

LEGISLATIVE ASSEMBLY OF ALBERTATitle: **Friday, April 24, 1981 10:00 a.m.**

[The House met at 10 a.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF BILLS****Bill 219
An Act to Amend
The Builders' Lien Act**

MR. GOGO: Mr. Speaker, I beg leave to introduce Bill 219, An Act to Amend The Builders' Lien Act. The principles involved in this Bill are to extend the time period for registering a lien with the Land Titles Office from 35 to 45 days, and to increase the fee from \$20 to \$50 in an effort to reduce the number of defensive liens lodged.

[Leave granted; Bill 219 read a first time]

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. KUSHNER: Mr. Speaker, I'm very honored today to have the privilege of introducing to you and to the members of the Assembly 22 people from Calgary. In my mind, these people are a very significant and necessary group of individuals, for without their presence in our hospitals, the hospitals would very quickly be unable to provide the necessary service they do for the people of Calgary. They are members of the support staff of the Foothills hospital who, as members of the Alberta Union of Provincial Employees, are going to be meeting with appropriate ministers to discuss their concerns. Would they please rise and accept the cordial welcome of this Assembly.

MR. WOO: Mr. Speaker, it is my pleasure this morning to introduce to you, and through you to members of this Assembly, a class of 72 grade 5 students from the Wes Hosford school in the constituency of Sherwood Park. They are accompanied this morning by their principal, Mrs. McMillan; teachers Mrs. Millard and Mrs. Mergle; and parents Mrs. Susan Thompson, Mrs. Van Gorder, Mrs. Harrison, Mr. Ward, Mr. Berwick, and Mrs. Presloski. They are seated in the members gallery, and I would ask them to rise and receive the warm welcome of this Assembly.

MR. YOUNG: Mr. Speaker, it's my pleasure this morning to introduce to you and to members of the Assembly 24 guests from grade 6 of Our Lady of Peace school, with their principal, Mr. Feist, and parent Mrs. Malaka. I would ask that they rise and receive the welcome of the Assembly.

MR. R. CLARK: Mr. Speaker, I'd like to introduce to you, and through you to members of the Assembly, Mr.

Pat Michaels, a former Alberta intern who has moved on to greater and better things since that august start here in Alberta, and is now the Clerk of the Yukon Legislative Assembly. Mr. Michaels is sitting in the Speaker's gallery, and I would ask him to rise and receive the recognition of the members.

head: **ORAL QUESTION PERIOD****Municipal Taxation**

MR. R. SPEAKER: Mr. Speaker, my questions today again continue a pattern of looking at the financial planning and the responsibility of this government. My first question to the Minister of Municipal Affairs is with regard to a new source of taxation and revenue for local municipalities. I would like the minister to confirm or reject at this point in time the type of consideration being given to a gas tax as a source of revenue for municipalities.

MR. MOORE: Mr. Speaker, several months ago in a meeting with me the Urban Municipalities Association made a proposal that we establish a small task force involving members of the Urban Municipalities Association, the Association of MDs and Counties, and some members from my staff and the Provincial Treasurer's, to undertake a review of the current fiscal relationships between the province of Alberta and our member municipalities. That task force was set up within the last two or three months and in fact had their first meeting last week.

At the time I agreed to the establishment of the task force, I made it abundantly clear that we were not interested in discussing two sources of revenue in terms of a so-called revenue sharing scheme: income tax and our natural resource revenue. But I did say that other sources of revenue that come to the province of Alberta, and indeed the possibility of new sources of revenue, should be considered by that committee. Mr. Speaker, without any commitment whatsoever from this government to take any action in that direction, that committee is studying a number of matters, one of which is a possibility of a municipal gasoline tax that would be of assistance to all municipalities in terms of transportation costs.

MR. R. SPEAKER: Mr. Speaker, to the hon. minister. Could the minister indicate whether that municipal tax would be for a specific purpose, such as the LRT in the urban centres, urban corridors, and transportation corridors? Or in the directive to the committee is it the minister's intention to say that the tax raised, whatever type it is, would be for a specific purpose or for general revenue that would be used by the municipality in any way they see fit?

MR. MOORE: Mr. Speaker, the system works like this: rather than me directing the committee as to the details of a particular program of this nature, I've asked the committee to consider all the ramifications of such a program and to provide advice to the government as to whether or not it's feasible, how you might operate such a tax, and whether or not there might be any restrictions placed on its use, distribution, and a variety of matters connected with it. So that is the work the committee is undertaking. Until they report, I wouldn't be able to provide any advice in that regard.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Was one of the other criteria or directives to the committee to examine the possibility of licence fees being used by municipalities as a source of revenue for specific purposes?

MR. MOORE: Mr. Speaker, of course the committee is free to examine any area. The only criterion I gave them is that we were not willing to discuss the sharing of provincial revenues in the resource or income tax fields. So all other matters in terms of provincial revenues or new-found revenues are subjects the committee will be undertaking. The questions could only reasonably be answered by the committee, and by the chairman of the committee, after they've been at work some time.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Premier with regard to what I would call an overall financial thrust of the government. That's an old term used by political parties in previous meetings in this Legislature.

The question to the Premier is: number one, at this time is the government looking at a new type of financial arrangement by which there would be a shift of the burden of raising revenues for basic services such as transportation — and yesterday I raised the question with regard to a potential hospital tax — a new shift or a new thrust toward an arrangement whereby local municipalities would raise more of their funds to provide basic services to their citizens?

MR. LOUGHEED: Mr. Speaker, there is no new thrust of the government. Obviously there is always the ongoing assessment. The budget delivered by the Provincial Treasurer sets forth the circumstances of the province's financial position. I think the Minister of Hospitals and Medical Care responded on one item with extreme clarity yesterday and, with equal clarity today, the Minister of Municipal Affairs as well.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Premier. Could the Premier indicate that at this time the government is open to looking at new sources of revenue by municipalities — that is, a policy direction for the municipalities or an area of exploration, I guess would be a better definition — and that the government is open to recommendations as such from local municipalities whereby services that have been supported by the province, some of the hospitals in total and much of urban transportation, and there could be a shift towards local taxation or raising local revenue to support these kinds of services in the future?

MR. LOUGHEED: Mr. Speaker, I don't think I could usefully add anything to the statements made by the ministers referred to.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Municipal Affairs. The minister indicated this matter was being reviewed by the task force. But has the minister given any indication to the committee as to whether a gas tax, should that be proposed, would be universal across the province and applied by all municipalities, or whether it would in fact be an optional question? I raise that because it would be a rather significant departure from what has normally been the course. Is the government looking at a new source of revenue for all municipalities, with perhaps a limit, or

would it be completely up to the municipality to determine what the tax would be?

MR. MOORE: Mr. Speaker, I just answered that question. The answer very simply is that we have a committee at work that has undertaken to determine the pros and cons of various methods by which such a tax might operate. When they report we'll have the answers to some of the questions the hon. member asks.

MR. R. SPEAKER: Mr. Speaker, a further supplementary for clarification to the Premier. Could the Premier confirm or reject that at this point in time the government is not working toward what is called a user-pay concept for services such as transportation or hospitalization?

MR. LOUGHEED: Mr. Speaker, I thought I was relatively clear in my earlier answers. I don't think I could either confirm or reject. These are matters of ongoing review in both a general and specific way.

Educational Institutions

MR. R. SPEAKER: Mr. Speaker, my second question to the Minister of Advanced Education and Manpower is with regard to yesterday's announcement. Number one: could the minister indicate whether a planning committee was in place to determine the location of Athabasca University, a planning committee such as the one used to determine the location of the technical and trades institute? Number two: were the four criteria used to determine the location of the technology and trades institute used in determining the location of Athabasca University?

MR. HORSMAN: Mr. Speaker, the two matters are completely different situations. One related to the establishment of a permanent home for an institution which had been in existence for some time. The other relates to the establishment of an entirely new institution. So there's no connection with the type of process used in the different cases.

MR. R. SPEAKER: A supplementary question to the minister. Was a planning committee in place to determine the new location of Athabasca University, or was it a decision made specifically by the minister and hopefully recommended to cabinet?

MR. HORSMAN: The question of Athabasca University is of course a long history, and I won't go into it in the question period, Mr. Speaker. But suffice it to say that when my predecessor was successful in having a permanent mandate established for Athabasca University, the decision as to its permanent location was left open. That decision as to its location was made by government following a review by government. That is the procedure followed there.

Once again, I repeat that it was an entirely different situation with regard to the establishment of an entirely new institution, and what I hope will be an exciting new development in technical education in this province. Of course the planning committee has a much greater mandate than just the establishment of the location. As I indicated yesterday in my ministerial statement, we must establish the types of courses that will be involved, the size, and the general mandate for the direction. I also indicated that we hope to have a board of governors to assist in that process. No board of governors exists at this

time, and cannot until such time as we deal with the legislation, which I hope to introduce later in the spring.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Education. It's the same type of question I raised with the Minister of Advanced Education and Manpower, but with regard to the Correspondence School. Could the Minister of Education indicate whether a planning committee and these four criteria for establishing the location of a new institution or relocating an institution were used in that determination?

AN HON. MEMBER: He had Nick Taylor as a consultant.

MR. KING: Mr. Speaker, if I remember correctly, I answered the question at last fall's sittings of the Legislature, and I would invite the hon. leader to refer to *Hansard*.

MR. R. SPEAKER: Mr. Speaker, I certainly recognize that both decisions were rather political, and no criteria used. I'm satisfied. [interjections]

MR. PAHL: Mr. Speaker, a supplementary question to the Minister of Advanced Education and Manpower. Would the hon. minister confirm for the House that the new trade and technology institute will not be called the Stony Plain institute of technology?

MR. HORSMAN: Yes, Mr. Speaker, I can advise the Assembly that no name has been chosen for the new institution. But we have ruled out the possibility of naming it after the community in which it is to be located.

MR. KING: Mr. Speaker, if I could answer the rhetorical question put by the hon. Leader of the Opposition. As I said last fall, the decision respecting the relocation of the Alberta Correspondence School was indeed a policy decision of the government. The policy is of balanced growth for the communities throughout this province. A deserving beneficiary is the Barrhead community, as indeed are other communities. I believe the government is proud of the decision it made.

DR. BUCK: A supplementary question to the minister. Is part of that policy to keep the Liberal leader out of the Legislature? Is that part of the policy? [interjections]

MR. KING: Mr. Speaker, as long as the Liberals have one member in the House, I believe they're sufficiently represented. [interjections]

Federal Petroleum Tax

MR. STROMBERG: Mr. Speaker, I would like to inquire of the Provincial Treasurer if the Petrofina levy, or the Boston tea tax or India salt tax, includes purple farm fuels?

MR. HYNDMAN: Mr. Speaker, I don't have the details of the Petrofina levy announced by the federal government, but maybe the Minister of Agriculture could assist in this. I believe it applies to all oil and natural gas, and therefore would be a very harmful levy on the farmers and agricultural producers in this province.

MR. STROMBERG: A supplementary, Mr. Speaker. Could the Minister of Agriculture indicate approximately what this will cost the farmers of Alberta in hard-earned money, or does he have the statistics?

MR. SCHMIDT: Mr. Speaker, if the tax were applied at the refinery, one could only assume that the tax would apply to agricultural fuels. If that is the case, the amount it would cost producers in this province would certainly be sizable, although I have no figure, especially when we are now approaching the start of a new crop year. So other than that, Mr. Speaker, we have no indication that it would apply directly but, if so, it would be transmitted down to farm fuel costs.

MR. STROMBERG: One last supplementary, Mr. Speaker. If he has the opportunity, could the minister compile those statistics of what the costs of this NDP/Liberal levy will be to Alberta farmers? [interjections]

MR. PAHL: Mr. Speaker, a supplementary question to the Minister of Consumer and Corporate Affairs. Mr. Speaker, I wonder whether the minister could advise the House whether his department has made any calculation as to the cost to the Alberta consumer at the gasoline pump or on his utility bill of the \$1 million finder's fee paid to Mr. Maurice Strong, former head of PetroCan, for providing the opportunity to add the Petrofina levy, among other things.

