

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Friday, October 26, 1984 10:00 a.m.**

[The House met at 10 a.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: **NOTICES OF MOTIONS**

MR. M. MOORE: Mr. Speaker, I would like to ask for the unanimous consent of the House for leave to introduce a Bill, notwithstanding the fact that no notice has been given. I discussed this matter with members of the opposition and believe we can obtain their concurrence.

MR. SPEAKER: Is it agreed?

HON. MEMBERS: Agreed.

head: **INTRODUCTION OF BILLS**

Bill 83

Child Transportation Safety Act

MR. M. MOORE: Mr. Speaker, I request leave to introduce Bill No. 83, the Child Transportation Safety Act.

This Bill would require that no person driving on a highway will operate a motor vehicle registered under the Motor Vehicle Administration Act with a child as a passenger, unless the child is occupying and properly secured in a required child car safety seat. The Act is designed to apply to all children born after December 31, 1984, until they reach the age of five years or exceed 18 kilograms in weight. Certain exemptions are provided for in the legislation, and others will be proposed in regulations.

By introducing this Act, Mr. Speaker, we feel we will be going a long way in removing the statistical fact that traffic collisions are the number one killer of children beyond their first year of life.

[Leave granted; Bill 83 read a first time]

Bill 264

**An Act to Amend the
Guarantees Acknowledgment Act**

MR. NELSON: Mr. Speaker, I request leave to introduce Bill No. 264, An Act to Amend the Guarantees Acknowledgment Act.

This Bill would change some of the terms in the present Bill — remove "notary public" and change the term to "lawyer" — plus a number of other amending items to ensure that any person signing a guarantee would have full disclosure of the material in that guarantee.

[Leave granted; Bill 264 read a first time]

head: **TABLING RETURNS AND REPORTS**

MR. FJORDBOTTEN: Mr. Speaker, I would like to file with the Assembly the government of Alberta submission to the Committee of Inquiry on Crow Benefit Payment. This submission was presented by the Hon. Hugh Planche and me to Justice Gordon Hall and his committee of inquiry on October 18.

In addition, Mr. Speaker, I'd like to file a discussion paper prepared by the department of rural economy, University of Alberta, for Alberta Economic Development and Alberta Agriculture. The submission to the method of payment inquiry further supports our August 1983 submission to the Standing Committee on Transport.

MR. PLANCHE: Mr. Speaker, I'd like to file the annual report of the Alberta Motion Picture Development Corporation for the year ended March 31, 1984.

MR. SPEAKER: Hon. members may recall that in the Legislative Assembly Act which is now in effect, there is provision for the Members' Services Committee to make certain orders, and there is also a requirement that those orders be tabled. I am now tabling orders 6, 7, 8, and 9.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. ZIP: Mr. Speaker, I have the honour and pleasure to introduce to you and to members of this Assembly 26 bright and energetic students from the grade 6 class of Callingwood school, located in your constituency of Edmonton Meadowlark. They're accompanied by teachers Mr. Viteychuk, Miss Rita Brandt, and Mr. John Jankovic. I ask members of this House to give them a warm and hearty welcome.

MR. KING: Mr. Speaker, it is my pleasure to introduce to you, and through you to members of the Assembly, 15 students who are visiting with us this morning from St. Clair elementary and junior high school, in the constituency of Edmonton Highlands. Accompanied by teachers Susan Chevalier and Lawrence Allarie, they're seated in the members' gallery. I ask that they rise to receive the warm welcome of the House.

MR. STROMBERG: Mr. Speaker, this morning we have 24 students from the Hay Lakes school, which is in my Camrose constituency. I might add that this is probably about the 10th year the Hay Lakes school has visited the Legislature. They are seated in the members' gallery, and I ask them now to stand and be recognized by the House.

MR. COOK: Mr. Speaker, it's a pleasure to introduce 53 grade 6 students from Northmount elementary school, located in the constituency of Edmonton Glengarry. They're seated in the public gallery and are accompanied by teachers Mr. Don Bel-seck, Mr. Gerhard Schlese, Mrs. Severinson-Thompson, Mr. Fox, and Miss Sadownick, as well as by Mrs. Antoniuk and Mrs. Huisman. I ask them now to rise and receive the warm welcome of the Assembly.

MR. SZWENDER: Mr. Speaker, I would like to introduce to you and to all members of the Assembly 17 grade 6 scholars from the North Edmonton Christian school, located in the constituency of Edmonton Belmont. These students are accompanied by their teacher Mr. Stolte and are seated in the public

gallery. Would they please rise and receive a warm welcome from the Assembly?

head: **ORAL QUESTION PERIOD**

MR. MARTIN: Mr. Speaker, just before question period, I would like to take this opportunity to thank all members of the Legislature for their kindness in our recent tragedy. I would especially like to thank the Premier and his aide, Bob Giffin, for their invaluable help during the last week.

Unemployment

MR. MARTIN: Mr. Speaker, my question to the Premier relates to the government's white paper on economic strategy. On page 16 it is stated that while those assessing Alberta's economic recovery on the basis of improvement in the energy industry should be optimistic, those assessing it on the basis of unemployment should be pessimistic. Is it the policy of this government that economic recovery can occur in the absence of lower unemployment levels?

MR. LOUGHEED: Mr. Speaker, it would be our view that economic recovery can occur in the province if we can maintain the position of having as large a number of jobs in relation to the population we have today, which is the highest in Canada.

As I mentioned in my remarks in the Legislature on October 17, it is our view that we have had a situation of a large immigration to the province. Therefore, in terms of unemployment, we will be at about the national average during a period of time until we have absorbed the excess inventory, particularly of apartments and office buildings.

On the other hand, for the economy as a whole in this province, it is the view of the government that there clearly is economic recovery that is growing and that that will continue to occur. As we have seen historically, the issue in terms of employment is not one relative to unemployment that will be altered until the latter stages of recovery. That is the reason our government has responded so extensively with both capital works in our budget this year and the programs relative to Manpower that we announced on October 3 — which, incidentally, is the largest in the country — in trying to help those people who are involved in an unemployment situation.

MR. MARTIN: Mr. Speaker, a supplementary question to the Premier, for clarification. And I suggest there's been an out-migration in the last two years. But the economic recovery as seen by the government is not going to be there for the vast majority of the unemployed in the foreseeable future, say the next three years?

MR. LOUGHEED: Mr. Speaker, I wouldn't put a time frame on the situation. We certainly have the view that, in terms of recovery in the province, it is a matter of the confidence of the consumer and investor and that the job-creating situation in this province will stem from the private sector. There certainly are a number of projects developing in the oil and gas industry — our primary industry — which, as matters evolve, will reduce those unemployment statistics somewhat. But for those people who have been involved in, or are skilled in, construction of either apartments or office buildings, it will be some time for us to absorb the oversupply.

MR. MARTIN: A supplementary question, Mr. Speaker. In this Assembly on the 17th, the hon. Premier hinted that there

are no real answers to unemployment — and it's a follow-up from your recent answer — other than letting the private sector work things out. Trying to deal with this from the plight of the unemployed, which I think we all agree is serious, my question is: does the government have any studies available which predict when that time will arrive and there will be a marked improvement and a lowering of the unemployment rate in this province?

MR. LOUGHEED: Mr. Speaker, the answer really depends upon the confidence level of investors and consumers in the province. If the confidence level can steadily move upwards, we think the absorption of the excess inventory of apartments and office buildings will occur more quickly. On the other hand, if the confidence factor is such that it is not there in terms of consumers and investors or if the view of groups that have a different view about the economy prevails, then obviously the confidence factor would be such that investors would not be filling the office buildings and consumers would not be involved in making decisions with regard to expanding their accommodations and taking up the inventory factors that are there.

MR. MARTIN: A supplementary question, Mr. Speaker. I gather there aren't any studies. But I quote the one that I am sure the Premier is aware of and that I believe was released last September. The quarterly survey of private-sector employers conducted by Manpower Temporary Services predicted that there would be a decline in employment opportunities in Edmonton and Calgary. That is the only study I've seen on this. My question to the Premier is, does the government have available any survey of private-sector employees which might contradict this finding?

MR. LOUGHEED: Mr. Speaker, it's a very complex matter to answer in the question period. In terms of new job opportunities, our view is to assess the overall sectors of our economy and look at the questions relative to expansion. Particularly in the oil and gas sector, in projects that involve heavy oil, oil sands, and enhanced recovery, we are of the view that there will be an expansion of new jobs. We are of the view that if we can sustain a strengthening of investor confidence in this province — and this relates, of course, to the overall national situation — that will improve the employment situation.

I come back to two other factors that I want to underline, as I did on October 17. In this province today, we have more jobs in relation to our population than any province in Canada. The question is, how many jobs can a particular size of population realistically expect to have? We have a large number of people employed in this province, with a high degree of job security and good prospects for improvement. We are going to be in a position of being at or about the national average in terms of unemployment, but we are in the situation of that extensive number of jobs that exist in this province today. It's on that solid base, through the private sector, that we will be building.

I obviously can't get into next year's budget. But for our part, we believe we're right in maintaining a high level of capital expenditure in this Legislature, which I'm sure the hon. acting Leader of the Opposition would agree we should do, and we will probably sustain that. We will continue with the special Manpower programs, working primarily through the private sector. We have examined other options, and we've looked at what other governments have done. We are really doing as much as or more in every area than any of the other 10 governments in Canada, but we would welcome suggestions as to areas in which we can expand further. When it comes to

capital expenditure and Manpower programs, this province is in fact leading the nation.

MR. MARTIN: I think we might say that's debatable.

My supplementary question is from the Premier's previous answer. Is he saying that only on a limited basis, this government or any government can do nothing about unemployment, that we'll have to maintain a high level of unemployment, a 12 percent level, and that governments are basically powerless at this time to bring that down? Is that what the Premier is saying?

MR. LOUGHEED: Mr. Speaker, this is both an international and a national issue that has to do with the basic questions in terms of employment. We believe the most logical way in which we could see a significant improvement in the climate both in our province and in western Canada — and, for that matter, in Canada — are policies of the federal government that both encourage investment and certainly encourage investment in those areas where jobs could be created. Frankly, I can't think of a particular area in which we can better improve the employment situation in Canada than through the energy industry, through new energy policies that encourage explorers and developers. That is particularly so with regard to oil sands, heavy oil, and enhanced recovery. Those prospects are there; the market is there. So we hope the federal government — and we, and I'm sure the acting leader, will look with interest at the statement to be made in due course by the federal Minister of Finance. I look forward to my discussions with other first ministers. It's a national issue; it's an international issue.

MR. MARTIN: A supplementary question, Mr. Speaker. Bearing in mind the answer the Premier just gave this House, is this government saying that we're going to have to live with a significantly higher unemployment rate over the next number of years than we did, say, 10 or 15 years ago?

MR. LOUGHEED: Mr. Speaker, we are going to be in the position of having higher unemployment than in the past because of the circumstances I mentioned previously, with regard to in-migration and the large percentage of our labour force that is related to construction or real estate. As a provincial government, it will be our view to continue to monitor the situation. If there is any way — for example, if we find that some of the programs we announced on October 3 can in fact be expanded, in the sense that they're being picked up significantly by the private sector or we can expand them in a training way, we'll be prepared to do that.

We do a monthly assessment, examining all options that are available to us with regard to the matter. I can give the acting leader in the House and the people of Alberta the assurance that if there are effective programs or effective concepts that can reduce the unemployment in this province, we will do so. As I mentioned in my remarks on October 17, we know that unemployment is a very debilitating situation. When we looked at what we could do, that is why we made the heavy emphasis in terms of youth unemployment, and that's what we focussed on in terms of our October 3 announcements by the Minister of Manpower. If there are things we could do in terms of expanding or accelerating capital expenditures that would be useful, we are also prepared to do that. As the acting leader is aware, with the aggregate of \$3 billion today and the estimates on the capital projects division that I suppose will be debated this morning in the Legislature, we're continuing with whatever capital projects can be done. But I wouldn't think

that the acting Leader of the Opposition would want us to build more apartment buildings or more office buildings.

