REPORTS

MR. SCHMIDT: Mr. Speaker, I beg leave to table the '79-80 annual report of the Agricultural Development Corporation.

head: INTRODUCTION OF SPECIAL GUESTS

MR. WEISS: Mr. Speaker, it is indeed a pleasure today to introduce to you, and through you to members of this Assembly, a group of students from Lac La Biche, the home area of the Lac La Biche-McMurray constituency. Accompanied today by their teachers Mohammed Ham-moud, Sharlane Christiansen, and James Austin, they are seated in the public gallery. I would ask that they rise and receive the welcome of the Assembly.

MRS. LeMESSURIER: Mr. Speaker, I would like to introduce to you and to the members of this Assembly 75 students from Victoria Composite high school in my constituency. They are accompanied by Mr. Don Mock and are seated in the public gallery. I would ask them to rise and receive the welcome of the House.

head: ORAL QUESTION PERIOD

Interest Rate Increase

MR. MANDEVILLE: Mr. Speaker, I'd like to direct my first question to the hon. Provincial Treasurer. In light of the recent increases in interest rates — and especially yesterday, the interest rate went up 0.64 per cent — what steps will the government take to assure that the effects are not going to affect Albertans and the economy? Is the minister considering reinstating the freeze on interest rates?

MR. HYNDMAN: Mr. Speaker, that's correct that the bank rate did go up yesterday by 0.64 per cent. One of the reasons that occurred, I regret to say, is probably the impact of the federal budget and energy policy of days past. As I indicated to the Assembly last fall on October 25, the government will be continuing to monitor the impact of the new bank rate in the days and weeks ahead. We would then take appropriate steps, if necessary, to see that particularly farmers and small businessmen are protected as they were very effectively this spring.

MR. MANDEVILLE: Mr. Speaker, I'd like to direct a supplementary question to the hon. Minister of Agricul-

ture. Will the Minister of Agriculture be taking any steps to assure that the loans guaranteed by banks will not escalate at a rapid pace?

MR. SCHMIDT: Mr. Speaker, the loans to agriculture tied through the Agricultural Development Corporation fall into two brackets: one, the direct loans administered by the Agricultural Development Corporation itself; the others are guaranteed loans to producers throughout the province through chartered banks. Of course the guaranteed loans are the government's way of guaranteeing the producer through the banks, and do not have the flexibility at the present time to change or peg the interest rate, other than to guarantee the basic loan and the individual to that particular chartered bank of his choice.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Agriculture. At this stage, however, is the government considering substantial increases in direct loaning by the ADC, where we do have the power of setting interest rates?

MR. SCHMIDT: Mr. Speaker, the interest rates for direct loans through the Agricultural Development Corporation were established early in the year, recognizing the high interest rates at that time, set at a basic rate of 12, and have not been changed to date, subject to the programs of interest rebate in the beginning farmer program, which rebates from 12 per cent to 6 per cent, and through the other direct lending program to established farmers, from a basic rate of 12 to 9 per cent.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. My question really relates to the direct funding intentions of the government, through the ADC, to take up any slack or increased interest rates as a result of higher bank rates people have to pay for guaranteed loans from private banks, and whether more funds will be made available to the ADC so these loans could be consolidated into direct ADC loans.

MR. SCHMIDT: Mr. Speaker, rising interest rates of course make more applicants eligible as last-resort lenders. At the present time funding is, and certainly always has been sufficient in the Agricultural Development Corporation to meet the demands of those individuals who meet the requirements of the lender of last resort aspect for consolidation, whereby the funds would not be available to them through the normal channels of a chartered bank. That will continue.

MR. NOTLEY: A supplementary question to the minister. In view of the higher interest rates that are now taking place and likely to increase, is the government giving any consideration to restructuring the ADC and removing its last-resort role and making it a lender of the first call?

MR. SCHMIDT: No, Mr. Speaker, not at this time.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Agriculture with regard to guaranteed loans and direct loans. In light of high interest rates, I was wondering if the minister will change the policy or give to the ADC a policy directive which contains a more liberal attitude toward transferring some of the present guaranteed . . .

MR. NOTLEY: That's a dirty word.

MR. R. SPEAKER: I know, I hesitated to use that in this Assembly. I thought, Liberals never get in here anyway, so take a chance. Although there are some liberal-minded people, which I don't appreciate.

Would the Minister of Agriculture consider a change in policy so some of the persons presently holding guaranteed loans could have their applications reassessed and be eligible for direct loans in replacement of those guaranteed loan contracts?

MR. SCHMIDT: Mr. Speaker, Agriculture would certainly be the last department to agree with Liberal policy in total.

In regard to the funding that's available, as interest rates increase, repayment ability of course changes, and many more Albertans then become eligible for the lender of last resort aspect that normally would not be available to them at a lower interest rate. At present we feel we can meet the demands of the producers throughout the province with both the existing direct lending and the guarantees. So we are not anticipating any change, and we feel the programs that exist through the Agricultural Development Corporation are flexible enough to meet the demands at the present time.

MR. ZAOZIRNY: Mr. Speaker, a supplementary question to the Minister of Tourism and Small Business. The question relates to the Alberta Opportunity Company and really arises from a response by the Minister of Agriculture that in times of high interest rates there should be a corresponding increase in the use of the lender of last resort. Can the minister advise the Assembly whether last spring, when interest rates rose so dramatically, there was in fact a significant increase in the number of approvals of loans through the Alberta Opportunity Company to small businessmen in this province?

MR. ADAIR: Mr. Speaker, the number of applications certainly went up. Where the application met all the criteria of the Alberta Opportunity Company, in other words the lender of last resort, they were of course approved. So there would be some corresponding increase in that.

I should mention that the base rate of the Alberta Opportunity Company is 12 per cent, with the rates going down to as low as 10 per cent — small town, small business — or as high as 15 per cent. The 15 per cent presently is lower than the conventional lending rate.

MR. ZAOZIRNY: A supplementary question in response to the minister's answer. Would the minister be prepared to table in the Assembly some statistical evidence as to the exact amount of the increase in loans that did arise last spring when the interest rates were so high?

MR. ADAIR: Mr. Speaker, I have no problem with separating them from the annual report and, with some time, I could do that.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Agriculture for clarification. Is the minister advising the Assembly that at this stage the government has closed the door on changing the ADC from a last-resort lender — in other words, that's the policy and that's that — or is the minister saying that they are not prepared to change the policy at this stage? I

ask the question in view of the answer from the Provincial Treasurer that the government is monitoring the situation. My question, very specifically, is: is the government still holding open the door to changing the ADC from a lender of last resort?

MR. SCHMIDT: Mr. Speaker, in response to the hon. member, the door to ADC has never ever been closed. Over the period of time since the inception of the ADC, we have been flexible and changed the policy whenever the need arose to meet the requirements of producers in this province. That door will still move open; it's not a closed-door policy.

At the present time we feel the policies that exist are meeting that demand. The annual report tabled this morning indicates that the direct farm loans for the short period would be even greater in numbers if one looks from the time period of March this spring. But the direct loan authorizations for the period 1979-80 have doubled over the period 1978-79 in both number and amount, from \$30 million to \$61 million in guarantees. The numbers have jumped from 358 to 649.

The indications are that the availability of programs in the ADC, the guarantees available through the chartered banks, and the guarantees through the ADC are meeting those obligations at the present time. If there's any change in either the necessity or the needs on behalf of producers in the province, I'd be quite happy to review that open door policy.

MR. MANDEVILLE: A supplementary question to the hon. Minister of Housing and Public Works. Could the minister indicate what effect the interest rate increases are going to have, especially on rental housing in the province? Appreciating that there are some good programs in the minister's department, I was wondering if the minister was considering bringing in any other programs that will have an incentive for more rental housing in the province?

MR. SPEAKER: The first part of the question, of course, is a matter of opinion; the latter part seeks some factual information.

MR. CHAMBERS: Mr. Speaker, there is no question that high interest rates are harmful. As a result of high interest rates, the demand for programs through the Alberta Home Mortgage Corporation has been very high this year. In terms of rental housing, the take-up in the core housing incentive program of the Home Mortgage Corporation has been very high this year, again reflecting the difficulty because of high interest rates in the private sector.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Provincial Treasurer with regard to the earlier remarks about monitoring. I appreciate that the Provincial Treasurer and his department are monitoring, but I was wondering what the critical point is where the minister feels that some decisions will have to be made from the provincial point of view. What indicators has the minister in mind to say that interest rates are too high and we must make a decision at this point?

MR. HYNDMAN: Mr. Speaker, I suppose we would have regard to the interest rate of the Bank of Canada last fall and the level at which decisions were made to indicate a number of government policies that would be

followed. At that time, when the interest rate reached 14 per cent — it is now below that, 12.80 per cent as of yesterday, I believe — we made a statement last October 25 in this House as to the government's position. So one indicator would be when interest rates get to that stage, although many would agree they're at a high rate right now. We would want to look at what the previous rate was in determining what policies we would then talk about.

Weather Modification

MR. MANDEVILLE: The second question is to the hon. Minister of Agriculture, Mr. Speaker, in light of the report that came out on the Alberta hail project. The report indicated that the Research Council states that pressure from the Weather Modification Board of Alberta Agriculture has forced the scientists to modify the research methods. The question to the minister is: on the next five-year program he has announced for hail suppression, are they going to let the scientists have a freer hand and do more research on hail suppression?

MR. SCHMIDT: Mr. Speaker, for the next five years the weather modification program will perhaps give a broader scope to those in research and the opportunity to collect data that did not exist in the program for the last period, mainly because of the scope of the program itself. The addition of weather modification to the hail suppression program opens up another field that branches from the hail suppression program that existed for the period of five years before. Of course, any broadening of scope provides the opportunity for the research scientist to gather that much more information on a much broader scope. That extension over the next five years ought to place the opportunity and the collection of data, to a greater degree than it has, on a straight hail suppression program.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Was the minister satisfied that the first report that came out on the five years was scientifically based?

MR. SPEAKER: Possibly that is a matter of opinion that could be dealt with in another way.

Labor Standards

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Labour and ask whether, during the course of his duties as Minister of Labour, he indicated in discussions with the Alberta Federation of Labour that he supported a reduction in the work week from 44 to 40 hours?

MR. YOUNG: Mr. Speaker, I'm at a bit of a loss as to the context of the question. There have been discussions with a variety of people in connection with revisions to The Alberta Labour Act, and the incorporation in that Act of some labor standards. Those were tabled in the Legislature this week.

On the specific point, there was discussion related to the standard hours of work per week and conditions for overtime. They were in the nature of discussions, and it was made very clear to all parties that those issues relating to labor or employment standards, as well as many initiatives considered relating to collective bargaining, were all initiatives and were for discussion purposes.

MR. NOTLEY: Mr. Speaker, a supplementary question for clarification to the hon. minister, so there's no misunderstanding. Is the minister then advising the Assembly that no assurances were given on either the question of the reduction of the work week or compulsory overtime, and that he did not give his personal support to either provision?

MR. YOUNG: Mr. Speaker, I think I should take a moment to make absolutely clear that some of the statements I've heard outside the House are absolutely incorrect. The implication in the question just posed is equally absolutely incorrect.