MR. KOZIAK: Mr. Speaker, I haven't made such a calculation, but it would be an interesting one. I would imagine the consumers of Alberta, who will be bearing the brunt of that fee, won't be too happy with their largesse being required to feed a \$1 million finder's fee to Switzerland. But that's what can be expected from a government where the end justifies the means and that kind of bankrupt socialist philosophy.

MRS. CHICHAK: Mr. Speaker, I'd like to direct a supplementary to the hon. Minister of Energy and Natural Resources. I wonder if he could advise whether any discussions took place between him and his federal counterpart with respect to negotiations on pricing for Alberta oil and gas that would enable the federal government to increase their revenues from an increased price for the Alberta product, to enable them to have the funds they needed for the purchase and nationalization of Petrofina.

MR. LEITCH: Mr. Speaker, during my discussions with the federal Minister of Energy, Mines and Resources, we did not discuss the question of the Petrofina takeover levy.

MR. LYSONS: Mr. Speaker, I'd like to ask the Minister of Energy and Natural Resources a supplementary question, if I may. Has the minister ever considered a reduction in production, in direct relation to the amount of tax the federal government have found and are balancing their books that way?

MR. LEITCH: Mr. Speaker, the question of reducing production has of course been dealt with in the Assembly, and the appropriate regulations and orders have been passed. We are not now considering any further reductions and have not considered reductions in connection with the matter raised by the hon. member. When I say we're not considering further reductions, Mr. Speaker,

I'm of course not including the reduction already in place, which would increase to 120,000 barrels per day in June and 180,000 barrels per day three months later.

MR. SPEAKER: Might this be the last supplementary on this topic.

MR. BRADLEY: Mr. Speaker, a supplementary question to the Minister of Consumer and Corporate Affairs. Would the minister undertake a study to determine whether the Petrofina levy, which is really a nationalization levy, has a greater impact on Alberta consumers than on other Canadian consumers because of the greater proportion of natural gas consumed in the province?

MR. KOZIAK: Mr. Speaker, I'll give good consideration to that particular question. I don't know that I would have the opportunity to be able to reach definitive conclusions, although generally I know that because of the nature of the climate and the substantial use of natural gas as a means of heating our homes in Alberta, the use of natural gas is greater than it is in other provinces. The effect would definitely be greater in this province on a per capita basis, but the exact effect may be difficult to determine on a consumer basis because of the use of natural gas as a fuel for industrial purposes and other purposes in other areas of the nation. But I'll look into that matter and see if a study can provide some definitive conclusions.

MR. MACK: Mr. Speaker, my question is basically related to the one posed by the hon. Member for Camrose. If I may be permitted, I would wish to follow with a further supplementary to the hon. Minister of Energy and Natural Resources on the subject matter, because I think it has a profound impact on Albertans. The question is: in the protection of Albertans, would the minister undertake to co-ordinate with the other ministries as to the total cost and impact on Albertans as a result of the imposition of the 3.5-cent tax at the pumps and other taxes that may relate to other products.

MR. LEITCH: Mr. Speaker, I detect a certain lack of enthusiasm in the Assembly for this recently announced tax, and will certainly try to gather the information referred to in the hon. member's question. I could simply add to what the hon. Minister of Consumer and Corporate Affairs has said, that there's no question in my mind that Albertans will bear a disproportionate share of the raising of these funds, because on a per capita basis we are clearly the largest users of the commodities being assessed in order to raise the funds to make the purchase.

Tax Recovery Lands

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister of Municipal Affairs. Could the minister indicate at what stage are the negotiations with the Special Areas Board with regard to leaseholders being able to purchase a certain portion of tax recovery land?

MR. MOORE: First of all, Mr. Speaker, I should make it clear that no negotiations are going on between me and the Special Areas Board. The Special-Areas Board is a three-member board, with one position vacant at the moment, established by legislation. No one is negotiating with them; indeed they are employees of the Department of Municipal Affairs. There is a 15-member advisory

council in the special areas, however, who are elected by the local people to represent their interests to the Special Areas Board.

During the last year or more considerable discussions have been going on about the possibility of selling some of the tax recovery land to the present leaseholders of tax recovery land. That resulted in a proposal from my office last July that would have seen us involved in transferring up to four quarter sections per leaseholder at a productive value in the area of six times the old assessed value, which was well below market value. That wasn't received by the advisory council as being an appropriate way to go. They have made other counter proposals since that time, none of which have been accepted by my office. The M.L.A. for Chinook has been involved in assisting to come to some resolution to the problem. It's expected we'll have further meetings with members of the advisory council once the spring session is completed, perhaps in June. At this time I have no idea what the final disposition of the matter will be, Mr. Speaker.

Nursing Homes

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Hospitals and Medical Care. It flows from the Auditor General's report dealing with the recommendations on nursing homes. Is the minister in a position to advise the Assembly what steps the department has taken with respect to the concern that certain standards of care are not adequate? For the minister's information, I refer specifically to recommendations 18 and 19, where the patient care of 1.5 hours of nursing and personal care could not be verified, and that the Auditor General's report tends to confirm concerns expressed by both the United Nurses of Alberta and CUPE. What specific steps has the government taken to assess these examples and rectify them?

MR. RUSSELL: Mr. Speaker, first of all in a general way, the deputy minister has responded in writing, by way of a rather lengthy document, to the concerns of the Auditor General and in the majority of cases has adopted the recommendation put forward by the Auditor General as department policy.

With respect to the specific issue raised by the hon. member, his comments have been taken under advisement, and the standards of patient care comment cited in the Auditor General's comments are being noted by the department and will be carefully watched by the people in the department as they carry out their regular inspections of nursing homes. In addition to that, of course the Health Facilities Review Committee is continually reviewing those matters institution by institution; last but not least, the establishment of the Nursing Home Review Panel that is to deal specifically with matters such as that.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. What changes is the government anticipating in the inspection staff? I'm not talking about the Health Facilities Review Committee but the normal inspection procedures of the department, in view of the deficiencies outlined in the Auditor General's report? Is this matter under review, or has there been any commitment at this stage to change the procedures which are outlined as being deficient in a number of important ways? What steps can the minister report to the Legislature that he has already undertaken?

MR. RUSSELL: Mr. Speaker, at this time I can't report any additional steps. The deputy minister has acknowledged the comments of the Auditor General in writing. His comments have been taken under advisement and passed on to the appropriate staff members, and the concerns expressed by the Auditor General will be carefully recognized when the inspections are carried out. At this time I can say that, to my knowledge, the majority of nursing homes do meet those requirements.

MR. NOTLEY: Mr. Speaker, a supplementary question. I'm glad the minister is so optimistic. The Auditor General, however, has indicated that deficiencies are there. At this stage is the government giving any consideration to the informal policy — not the formal policy — of the inspection staffs giving 48 hours' notice to any nursing home before an inspection is made, and replacing that with unexpected, unannounced inspections, so that deficiencies that exist in the operation of that home can be uncovered and fully evaluated?

MR. RUSSELL: Mr. Speaker, I want to clear up a misconception about visits being carried out only by formal, advance notice. That is not the case. In instances there are unannounced visits by staff. In the majority of cases staff visits are done by giving advance notice to the administrators. But in the case of the Health Facilities Review Committee, those are completely unannounced and could come at any time or day of the week.

MR. NOTLEY: Mr. Speaker, a supplementary question. Is the minister in a position to advise, beyond the response of the deputy minister, whether any change is being made in the operation of the *pér diem* payments as a consequence of the Auditor General's report and the concerns expressed in the report about the method of financial controls within the department and the *per diem* payments. Part and parcel of that question is: is the minister in a position to advise the Assembly whether at some point the management report would be tabled in this House, should the Auditor General agree?

MR. RUSSELL: I would have no objection to taking that as notice, Mr. Speaker. I can say, though, that the specific recommendations with respect to the management of the *per diem* rates have been adopted by the department, in line with the recommendations put forward by the Auditor General.

MR. NOTLEY: Mr. Speaker, a further supplementary question. Is the minister in a position to advise the Assembly today whether it's the government's intention to insist that the Auditor General's recommendation for the second year in a row — this pertains to the recommendation on page 20, that all conditional government agreements provide for the right of access to the financial accounts of the recipient by both the department and the Auditor General. Is the government in a position to advise whether there will be a formal position of support for those recommendations, considering that it's now the second year we've gotten them?

MR. RUSSELL: Mr. Speaker, without going into the document I have in front of me and pursuing the written answer to that question, I can't give a specific answer. I do know that the financial statements are now available to the department. Quite frankly, I wasn't aware that there was a problem with respect to the Auditor General's

having access to them. But certainly the department has access to them.

MR. SPEAKER: Might this be the last supplementary on this topic by the hon. member, followed by a supplementary by the hon. Member for Calgary North West.

MR. NOTLEY: To the minister, Mr. Speaker. In light of the rather serious concerns expressed by the Auditor General, will the minister now advise the Assembly whether the review panel appointed by the government will in fact conduct public hearings and whether that will be part of the terms of reference, as opposed to the minister's earlier position that that would be up to the panel? In view of the corroboration, if you like, of the UNA and CUPE concerns, will we now have the assurance that there will be a complete and full public inquiry by the review panel?

MR. RUSSELL: Mr. Speaker, that will be left to the judgment of the panel. There may be occasions when they may want to invite public comments. There may be other occasions when it would be preferable to receive private or confidential comments from staff or patients residing in nursing homes. I'm not in a position today to say, but I think it's a wise move to leave that to the discretion of the panel.

MRS. EMBURY: Mr. Speaker, a supplementary question to the Member for Edmonton Norwood in her capacity as chairman of the Health Care Facilities Review Committee. It follows one of the points raised by the Member for Spirit River-Fairview regarding whether notice of visits is given to the nursing homes prior to arriving there. Frankly, I see that as a means of being hospitable to the people there. Would you please clarify what the procedure is, if that makes a difference going into the visit, or if you cannot tell by some type of . . .

MR. SPEAKER: Would the hon. member please use the ordinary parliamentary form.

DR. BUCK: Or ask it in caucus.

MRS. EMBURY: Would the member please indicate to the Assembly what the criteria are when you arrive at the nursing home.

MRS. CHICHAK: Mr. Speaker, I'm pleased to have the opportunity to make some clarifications here, because on numerous occasions I have heard the hon. Member for Spirit River-Fairview make statements to various groups with respect to the procedures the committee follows in its visitations or inspections of nursing homes. It seems that a communication has been made to the public that notice is given in advance and that the committee only will have dialogue with the administration.

Mr. Speaker, I'm pleased to have the opportunity to clarify it again, once and for all: the committee does not give advance notice of any of its visits. The committee will appear at a selected home at any time of morning, afternoon, or evening, at an appropriate time. If there is some reason to go very late in the evening, because of reports of procedures that may not be appropriate, it has the right to go in at such times and does not notify in advance. When members of the committee arrive at a facility, they introduce themselves, have their identification, and will indicate the reason for their visit, whether it

is a general inspection visit or is an investigation. They will simply speak to the administrator or whoever is available, spend some time clarifying and questioning the procedures followed in the nursing home in all those relevant aspects, and will then proceed to have private dialogue, without the accompaniment of administration, with members of staff and patients in the home. As well, if there are visitors, [they] will speak with visitors to get an overall in-depth appreciation of the service provided insofar as health care for the patients.

DR. BUCK: A supplementary question to the Member for Edmonton Norwood. Can the member indicate how many unannounced visits were made to nursing homes in the province last year?

MRS. CHICHAK: I'm sorry. Did the hon. member name a specific place?

DR. BUCK: Mr. Speaker, as chairman of that visiting committee, can the hon. member indicate how many unannounced visits were made by the committee?

MRS. CHICHAK: Mr. Speaker, if my memory serves me correctly, during 1980 I believe approximately 190 visits were made by members of the committee, all unannounced. All unannounced.

Pothole Palaver

MR. PURDY: Mr. Speaker, I'd like to ask a question of the Minister of Transportation. Last evening during the budget debate, the Minister of Transportation forwarded \$20 to the president of the press gallery, Jim Dau, which the minister received from an Albertan for good Alberta roads. Has the press gallery accounted to the minister for the \$20?