MR. MARTIN: I did not suggest that, Mr. Speaker. But I could make other suggestions, and we will, in this House.

My final question to the Premier. In this Assembly last April 16, I believe, I asked a page to deliver to the hon. Premier a copy of a study by the Canadian Mental Health Association on the impact of unemployment on body and soul. Has the Premier had an opportunity to read this study?

MR. LOUGHEED: Yes, Mr. Speaker. As I said in the earlier answer, there's no question that unemployment is a very debilitating situation for any citizen, and we have the deepest concern with regard to the matter. But as I mentioned in the Assembly, we have been examining various alternatives. We think the answer is going to be a national effort, hopefully in accordance with the mandate of the new federal government, because this situation is a national problem for Canada, and it spreads in other parts of the world. The fundamental factor is investor confidence. If we find ourselves in a position of constantly getting into an atmosphere of doom and gloom, all that is going to do is turn the investor off on both Canada and Alberta, and that is going to delay the process of new jobs.

MR. MARTIN: What they're saying is that the doom and gloom is already there, with the significant number of people that are unemployed.

One specific supplementary question to the Premier, perhaps a suggestion. I believe that in its last budget the government of Ontario set up what they call an Ontario youth corporation program, which allocates money to municipalities for job creation. Has there been any discussion with the Alberta Urban Municipalities Association in regard to a similar program here in Alberta?

MR. LOUGHEED: Mr. Speaker, we have somewhat similar programs, and I refer that question to the Minister of Manpower.

MR. ISLEY: Mr. Speaker, municipalities are eligible to participate under the priority employment program, and they're also eligible to participate under the new Alberta environment employment program.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Advanced Education and the Minister of Education. Can either or both of the hon. gentlemen indicate what impact the high unemployment rate has had on students remaining in high school longer or going to university, rather than trying to look for a job? Has there been a significant impact, and have those needs been looked after?

MR. KING: We'll start with the foundation and move to the esoteric. The answer is that it has had an impact on students staying in high school or, conversely, those who have been out in the work force for a few years coming back to high school. That was the reason the government made the decision in the current budget year; that is to say, the decision was made last December that we would pay school boards for the students over the age of 19 who are in the school system.*

MR. JOHNSTON: Since that was a double-barreled question, Mr. Speaker, I might deal with the second part of the request for information. The preliminary information I have with

*See member's explanation on p. 1237

respect to full-time enrollments at the universities shows an increase this year of approximately 3.5 percent on a September to September basis, approximately 11 to 12 percent at the college level, and about 2.6 percent in the tech area, for an overall increase of approximately 5.1 percent this year.

It's significant that that rate of expansion in the case of universities is down over last year; however, in the past two to three years we've had very substantial increases in student enrollment at the university level. Part of the explanation for that is that students are perhaps more concerned about the job opportunities and being well prepared when they move into the work force; and second, as the member well knows, is the excellent level of assistance in funding which is provided to universities in this province, which makes them among the best in terms of universities across Canada. At the same time, of course the province has made it possible for more students to attend universities, through an expanded student assistance program. This year we expect that approximately 50,000 students will take advantage of these assistance programs themselves. Again, those programs are among the highest in Canada.

In a package, Mr. Speaker, I think more students are going to university than ever. They're more concerned about the future, and they're challenging, I think in a more realistic way, the questions as to their futures in terms of job opportunities and lifetime careers.

Agricultural Assistance

MR. MARTIN: Mr. Speaker, as one of my new portfolios to shadow, I'd like to direct a question to the Minister of Agriculture. The latest farm bankruptcy figures from the federal government, which I don't believe include forced sales or foreclosures, indicate a 40 percent rise in farm bankruptcies in Alberta to the end of September, as compared to the first nine months of last year. My question to the minister is, does the government now have any plans at all to establish a long-term interest shielding program for all Alberta producers?

MR. FJORDBOTTEN: Mr. Speaker, we certainly recognize the difficulties producers all across the province and, in fact, in Canada and the world are facing with respect to their financial concerns at the moment. But in our view, an interest shielding program is really not necessary at this time. We're working with the industry on more positive approaches to agricultural credit, such as the production associations, the Alberta agricultural credit bank, and agribonds: they were identified in the white paper. However, on September 15, when the Premier appeared before the Alberta Heritage Savings Trust Fund committee, he indicated that should things change, we would reassess that position.

MR. MARTIN: A supplementary question, Mr. Speaker, Can the minister outline to the Assembly the problems his bureaucracy has had in drawing the extreme drought line for determining which livestock producers will be eligible for the full \$48 per head payment under the new federal/provincial drought program? It's my understanding that other prairie provinces have this in place. I'm asking, in simple terms, what's the holdup for full payments here?

MR. FJORDBOTTEN: When you draw a line through a province, Mr. Speaker, it's always extremely difficult to establish a line. But that line had to be drawn, and was drawn, to facilitate the payment of \$30 per head for all producers in the drought area.

Because we have a different mix of agriculture in Alberta in relation to the other provinces — and examples of that would be irrigation and our proximity to the mountains. From the helicopter tour the Premier and I took to assess the drought situation, we found pockets in that area that weren't easy to identify accurately at this point until the crop was taken off, and we had an opportunity to review that. If we had waited like the other provinces have done because they're a different mix of agriculture, we would have had to hold up the entire payment. By drawing the line and making the payment of \$30 immediately and then having the opportunity to assess at a later date where the \$18 supplementary payment would be made, we could be more accurate in our assessment.

In response to another part of the question, we have received input from numerous cattlemen in the area and from MLAs, we've had staff travelling the area and assessing what the situation really is, and we've also had our district agriculturists and the municipal councils making recommendations. So we are trying very hard to make sure the program functions properly and that the dollars that flow into the producer's hand flow now as much as possible. We'll be making the final assessment on the severe drought area as soon as possible.

MR. MARTIN: A supplementary question to the minister, Mr. Speaker. In developing Alberta's drought relief program, what consideration was given to establishing an acreage payment rather than merely a feed assistance program, and thereby helping out grain producers as well?

MR. FJORDBOTTEN: Mr. Speaker, we make a substantial commitment to our crop insurance program, and that covers producers of grains across this province in drought conditions or in snow conditions like they have in northern Alberta at the moment. In the assessment done on what type of program we should have, it had to be basically the same program between the three provinces. All three provinces are also in the hail and crop insurance program. We were targeting our breeding herds of animals in the province to make sure that we participated and assisted our producers in maintaining those breeding herds. That's why the acreage payment was not carried further and a per-animal payment based only on breeding herds was arrived at.

MR. MARTIN: A supplementary question, Mr. Speaker. Can the minister confirm for the House that hail and crop insurance regulations require completion of seeding by June 20 in order for farmers to be eligible for insurance coverage?

MR. SPEAKER: This sort of question is a little unusual in that it asks for public information as to what's in regulations. It's my understanding that there are requirements for regulations to be published in the *Alberta Gazette*. Unless these regulations are too recent to have been published, it would seem to me that the answer should be sought in the *Alberta Gazette*.

MR. FJORDBOTTEN: Mr. Speaker, I might be able to respond to the question in this way. As you have stated, the regulations are made on seeding dates. I'm not sure whether June 20 is accurate, but I would think that if you don't have your crop in by then, your likelihood of getting a mature crop is not going to be very good. We also have seeding dates established for winter wheat, for example, which I believe was September 15 this year. Because of the severe conditions we had this year and because we weren't sure whether we could seed winter wheat because of not having adequate moisture, we extended that date until the 30th to allow producers an even further

choice. So even though the dates that are established are in regulations, those regulations can be modified from time to time. We have done so in response to specific concerns raised by producers.

MR. MARTIN: A supplementary question to the minister, in view of his answer. What special provision was made for northern Alberta farmers hard hit by flooding last spring, who were not able to finish seeding by the deadline?

MR. SPEAKER: Are we still asking about the content of regulations, or is this a matter of government policy?

MR. MARTIN: Government policy. I'm simply asking what the government has done for these farmers.

MR. FJORDBOTTEN: Mr. Speaker, I'm not aware of any special consideration that was given in those particular areas. There were some problems early in the spring, and I believe they were dealt with by the hail and crop insurance board on specific circumstances.

Shut-in Oil Production

DR. BUCK: Mr. Speaker, I'd like to ask a question of the hon. Minister of Energy and Natural Resources. It has to do with some of the eastern refineries starting to lay off people and bring in refined offshore gasoline in place of the refined product that would be coming out of those refineries. Can the minister indicate if the provincial government or his department has been monitoring the situation? Will this have an effect on Alberta oil going east?

MR. ZAOZIRNY: Mr. Speaker, we monitor on an ongoing basis the flow of oil from our production here in Alberta. The fact of the matter is that by virtue of our current nominations arrangements in the country, we have had situations where there has been a surplus amount of Alberta crude oil available after meeting Canadian needs. As a result of that, we as a government and the producers have pressed very hard to cause the federal government to allow some export of that surplus production out of Canada. In fact, it was only within the last less than two years that the federal government released the prohibition on export of light crude into the U.S. market. The fact is that we are monitoring that situation. The resolution of it lies in ensuring that, number one, our producers have good and adequate notice of what the requirements for Canada are in respect of our crude oil production, and thereafter ensuring that the production surplus to our Canadian needs can be exported into that huge market in the United States that will take up any surplus production we may have.

DR. BUCK: Mr. Speaker, can the minister indicate if the fact that the Irving refinery in Saint John has laid off 110 men because it doesn't feel it needs to refine crude to produce gasoline since they can buy it cheaper coming in, has had any effect on the refining capacity in the Toronto and Montreal area? Is that starting to back up, and is that going to cause a problem to Albertans? If it does start to back up, they won't need the oil going that way to refine.

MR. ZAOZIRNY: Mr. Speaker, I think it would be premature to speculate on what the results might be in that area. As I said, I think the most important measure we as a provincial government can take is to continue to press the federal government to move towards a market pricing system for our

crude oil, part and parcel of which would include the free flow of surplus production out of Canada into that important U.S. market and other export markets. If we take that approach, we should not see a situation where we have shut-in production here in Alberta, irrespective of what happens with the refinery decisions that are taken elsewhere in the country.

DR. BUCK: Mr. Speaker, a supplementary question. Is the minister in a position to indicate what our refining capacity is in the province at this time? Are we producing or refining at capacity, or what percentage of capacity are we refining in the province right now?

MR. ZAOZIRNY: Mr. Speaker, I'd have to take that specific question as notice.

Personalized Licence Plates

MR. MUSGROVE: Mr. Speaker, my question to the hon. Solicitor General has to do with personalized licence plates. Does the department now have the computer equipment in place to be able to handle personalized licence plates?

DR. REID: Mr. Speaker, as the member pointed out, the introduction of personalized licence plates will depend on the computer program at the motor vehicles division. Currently the computer has been on line for about two months. It has checked out well, and we now have over 60 of the issuing offices hooked up to the computer on-line. There are still some 120 offices to be hooked up. Until the whole system is in service, we don't feel we should introduce the personalized licence plate program. At the moment some 75 percent of the population is within access of the terminals. But until everybody is, we don't feel we should hook up the system and introduce personalized licence plates.

MR. MUSGROVE: A supplementary question, Mr. Speaker. Does the Solicitor General feel that personalized licence plates will be available for the 1984-85-86 season?