For the record, Mr. Speaker, the manner in which the revisions to The Alberta Labour Act were contemplated was this: submissions were invited, and upwards of 90 were received from different groups around the province. Of course, these submissions reflected the interests of the particular respondent. Subsequent to their receipt, the department officials reviewed them. Following the review we developed some points for discussion and some initiatives we wanted the parties to reflect on. Those were distributed to a good number of the parties and meetings were held. I personally chaired the majority of those meetings.

The meetings were made quite clear that they were to review the initiatives contained in the proposals being advanced, and that they were simply points for discussion. No commitment was ever made to any of the suggestions advanced, in terms of personal commitment by either the minister or the staff — simply areas where we wanted to have consideration from all parties. I should say that in making those initiatives we knew that a good amount of conflicting advice would be received, which indeed turned out to be the case.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. During the discussions with the Alberta Federation of Labour, was the proposal with respect to the tribunal with the minimum power of delaying a strike action for 30 days — perhaps more, but a minimum of 30 days — formally discussed with the officials of the Alberta Federation of Labour?

MR. YOUNG: Mr. Speaker, I've heard the question just now and a comment on one of the media this morning. I don't understand the question, because it isn't what is reflected in the legislation as proposed.

What is proposed — and I don't know how far we should take this in the question period — is that the only statutory intervention to a work stoppage possible by government would be a disputes inquiry board. The term of function for that board would be approximately 20 days, with 10 days subsequent to receipt of report. It is possible for the minister to extend the term of office for the disputes inquiry board. That would occur only in selected disputes, as recommended by the mediator and the Department of Labour. At the present time, Mr. Speaker, there is in fact a statutory requirement for intervention by a conciliation commissioner or a conciliation board which must take place in every dispute, and the same provisions exist in terms of the ability of the minister to extend the term of function for the conciliation commissioner or conciliation board. So if I may say so, it is in fact a retreat from the present ability and requirement for government intervention.

MR. NOTLEY: A supplementary question to the minister, however. Did he discuss the disputes inquiry board specifically with officials of the Alberta Federation of Labour?

MR. YOUNG: Mr. Speaker, I believe the concept was discussed; I'm not sure if it was discussed in exactly that name. I couldn't provide assurance on that, because different names for it were discussed at different times.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. The minister indicated that some 90 groups had indicated they would send submissions to the minister. However, in view of the fact that this Act will set out standards, particularly for many people in this province who don't have trade units to bargain for or protect them, was any consideration given to general public hearings on The Employment Standards Act?

MR. YOUNG: Mr. Speaker, consideration was given to the question of whether there should be public hearings. As I indicated before, the decision was to call for submissions. Not only did approximately 90 indicate they were interested in making submissions, approximately 90 submissions were in fact received.

Mr. Speaker, following that, after discussions with various parties, we took the view that a more productive and valuable exchange would be effected if we had a discussion forum based on the ability of the parties to respond to the initiatives being advanced, and at the same time to indicate their support from their submissions to us relative to our initiatives.

I am pleased to be able to advise the Assembly that we've had many expressions of opinion that that was a much more valuable and useful approach than just to call for public hearings. Further, although I don't think it's public, included among those persons who have expressed that point of view to me privately is the president of the Alberta Federation of Labour, Mr. Harry Kostiuk.

MR. NOTLEY: Mr. Speaker, a supplementary question to . . .

MR. SPEAKER: Order please. I've been listening to this exchange with increasing concern. A basic parliamentary principle intended to save the time of the House and to enhance its efficient operation requires that the same matter should not be dealt with twice. Now if we're going to have debates in question period about the merits or antecedents of Bills, that will mean dealing with those matters twice. If the Assembly wishes to introduce that innovation and makes an appropriate change in *Standing Orders*, of course I'll be glad to follow it, as I must the remainder of *Standing Orders*.

Constitution — Parliamentary Committee

MR. R. SPEAKER: Mr. Speaker, my question to the Minister of Federal and Intergovernmental Affairs refers to the constitutional committee's decision not to leave Ottawa during the hearings. I'd like to ask the minister whether any plans have been made for the Alberta government's interaction with that committee.

MR. JOHNSTON: Yes, Mr. Speaker.

MR. R. SPEAKER: Mr. Speaker, I'm sure the hon. minister would like to elaborate on that answer, and I'd appreciate it if he would.

MR. JOHNSTON: Mr. Speaker, I recall answering the question in this Assembly at least twice in the last two weeks. I think I couched my answer with two contingencies: one, depending on whether the Alberta government decides to appear before the committee — that has not yet been decided specifically — and secondly, under what framework or guidelines that particular committee will continue to operate would be important in making that decision.

As the hon. Member for Little Bow has already pointed out, the committee is now essentially structured. It has made a couple of decisions: one, it will not travel across the country, and secondly, I think the senators have been appointed, which is the remaining aspect. Now we all know very clearly that there is very little Alberta representation on that committee. A senator has been appointed, and perhaps that will reflect some of the Alberta flavor.

However, having said that, Mr. Speaker, I think it's important to note that we are now in the final days of deciding what the Alberta position will be. If we make a presentation, I can assure you we'll deal with the issues which have been addressed by this Assembly.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister, and potentially to the Premier. Is there any consideration of a resolution relative to patriation, the Charter of Rights, or the amending formula being debated here in the Assembly?

MR. JOHNSTON: Mr. Speaker, it has been suggested that since the debate is now moving, not just in the Ottawa government's hand — and we've expressed our opinion here collectively as members of this Assembly on the resolution which was introduced on a general basis. Now since the debate has essentially gone to British Parliament and major concern has been expressed there as well, it has been suggested by our caucus that a resolution should be considered for introduction to this Assembly so we have an official position to be expressed to both Ottawa and London.

MR. ZAOZIRNY: A supplementary question to the minister, Mr. Speaker. In light of reports from Westminster that they might well be receptive to representations from representatives of provincial governments on this matter, can the minister advise the Assembly what steps his department has taken to determine the accuracy of those reports, and secondly, what contingency plans he has developed for making representations in the event that such is the case?

MR. JOHNSTON: Again, Mr. Speaker, events have unfolded very quickly with respect to the British Parliament committee on foreign affairs, which is now again setting up a structure to consider its constitutional position. I think it's fair to say that members of the Assembly fully recognize that we do have an Agent General in London. Of course, that was a decision made by this Assembly and this government to ensure that we had a listening post in London. He is serving that responsibility for us very effectively.

Secondly, Mr. Speaker, as to a decision on our strategy, I can only assure the House at this point that we do

have a strategy. We have carefully considered some of the options available to us, but because the committee is moving very quickly and because we're not altogether sure what kind of presentations can be made before that committee, we have not decided specifically what our strategy will be. But we do have a plan in mind.

Oil Production Cutbacks

MR. SINDLINGER: Mr. Speaker, I have a question this morning for the Minister of Energy and Natural Resources regarding the cutback in oil production. Could the minister advise the House what the policy is with regard to the oil reduction cutback plan relative to B.C., as compared to the other provinces in Canada?

MR. SPEAKER: Is the hon. member asking what the plans are in British Columbia?

MR. SINDLINGER: Sir, I'm asking what the policy is in regard to British Columbia, relative to the other provinces in Canada.

MR. LEITCH: Well, Mr. Speaker, I'm very pleased the hon. member asked that question, because I've heard some reports and comments about that which I regard as quite inaccurate. With respect to the cutbacks, we have no different policy towards British Columbia than any other province in Canada. Indeed, we don't deal with the distribution of oil outside the province of Alberta.

For a number of years, the situation has been that oil is imported into Canada to make up for the Canadian supply shortfall. In the past the oil has been purchased by the refiners from British Columbia to meet their needs and purchased by the refiners in Alberta to meet refining needs in Alberta; the same in Saskatchewan, Manitoba, and Ontario. The balancing point in the whole Canadian supply system has been Montreal ever since the Montreal pipeline was completed. So any shortfall in Canadian supply is made up by imported oil in Montreal at the balancing point.

That has been going on for years, and I wouldn't see any reason for any change in that system when the production reduction occurs in Alberta. Simply 60,000, 120,000, or 180,000 additional barrels, as the case may be, will be imported, presumably at the traditional balancing point of Montreal.

MR. SINDLINGER: A supplementary to the minister, Mr. Speaker. Could the minister please advise the Legislative Assembly whether British Columbia will be impacted by the reduction in crude oil distribution from Alberta?

MR. SPEAKER: Put in that fashion, the question would appear to be asking the minister to perform a function which is not part of his official duties but perhaps a general research function.

I believe the hon. Member for Edmonton Norwood would like to revert to Introduction of Special Guests.

head: INTRODUCTION OF SPECIAL GUESTS

(reversion)

MRS. CHICHAK: Thank you very much, Mr. Speaker. I certainly take pleasure today in having the opportunity to introduce to the Assembly a group of students from the

Delton public school who are part of a Delton special education class. They are led by their teacher, Mrs. Jean Hodgkinson.

I would like to say at this time that yesterday Mrs. Hodgkinson brought to the Legislature another group of grades 3 and 4 students who were visiting the Legislature earlier in the day and therefore did not have the opportunity to observe the proceedings of the Assembly in the afternoon. I want to congratulate her for undertaking this feat of bringing grades 3 and 4 students yesterday and then a special education class today.

I understand they are seated in the members gallery and are 15 in total. I would like to ask them to rise and receive the usual welcome of the House.

[No one rose]

If they are here, they are welcome and are being received by the members. If I have been misdirected and they are not and arriving later, the invitation and recognition certainly extends to that time.

ORDERS OF THE DAY

head: GOVERNMENT MOTIONS

23. Moved by Mr. Horsman on behalf of Mr. Crawford:
Be it resolved that when the House rises at 1 p.m. on Friday, November 7, 1980, it shall stand adjourned until 2:30 p.m. on Wednesday, November 12, 1980.

[Motion carried]

22. Moved by My Hyndman:
Be it resolved that the Assembly do resolve itself into Committee of Supply, when called, to consider the Supplementary Estimates of Investments (A) 1980-81 and the 1981-82 Estimates of Proposed Investments, of the Alberta Heritage Savings Trust Fund, capital projects division.

[Motion carried]

Committee of Supply

[Mr. Appleby in the Chair]

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

ALBERTA HERITAGE SAVINGS TRUST FUND CAPITAL PROJECTS DIVISION 1981-82 ESTIMATES OF PROPOSED INVESTMENTS AND SUPPLEMENTARY ESTIMATES OF INVESTMENT (A) 1980-81

Agriculture

1 — Food Processing Development Centre

MR. CHAIRMAN: Are you agreed?

MR. NOTLEY: Before we do that, perhaps we should have an explanation from the minister. I'm sure a number of us have some questions on it. Perhaps the minister could lead off.

MR. SCHMIDT: Mr. Chairman, it's a pleasure to add a few comments in regards to the Food Processing Development Centre that was announced within this last 10 days; an opportunity for producers through the industry, who I guess are really the receivers of our raw commodities in the products we grow in agriculture, to have the availability of a centre that would give them the opportunity to upgrade either existing process manners, an opportunity to do some research in upgrading products that do not exist at the present time, and to cover the total gamut of processing from packaging upward.

It's an opportunity for many of the smaller firms involved in the industry of processing foods raised in this province to do the type of work some of the larger companies have the opportunity to do either through sister companies in the United States or, in some limited way, tied with the type of research that is ongoing on behalf of a chain. That type of facility and the cost that would be involved for smaller industries of course is not available. It is in that direction that the food processing lab should have the opportunity of providing to everyone in the processing industry in this province that opportunity that exists for some of the larger chains.

