

## Legislative Assembly of Alberta

Title: **Tuesday, April 14, 1992**

**2:30 p.m.**

Date: 92/04/14

[Mr. Deputy Speaker in the Chair]

head: **Prayers**

MR. DEPUTY SPEAKER: Let us pray.

O Lord, we give thanks for the bounty of our province: our land, our resources, and our people.

We pledge ourselves to act as good stewards on behalf of all Albertans.

Amen.

head: **Presenting Petitions**

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Avonmore.

MS M. LAING: Thank you, Mr. Speaker. Today I would like to present a petition on behalf of parents and friends of lesbian and gay people asking for inclusion of sexual orientation in the Individual's Rights Protection Act.

MRS. BLACK: Mr. Speaker, I wish to present the following petitions that have been received for private Bills:

1. the petition by Robert Pennington for the Cynthia Lynne Rankin Adoption Act,
2. the petition by Donald H. Wheaton, Marion Wheaton, Donald A. Wheaton, Herb Wheaton, and Donald Code for the First Canadian Casualty Insurance Act,
3. the petition by Sister Maureen Fox for the Carmelite Nuns of Western Canada Act,
4. the petition by Sister Faye Wylie and Mr. Fred Barth for the Caritas Health Group Act,
5. the petition by Howard Beebe Jr. for the Lee Justin Littlechild Adoption Act,
6. the petition by the Rocky Mountain College for the Rocky Mountain College Act,
7. the petition by the Medicine Hat Community Foundation for the Medicine Hat Community Foundation Act,
8. the petition by James B. Anderson for the Calgary Municipal Heritage Properties Authority Amendment Act, 1992,
9. the petition by the United Farmers of Alberta Co-operative Limited for the United Farmers of Alberta Amendment Act, 1992,
10. the petition by St. Mary's Hospital Corporation for the St. Mary's Hospital, Trochu, Amendment Act, 1992,
11. the petition by Rufus Leroy Harris for the Frederick James Harris Adoption Act,
12. the petition by the Calgary Foundation for the Calgary Foundation Amendment Act, 1992,
13. the petition by John A. Deane for the Den Tobias Deane Adoption Act, and
14. the petition by Herbert Harry Hope and Mary Violet Lorraine Hope for the Carolyn Debra Peacock Adoption Act.

head: **Introduction of Bills**

MR. DEPUTY SPEAKER: The hon. Member for Westlock-Sturgeon.

## Bill 229

### Ethanol in Gasoline Act

MR. TAYLOR: Thank you, Mr. Speaker. I beg leave to introduce Bill 229, entitled the Ethanol in Gasoline Act.

This is one of the many Bills on ethanol, Mr. Speaker, that calls for it to be mandatory within three years for 10 percent of gasoline to have ethanol in it.

[Leave granted; Bill 229 read a first time]

head: **Tabling Returns and Reports**

MS BETKOWSKI: Mr. Speaker, I'm pleased to table with the Legislative Assembly the annual report of the Alberta Cancer Board for the year ended March 31, '91, and the annual report of the Alberta Health Facilities Review Committee for the year ended December 31, '91.

MR. ANDERSON: Mr. Speaker, on April 9, last week, the Member for Edmonton-Strathcona asked me to table bylaws for the Insurance Council of Alberta. I'm pleased to do that now.

MR. KLEIN: Mr. Speaker, I would like to file the response to Written Question 161 as well as a small pamphlet, Alberta Consumer's Guide to Recycled Products.

head: **Introduction of Special Guests**

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Belmont.

MR. SIGURDSON: Thank you, Mr. Speaker. It's a pleasure today, sir, to introduce to you and to all members of the House some folk who have been here before on many occasions. It's a pleasure for me to introduce Sandy Notley Kreutzer and her husband, Alan Kreutzer. They're back from doing missionary work in Dadoma, Tanzania. They're seated in the members' gallery, and I'd ask them to rise and receive the traditional welcome of the Assembly.