DR. REID: You gave me a wide range of choices there. Mr. Speaker, as I said, the situation at the moment is that about a third of the offices are hooked up. They are the larger ones. Once we have the smaller ones hooked up, which we anticipate being in December 1984, we will be able to give access to all Albertans, and then we can introduce the personalized licence plates. Perhaps I should explain that we are going to take most of these on a first come, first served basis. There is difficulty with the Minister of Tourism and Small Business, who I understand has a specific request he's going to make when we do introduce the system.

Crude Oil Export Pricing

MRS. CRIPPS: Mr. Speaker, my question is to the Minister of Energy and Natural Resources. Could the minister outline to the Assembly the effect of today's reduction in Canadian export prices on our export sales to the United States and on the revenues?

MR. ZAOZIRNY: Mr. Speaker, I presume the hon. member's question is on the crude oil side, and I'm happy to respond. The response flows very much from the earlier questions asked in respect of the shut-in oil situation.

As I mentioned in my earlier response, the fact is that it's only within the last two years that the federal government has

permitted the export of surplus light crude oil production from Alberta into that U.S. market and elsewhere in the world. That was a fundamental decision to be taken by government. What it has enabled us to do is minimize and essentially avoid a shut-in oil situation here in the province. In order to ensure that there is not a shut-in situation, Mr. Speaker, it is necessary to ensure that the export charge, which is the portion of the price that exceeds the Canadian price, is not set too high. If that price is set higher than the market circumstances will permit, in particular in the U.S. market where our oil is moving into, we will have a recurrence of the shut-in oil situation. So what's important to recognize is that adjustment of the export charge, which I should add is done on a periodic basis and occurs regularly, is in fact essential to ensuring there is no shut-in light oil production here in the province of Alberta.

MRS. CRIPPS: A supplementary relating to your comment on periodic setting of the oil price. Is the Canadian export price reduction, or their agreement to it, tied to the recent price reduction in foreign countries, or is it related to the market forces that the Alberta government has been advocating for such a long period of time?

MR. ZAOZIRNY: Mr. Speaker, the adjustment relates to the market situation at the point of sale. The Chicago area is where that price is established. We are responding, as we have over the past year and a half, to those circumstances. I think perhaps it would be presumptuous to suggest that that has resulted from other volatility in the world crude oil price situation within the last number of weeks. It's a response to the precise market circumstances in the U.S. at this time, and it's an important move to ensure that we don't have shut-in crude here in Alberta.

MRS. CRIPPS: A final supplementary, and it relates to the earlier question by the other member. What progress is being made in assuring that nominations are on a realistic basis, so the producers know where they stand regarding allowable production and sales?

MR. ZAOZIRNY: Mr. Speaker, since the new federal government took office, I have had one opportunity to meet with the federal Minister of Energy, Mines and Resources. At that very meeting, I took the opportunity to press the case for an improved nominations system which will ensure that we have adequate notice of what the Canadian needs will be. The fact of the matter is that as we move to a market pricing system, which we are more convinced than ever is important for Canada and for Alberta, the possible distortions that can occur through the current nominations system will be minimized.

Natural Gas Exports

MR. OMAN: A supplementary to the minister, Mr. Speaker, on the related energy matter of export gas pricing. In view of the fact that Mexico has refused to lower its price to match the Canadian price and is stopping its exports, as I believe is the report, does that not indicate that we are selling too low?

MR. ZAOZIRNY: Mr. Speaker, I had the opportunity to be in Mexico during the summer and to speak with some officials of their government as regards their policy on natural gas. There is a clear direction by the Mexican government to utilize even more greatly their natural gas for consumption in Mexico. It's their hope that in that fashion, they will be able to have more crude oil available for export into the world market. So first of all, there is a clear direction on the part of their government

to maximize domestic use of natural gas. Moreover, it should be recognized that the sales of Mexican natural gas into the U.S. market are very, very modest; they are less than 10 percent of the Canadian sales into the U.S. market. We currently sell approximately 4 percent of natural gas into the United States; theirs would be one-tenth of that amount.

Finally, Mr. Speaker, on the subject of price, the right price is the price that the market will accept.

Natural Gas Pricing

MR. ALGER: Mr. Speaker, my question is to the Minister of Utilities and Telecommunications. The natural gas protection plan is scheduled for completion on March 31, 1985. I'm wondering if the minister has given, and if the cabinet and indeed the government will give, serious consideration to extending the term of this plan in view of the fact that consumers in all walks of life truly appreciate the goodness of it.

MR. BOGLE: Mr. Speaker, the natural gas price protection plan is currently under review by the government. The hon. member is quite correct in stating that the present legislative mandate of the plan runs until March 31, 1985.

MR. BATIUK: Mr. Speaker, a supplementary to the minister. Could the minister advise the Assembly whether he's had representations requesting continuance of this program?

MR. BOGLE: Mr. Speaker, recognizing that approximately 650,000 homes, in excess of 66,000 small and large businesses, and in excess of 600 industrial plants, I believe, across the province benefit from the natural gas price protection plan, a plan which in essence provides royalty-free natural gas to those users and which has a budget that will expend about \$130 million this year, it's certainly fair to say that there's been representation from a wide cross section of those who benefit from the program.

MR. HYLAND: Mr. Speaker, a supplementary question. I wonder if the minister could inform the House if any particular organization has worked at making this known to the citizens of Alberta.

MR. BOGLE: Mr. Speaker, it's my understanding that the federation of gas co-ops, a body that represents all the rural gas distributors that over the past 10 years were encouraged to develop through programs by this government, has attempted to do two things: first of all, to make its own members aware of the significant price shielding that's provided, shielding which this year is estimated to amount to \$110 to \$115 per average home in the province. As well, I believe the organization has had ads in the daily newspapers in the larger urban centres to better inform urban Albertans, particularly those who live in apartment buildings and other accommodation where they may not see a gas bill — where the gas bill is part of the rent — and therefore are not aware, as would be individuals living in their own homes, of the significant benefit.

DR. BUCK: Mr. Speaker, a supplementary question to the minister. And to the hon. member who asked that question: all you have to do is look at that bill, and it'll tell you how lucky you are to be in Alberta. What they don't tell you is how much luckier you could be.

My question to the minister is: what representation and what action is being taken on the request by the petrochemical industry in this province to look at an across-the-board 15 percent

reduction in their natural gas rates, to give them an edge in the international market? What representation has been made, and what action or what studies have been taken? Or will there be any action taken?

MR. BOGLE: Mr. Speaker, that question should more appropriately be directed to the Minister of Energy and Natural Resources. As the hon. member is aware, the natural gas price protection plan is not aimed at any one segment of the economy; it's an across-the-board program to all consumers of natural gas.

MR. PLANCHE: Mr. Speaker, we're aware of the difficulties perceived by the petrochemical industry in gas pricing. They're largely due to contracts that were freely and voluntarily made in the private sector at the time the industries were being developed. To cure those anomalies may very well cause distress in other sectors of the economy. We are hopeful that those two sectors — the gas-producing sector and the petrochemical sector — could, of their own volition, reach an accord on how to solve the problem. We're monitoring the situation. Hopefully it will be resolved by those involved in the private contracts. But if it's not, we may have to reassess our position.

Forest Resource Development Agreement

MR. APPLEBY: Mr. Speaker, I'd like to ask a question of the Minister of Energy and Natural Resources. At what stage is the government regarding negotiations with the federal government on the proposed federal/provincial forestry research and development agreement?

MR. ZAOZIRNY: Mr. Speaker, I believe the requirement of the House is that questions be timely. I think the hon. member has hit the nail on the head: the ink is barely dry on the signing of an agreement this morning by the Alberta government and the federal government. The Hon. Gerald Merrithew, the Minister of Forestry, arrived in Edmonton. This morning at 9 o'clock, he and I participated in a joint signing ceremony for the Canada-Alberta Forest Resource Development Agreement.

Mr. Speaker, I should add that this is a \$23 million agreement, funded 50/50 by the Canadian and Alberta governments. It's significant in many respects, not the least of which is that it represents the first agreement of this nature signed by the two governments.

MR. APPLEBY: Just one supplementary question, Mr. Speaker. I wonder if the minister could inform the Assembly how long it may be before some of the projects under this agreement would come into effect.

MR. ZAOZIRNY: Mr. Speaker, we're now moving into establishment of the mechanism for delivery of the programs. They are notably on the reforestation side and, very importantly, there is continued research and added focus on the hardwood utilization area. So it would be our plan to move with all due dispatch to see that acceleration of reforestation activity and hardwood utilization which is so important to the full development of our forest resource here in this province.

Unemployment (continued)

DR. BUCK: Mr. Speaker, a question to the Premier, to do with the answer he gave about the unemployment situation. Can the Premier indicate what discussions have been taking place between the premiers and the Prime Minister, as to when we're going to have a conference between those levels of government to see what the premiers and the Prime Minister can jointly do about the unemployment situation?

MR. LOUGHEED: Mr. Speaker, the Prime Minister has invited the premiers to a working luncheon on November 13. The express purpose is to discuss the format and agenda for a first ministers' conference on the economy. Obviously, I'll be quite prepared to report back to the hon. member and the House after that working luncheon has occurred.

MR. SPEAKER: The hon. Minister of Education would like to deal further with something that arose earlier in the question period.

MR. KING: Mr. Speaker, I said earlier this morning that the government's budget this year provided support for students over the age of 19 who were returning to school. I meant to say for students 19 years of age.*

MR. SPEAKER: Hon. members may have noticed that there were occasions during this question period when we actually had mini-debates, perhaps with more latitude than there has been on some occasions in the past. But I would draw to hon. members' attention that when questions are asked which are debating or which bring out what is alleged to be bad news, then it is very difficult to intervene when, on the other side, good news is brought out. Similarly, once a debating answer is given, it's difficult to intervene on a subsequent debating question.

DR. BUCK: Mr. Speaker, on a point of order. Did you say "many" debates or "mini" debates?

MR. SPEAKER: I intended to say "mini". But I might have said "many", and it might not have been too far off the point.

ORDERS OF THE DAY

head: COMMITTEE OF SUPPLY

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Would the Committee of Supply please come to order.

head: ALBERTA HERITAGE SAVINGS TRUST FUND
CAPITAL PROJECTS DIVISION
1985-86 ESTIMATES OF
PROPOSED INVESTMENTS

Department of Agriculture

1 — Farming for the Future

MR. CHAIRMAN: Does the minister wish to make some remarks?

MR. FJORDBOTTEN: Mr. Chairman, as the committee is aware, Farming for the Future is currently operating in its second mandate, having ended its first mandate on March 31. From the initial announcement that was made in 1977 and the first allocation in the 1978-79 period, support was granted to more than 200 scientists and more than 100 producers, participating in 343 different research and on-farm demonstration projects. During that period of time, \$25 million was committed to further expanding our agricultural research efforts.

*See p. 1233

The program's new three-year mandate started on April 1, with \$5 million in new funding allocated in fiscal 1984-85. This \$5 million allocation is being used to fund more than 100 research projects, all of which are new projects started this year. As well, there are a number of on-farm demonstration projects included in that total. It also includes the program's operating costs.

As committee members are aware, Farming for the Future is a pretty wide-ranging effort and is designed to support relatively short-term projects in nine categories of primary research programming. Benefits derived from those projects completed to date have really been substantial and range from a development of two new Alberta strains of honeybee to a comprehensive regional testing of cereal, oilseed, and forage crops across the province. This program provided funds for the final testing of antiscour vaccine, which is now being commercially produced, as well as funding for projects and testing of consumer acceptance of canola oil, an area which I think holds special significance to Alberta producers and processors. As page 36 of the white paper notes, through Farming for the Future

the government has supported upgrading of research facilities across the province and development of new capabilities in food processing, field crop development, and animal and crop pest management.