It should really achieve two things, Mr. Chairman. Not only should it give us the opportunity to upgrade to a much greater extent, and perhaps to quality that exceeds what already exists, but it also gives us the opportunity to increase upgrading which in many cases does not exist in some of the products we raise.

The funding itself: the plant is being based in the Leduc area, either in the town itself or the town's industrial park. To my knowledge the exact site has not been chosen yet. The funding before you is the amount that would be expended for the start of that centre, which on completion would be \$7.7 million. It's estimated that the cost and expenditure for the current fiscal year would be \$830,000. That would give us the opportunity to complete the land acquisition location and to do the site planning that would be necessary for the construction, which would be carried out by Alberta Housing and Public Works.

MR. NOTLEY: I certainly intend to support this appropriation. It seems to me that we have here a start of something that can be extremely useful as far as agricultural processing is concerned. To someone who normally has to criticize the government as part of one's role as an opposition, it's refreshing to commend the government on what I think is a positive step in the right direction. There is little doubt at all that agricultural processing is an area of economic activity that has tremendous potential for Alberta.

I wonder though, Mr. Chairman, if I could ask the minister just two or three questions. I'd like to know the role the food processing development centre is going to have vis-a-vis the companies themselves. I presume there obviously will be arrangements where some of the work is done by meat processing firms, and that there's going to be a co-operative arrangement between these firms; as an example, a cheese plant and the centre. I'd be interested in just how the government proposes to work that out.

Then the small amounts of products for test marketing: it seems to me that the question of test marketing is a

very important issue, and I'd be interested in what the minister has in mind there. Because as we develop new types of food products, marketing is an important element.

Third, Mr. Chairman, is the question of whether the development centre is going to be restricted essentially to testing and creation of new food products and the processes, or whether we're going to be looking at the overall question of marketing throughout the continent, and whether any guidance will be given to the department — ultimately I suppose, but also to the companies involved — as to the types of products that would have market potential, for example, in the United States or other parts of the world.

MR. SCHMIDT: Mr. Chairman, trying to reply to the questions the hon. member has asked, I guess one could say in a very general way that it is our hope that perhaps the food processing lab will perhaps come up with the answers and solve most of the problems that have existed, do exist, and hopefully will come up with some of the answers that will exist in the future as we go into processing to a further degree than we're doing now.

I guess flexibility has to be the answer to its use. That's why we felt that the availability of the lab itself should be on a free basis at the present time. Of course, that meets the criterion which we feel is some of the problem at the present time. Smaller companies, smaller firms, perhaps do not have the financial resources to go into the depth of research from their point of view than would exist here, where they would have the opportunity to come collectively with their product. Of course a cost to them would be involved, but not from the actual application of the lab itself. The flexibility that the lab will provide for us might be indicative of the equipment to be placed in it so it will give us a degree of flexibility.

Just to touch on some of the areas we hope will have the availability of the lab and come up with some of the answers — we don't have a comparable facility in western Canada to that degree, so we can't really draw on anything, but some assumptions can be made. We feel that because of the livestock and meat industries and their importance in this province, they may be the first to utilize the lab to a greater degree than some of the others, which we feel is understandable. So we feel there's a possibility through meat processing, and meat processing has to include all the poultry aspects as well. So it could go to everything from the process through some of the waste materials that are now disposed of.

It should go into and could meet some of the research that goes into storage, whether it be fresh storage or in the processed area. Systems of tenderizing — I'm sure we've all read [about] some of the new tenderizing methods, the degree as to what success comes from them, that type of thing, whether it's tenderizing from the use of electricity or otherwise. But the facility would be able to take care of some of those aspects.

Flaking, extruded meats, distribution systems to try to upgrade shelf life as it exists. For those of you who have had the opportunity to see the Canada Packers boxed-beef plant that opened in Calgary, shelf life is increased because of the system of handling. It was rather interesting, the interest that's shown in what one, two, or three days of shelf life can do to the hamburger industry, when you talk to people like McDonald's and others that handle large volumes. The cost is a minor aspect if you can increase shelf life. So we feel that's a major one.

Dairy products: of course we'll cover just about every

aspect of dairy. There are by-products which we now find difficult to dispose of. I'm talking about whey starters, some of the spreads, recovery systems for whey in the cheese industry that is now, in some areas, causing a problem to get rid of. It may be an advantage to us to utilize some of the work that's done there. We feel the testing and work done on low-fat cheeses is an opening. And the degree one can go into the vegetable/fruit prepared food formulations is just unlimited.

The lab itself would have the capability of going into vegetable oils over and above what is already being done on a joint basis with the research in the use of vegetable oils in Saskatchewan, not only the use of oils but upgrading beyond that where we go into salad formulations, mayonnaises, and also back to the stability, the life span of the product that deals with vegetable oils.

A facility that one often misses: the plant itself will have the capability of looking after all the baked goods and cereals. It will be equipped to take care of those areas which we could go into: all the meats, meat pies, formulations of breads, some of the finer pastries, frozen doughs, pasta products. I'm sure there's a lot of expertise in some of the smaller companies throughout the province, just standing by waiting to take some of their own pet products and go further with them.

The area of honeys, sauces, and syrups: of course Alberta honey is known throughout the western world, has a terrific future, and is one of the main products of which northern Alberta is a major supplier. There are some alternate uses that honey can be put to. There's also involvement in sugar beet manufacturing in the southern part of the province. Once you do some work and provide some research in products that perhaps we are doing from a production point of view at the present time, production may be increased to some extent, if we can create some new products and new markets that go with them.

There are some special product areas that deal with all the poultry products, not only the meat aspect but in drying some of the egg products, whether it be powder or otherwise. We feel that the province, western Canada, the western United States, and perhaps all of North America lead us to a market that has been untouched; that is, the ethnic market which uses specifics in some of the products which we grow, but we fall short in the preparation. Perhaps this will give us the opportunity, that does not exist at the present time, to meet some of that market.

There are prepared mustards. We produce the raw material; there's really no reason we shouldn't complete the job, finish it right down to the upgrading of the bottled item, and place it on the shelves as an Alberta product.

Beans, bean sprouts, a lot of the legumes we grow — and of course man's choice and changes in their use — provide us another outlet of an area we should perhaps be looking at. There are certainly others, Mr. Chairman, but [this] will give you an indication of the broad spectrum the food processing plant will have the physical capability to handle, and of course the opportunity not only for industry but for universities and research teams that wish to utilize the basic equipment itself. So it should truly be a centre of research that's tied mainly to all aspects of agriculture. We're looking forward to its opening. In the chats we've had with industry, they're very pleased and looking forward to its use. I'm sure that on opening day we will have all kinds of applications from various firms that would like to be the first to get some of their products off.

MR. NOTLEY: Mr. Chairman, just to follow that up if I can. Is the minister in a position to outline to the committee how many people will be employed by the centre when it's in operation. Obviously we're going to have to seek out some pretty competent people, and I'd like some idea of the kind of qualifications we're going to be searching for.

I'm also interested in the relationship between the companies and the centre. I can appreciate that if you're going to have research done, there has to be a very close working relationship. Will contracts be signed between, let's say, Canada Packers and the centre, or a cheese factory and the centre? How are we going to work out the arrangements in terms of the research? Those are specific questions, but I would like to have whatever information we have to date given to the committee.

MR. SCHMIDT: Mr. Chairman, from memory I believe the staffing will reach seven at peak; in other words, seven will be the maximum in regard to the permanent staff itself. There will be three professionals and one technical position that will serve the industry in both the food research group and the ag. processing development branch. One of the professionals would be designated as the pilot plant manager, and all four would be part of the corps of technical employees associated with the centre itself.

Two years following the completion of the centre, they feel there would be three additional professionals and four technicians. They would generally meet a specialized group that would perhaps be in the area of meats, dairy, and vegetables — three clerical positions, and a movement of technical people that would perhaps come with industry or may be related to a specific product on a very short term, that would be in with the project and out, of course, on its completion.

Mr. Chairman, I'm not too sure, nor would I wish to pass comment at this time, as to what contracts are signed, other than I do know there has to be some basic legal tie between the lab itself and those who are making use of it. I would be pleased to report later as to how it would be done. At the present time, I have no information as to how tight the agreements signed would be or what agreements and to what degree in regard to industry and government as it deals with the lab itself. But it is our feeling that the lab is going to be there because of the industry, and we recognize there has to be a legal tie on both sides. I imagine it would be up to and including the norm, but I could report back, Mr. Chairman.

MR. LYSONS: Mr. Chairman, I'd like to compliment the minister ...

MR. CHAIRMAN: The hon. Member for Barrhead, followed by the hon. Member for Vermilion-Viking.

MR. KOWALSKI: Thank you very much, Mr. Chairman. Several comments to the Minister of Agriculture with respect to the food processing development centre. I think there can't be any disagreement in the House with the concept of it. It's very positive, and a great extender of our whole processing policy within the province of Alberta.

I wonder if the minister might comment and react to three questions I have. I'm not sure if he clarified the opening date for the food processing development centre. Second, has the minister, his department, or his officials looked at guidelines yet which might be issued to individ-

uals throughout the province so they might understand completely how they can go about utilizing the food processing development centre? It seems to me that larger firms or corporations that might be located within close proximity to the centre would avail themselves of the opportunity to use it. But I have some concern as to how a small abattoir located 100, 150, or 300 miles away from the centre might really feel comfortable with access to the centre unless it had some documentation or information that would allow it to follow a process in utilizing the people, staff, and facilities at the centre.

The third question deals with something that I think really fits into the area of marketing. Alberta produces and processes various amounts of quality food; however, there's no identification logo on much of this food that emanates from Alberta. I find it a little disturbing and perhaps even insulting when I go for breakfast at some hotel in Edmonton and get a portion pack of butter and look at the portion pack and it's produced in some other part of the country, when we know full well that Alberta can produce butter. It may not be a very big thing, but it is of concern to our dairy farmers in Alberta that there's no logo on many of these small portion packs which can clearly identify that this is a quality Alberta product. So my third question to the Minister of Agriculture is: would officials and people associated with the development centre be giving some thought to advocating or advancing this identification of Alberta food products that might be developed or processed through the centre itself?

MR. SCHMIDT: Mr. Chairman, there's no doubt in my mind that the use of the food processing centre and the upgrading of products by companies on completion of work done there, is going to strengthen and perhaps even be a prerequisite of an Alberta product label. We have some excellent products of quality, and it's surprising the numbers that exist that I'm sure many Albertans are not aware of. I challenge each and every one of you to stop over in the department. We have some store shelves set up there with Alberta products on them. It's quite an educational tour.

Packaging is one of the more difficult aspects, for two basic reasons. First of all, packaging for the upgrading of Alberta products is not new, of course, but the number of products we have for export has been increasing over the years, so we really start from a scratch position. Labelling — and I now tie closer to meat products, because we've perhaps been in the meat processing business longer than some of the others. Individuals and companies involved in the packaging, processing, and export of their basic product, find that to meet the labelling requirements, if we go to total labelling, it has to be done in both English and French. There appears to be a non-acceptance of that proliferation of labelling in some areas where their markets exist.