MR. KROEGER: Well, thank you. Mr. Speaker, I appreciate that totally unsolicited and spontaneous question. Because we are now involved in a combination of auction sale and a pyramid scheme, I think we have to read into the record what is actually going on. This involves a minister of the Crown, a constituent of another minister of the Crown, the press, and unmarked small bills. I think we will now put this into the record.

Mr. Speaker, this morning I received this memo addressed to me:

Enclosed, you will find \$40 [not \$20] — your \$20 and a matching grant for \$20 from the Legislature Press Gallery Association.

The grant, however, is conditional . . .

Since one of the biggest gripes of Alberta drivers is running into the occasional pothole seconded in size only [by] the Grant Canyon, the gallery has decided to advise you to poll the mayors of all municipalities in Alberta in order to discover the worst pothole in the province.

The \$40, then, would be delivered to the community leader with the most woeful story to be used to fill the aforesaid [pot]hole.

If \$751 million won't do it, maybe \$40 will.

(Signed)

The Gallery

Then there's a P.S.:

We don't think it's ethical to accept money from politicians.

There's a P.P.S.:

We don't need the bucks to find the donor — news stories are free.

So there we are, Mr. Speaker, with the cash in hand. Maybe if we send it around and it's doubled every time we move it, we will be able to do this thing.

Now just another quick suggestion. I'm prepared to try to find the largest pothole in Alberta and the owner of it, but I need the help of the press to do it. So let's get to work.

MR. PURDY: Mr. Speaker, a supplementary question to the Attorney General. I wonder if the Attorney General has looked into the legality of this scheme.

MR. CRAWFORD: No, Mr. Speaker.

DR. BUCK: A question to Minister of Culture. Mr. Speaker, maybe the Minister of Culture could request the minister responsible for world affairs to double that grant, because that's the practice the former minister had. Has the minister looked at that possibility? [interjections]

MRS. LeMESSURIER: No, Mr. Speaker.

Insulation Standards

MRS. OSTERMAN: Mr. Speaker, I wish the press gallery would modify their terms of reference, because I believe if MLAs could apply, I have the largest in front of my farm. I'll talk to the minister about that later.

AN HON. MEMBER: Largest what?

MRS. OSTERMAN: Largest pothole. [laughter] A lot of other large things are running around in my constituency.

Mr. Speaker, my question is directed to the Minister of Labour in his responsibility for building standards. It's come to my attention that some concern has been raised about a certain type of foam insulation — I believe it's urea based — that has harmful side effects and has necessitated the removal of this insulation. Has the minister received any word on this problem? Does this concern apply to insulation being used in Alberta?

MR. YOUNG: Mr. Speaker, to the best of my information, the concern applies wherever the insulation is used. The insulation has been used primarily as a consequence of a federal program, CHIP, which subsidizes the insulation of homes. To the best information we have, it has been used by only two firms in Alberta, which are inactive at the present time, and three complaints have been directed to the attention of the building standards branch.

MRS. OSTERMAN: A supplementary, Mr. Speaker. Will the minister's office or department be undertaking any kind of transmission of information related to this? Is there a way of finding out those people who might have purchased from those two firms involved?

MR. YOUNG: Mr. Speaker, the information I have today is that the federal government is trying to determine whose homes may have had this form of insulation applied, and whether in fact there are problems in every case. It's not at all clear that there are problems in every case.

MR. BOGLE: Mr. Speaker, I might supplement that by saying that through the community health division of the

department, we have been working with the boards of health in Edmonton and Calgary and have provided equipment so that homes in northern and southern Alberta may be tested where individuals feel there is some cause for concern. If we find the demands are greater than can be met with the two units currently in place in Edmonton and Calgary, consideration certainly will be given to identifying other select health units in the province to provide that kind of assistance to Albertans.

Environment Council of Alberta

MR. R. CLARK: Mr. Speaker, I'd like to direct my question to the Minister of Environment. It deals with the Environment Council of Alberta. Does the present policy of the Department of Environment or the government prevent the Environment Council of Alberta from taking part in Public Utilities Board hearings?

MR. COOKSON: Mr. Speaker, I don't know of any such policy. The Environment Council of Alberta has some 120 members across the province who represent different organizations. They're largely volunteer people, but we do pay them a *per diem*. So far as I know, they're free to make presentations wherever they feel it's justified, but I could check that.

MR. R. CLARK: Mr. Speaker, a further supplementary question. Is the minister aware of any policy of the Department of Environment or the government of Alberta that would prevent the Environment Council of Alberta from making a representation at Energy Resources Conservation Board hearings?

MR. COOKSON: I'm not aware of any policy as such. In government, as far as Environment is concerned, we tend to represent most departments because there is a problem of overlapping of departments. So generally speaking, we make submissions on behalf of other departments. But to my knowledge there is no restriction on the part of the Environment Council of Alberta. They're primarily an autonomous group. We allocate provincial funds yearly for their operation. As I say, I have no knowledge of this kind of restriction.

MR. R. CLARK: Mr. Speaker, one further supplementary question to the minister. Is the minister aware of any policy or practice in the Department of Environment or any other government department that would prevent the Environment Council of Alberta from making representation on behalf of the council at any form of public hearing? I ask the question to establish clearly whether the Environment Council, which I regard as rather toothless, is toothless because of the acts of the minister or because of the inaction of the council.

MR. COOKSON: Sorry. I missed the last part of the member's comment.

MR. R. CLARK: Whether the council is rather toothless because of the action of the minister saying it can't make these kinds of representations, or is it toothless because the council itself has not taken the initiative?

MR. COOKSON: I don't consider the Environment Council of Alberta toothless. I think they do very well for themselves. They have the right to think, and I've suggested to them that they should make presentations be-

fore other groups and to different departments. Some of the areas they deal in involve responsibilities of other departments of government. So I don't have any concern about that. I think it would rest with Mr. Alistair Crerar, the executive officer of the Environment Council, to make the kind of judgment decision as to whether the impact would best be made through recommendations or presentations before hearings, and that sort of thing.

MR. SPEAKER: The hon. Minister of Energy and Natural Resources would like to deal further with a previous question period topic.

Sulphur Royalties

MR. LEITCH: Mr. Speaker, on April 9, the hon. Member for Calgary Buffalo referred to the sale of sulphur, particularly in respect of Cansulex, and also referred to the question of a fictitious price and a real price and asked on which price the royalty payable to the province of Alberta was calculated. I have now had the opportunity to look into that matter and at the moment can't respond by specifying which price was used in the calculation of the royalty.

The situation is that in mid-1979 members of the department visited the offices of Cansulex for the purpose of checking documentation relating to price. As I understand it, Mr. Speaker, they found that a number of the relevant documents had been seized and were involved in judicial proceedings. I anticipate that on the completion of those proceedings, we will be able to pursue our review of the matter.

ORDERS OF THE DAY

MR. SPEAKER: May the hon. Minister of Agriculture revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. SCHMIDT: Thank you, Mr. Speaker. It's a pleasure for me this morning to introduce to you, and through you to the members of the Assembly, 50 grade 10 students from Calmar, in my constituency. They are attended by their teachers Mrs. Margaret McTaggart and Mr. Archer, and their bus driver Mr. Schmolke. They're seated in the public gallery, and I would ask them to rise and receive the welcome of the Legislature.

MR. SPEAKER: I believe the hon. Member for Edmonton Mill Woods wishes to make reference to something which appeared in *Hansard*.

MR. PAHL: Thank you, Mr. Speaker. I would like to rise on a point of personal privilege and indicate that in my response to the Budget Address on April 22, I indicated that the majority government in Ottawa was "without legitimate political representation west of the Ottawa border". I meant to say "the Ontario border". Without any disregard to the good people of Ontario, in my enthusiasm I identified them synonymously, and I should like the *Hansard* record to correct that statement.*

*See page 274, right column, paragraph 9

head: GOVERNMENT MOTIONS

9. Moved by Mr. Crawford:

Be it resolved that the report of the special committee, appointed under Standing Order 46, and presented to this Assembly on April 16, 1981, be now received and concurred in and the committees recommended therein be hereby appointed.

MR. CRAWFORD: Mr. Speaker, the passing of Motion No. 9 will result in the establishment of the committees recommended by the report recently presented by the hon. Member for Pincher Creek-Crowsnest, chairman of that special committee under Standing Order 46.

[Motion carried]

Committee of Supply

[Mr. Purdy in the Chair]

MR. DEPUTY CHAIRMAN: The Committee of Supply will please come to order for consideration of various votes.

Department of Agriculture

MR. DEPUTY CHAIRMAN: Has the minister any opening comments?

MR. SCHMIDT: Thank you, Mr. Chairman. In presenting the estimates for the Department of Agriculture, I would like to take this opportunity to make a few brief opening comments on the comparative summaries in regard to program expenditures for the department for the coming year, approximately \$123 million, a decrease of slightly over 9 per cent, and to have the opportunity to point out to hon. members that the reduction percentage comes about basically for the amounts of money that appeared in the budget last year, mainly through special warrants that provided for programs of a one-year limited time constraint for 1980-81.

Three programs of equal amounts of \$1 million each appeared in the '80-81 estimates and in the budget, which covered the \$1 million for the filling of dugouts throughout the province, mainly in the Peace River block and in the eastern and southeastern parts of the province because of the limited amount of potable water. The other \$1 million was applied to the dairy incentive program, which gave dairy producers the opportunity to use the last winter as a base rate and to receive a bonus at \$2 a hundred for milk production over and above the base that appeared on the industrial side. The basic reason for the program was an indication of the declining supply of industrial milk at a time when production is normally dropping through late fall and in the winter. It was a program that ran for the one year and is now completed. Both achieved their purpose.

The other \$1 million established for feed freight assistance was the comparable Alberta approach for the movement of feed within our province as part of the total drought program that existed in western Canada. Last year we were fortunate in that few producers required extra amounts of feed. Coupled with a much milder winter than usual, that even made some manage to get by on their own who thought in early fall that they would require the program.

Of course the major one was the \$25 million in the

stop-loss program for hog producers that gave us the opportunity to inject into that industry some funding at a time when hog prices were exceptionally low. That program came to an end at the end of March. Out of the \$25 million, \$17 million was expended in that program.

So Mr. Chairman, if you take into consideration those areas of special warrants amounting to some \$29 million, the Agriculture budget increase for this coming fiscal year is in excess of 18 per cent.

I would just like to touch on one other area of reduction as shown in the estimates. Irrigation, which used to carry a figure of approximately \$2 million in the estimates, is now covered under the new 15-year water management program of the Department of Environment and Agriculture's five-year financial sharing in that program of \$100 million for the five years. The increase in funding now allows those members of irrigation districts and councils to meet their total needs through that system of funding. Hence there has been a reduction in the budget itself of \$2 million which normally appeared, and did so last year.

I'd just like to touch on a few of the highlights of programs that have escalated over the last year and will show an increase in both activity and dollars for the coming year of '81-82. Of all the research carried out in the province of Alberta, Farming for the Future maintains a fair portion of that total percentage. About \$3.5 million is being injected into that research fund this year. Suffice it to say that, although the program is young in years, some of the results that are coming back are indicators that the value of research is certainly there. It's only fair to recognize that, in regard to agricultural research, I think we've reached the crossroads in that the limits in the future will not be dollars and cents or the availability of funding, but perhaps the availability of people qualified to carry out research in the agriculture field. Perhaps that will be the limiting factor for us.

Nineteen eighty one-eighty two will see the start of the new \$7.7 million food processing lab near the town of Leduc, in their industrial park. Eighty one-eighty two will also see the development of a liming program, which we feel is most necessary. Approximately 15 million acres are in dire immediate need of some system of liming. Of course that figure escalates as you project it across the province. The problem in a liming program is the source of supply. There are heavy supplies down in the southwest corner of the province. It has made a program slow in coming and difficult to be able to guarantee a supply across the province, recognizing that the immediate need and the bulk of its use would be in the Peace River area. We're fortunate to have arrived at a source of supply that will grow: the Caroline-Rocky Mountain House area, a good source of supply in the Cadomin area, perhaps two limited areas of marl, which is a substitute, in the Peace River area itself, and a source of supply within British Columbia that perhaps can be made available to producers in the Peace River block if transportation is not the key factor.