Quite simply, Mr. Chairman, much of this work would not have been done without the Farming for the Future program.

In fact, Farming for the Future staged its first-ever research conference last Wednesday. It was held here in Edmonton and attracted more than 200 participants. It was a very encouraging turnout, and discussion was broad and varied. While the program generally received praise for its efforts, I understand there was considerable discussion about what scientists see as the shortage of funding for long-term and definitely extended projects. I also note that a surprising number of producers attended that conference. Their interest was far beyond what anyone had anticipated, and I personally consider that type of interest to be very encouraging. It's a sign that greater use of technology in Alberta is here to stay.

The conference really demonstrated that farmers are very interested in how we deal with research, and they're supportive of all our efforts in that field. It should come as no surprise that dissemination of information generated in research projects has become a major priority for Farming for the Future. However, attaining that goal has not been easy. By their nature, research facilities are concentrated in relatively few locations, and scientific talent numbers only in the hundreds, I believe. On the other hand, producers number in the tens of thousands. Transferring that new technology to farmers and getting them to actually use it is a difficult task. That's why I think Farming for the Future's on-farm demonstration program has become so important and why its acceptance in rural Alberta is crucial.

I understand that one of the interesting questions posed by a producer at Wednesday's conference was: how can farmers get some direct contact with the scientists? I think the on-farm demonstration project has fulfilled several functions, and I've heard a number of them to date. I think the program really rates as a major success, but we have to have that ongoing contact between scientists, getting the research that's completed to the farm.

The white paper stated that biotechnology and genetic engineering and computer software will play a role in enhancing agricultural efficiency in the 1980s and our salable product on export markets. Government policy should be designed to take full advantage of the research and should work on development and transfer of those technologies to the primary producer. With

respect to biotechnology and genetic engineering, Farming for the Future already has a heavy commitment in relevant research now under way, and we certainly expect that will continue into the future.

Mr. Chairman, the \$5 million being voted will support the work of Farming for the Future, which has had a very broad and positive impact on both our research and farming communities. I think this program has definitely helped to foster stronger ties between research and extension, and I don't think anyone should have any doubt about that. In keeping with the ideal of the Alberta Heritage Savings Trust Fund itself, Farming for the Future is actively working for the benefit of present and future Albertans.

Mr. Chairman, I would be pleased to take any comments or answer any questions members might have.

DR. BUCK: Mr. Chairman, I would just like to say that in a time of budget cutbacks, we always seem to be very, very quick to cut back on budgeting for research and development. That seems to be what you'd say is cutting off your nose to spite your face. I'm pleased to see that the government has not taken that approach, because we have great potential in this province for some innovative programs and some innovative products. So I compliment the minister that we have \$5 million in this vote, because I think there are so many things that can still be done in this province.

I was quite interested, and my colleague Ray Speaker, said: I didn't realize, as a farmer — I believe the hon. Minister of Economic Development or someone told him — that from the time we take grain off a field and it goes from the combine to the truck, we elevate and drop it 17 times before we get it on a ship. We don't think about that. Think of the horrendous cost in handling that grain that many times. I well remember the former deputy premier saying in this Legislature: we should be doing all the screening and cleaning right out here on the prairies so that when we take the grain out to the coast, it's in a sealed car already weighed. So we don't have to go through that procedure again; we can put it on a ship and let it go. This is not exactly what we're talking about in this, but it's a small point that I thought I'd bring up. We are sometimes so archaic and fossilized in our thinking that we think we have to handle the product 17 times before we put it on a ship.

It's always interesting to speak with my colleague the hon. Member for Grande Prairie, who has been involved in research for many, many years. I well remember the hon. member and myself talking about a little project that I had in my backyard, where we were starting zucchini under heat caps. When I did it two years ago, I had zucchini on July 1. I couldn't believe it; that was really a month ahead of schedule.

What brought it to my attention was when I took my children down to Disneyland and we were going on that tourist trip down to Tijuana — that four-hour quick trip to see how badly you get taken south of the border — I saw miles and miles of fields with white things sticking out. I said to the bus driver, "What in the world is that?" He said, "Those are heat caps." I said, "Heat caps; it's 78 Fahrenheit outside today." He said, "That's right, but it goes down to 45 or 50 in the evening. We want to do that to speed up the seedlings so we can get three crops instead of two, or two crops instead of one." I thought, what in the world are we doing? We're almost beside the Arctic Circle, relatively speaking, and we don't do this. Ever since that time, I have been doing that with my garden.

The year I did it on the zucchini, I planted them on May 8. The next 10 days turned cold, but those seeds germinated under plastic covers in 10 days. Now I do that with my carrots and all those things. So you can not only have fresh vegetables

almost a month quicker, you can get ahead of the weeds, which I also found out as an aside. We have to do this in this province.

Also on the procedure of speeding things up, I have relatively recently seen that California may not have sufficient crops of lettuce and those types of things to export to Alberta. We may be in the position where we have to do something innovative so we can grow our own crops in southern Alberta. We also have to look at the use of excess heat that we're wasting in power generation and so on. We may have to look at growing things under plastic. I know in visiting — the hon. minister and I were on a trip with the former Member for Spirit River-Fairview and saw acres of tomatoes under cover in the middle of winter. It was relatively expensive, but those people in Europe know they have to eat, so they were doing some of those innovative things. Research and development is certainly an area I wholeheartedly support in this vote.

I have a concern in the area of research, Mr. Chairman. I was going to try to get to the conference in Montreal on what is happening to our soil, where we're losing fibre, getting alkalinity problems and salinization. I know the government has been doing some experimental work on deep plowing. I would like to know what some of those results are. The minister is an innovative farmer himself, and I think that some of these areas are very exciting for him, to see some of the things that we can do to increase our production.

I also know that in this part of Alberta, water is still the limiting factor. Just as a little example of what I do in my own back patch, I flood-irrigate my raspberries twice a year. Last year I didn't do it, and production was down about 40 percent. We got all the rain in June, which is a great time, hon. Member for Grande Prairie, for growing trees. The only time I water my trees is in June. After that, forget it; whatever growth you're going to get has already been established. So getting the June rains last year was a great start for our trees, crops, and everything. But had we been able to do some irrigation in some places, we would have had absolutely bumper crops. When you see all the prime agricultural land that's stretched along the North Saskatchewan River, we should be looking at irrigation.

This year, for the first time, my neighbour irrigated potatoes the same way they do in southern Alberta, and I would say his production was almost doubled. So some of these things we have to do.

At the same time that we do the research, Mr. Chairman, we should look at some type of monetary encouragement to get people to look at some of these things. As I said, we're so locked into our thinking that all you have to do is drill it in and take it off in the fall. Of course fertilizers have made a great contribution, and there's always room for research in fertilizers. There are so many exciting things that we have to look at.

This is also sort of indirectly in Farming for the Future; this is farming for the future in Saskatchewan. The Department of the Environment has to take a close look at how many plants we can put in the Fort McMurray area before we cause some problems downstream. I asked this question of the hon. Jack Cookson, the former Minister of the Environment, and I was really surprised and taken aback when the minister at that time didn't seem to be concerned. Being a farmer, he especially should have known that we need a little bit of acidity, which enhances the soil, but we don't need acid rain. So at the same time, we have to look very, very closely at protection of the environment, that we don't ruin half of Saskatchewan or defoliate the trees downwind from our plants in Fort McMurray. It's not good enough for us to knock our American neighbours and say that they are causing us acid rain problems, and then

do the same thing for Saskatchewan. I am sure the minister is concerned about that, but that is also an area of research.

Mr. Chairman, there are so many exciting things. I'm really glad to see that the minister is excited and enthusiastic about research, and I would just like to give him some of these things to think about. I'm sure that later he will give us some responses on some of these areas I've covered.

There's one area I think the minister should look at, and I say this with tongue in cheek. We all have gardens and lawns, and we all have quack grass. If they could cross quack grass with wheat, they could grow it in the middle of the Sahara desert. I follow with interest some of the new seed grains they're coming up with. Some of them are more drought resistant, some are more productive, and some are rust resistant. We've made some great strides, but of course any of these things are always so exciting.

Mr. Chairman, with those few thoughts, ideas, and concerns, I look forward to the discussion on Farming for the Future. As I said, in a time of budget restraint we have to remember not to cut off our noses to spite our faces.

MR. LYSONS: Mr. Chairman, I'd like to take a couple of minutes on some questions. In following up on what the Member for Clover Bar was discussing on grain transportation, could you tell us, Mr. Minister, has any research been done or are people working in the area of researching the market potential of selling our grain as it comes off the field rather than going through the grading systems? For instance, I'm told that countries such as China, Japan, and Russia, that buy a lot of our grain and wheat, would just as soon have it with the weed seeds and so on in it as have it cleaned and brought to such a high export standard as presently exists.

The other question I have is: what work are we doing, as a province or through the heritage fund Farming for the Future program, in the solonchic soil zones? We have thousands of acres in our constituency that simply cannot produce the way they should. Some of the land is heavy gumbo with salts, and it's impacted so hard that nothing of any commercial nature grows. Is the Alberta government or are producers doing much in that respect?

My third and final question is: how would I as an individual farmer — or local agricultural societies, local colleges, or whoever — go about launching an experimental project? What sorts of criteria are required, and what sort of backup is necessary? What are some of the rules, and how do we get that type of information?

Thank you very much, Mr. Chairman.

MRS. CRIPPS: Mr. Chairman, I would like to talk briefly about a recommendation we made and passed in the Heritage Savings Trust Fund, which read:

That the committee recommend that Farming for the Future consider the establishment of an agricultural invention and development project which would act as a clearinghouse, advisory committee, and development information agency, co-ordinating and publicizing the ingenious and innovative agricultural inventions and/or basic mechanization improvements, and that the project also provide efficiency awards for innovative developments.

Quite often you have the farming community — and I'm talking about the farmers now — developing major improvements to a machine or to some mechanized process which they are using. Those major improvements are utilized on their farms, and often the neighbours pick up and use the same improvements. But that's as far as it goes. Sometimes it would

be of major benefit to the whole agricultural industry if those improvements could be picked up and advertised and some acknowledgment made. In the *Grainews*, for instance, they have one page which quite often illustrates little things that farmers have done; for instance, changing a six-wheel rake to a V rake for the new round balers. Once you actually get at it, it isn't a bad job, but thinking about it and trying to decide what you're going to do is a major problem. Once it's done, it's so simple that almost any farmer can do it. Often there'll be a piece of machinery which has a major part that keeps breaking, and some farmer will invent, on his own farm, a new part which could be readily utilized by the whole agricultural sector using that particular machine and which would vastly improve the efficiency and effectiveness of the machine.

Right now there's no clearinghouse or no way in which this information can be made available. I'd like to see Farming for the Future implement this type of clearinghouse and advertising campaign so that farmers would find out about these inventions and be able to make use of them. Actually in many cases, I'm not sure that the machinery companies wouldn't also pick it up and improve their own machines. So when the new machines came out the next year, it would be on the machine. This happens. You buy an 855 baler and there's something the matter with the first few out, and two years down the road they've solved the problem. But the fellows who have the first 855s are stuck, unless they put a change kit on it. I think it would be a major asset to the agricultural industry to have this kind of recognition and these kinds of practical inventions and applications available to them.

I think recognition should also be given. I'd like to see some awards for innovative, practical — I'm talking about practical now — improvements, inventions, whatever, that farmers in the province of Alberta make and that can somehow be highlighted. I think it is very, very important in the long run. We have some geniuses out there when it comes to developing, in their own shops, something that would be useful for agriculture.