In many cases the product itself now carries a particular label by the manufacturer that indicates its place of origin; in other words, an Alberta product. It's usually done by the retailer. As we become more proficient, more challenging I suppose, with products with which we're going to be openly in competition with other products throughout Canada and North America, I can see where it's going to be almost a must, if you're proud of the quality you produce and certainly we are in this province that the labelling will almost become compulsory right across. At the present time, we have done some work in labelling but haven't achieved a total following of all agricultural products produced here, and some are ex-

ported, that carry the Alberta label.

It's interesting to note that someone raised the question of Alberta meat, and of course Alberta meat is recognized throughout the world as being tops. Because I happened to see a very small box of beef sitting in one of the air terminals, I asked a chap whether we could not have Alberta beef labelled similarly. The chap was not an Albertan or a Canadian. He said, you don't have to label your beef, taste it. If it's good, it's Alberta beef. That's a plus, but the time will come.

How are we going to make the food processing lab and what it's about to achieve available to all those who should avail themselves of it on completion? This year will give us the opportunity to complete the planning and to start. It's our intention to carry out a small brochure outlining what is available and what the food processing lab can do for you. Of course it will be centred on and sent to people in processing in one degree or another. Size is important. The food processing lab should and will cater to the small abattoir you mentioned, that has a product to upgrade and sell. The responsibility will certainly be on us to let all those in Alberta know, who we feel should have that opportunity. We will provide that information to them. It will give us the opportunity this year, in the year of planning, to provide that information so that on completion of the building — we should be in operation in 1983-84 — they will be very familiar with what the facility can do for them and of course would already have made some plans and perhaps even made an application for a space of time.

So we intend to accept that challenge because without the individual who is involved with the processing and upgrading of our products, of course, the lab will not be able to achieve what it's basically designed for.

MR. LYSONS: Mr. Chairman, I would like to compliment the minister on his decision to locate the lab in rural Alberta. I don't have a great deal more to say than that, but I think it augurs very well for his attitude in decentralization and putting rural Alberta on the map.

Thank you.

MR. BATIUK: My question to the minister is much on the line of that of the Member for Barrhead. I recall back in 1972 or '73 when I tabled in this Legislature a package of butter and a package of jam. At that time my concern was that the butter was labelled "Quebec", and the jam was from Portland, Oregon. At that time, the Minister of Agriculture, Dr. Horner, said the big problem was that there was no packaging in Alberta, and that was the only problem. I was wondering whether the minister could advise whether there are any firms in the province already?

I was also advised at the time that it may be a good opportunity for anybody interested in the packaging business to go the Alberta Opportunity route and get assistance.

MR. SCHMIDT: Mr. Chairman, we do package many products in the province, and of course the packages vary with the product one is trying to promote. In some instances the same basic product may end up in two or three different forms of packaging, depending on the area of export the product is sent to. That is perhaps one of the side industries that will grow quite rapidly when upgrading takes place here in the province. The packaging systems that already exist, as we upgrade them, plus the interest shown by the offshoots of the petrochemical

industry in plastic packaging, whether it be in tub or bag form, certainly have a future in this province.

MR. BRADLEY: Mr. Chairman, I just want to congratulate the minister on developing this type of food processing facility in Alberta. I think this development is an example of how the Alberta Heritage Savings Trust Fund can contribute to the strength of a primary industry in this province. I think food processing will provide a lot of opportunities for Alberta in the future, and this particular food processing development facility will provide that opportunity to us. I congratulate him for bringing it forward.

[The division bell sounded]

MR. CHAIRMAN: Don't get alarmed, I just had my knee on the button. [interjections]

Are you ready for the question on Vote 1?

Agreed to:

1 — Food Processing Development Centre \$830,000

2 — Farming for the Future

MR. CHAIRMAN: Any questions or comments on this vote?

MR. R. SPEAKER: Mr. Chairman, would the minister like to comment on the changes, or is this sort of a continuing vote?

MR. SCHMIDT: Mr. Chairman, the change in Farming for the Future, and I should say "for the future" — you noticed just a few minutes ago that agriculture rang the bell. It's most important that we look to the future and continue the funding.

The \$10 million Farming for the Future announcement got under way actually doing and accepting research projects two years ago. The first year, 56 projects were received and funding agreed to under the program. The following year another 30-plus were added.

One must remember that some of the projects presented are not a one-year type of budgetary request when they're made. They're ongoing programs of research, and some will come to a close after two years, some three, some five, and some of a much longer term. In recognizing that if you accept a research program, you also accept responsibility for the ongoing funding. The increase, of course, from year to year due to natural inflation is a factor. The Farming for the Future program with the original \$10 million has been so well received by every aspect of agriculture across this province that there are a number of worthy projects in the wings waiting for further funding.

On a sort of rough base, if one were to accept new projects for an amount of approximately \$1 million each year and if the total research program were to continue, for every new \$1 million project you accept, we'll say for this year, you will have a carrying factor that will escalate from year to year because of the number you accept. But if we accept \$1 million of new projects in 1982, it will take not quite \$5 million to meet the funding of those still ongoing, which of course received the blessing of the committee in the two prior years. Of course the natural inflation factor has to be added. That would roughly be \$0.5 million. The balance would come for those that complete each year. So it would still be somewhere in

about the 1 to 5 progression: for every million you accept, basically you are financially tied for about another five. That's the basic reason for the continuation. We feel that Farming for the Future should continue. If it is to do so and meet the requirements the original program was set out to do, then it will require the additional funding as set out.

Incidentally, of all those who made application for close to 90 projects, four have been completed. That would give you a rough idea of the ongoing commitment to those still in the process.

MR. R. SPEAKER: Mr. Chairman, to the minister. I haven't had the opportunity of reviewing the list of research projects. Would some of those projects be co-ordinated with some of the private companies doing research, such as in terms of chemicals, let's say Avadex or Treflan, various things like that. Is there co-ordination of that kind of research, or is that type of research involved in any of the projects listed?

MR. SCHMIDT: Mr. Chairman, in the physical make-up of Farming for the Future, we feel the members that represent the various aspects of agriculture give us that broad coverage whereby applications for research that are accepted are not in any way a duplication of something that is ongoing federally, within the province and, to an even greater scope, in western Canada. There may be similar types of research in a particular field, say livestock, maybe in the sheep industry, but the end result would achieve something different. There might be a tie that close, but we feel that in research in total, neither any government nor agency of the private sector should be in competition with one another striving to gain information through the area of research, unless we're talking about upgrading products that are basically owned by individual companies. But if we're talking of research in a broad way, we feel we have that coverage federally, provincially, and within the industry itself, so that in many cases we are working together on projects and sharing the end result. Even though the part of the funding accepted under Farming for the Future shows as the commitment here, the end result would be a sharing of the information.

Mr. Chairman, I would make available to the hon. member the latest update that establishes by individual program those areas under research at the present time, where they are being conducted, and the funds that have been earmarked for each. If you look randomly through those various institutions: University of Alberta/Agriculture Canada, Lacombe, co-ordination with province-wide program; Agriculture Canada, Melfort, Saskatchewan — that type of co-ordinated research. Hopefully with the Research Council, we have that overlay so we don't have either competition or repetition.

MR. R. SPEAKER: Mr. Chairman, to the minister. I really appreciate the willingness to give me the information the minister has at his disposal. In choosing projects submitted to the committee, is any part of that research fund allocated, say to university graduates who may need the opportunity of new experiences in research, where we do a little more risk because the experience level of the person may not be there but maybe the capability is? Is there any kind of focus in the program that not only does research for the future but develops researchers for the future?

MR. SCHMIDT: Mr. Chairman, I'm not sure just how to answer that. I am sure many individuals involved in the research projects the hon. member refers to would not only be achieving the goal of the basic research, but that particular aspect of learning sort of on the job exists. To my knowledge, we have no special program available just for a learning pool where someone can sort of get into a research atmosphere. We have atmospheres where there is ongoing research where the individuals have that opportunity to join. So in a way I guess we are meeting that obligation and of course individual needs, goals, and direction, because some are interested in one aspect of agriculture and others will branch off into the field of their choice.

Just to cover a very broad section, we have eight research categories in Farming for the Future, which cover crops, livestock, account for all the grains and oil seeds, forages and special crops, plus the ruminant and non-ruminant side. Then we have apiculture, entomology, transportation, processing, marketing, land use, and soil capability. We have special committees that sit on each of those, and of course the applications received are categorized by the areas they fall into. On many occasions I have had to sit down with the committees themselves when they go through their selection. The system and the homework done by the people on that board in the selections they make are absolutely amazing. It's an excellent way of going. I was very, very pleased and surprised at the amount of homework every one of them has done long before they ever get to the meetings themselves.

One of the hon. members who sits on the board may wish to add a comment. But I'm more than pleased with the members who make up the research group, who have the very difficult task of picking and choosing those areas and trying to keep that balance so that research is reasonably balanced and not heavy, say, in the soils end and nothing in the livestock end. It becomes rather difficult. I'm sure it takes a lot of work to separate the number of requests we received, to make sure there is no duplication of what already exists and whether some of them could be combined and resubmitted. They're doing an excellent job and I'm very pleased with them.

MR. CHAIRMAN: The hon. Member for Macleod.

MR. R. SPEAKER: Just a final supplementary to this last question. Do you see, as one of the outcomes of this activity, that we're developing a research component in Alberta. I'm not just talking about young people gaining experience; I'm talking about a research component, maybe within the private sector or within government, that we're developing a pool of people who just didn't exist in Canada prior to the implementation of this program?

MR. SCHMIDT: Mr. Chairman, perhaps I could answer it this way. I had the opportunity to [attend] a sod-turning ceremony in Olds for a California-based company that was building a plant there. The president of the company commented that he was absolutely amazed at the research going on in the province in all sectors. He was so pleased with that research aspect here, and agriculture is just one part of it, that he said as soon as they were established, they were seriously thinking of following [with] their research establishment, which is based next to their firm in California. He thought this would be the place to move any part of their research to fit into the overall feeling of research and commitment made in this

province. So I guess in a general way: yes, we are building up a terrific expertise of people getting into the field of research. I can only see Alberta perhaps becoming the home of a lot of good, sound research scientists. Yes, I think so.

MR. R. SPEAKER: Mr. Chairman, sorry to delay the question of the hon. member. One concern I had with regard to the oil sands, oil sands research, and the development of very knowledgeable and skilled people was that we developed professionals, particularly in engineering, and after we developed this pool of people who could have provided information to various oil developments all over the world, many of them relocated to the United States. So the wealth of knowledge we developed here in Alberta moved into the United States. I'm sure we're both aware of the company I'm talking about.

I see that we're starting an excellent project. We're creating a pool of people who will have knowledge and will, I'm sure, benefit the agricultural economy and social system of Alberta. In the minister's planning and policy-making, I was wondering if he would consider some type of deliberate action or directives in the program to assure ourselves that whatever we can do — and I understand there are some limitations — to maintain the residence of those professionals and research people in Alberta I think would certainly be to the benefit not only of Albertans but Canadians. We can get world recognition for that type of thing.