The program basically gives us as a department the opportunity to share transportation costs with producers throughout the province, thereby stabilizing the price to within a very limited range of fluctuations where before, transportation in some cases was almost double the actual cost of the material. So the basic program that will be under way this year will give us that opportunity to share with the producer so that all farmers throughout Alberta will be able to avail themselves of the use of lime in one form or another at a relatively stable price.

I'd like to touch for just a short moment on the achievements and the increases as reflected in the '81-82 estimates in regard to the Agricultural Development Corporation. The main increase of course is tied to the change in the basic program for the beginning farmer and the subsidized interest rate, the take-up and the interest shown by many beginning farmers, the amounts of money that are being expended, and those that we estimate will be part of the ongoing estimates for '81-82. The beginning farmer portion far exceeded the \$100 million mark in its first year of operation, and perhaps will achieve approximately the same rate of growth for '81-82; hence a fair increase, almost a doubling of the estimates under the Agricultural Development Corporation, because of the responsibility for rebates and the difference in subsidized interest rates.

Just in passing, I note that the three terminal elevators are now set up with a permanent board called Alberta Terminals Ltd. It's a private company in which the province holds the shares. They've been charged with the responsibility for the operation of the terminals, and I look forward to some of the areas and benefits that producers can achieve with some changes in the terminal use itself.

Some increase in support to service boards throughout the province: recognizing that municipalities show great concern and support for agriculture through their service boards and, recognizing that fact, have joined with them to show some increases in the support in many areas where we share programs. Of course the major one is sharing in the basic salaries of competent fieldmen throughout the province.

The other area of some increase in support that basically the Department of Agriculture has kept and shares with the Department of Economic Development is the expertise in agricultural marketing throughout the world. That part of marketing for economic development is still done through the Department of Agriculture with those members involved. As we look over past years, the successes that have been achieved through the types of shows, the availability of invitations to other countries to attend agricultural shows and industrial shows in Canada and in Alberta have increased not only the interest, but the opportunity to trade. We're very pleased with that approach, and of course I'm sure all hon. members share with us that producers in this province take no back seat in either quality or quantity in the products they show. We certainly stand out in areas of interest: with regard to the total aspect of livestock, both beef and pork, and certainly some interest in some of the legume crops we have brought along over the period of years because of the livestock industry in this province — of course those who would like to enhance their own programs have to look at both phases — the interest shown in changes in canola meal, or high protein supplement, to take over from some of the areas that have been using soy meal for many, many years.

So, Mr. Chairman, we have financially beefed up that portion to give us the opportunity to support those shows and missions where we feel it's necessary, and to be able to work with the organized groups that represent the various breeds associations throughout the province, basically to give them the opportunity of showing their wares. The end result has certainly been gratifying, and we wish to continue.

There is perhaps one area I should mention. A very large increase is shown in the deputy minister's area. Suffice to say that during '81-82 it is the responsibility of

the province of Alberta to host the one-week agricultural ministers conference. That increase in the deputy minister's office reflects that cost to the province of hosting all neighboring ministers and their personnel who travel with them.

With that, Mr. Chairman, I welcome questions and look forward to the discussion on the estimates.

MR. MANDEVILLE: Mr. Chairman, making a few comments on the estimates of Agriculture, I appreciate some of the programs the minister has announced. One that I hope is continued is for filling and pumping water in our dugouts in the southern part of the province. With moisture conditions the way they are, there's going to be a big need for that program if it's extended to this particular year.

It's kind of gratifying to see that agriculture is beginning to be number one. At least we're starting out number one in the estimates, so we're getting up to the top of the list as far as priorities are concerned.

I was pleased to see a big increase in money put into ADC, the Alberta development corporation, an area I think we can help in. I think that was a big step in the right direction. I appreciate that it's hard to come up with programs that can help in the agricultural area. I was kind of disappointed to see that Agriculture was down 9.7 per cent this year compared to last year. However, if you use the special warrants and that, maybe it's not that bad.

I do have some concern with agriculture. I think we're going to have to take a really good look at agriculture because two areas are hurting agriculture right now. High interest rates and high fuel costs along with all the other high inputs we have in agriculture, are certainly having an adverse effect on our agricultural industry, especially on our young farmers who are going out and buying this land. Really our land is not priced at productive value any more, it's at market value. I'm looking at land from \$600 to \$1,500 an acre. Paying high interest rates on this land is certainly going to get some of our new farmers in trouble in the province of Alberta.

I appreciate it's hard to subsidize our commodities or agriculture in any way, because when you do you get involved in overproduction, and there's where we have the problems. The stop-loss program for hogs was certainly appreciated by the hog producers. Now we're looking at coming up with a stabilization, or whatever type of program it's going to be called, for our hog producers. It's certainly going to increase production of hogs. Then what will it do for our cattle producers in the province of Alberta? When you have a stabilization plan for one commodity, it certainly affects another commodity. If the stabilization program is such that it's going to promote the production of hogs, I can see we're going to get an overproduction of hogs and start marketing our hogs across the line. It's going to have an effect on the cattle prices in Alberta, and the United States could put an embargo on shipping cattle across the line. These are areas we certainly have to take a look at when we put these types of programs in place.

I appreciate that the hog subsidization program could only cost in the neighborhood of \$8 million. But if we're going to put in the same type of stabilization program for cattle producers, it's going to cost possibly 10 times that, maybe \$80 million. Talking to a lot of our ranchers right now, especially the cattle feeders, with the heavy losses that they've had in the last, say, two years — the markets have increased the last few weeks, but losses are as high as \$200 per head on cattle that have been fed. These are

losses that can't continue with the feeding industry or the cattle industry, or it's going to be very hard to operate. It was fortunate we had a mild winter, and our conversion of feed has been very good for the winter, otherwise our losses could have been higher than that. But it is the high feed costs and the high interest rates that are causing the cattle feeders to lose as much money as they are at the present time.

There are two specific areas I think we should work on as far as agriculture is concerned. One is to make interest rates more attractive to the agricultural industry, and to shelter our fuel and fertilizer prices. We hear so much about our gas and oil going to world prices, which I certainly agree with. However, before we do this — I don't like to go out to my farmers and say, we're going to double the price of your fuels next spring, or this spring, without giving them some kind of shielding. If we go to world prices, it's certainly going to be reflected back to our agricultural people and all the gas consumers in the province of Alberta. If we're going to world prices, which I'm sure we're going to work up to, I would like to see the minister come to some type of shielding program for Albertans. Even the new tax that's come on to pick up Petrofina is certainly not going to help the consumers or the agricultural people. Possibly we should be looking at some shielding in this area.

When I say make interest rates more attractive to agricultural people, I'm thinking of the Alberta development corporation loans. Farmers who have borrowed money through the guaranteed loan program, say in 1973-74, were paying 1.5, sometimes 2 per cent over prime at the time they borrowed this money; they were paying 8, 9, and sometimes 10 per cent for their money. Now on that same loan they're paying as high as 19 and 20 per cent. It's really causing problems for these farmers who have large loans under the guaranteed program. I think we should be taking a good look at possibly using more of the heritage trust fund money to go into these types of loans and transferring from guaranteed loans to direct loans. I agree that at the present time the direct loan program is good at 12 per cent. It's fitting in really well. However, with high interest rates at the bank and the 12 per cent direct loans, they're a loan of last resort. And with high interest on their money, many banks today are not turning anybody down. They're willing to loan money to anyone as long as they have any equity at all. So I think we should be taking a good look at removing the loan of last resort to farmers under the 12 per cent direct loan program.

Also, with the escalation of land prices and the inflation factor, I think we should be taking a look at increasing the limits as far as the young farmers' program is concerned. I think right now they can get \$200,000, and have a full asset of \$300,000. But with the price of land and the cost of operation, I think we could put another \$100,000 on that, not cause any problems at all, and make it much more beneficial or satisfactory for young farmers to purchase this land.

In the direct loan program, I also think we should look at maybe taking the limit off altogether. I think the minister took a look at it one time or did suggest it: deal with the loans just as a farm loan without having a limit on the direct loan program. When I spoke on the throne debate, I indicated that we should streamline the program as far as processing the loans is concerned. I think it is a cumbersome procedure when we have to deal with them at the local level, at the regional level, and then come to the board to finally approve a lot of our loans. It would

be reasonable to think that our board should be there to set policy. The direction of the board should be to set the policy for the Alberta development corporation, not deal directly with loans, and let the administration handle the loans as far as approval of the loans themselves is concerned. If we were to have more help at the local level handling these direct loans and some of the smaller loans, they could handle these at the local level without going through the regional office and up to the head office.

As I said, I think the other area where we should be helping our farmers is sheltering our fuel and fertilizer prices as far as input costs are concerned.

As for irrigation, I know that the projects association is pleased with the \$100 million being put into the development of our irrigation systems in the province. They're pleased this is in place. However, some of the irrigation districts are concerned, as are some of the municipalities, that some of the cheques are held up too long. I was talking to the manager of the Eastern Irrigation District when I was home during the Easter holidays. He indicated to me that he had to borrow \$1 million to carry on their operations. It's costing from 19 to 20 per cent to borrow this money, so I would like the minister to take a good look at seeing if they could get the cheques out to the irrigation districts in a more reasonable length of time.

As far as the irrigation money is concerned, I do think it's satisfactory using internal storage. However, instead of spending so much of our money on internal storage, we should be looking at putting storage on our river basins. Internal storage in many areas — for example, I know there are applications to put more internal storage in the Eastern Irrigation District. But while we're doing that, we're taking up good agricultural land for storage. What we should be doing is spending more of our money to store our water on our river basins.

An example in my own constituency is the Eyremore dam, which we've been pleading with the government to put some money into instead of repairing the Bassano dam. A lot of people have the concept that the Bassano dam can store water when we repair it. But, Mr. Chairman, there's no water storage whatsoever on the Bassano dam. All it is is a diversion dam. We're going to spend possibly a million dollars now to repair it only to divert water. I would like to see us put in a dam downstream on the Bow River, spend possibly \$300 million, that will store possibly 300,000 to 400,000 acre-feet of water and also divert the water. Then we wouldn't have to spend money on the diversion dam at Bassano which eventually will be going out.

In a lot of the irrigation districts, we did have this storage. Many districts could put many more acres under cultivation and under irrigation. There are 600,000 acres in the Eastern District itself, and we're irrigating only 200,000 acres. If we had the storage we'd have the possibility of putting another 300,000 to 350,000 acres under water, if we just had the water to irrigate the land and the money to upgrade our district. I'm sure a district like the Eastern Irrigation District is willing to spend some of their own money to develop the district. Possibly they should be looking at putting some money into storage even on the river basins, instead of what they're doing now, spending money putting internal storage within the district.

At the present time several million dollars are being spent in the irrigation district by the federal government. However, this is a program that was a long time coming, and we're finally getting it spent. It's federal funds that

are being spent on the diversion of the Bassano dam at the present time, also federal funds to put the new transfer of water in where the aqueduct was. But when we start putting dams on river storage, I certainly think the Minister of Agriculture and the Minister of Environment should meet and try to get the federal government to participate in putting more money into putting onstream storage on all our river basins in the province of Alberta.

I would just like to ask the minister if he is going to continue the water pumping program. He indicated there was a special warrant last year for pumping to fill up dugouts.

MR. DEPUTY CHAIRMAN: Before we continue with the hon. member for Spirit River-Fairview, I wonder if the minister wants to answer individual members, or would he like to hold it to the end of the comments.

MR. SCHMIDT: Because of the numbers of comments, it might be easier to reply to the individual speaker, Mr. Chairman.

I guess we started the discussion in regard to pumping in dugouts and closed with the same topic. I'm pleased to say that the equipment is now out in some areas. This year the need is as great as last year, maybe even greater, for the absence of potable water. The program will continue. We have left the basic rates the same, just enough of a deterrent so that those who need it give some assurance that the equipment will be taken care of. It's a shared program where we share what equipment we have, and the farmer provides the power to go with it. We provide one individual. So that program is ongoing now. Unless there are some major changes, it would appear it will be fairly busy, certainly for spring and early summer. The difference between where we stand this year in pumping is that we have twice as much equipment to start the season this year compared to last year.