I have a neighbour who spent years and years — this isn't in the machinery line — developing and studying the nitrogen-setting properties of clover. I have one question: where is the research at on nitrogen-setting wheat?

MR. HYLAND: Mr. Chairman, I would first like to say a few words about the conference the minister referred to that was held in Edmonton two days ago, on Wednesday. I'm not sure if it was the first conference on Farming for the Future, but it was the first one I had the opportunity of attending most of the day. I found it very interesting and very useful. I note that in the portion of the conference called "open", there was a good exchange of views. I think the scientists who were there had a chance to listen to what the farmers had to say about information they could use. The two groups also had a chance to mix with each other throughout the day, and I think that was very useful.

Mr. Chairman, during that conference several scientists spoke about the projects they were continuing and what they expected these projects to do. It reminded me of the exchange the minister and I had during the heritage trust fund hearings about how we're getting information to the farmer and how much of this research is pure research and how much is research that can be used by the operator. I note that the estimates ask for \$5 million. I would like to know if the minister can tell us a rough estimate of the amount of that \$5 million that will go to Farming for the Future on-farm demonstrations.

As I remember, the amount we were dealing with in trust fund hearings was about \$140,000, and that would be for the

previous government year — it wouldn't be the calendar year. This year I understand it is somewhere around \$410,000, which is indeed a vast and necessary improvement. I believe it's somewhere around \$60,000 to \$66,000 per region of the province. I wonder if they intend to increase that this year. I personally feel that more of the money should be spent on on-farm demonstrations to see if this research that's being developed can actually work on the farm.

When Farming for the Future was started, it was to supplement additional research on agriculture and agricultural products and as an add-on to the research currently carried out by the federal government. Since it was started, it seems to me that the more money we put in Farming for the Future, at least to a point in time, the more the federal department has backed out. They think they have a lot of reasons for it. Whatever they may be, I don't think I disagree with them. But they have their explanation. In western Canada we lost quite a few highly qualified scientists in scientific positions — probably more scientific positions than scientists — through attrition and other methods. I think what Farming for the Future has been able to do is at least hold the status quo on research in agriculture, and that's been a real plus. If the original intention of Farming for the Future had been able to be carried out, it would have been a tremendous plus. I believe we would have been further ahead in research than we are.

I exchanged my personal views with the minister during the trust fund hearings, and at that time he said that he had assurance from the then Minister of Agriculture that they wouldn't again remove positions from western Canada. I wonder if the minister has now had a chance to speak to the present Minister of Agriculture and if it is possible to have the same assurance from him, that we will at some time stop losing positions and gain back the positions we had initially.

One of my constituents told me that people associated with the soft white wheat industry had asked some questions. In Alberta I believe we have one soft white wheat breeder in Lethbridge working half-time on soft white wheat and half-time on winter wheat. In the same industry in Ontario, there are two or three working on soft white wheat breeding alone. I would estimate that our soft white wheat industry and our winter wheat industry are far bigger than the soft white wheat industry in Ontario. Because of time, the only thing we seem to be doing with soft white wheat is getting American varieties and trying to change them a little to gain 10 days or so on the maturity date, rather than being able to breed a variety that would work here.

Mr. Chairman, I think that covers most of the area I wanted to bring up, with the exception of one, and that's people. One of the things talked about at that conference was that the average age of researchers in agriculture, not only in Alberta but in Canada, is increasing by one year for every year that goes by. In other words, some of the participants said that the researchers are not being replaced by younger people. There were very few people going into agricultural research in the last few years and a lot going out. We have one example three seats down, and I'm sure he will speak on Farming for the Future. These people are getting older, and nobody is replacing them. Is there anything the department has thought about through Farming for the Future? Or maybe it's something we should look at through Advanced Education. Young people aren't going into this interest, and something needs to be done to attract them.

Right now I think all that's happening is that the federal government and the universities are advertising, et cetera. What's happening is that people are stealing one from the other, and the total number of researchers isn't increasing. The positions may be there, but the total number involved in research

isn't increasing. So even though the positions are out there, we're not able to fill them. During one of the discussions at the conference, one of the speakers told me that he had been able to create a position in his department at the university. It's been advertised for about a year, and he still hasn't been able to fill it. I wonder if the minister could comment on that and the other questions.

MR. CAMPBELL: Mr. Chairman, to the minister . . . [some applause] It's so nice to be welcomed back.

The hon. Member for Clover Bar was wondering when they're going to cross quack grass with wheat. In our particular area of the country, they call quack grass "instant pasture".

AN HON. MEMBER: You sheep farmers should know.

MR. CAMPBELL: Mr. Chairman, I had occasion to attend that conference at the Edmonton Inn last Wednesday. I accompanied the Member for Cypress and also the Member for Innisfail, who is attached to Farming for the Future. One of the things that was brought up in the forum following all these meetings was the fact that there is some great concern in regard to the term of this support for different projects. I think we all understand the fact that when you get into research there's not a specific time. Sometimes the project is curtailed because of the findings of the scientist. However, when it has to be extended to a longer period in order that they can complete their projects, if I read the meeting correctly, there was a great deal of concern with regard to this term of support. I'd like to bring this to the attention of the minister and also compliment Farming for the Future. It's an excellent program.

A few of the members mentioned the fact that I was in the sheep industry. I might also add that I used to run 100 head of range cows, so I was very impressed with their research on calf scours. Since I managed cattle, it's certainly evolved with a great deal of fineness, as far as the saving of calves.

With that, Mr. Chairman, I'd like to thank you very much for giving me the opportunity to express my views.

DR. ELLIOTT: I welcome the opportunity to make some comments on agricultural research. I also never cease to be intrigued by the enthusiasm with which the Member for Clover Bar talks about agricultural research. I find that very refreshing.

Mr. Chairman, the only comment I wish to add to those that have already been presented is to say that in the Grande Prairie constituency we have one of these agricultural research stations, sponsored by the federal government, that has been a participant in the Farming for the Future program. We already have on record in this House the amount of funding that has been placed in research at that location. As a member of that staff, I said that the involvement of that program was like a breath of fresh air to a researcher who was trying to get a dollar and ten cents value from every dollar put into research. When Farming for the Future came along with its objective to augment and supplement, it was truly a breath of fresh air to agricultural research in this province. The accomplishments that have been made through the five or six years the program has been in effect are also well documented.

As a professional agrologist, my concern is the general deterioration of our soils and of our capacity to produce our food in this nation. I recently had the privilege of sharing in the preparation of a book which I recently presented to our Minister of Agriculture, entitled *Will the Bounty End?* I recommend that everybody involved in legislation in this country take the time to read it. If you haven't seen it, I can certainly make a copy available to you. To quote from somebody else,

I once heard: if you plan for a year, you plant rice; if you plan for a decade, you plant a tree; if you plan for a lifetime, you educate a child. I wish to add: if you plan for ever and ever and ever, you invest in agricultural research. Just to hold our own in food production in this country, we have to have more money and more commitment to agricultural research. I encourage the government to continue the Farming for the Future program on a long-term basis. I think it is a very appropriate use of Heritage Savings Trust Fund money.

On closing, my question to the Minister is: do we have sincere plans to get involved in a longer research approach?

MR. CLARK: I know that the minister realizes there is a group of people in our area who formed what used to be called the no-till association. They have another name for it now; it's quite long, and I can't remember it. The benefits they tried to get out of the dryland were to keep the rain from washing the soil away and the wind from blowing it away, by seeding it every year and tilling the soil very little. It has been funded to a very minor degree through Farming for the Future.

My question to the minister is: is this an ongoing program? Has the department been able to make an assessment of the value of the program and its success in loss of soil? What is the cost in comparison to conventional farming? The reason it is kind of important — in dryland farming loss of topsoil is pretty critical. If this is one way of saving it, maybe it should be a program that could be increased some. I would also like to ask the minister if he personally has seen any of the experimental areas where they have been working this no-till. He's a farmer, and I wonder if he could give us his personal opinion on it, as well as the assessment his department has given.

MR. WEISS: Mr. Chairman, I'd like to make a comment with regard to Farming for the Future programs. Some hon. members might question why I as a rural member in an area that has very little farming would be speaking about this subject. But I think it's significant that hon. members be aware of several programs that the minister, along with the Associate Minister of Public Lands and Wildlife, has assisted this particular constituency in endeavouring to sponsor.

Most people think that Farming for the Future relates to programs with grain, irrigation, and cattle. But we have three small programs in particular in the Lac La Biche region that I think are significant and have a long-term future. One program involved fish roe for utilization in liquid fertilizer, and through a small grant from the hon. minister and the department, we were able to get this program into being.

The second is one that's not widely acclaimed in Canada but is certainly widely acclaimed in European markets. I think it's very special to note that in the recently completed culinary contests in Frankfurt, the gold medals were won using golden caviar from Lac La Biche. This product was developed only through the assistance of the minister's department, and I think all hon. members should be aware of it. We believe in it and certainly in ongoing support in that area.

A third program I'm sure other members are not aware of as well is the wild rice industry. I believe it has a viable future. Wild rice is something that's been going on for many years in other provinces: Manitoba, Saskatchewan, and Ontario. We believe it has a great future. I heard the hon. member to my left refer to it: "when you plant rice, you plan for a year". I like to think we're planning many, many years ahead and hope to develop a very viable industry. We have a new association in place now, a very dedicated group. We have some programs that are being developed through the Alberta Vocational Centre in Lac La Biche, and we believe that in years to come we'll

be eating northern-Alberta-grown wild rice. I'd like to encourage the minister and the department to continue with assistance for such programs, specifically in research areas, and let all members of the House and Albertans know that agriculture is not strictly limited to grain, cattle, and irrigation.

Thank you, Mr. Chairman.

MR. FISCHER: Mr. Chairman, I would like to talk a bit about the uses of our refined rapeseed oil. Farming for the Future has put quite a bit of funding toward developing new uses for our refined oil. I would like to compliment our Agriculture department on our canola oil refining plant at Wainwright. We have a plant that has just got into full swing, now using approximately 10 percent of the raw oil in the province. It is exporting oil; it is sending oil all over Canada. The more uses we can find for that refined oil here in Alberta, we are certainly going to be able to make good use of our product. I would like to ask the minister if there are any other plans for future canola oil refining plants in this province. We are only refining approximately 10 percent of our raw oil. It would be nice if we could refine it all.

I would like to ask the minister one other thing. With our plant in that particular area, maybe the Agriculture department could help me encourage Transportation to put in a road or two as well.

With that, I think I'll sit down. Thank you.

MR. CRAWFORD: Mr. Chairman, before the hon. minister begins to respond to the points raised, perhaps it's timely for me to note for the record that because of a discussion I had with the acting Leader of the Opposition and with the leader of the Independents, we will not be calling votes on any appropriations today. The same appropriations will be available then for calling on Monday. For the purposes of the more general discussion by members today, three departments are available: this one, Public Lands and Wildlife, as well as Recreation and Parks.

MR. FJORDBOTTEN: Mr. Chairman, I appreciate very much all the comments made by the members. I appreciate particularly the support for this program. As many members have alluded, it is important. I particularly appreciate the remarks by the acting leader of the Independents. I think he has a good feel for a significant portion of the agricultural sector, even though he's a small farmer and, hopefully, a golf course operator in short order.

He mentioned cutbacks in research. That is one thing I'm working hard to maintain and enhance. If there's ever a break that's needed today by all our producers in this province, it's to make sure that — if we're going to maintain our leadership role, we have to work hard to make sure our research capability is enhanced on a regular basis and that we are working on meeting those challenges.