MR. SCHMIDT: Mr. Chairman, I guess I would have to answer the question this way. One hates to see the loss of capable people who are knowledgeable in research. Usually their moves are made because of a commitment to them as scientists. It's a matter of funds available for research. I suppose it's like everything else. Pipelines draw pipeline welders. Research on an ongoing, continuing base where there is a long-term commitment both financially and otherwise, has the option to draw and keep good, sound people who will head to an area where they have the opportunity to work collectively with their counterparts in research.

We in Agriculture feel that we're — I shouldn't say beginners in research, because every farmer is a research scientist and has all kinds of odds and sods hidden somewhere that he has experimented on. Of course, many of his winners are operating in the fields, in the area of machinery. Yes, the commitment [is] ongoing. I believe our commitments in this day and age are small project-wise and may not draw the class of researcher you would be talking about on a particular program. But collectively, if our commitment both in nature and financially is such that agricultural research will be an ongoing commitment on behalf of this province, then I think you will find people will gravitate here who are interested in either starting and carrying on a future in the research area in agriculture, in whatever field of agriculture they are interested in. As long as we can provide the opportunity, challenge, and research funding, those individuals will be here. So I guess it's a matter of commitment to research and following it with the necessary funding if we wish to attract and keep those people.

MR. FJORDBOTTEN: Mr. Chairman, I have become more and more aware, from being on the Agricultural Research Council, how important that particular facet of what we do in government is when you consider the objective stated in your booklet: "agricultural research

with the aim of assuring the long-term viability of agriculture" and improvement of the net incomes of farmers. I think that's something the main thrust of the Agricultural Research Council really makes clear when all the different committees sit down and review projects.

I think the program committees work extremely well because they're broken up into the different areas. The producer representative on those program committees makes sure the research has some practical application. I think it's probably good for members to know that the funding is different for each committee, depending on the percentage of income generated within the province in that particular sector. So it's very fairly distributed.

The other night I heard that one-fifth of the cattle produced in North America are produced in southern Alberta. I think that's a pretty significant number. We could do a lot more and are doing more, trying to sell that beef in other areas. Whether it be packaging or whatever with that beef, I think any money we spend on research in that is really more than worth while.

One other point I'd like to make is that the federal government has pulled out of a lot of research and left it hanging. We have picked up some of the parts of those research projects that might have special effect for the province of Alberta, to make sure that research was going on. I was pleased that we're now going to the weekly papers to advertise for projects, Mr. Minister, rather than the previous way of doing it. I think it gives far more opportunity for researchers in Alberta to be aware of the program and make those applications.

One other part I think it's important for members to know is that there has been a change from the committees just sitting down in a room in Edmonton or wherever it might be and looking at the paper from a project, to getting out and looking at what's happening with those projects, watching them develop, and being able to make a more knowledgeable decision on whether more funding should be put in there.

One other comment I'd like to make is that since the federal government has pulled back on agriculture, and agriculture being is so important in this province, I hope that in the future all members will be very supportive of more funding for agricultural research. Some of these projects are going on in such a way that you run across something when they're researching that will be of great benefit to us, that really wasn't the aim of the research project when it started and something we should continue on. That's why more funds will probably be needed at times.

Mr. Minister, I'd like to make one other point while I'm on my feet. I'm a firm believer that it's fine to have applied research and some way you can put it to work to increase net income for agricultural producers. But I think it's important to have a little piece of something that you really don't have to designate, if you have something you really want to try. I would suggest probably 5 per cent or something, so that if there were a special project that was important to the future and that we couldn't fit in somewhere, we could do that.

Thank you.

MR. KOWALSKI: Mr. Chairman, I'm not sure if the minister commented on the average size in dollars of the research projects that have been undertaken under the Farming for the Future program, and I wonder if he could perhaps give the Assembly some information on that. I'm also pleased with the comment he made in response to the question of the Member for Little Bow,

with respect to the fact that most of our agricultural producers are agricultural researchers by the very nature of their business.

I wonder if he could clarify for the Assembly the type of applicant this program has been receiving. Do the applications generally come from people with an academic background in research, or do they come from individuals already working in a processing firm? I raise that because my concern is for the individual. The Member for Macleod, in the last several minutes, stressed the point that there are a large number of individuals in this province who are producers, stay at home, have an idea, and of course their dilemma is how to translate that idea into a conclusion. Research programs of the type we're talking about would of course be of great benefit to them, if there is a mechanism whereby they can take an idea and say, look, can I hire somebody, or can I have somebody work on my behalf to bring that particular idea to a conclusion? I certainly endorse the recommendation the Member for Macleod just finished making, that perhaps a certain percentage of the total fund should be dedicated to assisting that kind of research-oriented individual.

The third area, just for clarification again. The Minister of Agriculture went through and indicated, I think, eight categories of research that are being looked at. When I look at the statement in the document, where it says "Implementation", it has several words, and perhaps these are just general statements: "... approves projects for funding in any of the following categories ...". I would like a clarification if the phraseology "in any of the following categories" might exclude several types of agricultural research which are not listed, and I would just throw out three examples: one, bees and research in honey, and perhaps even research in mead; a second area would be the rabbit industry, it's not listed; and thirdly, the whole business of juices — fruit juices, mineral water, and the like.

The last area I'd simply like clarification on deals with the advertisements that were placed in papers in Alberta last week, inviting submissions for research projects, and to have those submissions in, as I recall, by December 1 this year. I'm wondering, if an application were to come in after December 1, whether or not it might be reviewed and considered for funding in the next fiscal year.

Thank you.

MR. SCHMIDT: Mr. Chairman, first of all the description of the categories that would be accepted may indicate that we miss somebody. But you can rest assured that they would accept an application for anything from a three-legged chicken to rabbits. I'm not sure they would all be sponsored, but to my knowledge they certainly have never turned down an application.

Just grabbing the book and thumbing through three pages, the size runs from about \$4,500 for a research project, up to \$121,000. The majority are in the bracket from \$20,000 to \$35,000 to \$50,000. I glance down at the research managers listed against each project. Out of three pages I see one doctor. The managers, those people who make application, are not tied — I'm not sure what the percentage would be between what we would consider people who are, say, producers in agriculture who present an area for research and carry it out themselves. What I'm trying to say is that it's not a criterion of the application that it has to be either by an academic or someone who deals directly in a particular field of research — applications from every walk of life. Incidentally, the

beekeeping industry is well represented and has been carrying on many, many projects under Farming for the Future. In fact, Farming for the Future wintering of bees in this province, very difficult, is now a normal practice; the building of the one and only defumigation equipment, done through Farming for the Future, deals directly with the industry just in northern Alberta. So in general: no holds barred, and size varies and would lend itself more to projects that would fall somewhere in the \$50,000 bracket.

MR. CHAIRMAN: Are you ready for the question on Vote 2?

Agreed to:

2 — Farming for the Future

\$3,500,000

3 — Irrigation Rehabilitation and Expansion

MR. MANDEVILLE: Mr. Chairman, if I could pose a question to the minister regarding the grant portion of this vote. I was just wondering: as far as the irrigation districts are concerned, does the department have any guidelines on where they can spend this money? Can they spend it on internal storage? How do they make application? Are there any priorities as far as the department is concerned, or are the grants left up to the irrigation districts themselves to put the projects into the department for approval?

MR. SCHMIDT: Mr. Chairman, first of all I should say that the water management program that was announced jointly by Agriculture and by my colleague the hon. Minister of Environment, set the new program for the irrigation districts for a 15-year water management study, Agriculture's portion of that 15-year commitment being a five-year program establishing \$100 million for upgrading and, secondly, establishing the sharing arrangement at 86 per cent — 14 for the irrigation districts. So it was a continuation of a program that was announced some time ago, of which Agriculture's amount was \$80 million for upgrading the irrigation districts throughout the province. That number now changes to \$100 million and, as I stated before, establishes for the irrigation districts the sharing arrangement which is established for the next five years.

If the program is stated from an Agriculture point of view — our responsibility and our support, and of course recognizing the need to the irrigation districts — the flexibility of the program allows that our portion of responsibility lies in the upgrading of the existing transmission of water; in other words, the ditches, the connecting ditches, and the related works that go with them. In a broad way, the storage part falls entirely within the ambit of the Department of Environment on a much longer 15-year program. Agriculture's commitment is on the 15-year base, but five years at a time, to be reviewed at the end of each five years, for two basic reasons: that review would give us the opportunity to look at the shared arrangement, whether those percentages of 86:14 should remain or if they should be changed; secondly, it gives us an opportunity to review, in conjunction with the districts, the future needs in upgrading in both dollars and cents, and the physical aspect, what they're trying to achieve.

Flexibility, from the point of view of the hon. member's question, Mr. Chairman: an irrigation district pre-

sents to the Irrigation Council its workload for the coming year. I think you mentioned storage. Storage, in the true sense of the word, would be tied with the Environment aspect. The upgrading of what exists in regard to channel improvement, whether it's ditch lining, some of the existing structures that have to be changed, road crossings, valve upgrading: these types of things are all part of the Agriculture responsibility, and would be part of the submissions that were made.

The funds established here represent an amount of money so that the irrigation districts themselves could meet their financial share and could physically complete within one normal operating year. The new program will give irrigation districts the flexibility that perhaps didn't quite exist in the old program, because of course those that were larger and more affluent and that may have had greater needs, could project a very large program one year and cut back the next. Because of the funding arrangements that flexibility wasn't always there. We now feel that that flexibility exists and will give the opportunity for those that wish to make a heavy program one or two years and catch up because they are slightly behind, if that's the case, and then slow down rather than having to bid collectively on a pot or pool of funding. It makes no difference here. We will have the flexibility for them to accept either a greater or lesser share of responsibility in the funding without jeopardizing their future at all.

So from Agriculture's point of view, Mr. Chairman, we feel that the new program fits in well with the 15-year program announced by Environment. At the end of the 15-year program, we will have achieved in this province the upgrading and storage, both onstream and offstream, to provide to this province a guaranteed production of a million and a half acres, a pretty sizable insurance policy for this province.

MR. MANDEVILLE: A supplementary question, Mr. Chairman. At the present time, are any irrigation districts using any of the Agriculture grant for water storage within the district itself?

My second question, Mr. Chairman: are any of the irrigation districts at this time having a problem coming up with their 14 per cent of the 14:86 formula, and don't qualify to get their districts in shape, as do some of the districts that are better fixed financially?

MR. SCHMIDT: Mr. Chairman, in regard to the sharing formula, to my knowledge no districts are finding that 86:14 a financial impossibility. I think the long-term arrangements, whereby irrigation districts know the sharing arrangement, give them a better opportunity to do some long-range planning. To my knowledge, that 14 per cent which is their share is not a deterrent in any program they've established.

As to whether Agriculture has funded any particular storage program, Mr. Chairman, I would have to check throughout the 13 districts to find out whether our funding has been tied to what you consider a small internal storage system. Possibly that is part of the area we have accepted.

I should point out that a small fund will show up on the supplementary estimates which deals directly with irrigation rehabilitation. While we're discussing irrigation, I should mention that under the other system of funding, approximately \$2 million was funded in a different way through the Agriculture budget itself. It was there to allow the flexibility for some of those irrigation districts that perhaps had some planning that they wished to start

and get under way at a period different from when the allocation for their total program for the year was accepted. That no longer exists, nor is it necessary, because the funding available under the vote we're discussing at the present time gives them that opportunity and flexibility from the points of view of both time and finance. We don't see any problem whatsoever in that, Mr. Chairman.