Just a short check in regard to ADC, the programs touched on the beginning farmer at the maximum of \$200,000. That figure was established when the program was initiated and brought in April 1. We've made the statement that if we find, through applications, that it's insufficient to meet the needs, it can be flexible. I would hope that the total programs through ADC have that degree of flexibility to meet most of the applications that come, in both the beginning farmer program and the others that are carried out.

Just one comment back to check the irrigation. We have had the opportunity to share early starts, advancement of funds, with the irrigation districts. Perhaps the early season has allowed them to get off and running earlier than normal, but it seems to me that most of their advance cheques have gone now. We would certainly do everything in our power to speed up the system if it requires districts borrowing money at those particular interest rates.

The only other comment I would make in regard to irrigation, is that I'd be happy to discuss with my colleague the Minister of Environment the total aspect of water storage. Of course hon. members are aware that the Department of Agriculture is only involved in limited, internal storage in the part of the expenditure of funds we have available. I would agree with him on the much broader base that perhaps onstream storage in the utilization of productive land, wherever possible, may be the best way to go. I would certainly pass on the comments. We have the opportunity to meet fairly often with Environment because of the interest in the 15-year program,

in which Agriculture will be asked to renew its program after five years.

It would appear at the present time that the \$100 million over the five-year period with the 86:14 shared program — the individual districts of course are putting some money in and matching the 86 per cent provided through government funding. I'm sure we would be happy to work with them. If they wish to go much further on storage, I'm sure the Minister of Environment would be pleased to deal directly with them and see if we can share some of those programs in design, recognizing that it is a 15-year program.

The acreage hold in regard to particular areas, the so-called moratoriums, has been placed there by the districts themselves, pending a guarantee of water supply. As we progress with both the upgrading and bringing more water into storage, some of those so-called freezes on bringing more acres under irrigation will diminish over the period of years. It's estimated that at the end of the 15-year program we should have the full 15 million acres under full irrigation.

One comment in regard to farm fuels. I had an opportunity to check farm fuels. It's interesting to find out just how we manage and compare, recognizing that farm fuel is certainly one of the bigger input cost items. Of all six provinces other than the eastern seaboard, Alberta of course fares the best in regard to purple gas and diesel. That also recognizes that as we go to world price, the price to Alberta farmers will rise as well. This research was done for the month of February. It places Alberta farmers at an average 93.2 cents net on purple gas per gallon. The closest recipients are farmers in Quebec with \$1.063. Those who pay the most for purple gas happen to be in British Columbia, at \$1.227. I find it difficult to understand the differential between purple gas and diesel fuel, as it moves the provinces around again. But at 91.8 cents for diesel fuel, Alberta still fares the best. The high in this case is Manitoba at \$1.142.

It was interesting because fuel prices certainly are an input cost, and we have stated that our commitment to producers within the province of Alberta is to see that they maintain that position of enjoying among the lowest of fuel prices throughout North America. As prices increase, if they increase the same through federal taxation, Alberta still maintains and will enjoy the lowest input cost.

The other factor that's interesting to note is the flexing differential in price because of geographical locations, province to province. The information was gained more easily for us for Manitoba, Saskatchewan, and Alberta. That's the price differential within the province because of geographical location. We took some averages, and it would appear that there is very little difference in regard to location throughout the three prairie provinces. The differential that exists is within about 1 cent. In the province the differential between the lowest and the highest rates geographically — in other words, the producer who enjoys the lowest fuel costs because of location, compared to the highest — is about 8 cents a gallon, from the information we have. There is about 7 in Saskatchewan. The information we had for Manitoba brought the geographical locations fairly close to one another, so there was very little differential, recognizing of course that the majority happen to be in the southern part of the province.

In regard to fluctuations in fertilizer prices, there have been some rumors of escalating prices, percentage rates that far exceed a normal increase. We did a fast check on

fertilizer prices as they pertain and the increase in costs, recognizing of course that their base material, in the form of natural gas, rose in price as well. It would appear that those increases have been somewhat less percentagewise and have stayed very close to the cost of the base material to the fertilizer manufacturers: a 20 per cent increase on nitrogen fertilizer, phosphates at 25. Those are increases in basic rates on manufactured fertilizers within the province.

Mr. Chairman, we look forward to doing an ongoing review of ADC, recognizing that we now have some background material after one full year of beginning farmer applications. And there were lots of them. All those who eventually ended up as new beginning farmers in the province — of course many applied. who for one reason or another, mostly because of change of mind, have gone in other directions — have given the corporation a pretty heavy workload. It has also given us an opportunity to assess some of the procedures. Hopefully that review that is going on now might produce some shortcuts. Of course it is yet to be seen whether or not the total shortcut might bypass the board as it exists today, give the total lending authority to the loans officers and the boards stick to the administrative procedure and matters of policy. But I look forward to meeting with the new chairman after he's had an opportunity to assess the situation and some of the review done during the current year of the increased activity within ADC. Hopefully that information may provide us a background for some changes.

We recognize that the acceptance of a lending agency also has to be tied to the time element involved with the processing of an application. I guess I would also like to see those who are making application, that are taking and getting some options throughout the country, do so with some optimistic time involved. You know, if you're going to ask for an option, it should at least cover the time you think a normal application would be. Ten-day options just can't be handled. I don't care if you throw all the applications away and do it verbally; it's impossible.

Mr. Chairman, we look forward to the opportunity to review the positions and would certainly work towards trying to streamline this situation, if it's possible. In the meantime I would be quite happy to take those comments the hon. member made that pertain more to the areas of responsibility with Environment, the next time we meet jointly on irrigation.

MR. DEPUTY CHAIRMAN: Before the hon. Member for Spirit River-Fairview continues, may the hon. Member for Calgary Mountain View have permission to revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: **INTRODUCTION OF SPECIAL GUESTS** (*reversion*)

MR. KUSHNER: Thank you, Mr. Chairman. I'm very pleased today to have this opportunity to introduce to you and to members of the committee, some 30 young people from the fair city to the south, who are contemplating annexation of Edmonton. These grades 5 and 6 students from Vista Heights school, which I might add is located in the diverse constituency of Calgary Mountain View, are accompanied by their teachers Mr. Piechotta, Margaret Ferguson, and Gail McCarthy. They are in the

members gallery. I'd like to ask them to rise and accept the cordial welcome of this committee.

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

Department of Agriculture (*continued*)

MR. NOTLEY: Mr. Chairman, I rise to make three or four general comments, and then I'd like to deal more specifically with the issue of marketing. During discussion of estimates, I will have a number of questions I'd like to put directly to the minister on Alberta's position on the marketing of grain.

First of all, dealing with the general questions, the Member for Bow Valley raised the issues of interest rates and fuel and fertilizer prices. On the question of interest rates, I think there is a role for the expansion of the Agricultural Development Corporation. Like most rural members, I feel a sense of pride as far as the beginning farmer program is concerned. I think it's an excellent program. However, with respect to direct loans versus guaranteed loans, I do believe there is a strong argument for the expansion of direct loans. Of course that would mean a significant increase in the heritage trust fund allocation to the Agricultural Development Corporation, but it seems to me that that would be well worth considering at this stage.

Mr. Chairman, I want to deal directly with the farm fuel and fertilizer question. In responding, the minister outlined the situation in Alberta and contrasted it with other provinces. The position of the government has been that we want to have the lowest possible prices in Alberta. Fair enough. I don't argue that point; I don't think any member would. Except I suggest to the minister and other members of the committee that perhaps what we have to begin to do is look at this issue of sheltering farm fuel prices not as a provincial matter but as a national objective. Part and parcel of any national energy program must be a sheltering scheme that would apply to farmers right across the country. I well recall this minister's predecessor when we argued the case in 1975 for a system of helping the cow-calf operators, the grants in the short run. Finally, a few months later, the government came up with a \$40 million program. But at the time the argument was made that we have to look at a national approach because of the unfair competition of subsidized farmers in one area contrasted with non-subsidized farmers in another part of the country. I suggest that perhaps what the minister should be looking at and enlisting the support of farm organizations in trying to achieve is that, as we move toward an energy agreement, part and parcel of that energy agreement would be some form of national sheltering in which Alberta would play a role but so would the federal government. One of the advantages of a new form of revenue sharing between the province and the federal government is that — and the suggestion I've advanced of a rental of royalty, if you like — it would allow, in certain specified uses of energy, removal of that tax that would go to both the federal and provincial governments. It seems to me that's the sort of thing it seems to me we could examine. Another alternative would be a form of tax credit which would be applicable to a refundable tax credit.

Mr. Chairman, what I am saying to the government is that as we move to higher prices — and I don't think

there's a single member in this House who is not in favor of moving at least to the 75 per cent figure that this government set out as its objective in July — it is going to have a very significant impact, especially on farmers. It seems to me that that impact has to be addressed not just on a fragmented provincial basis but as part of a national program.

I want to deal with a second question, the issue of agricultural land values. There's no doubt that land values have gone up very significantly right across the province and, for that matter, throughout the country, but especially in this province. I would say to the minister that one way we have to tackle ...

MR. DEPUTY CHAIRMAN: Order please. Some hon. members are interfering with the conversation of this committee.

MR. NOTLEY: One way in which we have to tackle this issue is to look at the ripple effect that I think is causing the major escalation in agricultural land prices. As agricultural land around urban areas is taken out of production and sold for commercial or residential development, this has an impact on the prices. People sell their land, they have to turn it over, buy additional land to turn over their capital gains. So you have a ripple effect from your major cities. Notwithstanding much of the discussion in rural Alberta about the foreign ownership of land, I suspect that this ripple effect of using agricultural land around the major cities is a much more significant factor in pushing up the price of land than the alleged foreign purchase of land in Alberta.

I know that a land use policy, which brings into full and fair account the different interests involved, is extremely difficult to develop. Somebody who has had land for a number of years obviously wants to sell it at what is a market price, even though the purchase of that land by a young person getting into agriculture is a price level which is completely unrelated to the productive value of the land. As I look at some of the land prices around this province — for that matter now including land prices in both northeastern and northwestern Alberta — we have got to the point where I really wonder what kind of favor we do someone when we loan them the money when they pay \$2,000 an acre for farmland. It's just absolutely ridiculous. A large part of that is because of this ripple effect of urban expansion.

One reason I think we have to look seriously at some kind of land commission policy to preserve agricultural land from urbanization is not just the preservation of agricultural land for its aesthetic or food production value — that's all very important as part of the rationale for such a policy, but I think even more important is the impact it would have on at least levelling out land prices. I don't think we can bring in some kind of fixed approach to it, but when we have an almost artificial pressure as a result of this urbanization, which is in the system, it's going to cause real problems over the long haul in our province.

I know this is not just a problem in Alberta; it's a problem right across the country. But it is a bigger problem in Alberta, Mr. Chairman and Mr. Minister, because of the more rapid growth of our cities. Two weeks ago I was in Regina, and land in the Regina plain is selling for about \$500 an acre. That's probably a reasonable price for the productive value of that land, because there isn't the pressure of urbanization. On the other hand, how can we look at the price of land in

Wetaskiwin, Olds, and St. Albert, and suggest to someone who is buying land in those locations that they are going to be able to make money farming?

The third area I want to deal with is the question of transportation of agricultural commodities. Over the last few years we have had continual pressure from the railroads to get out of branch lines and shift over to trucking. For a period of time that seemed to make a good deal of sense. If one could sort of take 10 years away and go back to 1970, when the price of oil was \$2.80 a barrel and gasoline was 45 or 50 cents a gallon, in many respects a substantial reliance on trucking made sense, although there was always the associated cost the province had to bear, as opposed to the railroads. But, Mr. Chairman, it seems to me that as we move to a higher price, any kind of transportation system as energy inefficient as trucking, compared to railroads, is getting us into a corner which will reverberate against our farmers for many generations to come.