He raised one area to do with the elevation of grain. The way we handle grain today never did make any sense to me. We handle it 17 times, and everybody makes a few bucks out of doing that. In addition to that, we dump our grain into an elevator that my grandfather dumped grain into with a grain tank, and we don't really know what happens to it after it goes from there. Through our presentation to the House of Commons Committee on Transport and also in direct representation to the federal government, we have been trying to make modifications to that. Because export of grain is under the jurisdiction of the federal government, through the Canadian Wheat Board, the board also sets the criteria under which export grain is sold and the cleaning and grading standards.

The other part of it — and the hon. member raised it — was that I never did see any realistic answer for why we need so many grades of grain. It creates bottlenecks in our transportation system. When I was in Shanghai, China, last June, I was at the port where our grain is received and saw it being unloaded and sacked. I looked at the quality of the grain and what we're trying to do. I think there has to be some new, innovative thinking and some people who are prepared to be a little bit bold in trying to make some steps. We're improving and enhancing our grain marketing system to some degree, and I think the Prince Rupert grain terminal and some others will play a role. However, Canada has become recognized as a leader of high quality, clean grain, and that's resulted in the renewal of some long-term agreements for grain that we wouldn't have had any other way.

DR. BUCK: Mr. Minister, can you tell me what that wheat you saw being unloaded in China will be used for? What will be down the line? What will they be using the grain for mostly?

MR. FJORDBOTTEN: That's hard to say. It wasn't actually being unloaded when I was there, because it was raining. They have to elevate it, and they can't elevate it when the humidity is too high or if it's raining. They elevate it out of the ship and it goes into bags. There it's blended, I believe, with other grains from other countries to raise the quality to make the kind of flour they want. In going through that system, I believe very little of it is used directly as a whole product. The grain is cleaned at the port. What I could never understand is that we dump our grain here and we're charged handling and shipping on the gross bushels, including the dockage and the shrinkage they've taken away from us. Then they clean it at the port to an export standard. It's then loaded on a ship, goes out, and when it arrives at the port in Shanghai, it's cleaned again before it's put in and blended. So the handling that takes place on that is so inefficient. It's loaded in sacks and put out in the yard under tarps. From there it goes onto small river barges and is shipped out to different parts of China.

I can't say exactly how it's blended or anything, because I didn't see that take place, but the whole system was so inefficient that I didn't understand how we could even function with that type of system in the 1980s. So I think there has to be some work done on it.

I have had the opportunity to have some discussions with the new federal minister responsible for the Canadian Wheat Board, Charlie Mayer, and have expressed to him some concerns we have with the way the Wheat Board functions and some of the things it's doing. He was very open to that type of approach and in fact suggested to me that if I had some ideas in mind of things that could be done to improve the process, I bring them to him. I sent him a letter last week explaining different areas that could be looked at.

In addition to that, in the next couple of months I expect to have some further discussions with him and also with the Canadian Wheat Board on what I saw there, to make sure what I report is looked at and considered. I am pleased that you raised that, because I think it is something we have to continue to work on.

The hon. member raised about zucchini. He had zucchini in July. I don't know about him, but I've had zucchini cake and zucchini everything. We've been very efficient in raising things by using heat caps, but I got sick of eating zucchini before the end of the year. At times I wondered whether having heat caps was actually a good idea.

With respect to the greenhouse industry, I know that the hon. Member for Clover Bar has a real interest in that. We

have been actively pursuing some recommendations on the greenhouse industry, and they're ongoing. We've negotiated some changes in the application of the Canadian ownership tax and the excise tax on natural gas, which has led to some benefit to all users in the greenhouse sector, and I think that's been helpful. We've also negotiated some concessions by the federal government on the federal sales tax and duties on equipment and supplies used to improve energy efficiency in greenhouses. While the federal government did remove that tax on a number of items that were requested, they didn't cover all of them. Therefore I think we have to continue to work to try to help the industry in that area.

I should also point out that our marketing sector has always worked closely with the greenhouse growers in promoting their product and will continue to aggressively provide that support. I think members of the committee will find this of interest. We're in the process of recruiting a greenhouse extension specialist for the northern half of the province. I expect that appointment to be made in the near future. I think that's crucial, because there's tremendous potential in the northern part of the province for greenhouse operators. It would be very helpful to us if we had someone like that in place.

One of the other areas that was raised by the Member for Clover Bar and also the Member for Vermilion-Viking had to do with our soil. Soil fibre has always been a great concern. Through the reorganization that took place, we have enhanced our Department of Agriculture to put an increased emphasis on soil and water management. With respect to solonchic soils, that's been a long-term research area. There's sure been a disruptive impact on our soils because of that. I was looking this up a few moments ago. There are approximately 500,000 acres of dryland that are severely affected in Alberta. Recent estimates say that there could be in excess of a million acres that could be affected by solonchic soil. A lot of it is located in the southern and east-central parts of Alberta.

Of course one of the problems we have in that area is that any work you do to try to alleviate that problem is very expensive. When we look at deep plowing, it appears there's an increase in productivity. We have to watch how we do that because if it's done improperly, it can cause serious damage to our soil resources. So we have to be careful how we approach that. Most of the efforts funded by the department to this point have been of a long-term nature. We've also provided some support through Farming for the Future's on-farm demonstration project. The ag service boards have also been involved to some degree in that area. We should recognize that the level of public interest has been demonstrated through the Senate hearings that have taken place, as well as the Environmental Council hearings into land use, agricultural land expansion, and land deregulation. There's so much more we can do.

In 1983 the province of Alberta and the state of Montana signed an agreement that will promote, facilitate, and co-ordinate research that's done. So I think we're making some significant progress in those areas.

Irrigation is another item that was raised by the Member for Clover Bar. I believe that's really a crucial one. We know what irrigation can do in southern Alberta, and we also recognize there is irrigation potential all through Alberta. If you can put the water on at the proper time and have some control over that, you can really do a lot to enhance production. Of course in the northern part of the province, at times we have a problem with too much water, not enough, which makes it different in the south. Even though we can discuss irrigation and the potential it has, it would have a little different mix than it would have in the southern part.

When we talk about greenhouses and enhancing production, I was interested in the comments of the member. I don't think

subsidies can solve our problems with respect to farm net incomes. I don't think subsidies can do much more than distort things. But I would throw out one approach that was used in the white paper, that I think may have some merit. If we were to consider tax credits or some kind of tax advantage for doing things, I think we could enhance our production much more significantly. It wouldn't be government dictating who the winners or losers would be; it would be up to the private sector to make those decisions. We get into a certain mind-set, and we can't seem to reverse that. The mind-set for a number of years has been subsidy after subsidy, and the mind-set now has to change into recognizing that what we really have to do, particularly in agriculture, is try to assist producers to do what they want to do. That's the role Alberta Agriculture has historically played, and that's the role it should play in the future. We're here to do anything we can do to assist producers to do whatever they want to do.

He raised the environmental impact of plants in the northern part of the province. Of course that's a concern. There are some who say the emissions from the plants create even greater rainfall and have some positive impacts, and there are some negative impacts. I'm sure that at some time that would be a good question to the hon. Minister of the Environment.

Canola research was another one that was raised. If we were to use canola as an example, I don't personally think that canola prices are going to go up that high. We're going to have more competition from countries in Europe. We're going to have some competition even from the United States if we get GRAS status — GRAS meaning generally regarded as safe status, approved by the United States. We could see some competition coming from the United States in some of our markets with canola.

One of the areas where we can be a winner through that whole process is that if can continue to increase the yields and the varieties of canola on a steady basis through testing — we have significantly through the research that we've done to date — I think we can blow their socks off, to put it bluntly, as far as being competitive in any world market that we want to talk about.

The Member for Vermilion-Viking raised the area of research and the market potential of selling grain as it is — and I believe I've answered that to some degree — and also solonchic soils. He raised college programs and how we go about trying to enhance our research capability there. I can't really give you a good answer to that. I think that would be better directed to the Minister of Advanced Education, who has responsibility in that area. But I know that there is much being done. For example, I was with the hon. member for Hanna when we went down to Hanna and opened up CARA — which stands for the Chinook Applied Research Association — a group of local people that got together and managed to whittle some money out of the government to put up something that would target in on that particular area. The reason I raise that is that I didn't appreciate the significance of that project totally until I was there and talked to some of them. For example, they said: in our techniques to breed new varieties of grain, we try to breed less straw and more grain. But in the dry areas and special areas, they need the straw for erosion control. What they need there works just in reverse to what we're doing. So I think that being able to target and serve their particular needs for that area is going to be very, very positive for the future.

The Member for Drayton Valley raised agricultural inventions. That's always been a concern of mine, because most of the machinery on the market today was designed by a farmer in his backyard or in his shop in the wintertime. He thought there could be a new cultivator or some new machine that might

work better. I've felt for some time that there was no real incentive for some of those people to get out and get a little assistance and a little publicity for what they do. The whole area of farm equipment manufacturing is under the Minister of Economic Development. He has some excellent booklets out on that, and I think the work being done and the assistance being provided to different machine inventors should be helpful to them.

We had the Alberta export awards function in Edmonton last night. There were some new, innovative types of approaches that were recognized. All too often, I think we forget to recognize people who come up with new, innovative approaches to doing things. Last night was a good example of people who have gone out and done something exciting. We can look at the Alberta Wheat Pool and the Buffalo Sloping elevator. Vertec Industries Ltd. from Vermilion has made some significant progress, and they received an award last night. There were a number — United Oilseed processors and others — who received awards for different marketing techniques or approaches they've made. I think the hon. Member for Drayton Valley raises a legitimate concern as to what we can do for the small individual who comes up with a new approach.

Nitrogen fixation was raised. I saw some of the research effort that's being undertaken in Lethbridge. If you can use the process of nitrogen fixation, particularly on alfalfa, and save fertilizer, of course it makes your crops far more productive and the net return that much better. Some work is being done on nitrogen fixation on wheat at Lethbridge. It's being continued in that particular area primarily with Agriculture Canada's support. Of course nitrogen fixation on annual crops is much different than on one like alfalfa, so it would have to be a different approach. That work is being done at the agricultural research station at Lethbridge.

The Member for Cypress raised positions. It's been a concern for some time that the federal government has been reducing positions here and we've had to pick up the slack. That isn't something that is our role. They should be fulfilling that responsibility, because agricultural research is indeed a federal responsibility. The former Minister of Agriculture assured me that he was going to fill all the positions they had withdrawn from western Canada. I don't believe they've all been filled yet. The other evening I was privileged to sit with Dr. LeRoux from Agriculture Canada in his responsibility in the system for research. I raised the issue with him that we have to be sure that we continue to have that federal presence. I made sure the tone of my remarks that night let no one misunderstand that the federal government has a responsibility, and they should be fulfilling it.

The Member for Rocky Mountain House raised the length of term of support. We spend nearly three times as much on research within the department as we do in Farming for the Future. Farming for the Future was designed to be a program that would give immediate benefits to our producers, so they wouldn't have to wait 10 years to get a return on that research dollar; they would get a return immediately. I think it should stay that way. There is a need for long-term research, and that's better funded by the provincial government through the Department of Agriculture itself or through the federal government. I also think there should be more input from companies that are putting more of their dollars into the research area.

I appreciate the Member for Grande Prairie's remarks on the longer term research approach. We have that commitment, and it will stay there. But we're going to have to voice the results that come out of research more often. Most people don't talk about the results enough. I think we're hiding our light under a bushel. If we're going to continue to have the emphasis on research, we're going to have to talk about it.

The Member for Drumheller raised the no-till association. We're supporting that association through the department. Farming for the Future has also supported a wide range of on-farm demonstration projects. I have seen some of the projects, not the ones in your particular area but some in other areas of the province. The no-till is something that's changing a mindset of people again. With some of the costs of equipment today, it's a very expensive approach if you're going to do it properly. But I'm sure there will be some new approaches made with that, and I think it will be helpful to us.