MRS. CHICHAK: Mr. Chairman, there is no question that the hon. minister has in mind to bring on stream very effective and forward-looking upgrading insofar as the irrigation system is concerned. That is the objective of this particular vote.

I did want to make some remarks with regard to the whole concept of the irrigation system we have here. The current system of simply upgrading, in the sense of relining the canals which convey the water or what other improvements are intended for the conveyance of water and perhaps to prevent seepage, perhaps is not adequate for current times and for the future. I say that because in the past I think we have not been so concerned with the amount of water required for irrigation purposes. Perhaps we didn't see that we could make the kind of progress in the irrigation expansion program in past years as a result of recognizing the extensive cost of irrigation and, in the years prior to this past decade, Treasury's not really having the financial availability to cope with a real expansion of the program in the very large area of the southern part of this province.

In my recent visit to other countries with respect to their irrigation programs, we noted, for instance in Italy, that they recognized that after 30 or 40 years of an open ditch water conveyance system there really was too high a percentage of water loss. So as costly as a changeover is, over a period of time they have embarked on a complete change from the aqueduct type of water conveyance to one below ground, enclosed in pipe so that you eliminate water loss through evaporation and other means. As the country expanded its irrigation program in order to become more self-sufficient in various food productions, they have found that although the costs would perhaps be considered uneconomical for the short term, on a longer term basis they would certainly bring substantial returns.

As well, as we very well know if we look at our past information, Israel was totally a desert area where the water supply was very minimal or almost non-existent, and therefore food supplies imported from other countries were relied on. Their very advanced technology in the management of their water distribution system is so refined through their computer technology that they have been able to irrigate and make productive a substantial area of their country, to the extent that they have become self-sufficient in many products of their food supply. I think that's extremely important.

We may say: well what relationship does that necessarily have to our province, because we don't have the kind of extreme difficulty or shortage of water that a country such as Israel does? I think we are coming to the point where we will face the same kinds of shortages. I say this for a number of reasons. I think that in the past we have not really progressed very far in the area of irrigation in comparison to the number of acres that really need it, that were in the belt of our province where the climate was such that there really was a need for irrigation because natural supplies of water, through rainfall or river systems, were just not there.

If we are to expand and fully utilize or make productive a large area of land, not only in the area of grains or

with respect to beef, livestock production, and so on, but with respect to vegetables, to table foods — I think we've started moving in the direction of increasing production of table foods. The consumer relies very heavily in table food supplies, in vegetables and greens, on the import. As a result of that, our prices are very dependent on the economy of the nation, on our dollar value as it compares to other countries. Because we substantially rely, almost on a year-round basis, on import of foods. I think Alberta can take the lead in expansion of development of table foods production. This certainly has to be linked to the kind of irrigation we have available and the efficiency of utilization of water.

Mr. Chairman, we have had debate in this Assembly with regard to consideration of perhaps diverting our water sources from the northern part of the province to the south. Then, of course, there has been great concern about this diversion of water, as well there should be. Because it seems to me that before we divert water systems from one area of the province to another, we should make sure we have put in place systems that will utilize with efficiency the water in the area where it's needed.

Mr. Chairman, I would just like to say to the minister that with the substantive funds that are being made available under this particular vote and under the new expanded program that has been announced from the Heritage Savings Trust Fund capital cost allocation, perhaps before we just go ahead with making basic improvements to the system we have, we should really examine whether in fact some of the system ought not to be changed substantially, if not on overall expansion, at least that we designate a considerable amount of these funds to start a kind of system, perhaps in a new area where expanded irrigation is being planned. Rather than just extending and expanding the existing systems, perhaps we should look at some new, better, and more efficient system being put in place to redirect and help farmers consider a new area of farming, which could be extremely lucrative, keeping in mind particularly the production of table food items, where we do such a heavy import not only from other provinces but from out of the country.

Thank you, Mr. Chairman.

MR. BRADLEY: Mr. Chairman, I'd like to congratulate the minister on the expanded program which his department is undertaking for irrigation rehabilitation. This has been one of my premises. My approach to water management is that more funds should be expended in this area to upgrade and rehabilitate existing systems in southern Alberta, and this commitment of funds is most welcome.

I do have one question for the minister. I understand the current cost-sharing arrangement between the irrigation districts and the province, the 86:14 formula, was a commitment for an initial 10-year program. Has the minister any plans to review that 86:14 formula at the end of current commitments?

The other question I would like to ask him, in terms of increasing the efficiency of water use within our irrigation systems, is whether consideration is being given to metering of water to individual irrigation farms.

MR. SCHMIDT: Mr. Chairman, first of all, the 86:14 sharing arrangement is established and will be in force for the full extent of the five-year program. We have agreed that we would sit down and review the cost-sharing formula at the end of that five-year program. If a change

were to be made, it would be made at that time. Of course, the 86:14 was a sharing arrangement under the original program and wasn't basically established for a period of time but was negotiated annually, which at times was both time-consuming and made it difficult for irrigation districts to make any real long-term planning in regard to their financial commitments. So there are many pluses for the five-year program, but it will be reviewed, as will the total Agriculture aspect of the five-year period as being part of our commitment to the total 15 years but will give us that opportunity for review.

Mr. Chairman, I would just like to go back and touch on one other point that was mentioned, to clarify that the Agriculture portion can be used for internal storage on both reservoirs and streams. If you're talking about on-stream/off-stream storage on a much broader basis, that's been part of the total water management program of the Department of Environment for 15 years.

Was there one other question?

MR. BRADLEY: The metering.

MR. SCHMIDT: Oh, the metering. We've had the opportunity to discuss with the irrigation districts themselves — all water users are interested in utilization, and metering is part of that, so we have some opportunity of keeping track of the use or, in some cases I suppose, misuse of water. I think metering will perhaps be a general type of approach as we go on with the upgrading program. It hasn't been a firm stipulation. But we have the opportunity to meet with all the irrigation districts on an annual basis, and it has certainly become one of the topics of discussion. I think will play a big part and perhaps fit in as we go along with upgrading the system to make metering more physically capable. Secondly, I think the acceptance of metering is almost a must as we go on to the time when perhaps some moratoriums exist; in other words, not taking on any new water users till we can guarantee a future supply of water. That upgrading and the program on which Environment will be embarking will make it necessary for us at a much earlier time to look at total utilization, and metering certainly has to be part of it.

MR. CHAIRMAN: Are you ready for the question on Vote 3?

Agreed to:

3 — Irrigation Rehabilitation and Expansion \$17,107,000

MR. CHAIRMAN: Also in connection with irrigation, we have a supplementary estimate.

Agreed to:

2a — Irrigation Rehabilitation and Expansion \$2,186,000

MR. SCHMIDT: Mr. Chairman, I move the resolutions be reported.

[Motion carried]

Economic Development

1 — New Rail Hopper Cars

MR. PLANCHE: Thank you, Mr. Chairman. Unfortunately, I don't have anything more to report on the

progress of the cars, other than that they have been delayed by some labor unrest. We anticipate that the first cars from National Steel Car will ready around the middle of December, probably concluding delivery of that 800 sometime in March 1981. The other 200 will be coming when the labor difficulties at Trenton, Nova Scotia, are straightened around. The difficulty I'm having with trying to allocate money between '80-81 and '81-82 is predicated by the difficulty of forecasting delivery.

MR. FJORDBOTTEN: Thank you very much, Mr. Chairman. Mr. Minister, you answered my first question. The second question I had was, considering that we want to make sure we get maximum utilization out of those hopper cars when they get here, have you looked at some of the problems we could clear up before they even went into service? Fording Coal in southern Alberta has a turnaround time of 95 hours on unit trains to Roberts Bank. I would hope the turnaround time on our orange and blue hopper cars would be about the same. Can the minister assure that that is being looked into?

[Mr. Purdy in the Chair]

MR. PLANCHE: Mr. Chairman, I can certainly assure that it's being looked into, but I'm not sure I can do a lot about it. Turnaround time is a function of the total transportation system, including rail, ports, and the railroad infrastructure at the ports. One thing we are doing is looking at putting them under the auspices of the grain transport authority instead of the Canadian Wheat Board so we can use them for off-Board grain. Of course we'll also put a caveat on them that they're not to be used for export. Hopefully that way we'll be able to have a handle on them, to maximize our control over the cars.

MR. FJORDBOTTEN: Mr. Chairman, I notice that in his response the minister didn't contradict my statement that they were going to be orange and blue. Can the minister respond to that?

MR. PLANCHE: Mr. Chairman, on the issue of color, the Leader of the Opposition totally excited our caucus by the suggestion that they should be painted the Conservative Party colors. Whereas we had something more conservative in mind in terms of a color scheme, still the suggestion excited a great many people, and that debate continues.

MR. KOWALSKI: Thank you very much, Mr. Chairman. I'm very pleased that the province of Alberta stepped into a very important area where the federal government should have had responsibility, but clearly it's forgotten about its responsibility to the Alberta producer and the western producer with respect to grain. This purchase will be very positively felt and accepted by the producers of Alberta and western Canada. But I do have a concern with it, that I want to raise before asking a question of the minister.

I simply don't understand why we have tendered for 1,000 hopper cars outside the province of Alberta. In this case, we had an opportunity to create or at least lay the basis for a new industry in the province of Alberta, that would have manufactured steel components, rail cars; set it up in such a way that it would have been a seed project. It's happening at exactly the same time LRT proposals for expansion are being heard and committed to in the city of Edmonton, and at the very same time as the city of

Calgary is also looking at the development of an LRT system. In both cases, there's going to be the need for very, very costly expenditures in buying sophisticated rail stock and rolling stock. I'm concerned about that, because I think we may have missed an opportunity here to create a new industry for the province of Alberta.

My question to the minister is, why were these contracts not dedicated to a firm in Alberta? I simply don't know why we continue to create jobs in central Canada at the same time these people are determined to continue going on screwing us.

MR. PLANCHE: Mr. Chairman, I'd like to answer that question in two ways. First of all, there is no real similarity between light rail transit vehicles and commercial commodity rail cars. The commercial rail car, such as the hopper car — first of all, from talking to people who have investigated the possibility of beginning an industry here, my understanding is that an order of the magnitude of 1,000 cars is not many in terms of economies of scale. The fact is that the major manufacturers are fully integrated steel people. They have the ability to supply wheels, axles, trucks, and springs. They put whatever is necessary on top of those to sell the components beneath. In the case of Alberta, we would not only have to put on the top of the cars, we would also have to buy springs, axles, and wheels. So in an ongoing way it wouldn't be particularly attractive, in view of the intermittent orders placed here and the fact that we don't have a fully integrated capability.

We get very interested in the kind of operation that has a natural advantage being here, that doesn't have the prospect of having to be buoyed up by government funds at some later date in order to sustain employment. The issue of LRT cars is altogether different. In my view, it does afford an opportunity for Alberta. Within that context, we're examining it very carefully.

MR. DEPUTY CHAIRMAN: The hon. Member for Grande Prairie.

MR. BORSTAD: My question's been answered.