It seems to me that we have to look seriously at the maintenance of branch lines and the expansion of rail facilities. For a number of years now we've talked in the heritage trust fund committee about certain rail links that could be made in northwestern Alberta. I would just argue again that if we're going to be concerned about helping the farmers in the Peace River block, the linking of the Alberta system, the NAR system now owned by CN, with the B.C. railroad is one of the best investments we could make in terms of getting Peace River grain efficiently to market and not having the huge turnabout time. In the case of Hines Creek, for example, the minister's own regional office in Fairview computed the mileage saving: from Hines Creek to Prince Rupert there is a saving of 491 miles one way by linking up with BCR. Now we have to look at those kinds of things, and we have to look at them in a new way. With energy prices going up, in my view rail transportation becomes that much more efficient.

The other aspect I want to deal with in a general sense is where in heaven's name we're going to nail down the trade-off with the rail companies that I think has to be there as a result of the enormous public investment we've made — Saskatchewan has made, Alberta has made, the Wheat Board has made using farmers' money, the government in Manitoba has made — to provide these hopper cars. You know, it isn't good enough for the railroads to say, the public sector will provide the running stock on the railroads, but we want to do away with the Crow rates; we want to have compensatory rates, but we're not providing the capital equipment. I just don't think that is a reasonable position at all. As far as I'm concerned, it seems to me there has to be some sort of clear understanding that as a result of that substantial public investment that has been made in the last two or three years in particular — but even longer in terms of Wheat Board and federal government acquisition of hopper cars — we have to have some kind of commitment on freight rates.

I would generally say that I don't think the suggestion that has come from some sources, that we just simply have a benefit plan and hand the money out in cheques to farmers, is a reasonable approach. I think that's going to lead us into a situation where five or 10 years down the road Parliament is going to look at its total federal deficit and say, well, we have a billion dollars a year going out in Crow benefits; that's one area where we can cut back. It seems to me that the maintenance of the Crow rate, or some variation of it, is much stronger today as a result of

the public investments the three western provinces and the farmers themselves, as well as the federal government, have had to make in the system. I'd welcome the minister's response on that issue.

Now I'd like to deal with some more specific questions on the issue of marketing grain itself. Yesterday in the question period I asked the minister what the government's position was on this business of a parallel grain transportation and marketing system. Mr. Chairman and Mr. Minister, I think it's important that the minister take some time to outline clearly where the government stands on this issue. I say that despite the fact that we've had a resolution here by the hon. Member for Vegreville. I wasn't aware that he was speaking for the government. In the estimates of the Department of Agriculture, I think now is the time to find out the government's policy on this entire issue of marketing grain.

I say that, too, because a few weeks before the Legislature was convened the minister was reported to have argued that Alberta might consider withdrawing from the Wheat Board designated area. Was the minister speaking privately, as an individual, or was he putting forward the position of the government of Alberta on this matter? I need hardly remind members of the committee that the board of directors of the Alberta Wheat Pool expressed some genuine concern about this concept of a parallel transportation and marketing system. I think that report has been carried in the newspapers, and I don't need to read it into the record except to note that it has been made.

Flowing from those general introductory comments, however, I do have some specific questions I'd like the minister to respond to, one by one. If I am correct in his statement, the minister said yesterday:

It would appear . . . one could achieve an individual choice by producer without too much change in the system that exists, although with a greater degree of flexibility than exists at the present time.

And:

. . . if freedom of choice were to become available to producers in western Canada, there would have to be some changes in the total marketing aspect, and that would be both in domestic and export.

As my first question, I'd like the minister to be somewhat more specific in identifying what changes the government of Alberta is talking about. In other words, what are we going to be doing in terms of the traditional role of the Wheat Board as the export agency? Are we going to allow some room for the private grain trade in the export field, which has traditionally been a Wheat Board preserve, or what? So I'd like to get some specific responses to the kinds of changes the government of Alberta sees at this stage in order to facilitate both the domestic feed grain market and the export of agricultural grains coming under Wheat Board jurisdiction.

Then the question of what approach the government is looking at to provide this dual marketing system, if you like. Is it going to be an approach that would see a change made in the structure of the Alberta Grain Commission to have some kind of regulatory powers? Or is it going to be operated by the private grain companies? Is it going to be a private system, working parallel with the Grain Transportation Authority, the Wheat Board, and the Canada Grain Act? Or is it going to be a quasi-public system? Has the government developed its thinking to the point where the minister can perhaps be a little more specific on the kind of parallel structure they're interested in at this stage?

A third question I would put to the minister is the issue of who is going to be in charge of allocating grain cars under this dual approach? Now we have a fairly clear responsibility set out, as the minister well knows as a result of the hostage hopper cars. Who's going to have authority under this new system? Is it going to be the Wheat Board or the Canadian transportation authority? Who's going to have paramouncy? Is it going to be the government of Alberta or the private grain trade? Who in fact is going to be calling upon CN and CP to make cars available at the right time so we can get this grain delivered? It seems to me that somebody has to be in charge. One of the problems of a dual system is that unless you have a clear idea of who's in charge, you're going to have absolute chaos.

I basically support the concept of the Wheat Board, but the problems we have now, especially in Alberta, and that many of us in the north face, and some of the complaints we have about the present operation, is that we don't think we get the cars as soon as we should because of the orientation of the board. I think working within the system to get changes made is the approach we should take. But it seems to me that that's going to be an awful lot worse if we've got a dual system. On top of that we're presumably still going to have producer cars. So we're going to have producer cars, we're going to have this system set up by the Alberta government, and we're going to have the Wheat Board. Unless there's some sort of clear idea as to who's going to allocate those cars, I think we are going to have one of the most interesting transportation systems of any country in the world, but not necessarily one that will get the grain to the port when it's required so that we can meet our export commitments.

So I think we have to be somewhat more specific than the government has been to date as to who is going to have paramouncy in determining where those cars are going to be, when and how we're going to get the grain to export position.

The minister indicated that he'd discussed this matter with some groups, but my understanding is that there has been no formal discussion with the Wheat Pool or Unifarm. As a matter of fact, the Wheat Pool says in their news release that:

While the Alberta Wheat Pool has not been consulted by the Alberta government concerning the [eventuality] of the operation of its three inland terminals into a grain handling transportation system, national media coverage has recently been given to such a prospect.

I guess my question to the minister, Mr. Chairman, would be to ask why there hasn't been any formal consultation, particularly with Unifarm, which is the largest organization, the umbrella organization. Almost every farmer in this province is, if not directly, indirectly . . .

AN HON. MEMBER: Oh.

MR. NOTLEY: Yes, indirectly. Someone over there said, oh. Indirectly because of the umbrella nature of Unifarm. Members will realize that's true. Why was there no consultation with this organization, in particular before the utterances were made? The minister indicated yesterday in the question period that there'd been some discussion with the Palliser people, the rapeseed growers, and perhaps the barley growers. Why no consultation with Unifarm? It seems to me that that would be the place one would start, and with the other groups too: the National

Farmers Union, the Wheat Pool, Christian Farmers Federation, and indeed the Palliser, the barley growers, and the rapeseed growers. I think there should be consultation with all of them before any kind of major comment is made on the development of a different transportation and marketing system. I think there should be formal consultation with every single legitimate, valid group that represents farmers.

What I found a little disturbing in the response of the minister yesterday in the question period is that there seems to have been discussions with certain people whose position is generally in favor of the open market. I respect their right to hold that view; fair enough. But there doesn't appear to have been any consultation with those people, such as the Pool, Uniform, the NFU, and the Christian Farmers Federation, who have had a traditional position in support of an orderly system of marketing of wheat. The question is why? I think we have to know why.

The minister indicated that he hopes to have meetings with the Wheat Board. That's an excellent idea, because I personally think that many of the complaints we've heard — in Mr. Batiuk's motion several weeks ago and in many of the complaints we all have as members of the House — are that we should be attempting to rectify by making modifications and changes in the operation of the Wheat Board. Three or four years ago we had discussions in this House about the role and the operation of the Wheat Board. One of the things we might well look at is that perhaps there could be changes in the composition of the advisory committee. I really think that when you link northern Alberta with the Peace River country and have one advisory committee member for that large an area, frankly there are significant differences. Perhaps we should look at a slightly larger advisory committee.

I do like the concept of an advisory committee which is elected by the producers, as opposed to an advisory committee which is appointed by federal or provincial governments, or whoever the case may be. I think the best people to represent farmers on that advisory committee are people who are elected by farmers, by the permit holders, and not by a bunch of politicians, whether federal or provincial. And God help us if we get into a situation where we turn the Wheat Board into a tug of war between federal and provincial politicians. In my view, the more we can strengthen the producer input in the control over it, the better off we're all going to be.

There are several other points I'd like to deal with in terms of the question of marketing in Alberta and the response of the government. I'd like to know whether the government intends to prepare for Alberta farmers, and for the farm organizations, some sort of formal position paper, call it a white paper or what you like. When this government was elected we talked about having formal position papers presented to the House. The Member for Vegreville introduced a resolution. There's been a reaction to that, and people don't know where the government stands. Rather than having all this speculation about what the direction is in this important area of marketing, why don't we have the preparation of a white paper that can be presented in the Assembly and made available to all the farm organizations?

Then I would strongly suggest to the minister, and I want him to formally respond to this question, that after the white paper is prepared and submitted to the farm community, the next step, before we do anything else, would be to have formal hearings of this Legislature, as we did in 1972 when we had the agricultural and public

affairs committee. We took a week. We heard anybody who wanted to come in and hear and talk about royalties. We had an excellent week, when people had an opportunity to come to this Assembly and state their case to the members of the Legislature before we made a decision on the royalty structure. Before that, the former Social Credit government, when we had the discussion on the Big Horn dam, also had formal public hearings of the Legislature, and groups could come and make submission. I suggest to you, Mr. Minister, that before we get into the marketing and transportation area in any significant way at all, and modify the system as it now operates, we should make sure there is the maximum opportunity for producers and farm groups to come and make formal submission to this House.

MR. SCHMIDT: Thank you, Mr. Chairman. Just a few comments on the request in regard to interest rates as they affect ADC. I think I've already touched on some areas. Of course as interest rates climb, and certainly of some concern to us — fixed rates as they pertain to the Ag. Development Corporation. Those who would be eligible or not eligible as a last-resort lender at, we'll say, 14 per cent money, as interest rates climb and the available rate to that individual is then in the area of 18 or 20 per cent, repayment ability of course changes. If you're eligible or non-eligible today through ADC as a lender of last-resort, an increase of 2 per cent in interest rates through the chartered banks could make you eligible. So eligibility becomes very difficult from our point of view. That's why some degree of flexibility has to exist. Hopefully we are meeting some of those, recognizing that if one were to relieve the total interest responsibility to all of the aspects of agriculture, both in agribusiness and to the farming community, it would be rather difficult both financially and otherwise. I don't think that was the intent of ADC.

So we would continue to apply the flexibility factor. There is some area for flexibility in agribusiness, the difference between direct money, of course, which gives us the opportunity to use a lower interest rate. Those things are being done wherever possible.

Fuel protection: we recognize that fuel is only one part. In regard to responsibility the hon. member mentioned that if there is to be fuel protection, it be done on a federal, national basis. No disagreement in a federal position that would give farmers the opportunity of a shielded price; I guess that's the whole concept of stabilization. We have been unsuccessful in getting any form of federal stability in the livestock industry. You can see the end result: every province has a program, and they all differ. Hopefully, at least in western Canada we are at least trying to keep the programs in tune with one another so we don't pit one province against the other, because that only deals with production. We still sell on a much larger market. Certainly if shielding is to be done in regard to farm fuels, we would welcome that it at least have that opportunity of equality across Canada.