The Member for Lac La Biche-McMurray's comments are appreciated. Put into a proper context, I think there are a number of areas where research is beneficial, outside the normal areas of grain or cattle. The hon. Associate Minister of Public Lands and Wildlife leaned over and told me he did all the work and I got the credit. So I want to be sure that Public Lands and Wildlife also gets their due reward.

The Member for Wainwright on refined oil: that's an exciting plant, but as far as others, I am not aware of any new plants in the planning stages at the moment. As far as the transportation on roads, I'm sure his lobby was well noted by others.

Mr. Chairman, I think that covers the questions and remarks made by hon. members on that particular vote.

DR. BUCK: Mr. Chairman, I'd like to ask just one question of the minister. I'm completely in the dark on this, but I know that in Europe and areas they lime the soils. Is that to neutralize alkaline soils, or what is that process? That would fall under this type of thing, as research.

MR. FJORDBOTTEN: Mr. Chairman, we have a liming program in the province, where we provide some freight assistance on liming. That of course is to reclaim some of the land that has degenerated to that point. We've had some difficulty with where we get the lime. Of course there is the mine at Exshaw and another one in the Rocky Mountain House constituency, and some comes in from British Columbia.

The program has been utilized fairly significantly in pockets of northern Alberta, but it hasn't been that widespread. Certainly the research that was done prior to going into the liming program has proven that there are direct results. Hopefully that program will continue on an approach that would see some reclaiming of soil.

On the transportation and application of that particular product, there are some processes being looked at as far as pelletizing lime rather than having it in a powder form. I think the approaches being made are very positive.

MR. CHAIRMAN: If there are no further questions or comments on Vote 1, in view of the Government House Leader's remarks, we might now proceed to Vote 2.

2 — Food Processing Development Centre

MR. FJORDBOTTEN: Mr. Chairman, among the many economic strategies that were proposed in the white paper on the economy, increasing our value-added exports really received a very heavy emphasis. Time and time again, the paper refers to the benefits that would accrue from increased processing of Alberta products here at home rather than merely shipping the raw product away. I thought the Minister of Economic Development made a tremendous comment the other day. I've never heard it quite this way before, but he said we have to stop shipping out "sterile exports" — sterile to the extent that they don't have any value added to them or jobs attached to them. I think any moves we can make in that area, to add that value

to the product and move it out, are important. There are many potential routes we could follow to achieve that goal, but the chief ones are to develop a technology that is appropriate for and unique to Alberta processors and to improve our marketing strategies.

I believe the Food Processing Development Centre we're now discussing presents us with an opportunity to do both. The development centre is a freestanding research development facility located in Leduc, and it represents a commitment by this government to the advancement of the food processing industry in Alberta. When complete and fully operational — and it will be in the very near future — this facility will be the best and the most modern anywhere in Canada. I think the Food Processing Development Centre is a great move toward really developing, testing, and supplying technology that is appropriate to Alberta's processing sector. The centre is designed to assist producers and processors, both large and small, in the creation and testing of new food products and processes in preparation of a sample product for market testing. I understand it's also to improve processes that are already in place.

It's imperative that the work be conducted in this area if we're to overcome some of the disadvantages I honestly think we face. The centre was approved by the Legislature in the 1981-82 fiscal year, with construction to be completed at Leduc industrial park in September 1983. Some construction delays caused that date to be moved forward to February 1984, but then there were further delays, the most important reason being that the prime contractor of the facility went into receivership last February. Alberta Public Works, Supply and Services has since appointed a second contractor. I understand that since then the construction deficiencies have generally been corrected and work has been proceeding steadily in the last few months. The installation and testing of services in the centre are now in their final stages. At this point the building is within one week of becoming fully functional.

I point out, Mr. Chairman, that the '85-86 budget request from the capital projects division of the Alberta Heritage Savings Trust Fund lists the centre's total completion costs at \$8.6 million, the exact same as in the previous two years. I also note that our investment in this facility is already showing some signs of paying off. Although the centre isn't fully operational yet, Alberta Agriculture staff have moved there. They actually moved in last February. This new group has already scored a major success in formulating and designing an industrial process for a refrigerated salad dressing. I understand there are many other significant projects already on the drawing board. These include some consultation and technical assistance in areas of oilseeds, meats, dairy products, honey, and native berries, as well as complex studies with the Alberta Research Council, Agriculture Canada's Lacombe research station, and the universities.

The \$1.365 million being voted on in this vote is strictly for equipment purchases needed to make the centre fully operational. When the centre becomes fully equipped, Mr. Chairman, I expect we'll see the lasting significance of this progress in Alberta's food processing industry.

I'd be happy to take questions, Mr. Chairman.

MR. BATIUK: Mr. Chairman, I would like to express a view on this and my strong support for it. I know this centre is going to mean a lot, not only for the community of Leduc but for all the people in the province. I think processing is what Alberta has been lacking for many years. We are capable of producing grains, meats, vegetables, and some fruits, but when it comes to processing, it's a different thing.

About 11 or 12 years ago in this Legislature, I recall that MLAs were invited to a breakfast meeting in the Macdonald Hotel. To my surprise, there was butter from Quebec, and jam and honey from Portland, Oregon. I remember very well that the deputy premier, Dr. Homer, was also the Minister of Agriculture, and I queried him about that. I even tabled those products in the Legislature. Whether it did any good or not, the next time I was in the Macdonald Hotel, it didn't say where the butter — all it said was *beurre*; it still told the story of where the butter came from. At that time the beekeepers of Alberta were also really concerned. They had over a million pounds of honey in surplus with nothing to do, yet it was coming into Alberta. It was the same with jams. Raspberry, strawberry, and many other jams could be processed in Alberta, but they were left, and other areas were taking advantage of it.

I can see the real need for processing in my constituency. There are a few processing plants, and one is the blending plant at Ryley. It is very successful and provides employment to maybe a dozen people. You go to Two Hills; I see that the Minister of Tourism and Small Business had a chance to view the egg plant there, which provides employment for about 18 people. I recall tabling a 12-inch chicken egg in this Legislature, and that is something that has gained the community a lot. In my hometown, we have a bakery which got support from Alberta Agriculture through Nutritive Processing. It was expanded a year ago, and it gets rid of all the bread and pastry it can provide. Here again they're using up the products. Most of all, and I'm sure many MLAs have had a sample, is the very popular sausage from the Stawmichy industry in the town of Mundare. I know many have sampled it because of the many orders I have brought in for hon. members.

As I say, we must look at processing. Recently Alberta Agriculture advised me that 16 percent of all the pork processed in Alberta is processed by that sausage industry in Mundare. We have to look at processing our products and at the same time providing employment.

Thank you.

MR. CHAIRMAN: Are there any further questions or comments? Would the minister like to make a further comment?

MR. FJORDBOTTEN: No, Mr. Chairman. I think I gave fairly comprehensive remarks at the beginning.

3 — Irrigation Rehabilitation and Expansion

MR. FJORDBOTTEN: Mr. Chairman, I'd first like to briefly go over the history of the irrigation rehabilitation and expansion program and where it fits into irrigation development in the province. The irrigation rehabilitation and expansion program was first announced in 1975 as one of two major irrigation support programs to be funded by the capital works section of the Alberta Heritage Savings Trust Fund. The other program is the irrigation headworks program, which is administered by Alberta Environment. Both these programs were implemented in 1976. I remind members that the rehabilitation program is administered by the Irrigation Council and that its objective is to ensure an adequate water delivery system for Alberta's many irrigation farmers. This was accomplished by assisting our 13 irrigation districts, which are also under the purview of the Irrigation Council, in planning, rehabilitation, and expansion of the irrigation networks. The kinds of projects that are funded under the program include seepage control work, canal and lateral relocation and/or rehabilitation, pipeline installation, reservoir projects, and system enlargements.

Funding is allocated to each district on the basis of assessed acreage and water rate charges. All projects are funded on a cost-sharing basis using what is called an 86/14 formula. Under this formula the heritage fund provides 86 percent of the aggregate funding, with the remaining 14 percent contributed by the irrigation districts themselves. The total funds are then deposited in a cost-sharing account from which moneys are then drawn. However, this is an important point to note: funds can only be withdrawn from the account after they have been documented with an engineering certificate stating that the work in question has been done. All materials needed for the projects are supplied in accordance with the project reports which have previously been submitted to and approved by the Irrigation Council.

[Mr. Hiebert in the Chair]

In addition to the rehabilitation work, the Irrigation Council has authorized capital construction for research projects to evaluate new delivery system materials and irrigation techniques. I note that all this work is funded under the rehabilitation and expansion program.

Through Farming for the Future, the Irrigation Council has also been involved in studying new techniques in irrigation systems. Emphasis has been placed particularly on control of seepage from canals and on aerial photography and triangulation. Again, these are all funded through the rehabilitation program. Mr. Chairman, I think that pretty well summarizes the general activities of the rehabilitation program and the way the program works.

I'd like to make a few remarks regarding past, present, and future funding. When this program was first announced in 1975, a total funding commitment of \$90 million was made over a 10-year period to 1985. The program got under way, and \$31 million of those funds were spent. Then it became clear that much higher levels of funding were going to be needed to carry on the projects effectively, so the program was revised in 1980 and given a new \$100 million mandate which was to run to the end of fiscal year 1984-85. At that time it was decided that during the final year of the mandate, the whole project would have to be reassessed and future funding levels could then be determined.

I'd like to remind the committee that the new \$234 million, 15-year mandate for the Environment headworks program was jointly announced with the five-year rehabilitation program. I'd also like to make it clear that the \$100 million allocated for rehabilitation was in addition to the \$31 million which had been spent under the program since 1975. An inflationary adjustment number was also worked into the sum. We developed the number in consultation with the Department of Public Works, Supply and Services and with Treasury, and the same inflationary increases were also afforded the Department of the Environment for their headworks program.

Mr. Chairman, between 1976 and 1984, a total of \$152 million was invested in irrigation development through the rehabilitation and expansion program. This has been instrumental in increasing Alberta's irrigated acreage by 20 percent to 1.1 million acres during that period of time. However, I don't think the long-term joint objective of the rehabilitation program and the headworks program has really been achieved yet.

The object is to increase irrigated acreage in Alberta to 1.5 million acres by 1995. In view of the progress made through the program so far, I believe this is a feasible and realistic goal. I know it's a goal which will benefit not only our farming sector but our entire provincial economy. That's why one week ago, on October 19, I was very happy to announce that cabinet had

approved a new five-year mandate for the irrigation rehabilitation and expansion program. Total funding over the course of five years is to be \$150 million, or \$30 million annually, starting April 1, 1985. I note that the 86/14 government/district cost-share formula, which I described earlier, will be retained throughout that term.

Mr. Chairman, I'd like to assure members that this mandate followed an extensive reassessment of the economic impact of irrigation activity in Alberta, which included an evaluation by the Irrigation Council and a major study by the Irrigation Projects Association. I'd also note that irrigation development received heavy emphasis in the white paper. This investigation reaffirmed the economic advantages of irrigation expansion and development for all Albertans.

According to the study which was done by the Irrigation Projects Association, irrigation activities directly or indirectly employ 35,000 people in Alberta and account for \$940 million of the province's gross domestic product. The report also estimates that the extension of the rehabilitation program will mean another 4,700 jobs and an additional \$336 million in economic activity for Alberta by 1990. Most important of all, the Alberta Irrigation Projects study indicates that more than 1,800 jobs and \$206 million in new productivity will become permanent parts of our provincial economy as a result of the work completed under the irrigation rehabilitation and expansion program. Mr. Chairman, I believe that's good news for all Albertans, no matter which part of the province they live in, and it certainly reflects the key role that irrigation plays and will play in the overall well-being of the province of Alberta.