MRS. CHICHAK: Thank you, Mr. Chairman. I want to ask the minister if he would make some remarks or discuss to some degree the matter of the grain car allocation and their usage once they are on stream. As we recall, the province of Saskatchewan had made a purchase as well. What I think would be of value and interest for us in this province is to know how this total, overall allocation will take place. What part does the federal government play in recognizing the kind of rolling stock that is here, and any utilization insofar as any federal government program for transportation assistance is concerned. Will the presence of this rolling stock in Alberta allow the federal government to take the position that whatever rolling stock is available on the Canadian scene need no longer be made available to western Canada or Alberta — that whole area of integration and service insofar as responsibilities are concerned on the part of the federal government under the guise of the national transportation system, and needs and responsibilities, and the provincial government.

MR. PLANCHE: Mr. Chairman, most of the comments I'd like to make are subjective. I would think the position of the federal government in this whole thing will probably be to beat the drum but to contribute very little. The

fact of the matter is that the way railway rates are structured now, the railroads don't accumulate enough capital to develop either a contemporary car fleet or the infrastructure necessary to reduce turnaround times in rail hauling alone. So the anomalies in freight rates will have to be addressed in terms of the overall context of freight economics.

As of this time, the government of Saskatchewan is not prepared to consort with us in an effort to bring to an end the Crowsnest rate anomalies to an end through one means or another. So that half a cent a ton-mile for the tens of thousands of tons of grain that move, will still be necessarily cross-subsidized by other commodities in order to make any sense out of global transport economics.

In terms of where the cars will go, they will come under the jurisdiction of CP and CN on a proration reflecting historic freight patterns. I think it's about 540 to 460 in favor of CP. I could get the precise number for the member, Mr. Chairman. On the issue of who will allocate the cars, we take the position that the grain transportation authority is the desirable mechanism simply because it will free the cars for other than Board grain hauling if a surplus of cars should occur at the same time as a necessity to haul other things. The Saskatchewan contribution of cars, which incidentally as I understand it will now be delivered later than ours, will be under the control of the Canadian Wheat Board.

MRS. CHICHAK: I would just like to ask a supplementary, perhaps a little more for clarification than new comment. With respect to freight rates, I think it is accurate to recognize that to a great extent, they were reflecting the overall cost the railways had in providing rolling stock and all the other costs that go into putting in place and maintaining a transportation system. Now that the provincial government has, let us say, relieved either the federal government or the railways from providing capital to have this additional rolling stock in place, is some mechanism considered that there should be reflection of this differential in the freight rates?

MR. PLANCHE: Under the statutory Crowsnest rate, Mr. Chairman, the rates will continue as they presently are. The issue was, would there be sufficient rolling stock to handle the grain at those rates? I think the contribution of the rail cars is a band-aid to a very much deeper problem. However, it does two things: first, it puts 1,000 new cars into the fleet and, second, I hope it would be by implication an invitation to the Alberta government to participate at the table in this problem in a national sense. The first is obvious; the second is still to come to fruition.

MR. STEWART: Two questions to the minister. Is any consideration given to the backhaul capabilities of these specialized cars, or have any products been found that they could be utilized in this manner? Second, do our present branch-line systems to all parts of Alberta accommodate the capacity of these hopper cars?

MR. PLANCHE: On the issue of whether the branch lines accommodate them, I asked that question, and as I remember the answer was yes. I think I'd rather check that in terms of every branch line, but in general terms the answer is yes.

The adequate usage of cars for backhaul: they will be under the management of the railroad, and therefore that will become part of their system management, which of

course affects their profit and loss also. So it would be in their best interest to move them. As I said before, though, the turnaround time is not what it should be, and the number of vessels in demurrage at the coast is much higher than it ought to be. So it's a problem in total system, and we have to work at it in segments as best we can.

MR. ZAOZIRNY: Can the minister advise the Assembly what consideration he has given with respect to initiating in the province of Alberta the concept of the small business development corporation? For members of the Assembly who might not be familiar with that concept, it has been implemented with a marked degree of success in other jurisdictions in this province, and has provided a mechanism whereby government can provide financial assistance to small businesses, but on an arm's length basis. I'd very much appreciate the minister advising the Assembly whether that subject has come up for consideration in the course of his examination of departmental initiatives.

MR. PLANCHE: Mr. Chairman, for the purpose of the debate today the only thing that seems to be at issue is the hopper cars. The member has introduced a Bill, and it will properly be debated in second reading or in committee.

MR. DEPUTY CHAIRMAN: That is correct.

MR. STROMBERG: Mr. Chairman, to the minister. Even if we have 10,000 new hopper cars here tomorrow morning, it isn't going to help. We've got 35 CP Rail workers out at Revelstoke, effectively choking off grain movements on the CP lines to Vancouver. I understand there are 27 boats nominated for the month of November at the port, and this is going to require 1,200 boxcars of wheat per day. Because of this rail disagreement with their workers, CP is only getting through 800 cars a day, a shortfall of 400. And this is backed up too. Anyone who is delivering grain on CP lines is in a financial bind. You know, the bills have to be paid, the bankers have to be taken care of, et cetera.

I was wondering, when these hopper cars come on stream, if we run into the same situation where we can't get grain out to the coast, whether it's because of labor problems, mudslides, derailment, et cetera, whether we couldn't reroute our hopper cars from the Lethbridge terminal through to Shelby. I think it's a distance of about 60 miles. There's good track there, the Great Northern railroad all the way to Seattle. From Seattle we can come up through Bellingham into Vancouver. Maybe we could even go so far as to sit down now with CP and the Canadian Wheat Board, which desperately wants to sell this grain, to see if we could lease a fleet of cars from Great Northern to reroute through the United States.

I realize there's considerable difference in freight rates between the Crowsnest rate here and the American rate. We'd have to be prepared to make up that difference. But it would be putting some much needed dollars into the farming economy of southern Alberta. It's a little discouraging for someone sitting on a CP line, when wheat was quoted yesterday at \$7 per bushel at tidewater, and barley now going over the \$4 per bushel, and can't get rid of it.

MR. PLANCHE: Mr. Chairman, my brief exposure to agriculture in this portfolio has caused me to be saddened

by the return our growers get almost consistently because of anomalies in law and transportation.

First of all, I'm sure the member didn't mean it was futile to add new cars to the hopper car fleet at this time simply because of a temporary labor difficulty on the CP mainline. But to answer that question, I think it's a useful idea to research. There is the difficulty of presuming, because you have 1,000 cars in the system for which you've ceded the management to the railways, that it necessarily gives you control over the routing of the total system. But I'd be happy, along with my colleague the Minister of Agriculture, to make that representation to the railroad, and I appreciate the comment.

MR. HYLAND: Thank you, Mr. Chairman. The one question asked by my colleague from Wainwright with reference to the capabilities of all the branch lines — I'm wondering if the minister has looked into the possibility if all the branch lines can't hold these steel cars, of any portion of the cars being made of aluminum as are some of the Wheat Board cars?

MR. PLANCHE: Mr. Chairman, we've looked into the use of aluminum cars. The difficulty is that they are more prone to damage and, in that we were having to contract out the maintenance, it simply added to the overall difficulty. The steel cars do have a better life and are less expensive initially, even though used aluminum cars seem to sell for more. On balance our decision, because of our very minimal participation in the total system, was to stay with traditional steel.

MR. L. CLARK: Thank you, Mr. Chairman. My question is with regard to abandoned rail lines. I was wondering if any progress has been made with the federal government to return to the province the ones that have been abandoned?

MR. DEPUTY CHAIRMAN: I'm sorry to interrupt the member, but we're on hopper cars, not on abandoned rail lines, and I don't see the relevance of the conversation.

MR. SINDLINGER: Thank you, Mr. Chairman. To the minister: I apologize if I've missed your comments in regard to maintenance of the hopper cars, but it's my understanding that the maintenance is in the order of about \$1,500 per year per car, for a total of \$1.5 million. Could it please be indicated where the \$1.5 million would come from or who would be responsible for that maintenance?

MR. PLANCHE: I didn't come prepared to answer that, so I'd better take that as notice. We did negotiate a maintenance contract with one or other of the railways, and it was for their account. But I'll be happy to check that.

MR. STROMBERG: To the minister. Has consideration been given to — to give an example, the American railroad system has moved quite a volume of grain by using centre hopper cars. These would be what we refer to as gravel cars or coal cars. They put an aluminum roof over these so-called coal cars and have moved a considerable amount of grain. I was wondering, do we have a surplus of this type of car in western Canada? I think it would be reasonably cheap to put a portable aluminum roof over them and use them.

MR. PLANCHE: Mr. Chairman, I don't pretend to have any proficiency in the economics of railcars and conversions. I know the approach has been made to put temporary roofs over open gondola cars to haul grain. I'm not sure it's ever been done, but I do know the approach has been made and I do know it is an option should other things fail. The difficulty we're facing with grain, it seems to me, is that as a commodity it's been financially departmentalized by the railroad and there hasn't been enough capital accumulation within the statutory rate system to even maintain the cars we have. I think the fleet needs to be 15,000 or 16,000 cars. If nothing were done, at a half-cent a ton-mile they finally wouldn't be maintained and we would be in a steady state of attrition. So the problem remains. A thousand cars didn't solve it. The basic problem of freight-rate anomalies remains, and it needs to be addressed.

MR. DEPUTY CHAIRMAN: Are you ready for the question? Total amount to be . . .

DR. BUCK: I think the hon. member from Camrose has a question, and I have one.

MR. STROMBERG: A supplementary to the minister. Would it be a considerable saving in funds if instead of ordering hopper cars we took the surplus, if there is a surplus, of these gondola cars or hopper cars and fabricated them here in western Canada with aluminum tops?

MR. PLANCHE: At first blush it may very well have initially good economics, Mr. Chairman. But the problem still remains that we're absentee landlords of these cars. We have no facilities, no control over them. We just donate them to the system and hope they'll be maintained and properly used. To add used cars in various states of repair with add-on roofs, I can't respond, I don't have any idea how that would fit into the total economics of it. Perhaps if the attrition continues and nothing is done, we may have to address ourselves to adding more cars to the system one way or another. That is a possibility.

DR. BUCK: Mr. Chairman, a question to the hon. minister that I may have missed in the minister's presentation. What percentage or what proportion will this 1,000-car total be of the entire fleet? That's the first question I have.

MR. PLANCHE: Of the total grain fleet, if you'd accept a rough percentage, it's probably in the neighborhood of 7, between 5 and 7 or 8, in there.

DR. BUCK: Mr. Chairman, a second question to the hon. minister. Some of the discussions we've had with transportation companies — I would just like to know if the minister is convinced that these new cars we're adding to the fleet will be used for more than just storage. The question has come up many times: if we put the cars on stream, will we still do the job of getting them to the port that much more rapidly? In some discussions we've had, it seems that because the turnaround time is so long, many of our cars are now acting as nothing more than storage on wheels. I would like the minister's comment on that point, to find out if we are really going to accomplish what we are trying to accomplish; that is, getting the product to market that much more quickly.

MR. PLANCHE: I think that's a fair question, Mr. Chairman. But again, because we've made this contribu-

tion to the total system, I don't want there to be any implication that that's going to cause them to turn around. If the rates were compensatory and you had a competitive mode, that competition factor may very well cause things to speed up.

We hope that the startling colors about to be unveiled on the cars will cause all members to watch to see whether or not they're on sidings, and that information, funnelled back to myself or through one of my colleagues, will cause us to chide the railroads. Maybe that's what we'll have to do to keep them moving. I'm afraid we're going to have some of that, Mr. Chairman, and we'll try to put all the pressure to bear that we can to move it, but there shouldn't be an implication that we're going to turn the system around simply because we have 1,000 cars.