I'd just like to touch on the broader issue to clear up two things, and I'm not too sure that we're not away from the actual estimates, but part of the basic responsibility. First of all, I stated that if the market assurance program, as it was presented to us, were to be forced upon producers within this province, we would certainly have no alternative but to ask to be withdrawn from the designated area. That statement was made on the assumption that the presentation to us was that, first of all, production would be controlled by contract. Secondly, if

it was to work, it was the intention that all grains, all productions; should come under the system. To me that took away basic freedom of production, the basic right of an individual, and certainly not the intent towards the basic production that exists. In other words, it's not always our choice as a farmer what one should produce, because the farm itself has as much capability and input into that decision. If we're going to make the best use out of its capability, perhaps many people grow nothing but barley and other rotations because their soil is most suited for it. If that choice disappears — because on a commodity by contract you can only work a system of sale — then we have lost a freedom. That statement was made on that basis. That freedom has to exist.

Just one comment on transportation in total, and then I'd like to touch on what has transpired since that statement and the reading into the fact that the province of Alberta is establishing a private system of transportation. I say to the hon. member, and to all hon. members, that the transportation and grain marketing system in western Canada, not only in the province of Alberta, is as much of prime importance to us as a province as it is to those who live in Manitoba or other parts of Canada. Because we happen to be the major producers in western Canada, of course the transportation system that exists will affect us most. At no time has there ever been a move to set up a separate system, other than to recognize that the majority of producers I have talked to so far, because of the discussions that originated under the market assurance plan, was a freedom of choice to be able to sell either Board or non-Board. If that is another system of marketing or a change in the dual system; I can't see it in that light. The choice of the individual on those grains that now fall under the purview of the Board, if he or she had the opportunity by choice to sell to either the open system or to the Board — if that were to exist, then all commodities would be available on both sides.

Now it's fine to make that statement. But one also has to recognize that if you're going to go to those freedoms, many other things are involved in the total transportation system. It's those freedoms that don't exist. Because transportation that's tied now is tied to Board grain, to Board transportation, the allocation of cars — we recognize that.

A statement was made that the system we're faced with today certainly has some problems. The growth of the industry and the growth of the demand on the total transportation system is not only in agriculture, although we may suffer at the growth of other commodities that are going to use the transportation system in the future. But we recognize there has to be some upgrading, some change. From the agricultural point of view, hopefully we have to make some changes so we're in that part of the competition that will give us the opportunity to use those systems. Parts of the province will probably still be able to utilize trucking to some advantage. But not unlike any other systems of transportation, trucks grow in size and, in many cases, have outgrown the basic roads on which they travel. Those roads are expensive to maintain. Sometimes we lose roadbeds with heavy truck traffic, certainly not to the benefit of communities that those roads happen to fall into. So there is a balance. There's no doubt as to the future of where the railroads should be, not only in the province of Alberta but in Canada as a whole.

There is no doubt there should be an agency on behalf of Canada for the marketing and export of grain. It's how and what that agency is, and the freedom the producer

has to accept one or the other. At no time have we agreed or discussed a system that would be in opposition to what exists, but have offered the opportunity to sit down and discuss areas of problems that do exist, because as a province we differ as much from Saskatchewan as Saskatchewan from Manitoba and Manitoba from B.C. from Alberta. We have specialty crops that are grown throughout western Canada. They are special to some particular provinces and only to those provinces. If there is no interest in selling that particular commodity, whether it's Board or any other area, then the producer is producing a commodity which he or she might as well have summer fallowed. That's certainly not the approach or the responsibility that agriculture is going to have to accept in production. All we have stated is that there have to be some changes ahead: first of all in the transportation systems, and secondly in the system of marketing. In doing and looking at those changes, surely we can still effect some freedom of choice.

That's the position we're in today. When the time comes to provide something and to ask producers, when we have something to ask them, they will certainly have that opportunity. At the present time, the discussions I've had, there's a plus on the side of freedom of choice.

I couldn't agree more with the amount of work that should be done, the opportunity to band together with a common cause of the north, the opportunity to work with BCR. Certainly with Rupert coming on stream, BCR can be a key, if a system of co-operation can be worked out, of mutual benefit to both Alberta and British Columbia, to move that product, rather than doubling back to the south and then off to the various ports to the west. To put it in a nutshell, Mr. Chairman, we recognize there are some problems out there. We're willing to suggest some change, hopefully provide some flexibility in the Crow issue itself, recognizing that there's a multitude of differences of opinion. I think collectively everyone agrees there has to be some change. The question is how, who pays, and how much. If I had those answers I wouldn't be sitting here today. I'd probably be providing the answers somewhere. So, Mr. Chairman, I hope that clears up any comments on the premature double system.

MRS. CHICHAK. Thank you, Mr. Chairman. I want to make a few remarks and pose some questions for the hon. minister with respect to agriculture and the production of food for the consumer market, both locally and abroad, and perhaps have some clarification in some areas of his overall responsibility.

Mr. Chairman, there's no question that Alberta being a landlocked province and the climate we have in itself poses a lot of difficulties with respect to the provision of agricultural products in the way of food, the ability to grow them under our climatic situation, and to market them outside of our province as well.

I'd like to concentrate a number of remarks with respect to root crops and other table vegetables. We know that in order to have a year-round supply, the only possibility we could achieve that in production from Alberta is to go to greenhouses and an ability to produce on a year-round basis. It's very difficult for the consumer now to continue to have to meet the kind of rising prices existing, not so much limited to the winter seasonal kind of supply as in the past, but it seems more and more that that seasonal time frame on higher pricing is extending almost to a year-round basis.

I suppose a number of matters dictate that kind of consumer situation. Perhaps two of the major ones are

marketing availability and the ability to produce locally. In order to be able to produce locally at an economic level so that the price might be a competitive one here in the province, in order that it be a viable operation, it would mean that our root crop producers have to be able to produce in sufficient quantities to export the product as well. I think it's important that we direct our energies more to achieve that level of production.

In this regard, I'd like to say I think there is a far greater capability than presently exists to develop a market locally, because in fact there is a monopoly by Safeway at this time in respect to the supply of root crop and table vegetable products. We recognize the difficulty that exists, in that Safeway, having the kind of monopoly it has in this province, dictates the terms of where, when, and if they will purchase from our local Alberta producers. They simply say that our producers cannot supply the product on a year-round basis.

I think it's probably time now for the Minister of Agriculture and the government to take a firmer hand with respect to the attitude of Safeway and any other major grocery chain. In this regard, if Safeway will have the kind of monopoly on the market it now has for the consumer, I think it's time, as part of the condition to reap the financial benefits they do from this province — and hopefully that direction might spread to other provinces where Safeway has a major hold on businesses — that Safeway be required to purchase at least a significant percentage of what may be made available from our local producers, particularly during those seasons when they can provide the table foods. I think that needs to be a condition irrespective of the argument they may use that they will lose their suppliers from other sources. At today's prices that just cannot be an acceptable kind of argument. If we are going to increase the food production in this province, unless we take such firm measures we will not have the success we ought to have in the agricultural industry.

I would like to raise another point with respect to root crops. If the hon. minister is not already carrying some research or direction in this line, perhaps he would look at the kind of soils that exist in southern Alberta particularly, because the season is longer for the production of root crops and other table vegetables, to encourage and assist in the interim or at the starting point if necessary, to redirect the kind of production or use of land currently in existence. I suppose that can be possible only if there is an increase in the availability of irrigation services in some of the areas.

I want to comment on that, Mr. Chairman. Over a period of time, we have provided substantial funds from the heritage trust fund for a long-term plan for the upgrading of irrigation and of the system that has been in place for a long period of time. I'm not sure whether at this time — the minister can certainly provide that clarification in his remarks — in the upgrading of the system we have directed our attention in part and in stages to begin changing the system to have better water management and conservation of loss, diminishment of loss of water from the system.

I think it's important for us to recognize, and I'm sure the hon. minister does, that we do not have the abundance of water in this province we always thought or expected was available. If urbanization continues as it has in this province, there's no question there will be far less land available for the production of food and, therefore, we will have to increase the amount of land and the degree or percentage of efficiency of production on avail-

able land. It will have to be more highly concentrated. I'm sure the minister is aware of that. So in fact what that will all lead to is a higher concentration or a greater degree of concentration in how the water is managed to make a greater area of land irrigated and available for more efficient food production. I think we should look at the possibility, rather than using the open-ditch irrigation systems that have served us well in the past, but not efficient in the sense that there has been a lot of water loss — and this will continue. The matter of evaporation and seepage, although being improved — even through the system that is being provided. In root crops you can do a different type of irrigation, the drip method or different methods, which would not take the amount of water or have as much water loss. That truly is important.

The hon. Member for Bow Valley spoke about having reservoirs. Well, we're not going to be able to keep those reservoirs full if there continues to be a very high loss in the system. In the plan and in the consultation the minister receives on upgrading and expanding the irrigation system, I hope we look at and begin to put in place a change to a more efficient, better system. We have looked at other countries where there has been a very high need, where water in fact has been felt to be absolutely unavailable. It has been made available through a very efficient system, and I think it worth while that we consider at this time that as we have to increase our food production, the yields, we must improve that aspect.

The other area with regard to water management: I'm sure the minister has been giving some thought to the matter of drainage in the northern part of the province where, rather than a water shortage, the difficulty is the very high water table and the amount of land really available for production of food, which could be made available through drainage assistance. Perhaps in his reply the minister may wish to make some remarks on what is happening in this area in that regard.

Another point with respect to research being carried out or being planned: perhaps the minister could make some remarks on where we are with respect to research on different types of grains, hardier grains and other hardier plant products that would better withstand our short growing season; and as well the consideration of encouraging farmers to grow types of grains that are needed for the international market. Certain types, what we call the white wheats or different types of wheat, are preferred by markets in the Arab countries and other countries. These countries have always been under the impression that we did not have the types of grains they would have markets for, because our federal communicators simply didn't feel we were able to produce the kinds of grains they wanted, and so there was no dialogue.

I think it's time our federal representatives were far better informed when they go on their international trips and communications. I guess the hon. minister may have to spoon-feed them a bit in what we can do, if they would look for markets in certain types of grains, and that we could change and encourage our farmers to produce them, because we have the type of soil that would produce those types of grains, and perhaps to follow through on a more regular basis to see what the demands are, what these countries' needs are, so we can respond and expand what we are doing here in our agricultural production.

Not only last year but I suppose that in the past two or three years, there has been a greater direction or emphasis put on local producer markets. I would like to suggest to

the hon. minister that perhaps we can do a little more in encouraging market gardening close to the major centres particularly and try to encourage the preservation of our agricultural land in the near vicinity of the major urban centres, that can yield a very efficient percentage of root crops and other table vegetables, and have the establishment of perhaps more market gardens. I know this has been taking place, but maybe there needs to be a little more assistance from the minister's department in the matter of public communication and encouraging that perhaps consumers should direct their attention a little more to the availability of table vegetables and produce so that the constant path from home to Safeway isn't the only path for fresh, quality vegetables. I think a bit more assistance may be needed in public communication. That is something that perhaps the minister could have a look at.

I think the minister responded to the proposal of the Member for Bow Valley that the minister should consider some form of shielding from the fuel prices the federal government is now imposing in the nationalization of Petrofina. I would be very concerned if the hon. minister seriously considered making that kind of support available. I say this not because I think our farmers, our agricultural people, don't need every kind of support they can get. I think this government has been on record, ever since it was elected in 1971, that it is very sensitive to the needs and to the assistance that needs to be provided for our agricultural community and to its importance to the economy of this province.

But I would oppose that position for this reason: Albertans, as owners of the natural resource, are now sacrificing almost a 60 per cent price loss on a fuel that is being provided for all Canadians. The hon. Member for Bow Valley proposes that in addition to that price loss and to the kind of shielding we as a government have been providing to date to farmers with respect to farm fuel support, we are now being asked to cover up for the ills of the federal government. I think that's going a little too far in shielding the federal government. I think we need to do the kind of shielding we have been to assist our farm people to be able to operate, provide, and produce the food that is necessary for all of us. But then to cover up for the ills of another government that has no sensitivity whatsoever to western Canadians, to Albertans, just doesn't make sense. I would think that even our farm people would recognize that what the hon. member is proposing is sheer folly and would be totally unacceptable.

The hon. minister made some remarks with regard to the transportation of grains and the problems that exist. I didn't catch from his remarks just where we are in the Prince Rupert port development and what kind of participation the federal government is currently giving. Is this another one of those things that has fallen almost as a total responsibility on the government of Alberta, another sacrifice for the people of Alberta? It's a pretty hefty price to pay.