Mr. Chairman, I'd also like to state that I appreciate the support of all members of this House for this particular program. The hon. leader of the Independents was very supportive, and all MLAs — not only those in the southern part of the province who worked with me in developing the new program but MLAs from all across this province — recognize the significant benefit there is to improving our irrigation system.

I'll be happy to take questions or comments, Mr. Chairman.

[Mr. Appleby in the Chair]

MR. MUSGROVE: Mr. Chairman, I want to make a few comments in support of the heritage trust fund allocation for irrigation rehabilitation and expansion. The minister pointed out the 86/14 percentage, and I believe he made mention of the study done by the irrigation projects division with the engineering firm, which set out at that time the justification for the 86/14 and also the time it would take for the people of Alberta to recover the costs that are put into irrigation rehabilitation.

Mr. Chairman, the South Saskatchewan River basin study pointed out that although we have an agreement with Saskatchewan that 50 percent of the flow of the Saskatchewan River basin — which includes the Oldman River, the Bow River, the Red Deer River, and their subsidiaries — must flow annually into Saskatchewan, with a minimum at any time of 1,500 acre-feet, at the present time 83 percent of the flow of the Saskatchewan River flows into Saskatchewan. So we are only using approximately one-third of the water that's available to us in Alberta.

Seventy-five percent of the flow of the Saskatchewan River goes through the system from the period of late May to early July. It's impossible for us to use that water for irrigation during that period of time, so the answer is that we have to have storage and we have to have canals to allow us to transport that water into our storage. We do have a certain amount of off-river storage, particularly in the south and, through the Department of the Environment, we are now looking at on-

river storage. The problem is that the canals need to be rehabilitated now to accommodate the increased transfer of water from the Bow into storage during the high-flow season. For instance, the Crawling Valley project, which was funded last year through the Department of the Environment, still has only a small amount of water in it because of the need for the canal system to be rebuilt with a larger capacity so water can be transferred into Crawling Valley. At Lake Newell also — during the present summer, there was more water passing through the Bassano dam than was required by the Saskatchewan agreement, for the simple reason that we didn't have the canal capacity to transfer that water when it was necessary. I believe this announcement is very timely because of the drouth that has been taking place in Alberta during recent years. The people in southern Alberta will relish it.

Another point brought out in the Saskatchewan River basin study was the nonconsumptive use of water, namely in fisheries and recreation. Their study was negative on the nonconsumptive use because they did their study basically on the river system. However, I point out that storage reservoirs supply a nonconsumptive use to fisheries and recreation. Our reservoirs have not only recreation use and fishing during the summer months but also industry during the winter months by people who fish for a living. It contributes quite a little to the economy of that area.

Seepage is one of the things that has been a problem to irrigation districts since they were established. This allotment to help with seepage problems is a good use of the money, particularly where canals or pipes are put in to stop seepage. In the past there has been a lot of land lost to salts because of seepage. Now they are lining the canals or putting pipes in, and that land will be able to be rehabilitated in the future. We have also established parks on our irrigation reservoirs, which are becoming very popular in the nonconsumptive use.

It was pointed out in the study that irrigation water is used from the Bow and Oldman rivers, and 90 percent of the flow of the Red Deer River goes into the South Saskatchewan. The Dickson dam, which was opened this summer on the Red Deer River, was not an irrigation dam. However, the Dickson dam can contribute to the irrigation use, because it can release water that goes into the Saskatchewan River system and therefore allow a greater use of water from the Bow and Oldman rivers when it is needed for irrigation.

MR. HYLAND: Mr. Chairman, one thing about speaking after a minister who covers the topic so well is that he used a lot of the figures from the same study I was going to use. That was a very impressive study done by a consulting engineering group and paid for by the Irrigation Projects Association, so there are lots of other figures in there. The minister touched on the investment in irrigation upgrading and what it would bring back to the economy of the province in total dollars.

The one figure he didn't touch on, which might be interesting to the members of this Assembly, is that between 1970 and 1982 the farmers themselves spent about \$200 million on sprinkler systems, wheel moves, and pivots. Mr. Chairman, I don't believe that includes underground pipelines or all the people who would be employed to put them in place; it's the raw cost of the equipment. That's a result of upgrading the system that the farmer has done.

The minister also touched on the breakdown of the 86/14 allotment, and the report spent a lot of time on that. It shows three levels of how that formula would work: the lower level, the expected level, and the upper level. If we take the expected level, it shows that the local landowner would expect to receive 15 percent of the amount of money spent, the Alberta economy

would receive 66 percent, and the rest of Canada would receive 19 percent. Mr. Chairman, that can be outlined by a project south of Bow Island, a 40-mile siphon. It wasn't under this program; it was under Environment. I'll just speak about it briefly. Because of the size, eight feet in diameter, the steel-reinforced concrete pipe had to be brought in from Quebec. It was the only place in Canada that could make pipe of that size. So that illustrates how benefits can be made to other parts of Canada as well.

Mr. Chairman, this year irrigation was truly very important to southern Alberta. The peak use of irrigation hit one to two months early and never let off for that period of time. The majority of irrigation systems were stretched to their maximum, and some beyond their maximum because they had shutdowns. St. Mary's irrigation project was very close to having rationing. They started the season with the internal reservoirs full, and they were probably within days of having to ration because of the high peak and the continuation of that peak. It just goes to prove that we need to continue the upgrading of these systems to ensure that all the proposals are in place so water can be moved more quickly to where it's needed.

A number of members of the Legislature, as well as the minister, went to a meeting in Picture Butte to hear a bunch of farmers express their feelings on the need for improving their water delivery system. It was the same problem: water was needed early and for a longer period of time, and you could couldn't get enough out of the river to do it. There are also different circumstances on that, such as the problem with getting the water to the crops.

Mr. Chairman, I think a good illustration of what importance water plays and the way people look upon water was last Friday when the major announcement was made by the minister in Lethbridge — a really important announcement to the business community as well as the farming community of southern Alberta and Alberta, illustrated by the figures I previously used. What does it rate? It rates a headline on the second or third page of *The Lethbridge Herald*, whichever page it was. If you read the headline, you wouldn't bother to read the story — something about the dam controversy continuing. That's not what the press release was about; it was about the upgrading to the irrigation system.

I saw an exchange between the minister and an announcer who was doing his broadcast. He changed the words after he had a discussion with the minister and with the chairman of the Irrigation Projects Association. But after an announcement like that, they were preparing to start with a negative comment.

AN HON. MEMBER: What else is new?

MR. HYLAND: One member said, what else is new? You would think that those involved in public life, in the expression of news, in southern Alberta would at least print what happened in a major project like that.

I remember making a speech a number of years ago in this Legislature about a statement made by the publisher of *The Journal* just after the election. I believe it was in 1979 that he said he would be the opposition. I quoted from an editorial by the editor of *The Medicine Hat News* at that time. If I remember, it said something to the effect that it is the duty of the news media to report the news on the front page; if they want to editorialize, there are pages for that. I've been talking to some of my constituents in the last week, and they were quite perturbed with the way the story was carried. Even when the final television news reports were made, after more or less explaining the news release, they ended up with a phrase something to

the effect that the dam controversy continues — totally unassociated with it.

AN HON. MEMBER: Quit swearing, Alan.

MR. HYLAND: One of my colleagues says, quit swearing. I wasn't using it in that context.

Then you see a story done by a real agricultural reporter in the Saturday, October 6, *Lethbridge Herald*. It's a full page on the upgrading of the irrigation system. The article deals mostly with the main canal. It's well written, well researched, and has some pictures. It's written by Ric Swihart, who did a super job of it and does a super job of covering agriculture.

Mr. Chairman, I would also like to give each member of the Legislature — the pages can deliver it — a pamphlet named *The Importance of Irrigation to You*. This is a pamphlet that was developed by the Irrigation Projects Association of Alberta and is something that I, as well as previous chairmen of the caucus irrigation committee and the ministers — as far back as the time the Member for Medicine Hat was chairman of the caucus irrigation committee — requested that the association develop. The brochure could be handed out at travel bureaus, et cetera, so people would understand the crops and the equipment they were seeing in the field. I think this pamphlet is well done. I'm sure members will find it of interest. Knowing that hon. members read everything they get, I'm sure they'll remember receiving the study from the projects association that the minister and I talked about, entitled *Irrigation Development in Alberta: The Economic Impact*. I'm sure members will also find a lot of interesting reading in that.

Thank you, Mr. Chairman.

MR. THOMPSON: My remarks will be more brief than the previous speaker's. First I would like to commend the minister for making a very comprehensive report on what has been done and what we are doing in irrigation. I would also like to commend the government for how they have supported irrigation since 1975, when I first came into this Legislature.

Mr. Chairman, I think this last year probably underlined to everyone in Alberta, but especially to the people in southern Alberta, the importance of irrigation. In the irrigated districts, we had one of the driest years since 1936-37, which is quite a while. Many people don't remember those days; I happen to. We found out that we had something here that has been necessary for those years that happen about once in 50. The previous member spoke about our supply of water and the danger we had of running out in several different districts. There are a couple of things that cause that. One, our snowpack last year was 52 percent of normal, and of course our summer rains just didn't happen. So there was a tremendous drawdown on the system and, frankly, I am very pleased that it held up as well as it did.

I'd like to bring to the minister's attention a couple of problems I see with our irrigation districts. One is that a decision has been made to phase out the engineering services that have been given to the small districts. I am pleased that they are phasing it out so there is not a real problem with the projects these people have under construction at the present time. Hopefully we can come to some agreement that when we take that service away from these small districts, we can do something to replace it with some other service.

Another thing I'd like to say — and I think it's something that the irrigation districts themselves are going to have to look at — is that in many areas people are paying water rates and have the ability to irrigate but for whatever reason have not used irrigation in the last 25 or 30 years. Sometimes they've sold their land to people that aren't interested in irrigation. For others, it's because the cost of installing equipment is too high, or whatever reason. Dotted through all our irrigation districts, we have areas and specific farms where the people at the present time are paying water rights but are not using water. Because water rates have been low in the past, people have done that without too much problem. But they will climb in the future. They average out at about \$8 an acre now, and they'll probably be up to \$12 an acre in four or five or six years.

This becomes an increasing problem to these people, because there is no way, even if they don't use the water, that they can get out of paying the rates. I really think the department should make some effort to study consolidation of some of these irrigation districts, so people who are not using those acres for irrigation can turn them over to someone else who does want to use them, somebody who is irrigating at the present time and wants to expand his operation. But I think there has to be some kind of lead made by the department.

Thank you, Mr. Chairman.

MR. CRAWFORD: Mr. Chairman, perhaps the remaining comments upon which the minister might comment could be made at the same time as issues that may come up when the other members of the opposition are here on Monday. Accordingly, I move that the committee rise, report progress, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

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

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

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, the proposal for Monday is to have Committee of Supply in the afternoon. The departments available to be called on that occasion will be the same ones as this morning, in the same order: Agriculture, Public Lands and Wildlife, and Recreation and Parks. It's also proposed that the Assembly sit on Monday evening and that we do second readings of Bills on the Order Paper at that time.

I would ask the hon. Member for Clover Bar if he might convey to his colleagues in the opposition that if there are Bills that some special arrangement is required for, as to when they're called, perhaps I might be advised.

Mr. Speaker, I move we call it 1 o'clock.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

[At 12:47 p.m., pursuant to Standing Order 4, the House adjourned to Monday at 2:30 p.m.]