DR. BUCK: Mr. Chairman, on the startling colors I would like to remind the minister that we are servants of the people. They're not going to be the Tory party's cars, they're going to belong to the people of Alberta. In four years or eight years we may have to change them to red or green or something. I would like to make a small suggestion to the minister that maybe we'd better keep the color impartial, because we may have problems down the road. That's really neither here nor there, but I just feel that the Tory government wouldn't be that presumptuous to think that they must have those colors.

My question to the minister is: is this the final figure the people of Alberta are going to pay for the cars? Is this the figure we've contracted for, and that will be the final figure; we won't be coming back to this Assembly and asking for another \$4 million, \$5 million, or \$10 million? Is this the final figure, Mr. Minister?

MR. PLANCHE: Mr. Chairman, the only difference might be the point of delivery. There is a freight charge from the plant to the point of delivery, and I'm checking on a perception one of my officials has that if we deliver them to a specific point they may more likely cycle around that point for some time. If there is some kind of cost/benefit there, the freight portion could be slightly in excess of what we've asked for, but the figure of 4 million or 5 million is no possibility at all in my view. These numbers are as close to being firm as we can get them.

On the issue of the colors, our initial reaction was that they should be suitable, quiet, and dignified, until the Member for Olds-Didsbury suggested that perhaps they should be Tory colors and that's caused us to waffle on the thing. If we're now getting representation that in fact they shouldn't be Conservative colors, I would also like to take that back to the people who are making that decision.

DR. BUCK: Mr. Chairman, if the minister will go back to the Premier's speech — I wasn't at that convention but I believe the Premier said something to the effect that if you see an orange and blue car standing at that siding and it's not moving, phone my office. Maybe the minister had better go back and check the Premier's speech, because I think something to that effect was said.

MR. PLANCHE: I appreciate that and I'll certainly do that. But the hearsay of our Premier's mention of colors is not anything as finite as the *Hansard* record of his leader's suggested colors.

MR. MACK: Mr. Chairman, to the minister. We've discussed at length the rolling stock and the new hopper cars, and we certainly are glad that they're going to be coming on stream. I am wondering if the minister has had an opportunity to address the question of the equipment that's going to be required to pull that rolling stock, and whether the two major rail companies which are going to be responsible for the movement of grain will in fact have that equipment in place, so we would not have an abundance of rolling stock but nothing to move it with.

MR. PLANCHE: That's an excellent point again, Mr. Chairman. Shortly after the intention to purchase the hopper cars was announced, both railways made announcements of major acquisitions of locomotives. That was some four or five months ago. It left us with the impression that there would be adequate pulling power. The question of locomotion of railcars isn't identifiable with wheat pricing as much as the cars are. So there is some compelling economic reason for more locomotion for a variety of commodities and not necessarily just wheat. So we're persuaded that that's in balance.

MR. SINDLINGER: Mr. Chairman, it says here, "Implementation: 1981-82 funds will be used for the purchase, preservice, and transportation" I took that transportation item to be the freight rate on the cars from the point of construction to the point of first use. From my experience, that transportation charge could be in the order of \$600,000 to \$1 million. The way this reads, it indicates that charge is included in this \$15.9 million amount to be voted. In essence, I'm asking if you would just check that and clarify it for me and the Member for Clover Bar, please.

MR. PLANCHE: I'll do that, Mr. Chairman.

Agreed to:	
1 — New Rail Hopper Cars	\$15,930,000

MR. DEPUTY CHAIRMAN: We also have a supplementary amount to be voted.

Agreed to:	
la — New Rail Hopper Cars	\$32,790,000

MR. PLANCHE: Mr. Chairman, I move the resolutions be reported.

[Motion carried]

Environment

1 — Capital City Recreation Park

MR. DEPUTY CHAIRMAN: Mr. Minister, are you ready to give us some opening comments?

MR. COOKSON: Thank you, Mr. Chairman. Just to comment on the first vote, Capital City Recreation Park. On the turn-down of the acquisition of property, we have a joint arrangement with the city of Edmonton. They do the purchasing, and we subsequently reimburse them the cost of the property. We simply purchase, as private individuals wish to retire. The city then proceeds to make an offer. So the requirement here is basically for further land purchase in the Capital City Park area.

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Any questions or comments?

DR. BUCK: Mr. Chairman, just one short question to the minister, to clarify a point. The minister says this is for the purchase of properties in the existing park at present, and as these come up for sale the department has first call on all properties. What is the arrangement there, Mr. Minister?

MR. COOKSON: As I understand it, Mr. Chairman, the original agreement in 1974 set out the parameters of Capital City Recreation Park, then an arrangement was made with the city. The city takes the initiative towards purchase of all properties as they become available. For example, if senior citizens, or someone, wish to continue to live within the boundaries set out for the park until retirement or whatever, there's no coercion in any way. Eventually, as the original property owners wish to leave, the city of Edmonton has first opportunity to purchase.

MR. CHAIRMAN: Any further questions?

DR. BUCK: Mr. Chairman, maybe just one thing the minister can do for me, and I won't hold the vote up. Is he in a position to pull together all the figures so we know the total cost, as of now, for the Edmonton Capital City Park project?

MR. COOKSON: Yes, Mr. Chairman. It's in the document. The total actual expenditure to March 31, 1980, was \$39,861,000. Since that time, there have been some acquisitions, which include land and some construction work done in the Strathcona Science Park, which is part of the county of Strathcona, and included some seven buildings. Some trails have been constructed. So besides the \$39,861,000, another \$700,000 has been spent during the period from March 1980 until the present time.

MRS. CHICHAK: Mr. Chairman, I want to put a question to the minister for clarification with respect to the land acquisition being carried out by the city of Edmonton. I think some of us have had some pressure on having clarification with respect to land acquisition being attempted or planned by the city of Edmonton in regard to that land in the river valley understood to be required for the Space Sciences Centre that the city, under its 75th Anniversary project, is attempting to locate. The question put to me by constituents, and there may be others who have had that in mind: are the funds under this appropriation part and parcel of the agreement entered into with the city of Edmonton on the development of the Capital City Recreation Park? Does the minister know whether the funds from this, and under that agreement, are part of the total concept in what the city is determining to utilize for development or placement of the Space Sciences Centre?

MR. COOKSON: Mr. Chairman, I would have to check that very carefully. What the province would take from the Heritage Savings Trust Fund and put towards capital costs was spelled out pretty clearly in the original agreement. As I understood the original agreement, most of the capital costs had to do with development of trails throughout the park area and science buildings in what is known as the Strathcona Science Park. Seven or so buildings were constructed. Additional funds were clarified for

construction of a ski hill development as part of the total capital cost. Beyond that, Recreation and Parks will jointly administer the operational costs with the city. There is also agreement with regard to policing.

If the city wanted to go beyond the terms of reference of the original agreement, I would think they would have to come back to the province and renegotiate or open up the agreement. I could check to see if the science building concept was included in the original agreement, as the Member for Edmonton Norwood suggested.

MRS. CHICHAK: Mr. Chairman, I'd like to put one more question to the hon. minister for clarification with regard to the need for acquisition of some of the private holdings or parcels of land directly on the river bank where there is some indication of river bank sliding and shifting. Has the minister had any indication that there has been a need to utilize funds from this appropriation for purchase of such parcels of land on the river bank in order to perhaps vacate the residents who are in such a precarious position? Has the city in fact had to do that, or would such a purchase have been required to take place on the part of the provincial government itself, and not necessarily be included under the agreement with the city, and be taken out of that portion of fund allocation to the city of Edmonton?

MR. COOKSON: Again, Mr. Chairman, I would have to check closely on an important question. My understanding is that in establishing Capital City Recreation Park, certain boundaries were established and those did not necessarily include the area of the river embankment, which could be an area which is being referred to, on which private individuals resided. If my premise is correct, they would be outside, in terms of the original agreement, and would therefore be the responsibility of the city for originally allowing that kind of development along those types of embankments. But if there are some specific situations, I've had no dialogue from the city with regard to that specific problem. I can only conclude that dealing with that sort of thing is a city problem.

MR. CHAIRMAN: Are you ready for the question?

Agreed to:

1 — Capital City Recreation Park	\$1,500,000
2 — Fish Creek Provincial Park	\$1,500,000
3 — Irrigation Headworks Improvement	\$24,376,500

4 — Land Reclamation

DR. BUCK: Mr. Chairman, I would like to ask the minister a short question. When we first set up these projects and this reclamation philosophy, I remember that the former minister Mr. Yurko used to say that the polluter will pay for part of the clean-up. I'd like to know from the minister how we're progressing with this philosophy. What percentage of the cost is paid by the Department of Environment and what percentage by the person who causes the problem?

MR. COOKSON: Good question, Mr. Chairman, but I cannot speak for what Mr. Yurko said some time in the past. Let me say about this \$5 million vote that in all the reclamation the province undertakes through the Heritage Savings Trust Fund — and that involves landfills, sewage lagoons, sand and gravel pits, water reservoirs,

abandoned roads, some special projects regarding surface mines and Alberta Energy and Natural Resources projects, and some work we do for Recreation and Parks on occasion — in all the money we've allocated from the Heritage Savings Trust Fund for this work, we draft an agreement with the municipality in which the area is located. I'm sorry I haven't got one here, but that agreement says that we now have an agreement with the municipality that we — that is, the province, our government — will proceed to reclaim a specific area. And if at some time during the 10-year period of time — this is a 10-year agreement — the municipality wishes to sell or dispose of the property, Environment would have first right of purchase. If it's sold outside that kind of arrangement, then the agreement is that the province will recover the cost of the reclamation. So we have that pretty well locked into the agreement with the municipality. Mr. Chairman, I can't tell you how much has returned to the general revenue of the province, but I can assure the member that that position is there.

DR. BUCK: Mr. Chairman, I'd like to ask the hon. minister a supplementary question.

MR. CRAWFORD: Mr. Chairman, in light of the hour, I wonder if the hon. member would wait until next day; we would be calling the estimates on Wednesday.

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 the following resolutions, and reports as follows:

Resolved that from the Alberta Heritage Savings Trust Fund, sums not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1982, for the purpose of making investments in the following

projects: to be administered by the Minister of Agriculture, \$830,000 for food processing development centre project, \$3,500,000 for Farming for the Future project, \$17,107,000 for irrigation rehabilitation and expansion project; by the Minister of Economic Development, \$15,930,000 for new rail hopper cars project.

Resolved that from the Alberta Heritage Savings Trust Fund, sums not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1981, for the purpose of making further investments in the following projects: to be administered by the Minister of Agriculture, \$2,186,000 for irrigation rehabilitation and expansion project; by the Minister of Economic Development, \$32,790,000 for the new rail hopper cars project.

The Committee of Supply has had under consideration certain resolutions, reports progress thereon, and begs 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, on Wednesday it's proposed to continue in Committee of Supply with the estimates of the Department of Environment; following that the Department of Education and, depending on the time involved in that, the Department of Advanced Education.

I move we call it 1 o'clock.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Pursuant to the resolution passed earlier today, the Assembly stands adjourned until next Wednesday afternoon at half past 2.

[The House adjourned at 12:57 p.m.]