The other point I want to ask the minister to comment on again, because I'm not sure I understood him clearly, is with regard to the provision of rolling stock we made, the boxcars for grain transportation, the 1,000 cars Saskatchewan and Alberta made available, and the difficulty that now exists in moving the grain from Alberta to the seaboard. I recognize there certainly is in place, and needs to be, some sort of orderly system of moving rolling stock. But in the past our western farmers were paying the price of not being able to get their grain to market

because rolling stock was not available. Now that rolling stock is available, they've got some other hang-up thrown in the face of the difficulties. I just wonder how far the western farmer has to pay a price to live in western Canada and provide for the rest of Canada.

I'd just like to put one more question to the minister, with regard to foreign markets and the types of products that would be readily purchased or are requested and required by foreign governments; that is, whether the minister, through his department, has some sort of tabulation on the information that comes back as a result of many very, very worth-while and beneficial trips by our hon. Minister of Economic Development — International Trade, and the various groups that have travelled abroad in order to obtain markets, to acquaint foreign governments as to what we have to offer here, and the possibility of the kinds of exchange in trade. Is there a tabulation, particularly with respect to food and other agricultural products, of what the needs are? Is that being translated to our agricultural community in what they should be growing? Are there obstacles in being able to develop the capability of bringing this food out to market to these different countries? Or are there some tariff barriers that have some prohibition in the competitiveness of our markets? Perhaps the minister might want to comment on that.

Those are the points I wish to raise at this time. Thank you, Mr. Chairman.

MR. SCHMIDT: Mr. Chairman, I'm pleased to reply. Specialty crops in this province are taking on a complete new look. I say that because we're now reaching the stage where because of cost factors, production of both root crops and specialty crops are now competitive with imports. So it looks as if the future may be reasonably bright.

The research ongoing in areas such as Brooks — certainly I would suggest that all hon. members who have the opportunity, if you're around Brooks, stop in. I think it's a bit of an eye-opener to see what is being done and achieved in the way of row crop, root crop, fruits, vegetables of all kinds, greenhouse activity, and hydroponics. We're now in a commercial enterprise. We've surpassed the cucumber stage and are now into the production of lettuce through hydroponics, and competitive. So there is a future.

Basically the problem in this country is that market garden work is labor intensive. Not all people either enjoy the type of work or are willing to give of their time to that extent. We have lots of them on a much smaller scale throughout the province. I'm very pleased to say that farmers' markets throughout this province, which we in Agriculture look after and sponsor with local organizations, are meeting what one would call a roadside stand. The information we have is that they are sold out early in the day. They're not only an area where one can go and pick up fresh vegetables of top quality, but I understand the social activities that exist in farmers' markets — it's a good place to go and spend some time. So our support from that point of view will increase.

There is room for those who would like to spend some time in specialty crops. We also have some programs to help those, who are large enough in nature, to go to winter storage. We have some shared programs financially, recognizing that if there's going to be stability price-wise and the supply guaranteed throughout the off-season, storage has to be a factor. So as a department we're involved from both an engineering and a financial

point of view.

I'd just like to touch on one comment: Safeway monopoly. I'd like to point out, first of all, that from an agricultural point of view Safeway is the largest processor of raw material in this province. It utilizes provincial production and exports it to many parts of the world. You can sit down and eat Alberta peas in Australia, and that's done through the processing of Safeway. You can have Alberta beef in Ontario that's supplied from Canada Safeway out of Calgary. That supplying of beef alone, of an Alberta product, exceeds 50 million pounds. So from an agricultural point of view, we have always found that Canada Safeway has utilized and recognized, first of all, the quality that exists in Alberta products, the acceptance of products for processing and export, and acceptance of all Alberta products for sale within their stores. So from an agricultural point of view, we find them a good source, a purchaser in the agricultural industry, and we depend on them to use a lot of the raw material we produce.

Research in irrigation: yes, maybe late in starting, but catching up quite rapidly, recognizing that even in those areas of shortages of water, too much water has caused some problems in salinity. We're interested in utilization, recognizing that water is a very precious commodity. Seepage is a factor. We're now entered into the joint operation with the 15-year water management program, as announced by the Department of Environment, and Agriculture's role in the capital cost. Some districts are carrying out some capital works physically, and we're doing the collection of the data from a research point of view with a comparable approach from Farming for the Future that will give us an opportunity to compare various types of capital projects to gather that information and put it in the form of research to find out which may be more practical, both financially and beneficially, in trying to achieve the proper use and management of water.

Soft white wheat was mentioned. That is part of the total problem we question: that we should have a freedom of choice. It's one of the three major varieties of wheat that are grown in this province. If through the world marketing system the Wheat Board is selling spring wheat and white wheat is ignored, producers in the province that produce nothing else now have a commodity on their hands which they can't sell. We feel that if those freedoms exist which gave them that freedom of choice — because it is a specialty crop not large in volume, could be sold and out of the system without cluttering it up, and in that case the producer would have achieved his end result much earlier.

Rupert is ongoing. The infrastructure is continuing. The funding is in place. The roads into Rupert are now being built. The consortium of course has to make a final decision before mid-summer as to a yes or a no go.

The use of rolling stock: we've had delivery of about 800 of our heritage cars. They're in the system. I think comment was made in regard to the 37 that were used; 37 have now made various trips and stops. All eventually ended up in Vancouver. They've been unloaded, and the rapeseed should be on its way to Mexico.

Reports back from marketing trips, whether they be by organizations that represent their own basic commodity, or by people from our department or by those that represent Economic Development, which our department works with: the opportunity in each particular sector throughout the world has a marketing agent or commission from an agricultural point of view who is responsible for that particular area, knows the area well, knows its

needs, the capabilities, the opportunities for both export and import. That, coupled with the information that he or she is tied directly with on visiting groups, so gets that information first-hand, is kept updated on the broader aspect of that part of the world by Economic Development and the hon. minister who looks after our foreign trade. So we have people on site who are up to date daily. We find that an excellent approach. Besides being knowledgeable, they're being well accepted by those areas they represent. There's a feeling of knowing one another and of open trust. That has to be the key in selling, marketing, trading, bartering, anywhere in the world. So we feel we are meeting those challenges. They also recognize that if there are areas of tariffs, there are some areas we will not be competitive in and where our product is not allowed to be imported into a country. Those are the facts that are gathered and kept up to date by those people who represent those particular areas.

MR. DEPUTY CHAIRMAN: The hon. Member for Edmonton Glengarry.

MR. COOK: Thank you, Mr. Chairman. I want to be fairly brief.

MR. DEPUTY CHAIRMAN: I think the hon. Member for Edmonton Norwood has a supplementary question.

MR. COOK: Would there still be opportunity for me to talk this morning?

MR. DEPUTY CHAIRMAN: I'm not sure what the supplementary will deal with.

MRS. CHICHAK: Mr. Chairman, it's just one very brief supplementary, with respect to the area the minister indicated is labor intensive insofar as root crops are concerned. Is there any kind of program, communication, or plan to employ the handicapped in those areas where the type of work is possible? I think there is a far greater ability to use and provide jobs for handicapped people who can carry out the kinds of work that need to be done in greenhouses or with root crops. Is there any planned program for dissemination of information and ability to get such employment?

MR. SCHMIDT: Mr. Chairman, we don't have a program *per se* that would meet those demands, other than to say that we would provide the opportunity, material-wise, for those who wish to study to see whether they would, first of all, enjoy that kind of work. That information is available, and we would be happy to provide it to them through any of our district offices. Secondly, I'm sure those people who are involved in the production would be most happy because labor is one of the problems that exists in specialty-type crops, because they are labor intensive. In recognition of the year, we would certainly do our share in seeing that those who are interested have an opportunity to work in agriculture.

MR. COOK: Mr. Chairman, I want to keep my remarks fairly brief and to key in on three points. One is energy conservation in the agricultural industry. The second one I'd like to touch on is the preservation of prime agricultural land in Alberta. The third is the amount of research and development that is being conducted by the department and by the agricultural sector generally.

The first point I'd like to touch on, Mr. Chairman, is

energy conservation. I would like to ask the minister if he could tell the Assembly whether his department is conducting any kind of review to reduce the amount of energy required for the agricultural sector, still to maintain the same level of productivity but to reduce their costs. As we've seen, energy costs are rising dramatically as a percentage of the cost of farm inputs, and there are ways to reduce those costs and still maintain productivity. For example, I'm thinking of reducing the amount of nitrogen needed for fertilizer by trying to develop nitrogen-fixing crops, legumes. Tillage techniques, again, if we had legumes — I'll just dwell on that point a little further. If we had legumes and an increase in the humus content of the soil, I understand from talking to some soil scientists at the University of Alberta that it might not be necessary to have the very deep tilling and large tractors that are required today because the humus content has dropped dramatically and the soils are becoming harder and harder and more difficult to plough. So as part of a package, what kind of research are we doing to increase the humus content? That would have an effect on both soil quality and energy conservation.

I'd like to ask the minister another question about energy conservation. Are the grants to agribusinesses or agricultural societies conditional upon the recipients' demonstrating some sort of concern about energy conservation or energy efficiency? The reason I ask that is that the grants are in effect a subsidy, and if we're subsidizing the agricultural sector to become less energy efficient we're working at cross-purposes, given a long-term need for an energy efficient society. I guess I'd ask the same question about Agricultural Development Corporation loans. Are we trying to encourage our operators to become more efficient in their use of agriculture; for example, input costs, fertilizer, and tillage? Those are my concerns in energy efficiency.

Secondly, I'd like to talk about preservation of agricultural land. My office produced a report this spring on preservation of agricultural land and several policy techniques we might look at. I'd like to ask the minister about the priority his department is putting on this problem. It's becoming a concern. The Energy Resources Conservation Board has had a great deal of input on the siting of plants, for example. What kind of priority in the minister's department is this question? What kinds of policy tools is he looking at? Can he make a report to us on that kind of activity? Seven items were reviewed in the report, which I think the minister has a copy of. I wonder if the minister could comment on how he might tighten up subdivision regulations to discourage prime agricultural land from being taken over for residential, commercial, and industrial purposes, when there might be very poor farmland just across the road and that alternative isn't being fully explored. That's a general policy revision I'd like to see.

Finally, I'd like to refer to research and development. Could the minister outline how much money is being spent by the department on research and development, and could he contrast that with the farm cash receipts, the \$3 billion industry we have in the province? I guess the concern I'm raising is that we're not spending enough

on research and development. As a percentage of the whole industry, it's relatively insignificant.

I think there are some areas we should be looking at. Again, talking to the soil sciences department at the University of Alberta, it's clear that we could be spending more on breeding strains of barley for the Peace River block, for example, that are acid resistant. It's very expensive to lime; it might be possible to develop new strains of barley that would still be very productive in an acid soil. The winter wheat range could be expanded. A year and a half ago I went down to the Beltsville, Maryland, research station and I understand from the United States Department of Agriculture that they're putting less and less money into the development of winter wheat strains. Until now, Canada has relied largely on American research and development in this area. I'd be interested in knowing what sorts of winter wheat strains we are developing and what kind of money is going into that.

With those comments, Mr. Chairman, I'd like to ask the minister to comment this afternoon, if he can, or next week.

MR. CRAWFORD: Mr. Chairman, I don't think we can stop the clock in committee. I'm sure the minister will take the questions as notice and deal with them on Monday, when it is proposed to call the Department of Agriculture again.

I move that the committee rise, report progress, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

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

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

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, I will just indicate that on Monday it's proposed to call Committee of Supply in the afternoon, and to sit in the evening and call the budget debate at that time.

DR. BUCK: Mr. Speaker, to the hon. Government House Leader. Is the minister in a position to indicate if we will have night sittings Monday, Tuesday, and Thursday next week?

MR. CRAWFORD: Not at the present time, Mr. Speaker. I'd like to be able to answer that question; I'm not able to. I would hazard a guess, though, and say that it is likely that will be the case.

[At 1 p.m., pursuant to Standing Order 5, the House adjourned to Monday at 2:30 p.m.]