MR. DROBOT: Mr. Speaker, I'd like to introduce to you and through you to members of this Assembly Ms Jeanne Melady, instructor of English as a Second Language at Lakeland College, St. Paul. She has a group of students with her from Lebanon, Hong Kong, Vietnam, Nicaragua, China, and Quebec. I would now ask them to rise and receive the traditional welcome of this Assembly.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Mill Woods.

MR. GIBEAULT: Thank you, Mr. Speaker. I'd like to introduce to you and to the other members of the Assembly this afternoon three visitors who are seated in the public gallery. With us visiting from Saskatchewan is Brian Gibbon, who's now engaged as a researcher with the New Democratic government caucus in Saskatchewan. Joining him is his fiancée, Deborah Miville, and their friend Linda Neilson, who is also the president of my constituency association in Mill Woods. Would they please stand and receive our very warm welcome.

MR. DEPUTY SPEAKER: The hon. Minister of Municipal Affairs.

MR. FOWLER: Thank you, Mr. Speaker. It is my privilege and pleasure this afternoon to introduce to you and through you 69 students from W.D. Cuts community school in the city of St. Albert. They are accompanied by two teachers, Mr. Kostyshen and Mr. Ferguson, together with assistants Mr. Allen and Mrs. McCarthy. They are seated in both galleries this afternoon, and I would ask that they rise and receive the traditional welcome of this Assembly.

head:

### Oral Question Period

#### Provincial Budget

MR. MARTIN: Mr. Speaker, the Provincial Treasurer has presented us with a budget that shows that this government has lost any shred of credibility in managing the finances of Alberta. The government's idea of a tax break for those Albertans lucky enough to be working at \$20,000 per year is to give them another \$17 to take home this year. That would be about a quarter of the Treasurer's fancy ties. Yet the Premier, who makes about \$145,000 per year, will be able to take home an extra \$220 a year because of this tax cut. Seventeen dollars versus more than \$200. My question to the Premier: will the Premier explain to this Assembly what is fair about giving high-income Albertans like himself a tax break of more than \$200 but giving low-income Albertans almost nothing?

MR. GETTY: I draw to the hon. member's attention that this is a tax break to all Albertans who pay taxes. Remember also that in Alberta we have the selective tax reduction program, where we direct that those on the lower end of the earnings scale get proportionately greater amounts. The important thing to remember here, Mr. Speaker, is that this is a signal to Albertans of the desire of the government to place dollars in their hands.

Now, I know there are those who would tend to want to play this down, but I'll tell you this: if there were a 1 percent increase, then we would hear how we were gouging people, how it's terrible that we were taking it away from them, that this is money out of the hands of Albertans. But here is a cut. This is a personal tax cut, and I'm particularly pleased to be able to confirm it here again today.

2:40

MR. MARTIN: Well, Mr. Speaker, those people making \$20,000 are going to get that \$17 and go on a spending spree; no doubt about it.

When the Premier talks about the tax cut, he fails to mention other increases like the health care premium hike. My question to the Premier is simply this: will the Premier admit that this tax cut will have no effect whatsoever on lower income Albertans because they are being charged higher health taxes and higher licence fees for various government services? That's the reality.

MR. GETTY: First of all, premiums in an insurance program are not a tax. Secondly, those who are on lower incomes don't pay health premiums, nor do seniors. They're completely exempt. Even more important, Mr. Speaker, is to remember that this government, unlike other governments, has allowed the full federal tax cut to flow through to Albertans, and then we've added to that an Alberta personal tax cut so that between this year and next year some \$200 million will be flowing to Albertans in order that they can in fact start to help build this economy, have a spark of confidence, and start to get some positive things happening. I know the members don't like that.

MR. MARTIN: Mr. Speaker, he may not be aware of it, but there are people making \$20,000 that do pay medicare premiums, and they have to pay all those other taxes that the Treasurer put on. Get out of this dream world and understand where real people are at.

I want to ask the Premier again: isn't he being hypocritical when he says that you've got \$17 here, we'll take \$12 off for medicare premiums, and you're going to have to pay more for all the rest of the fees? Isn't that being totally hypocritical to the people of Alberta?

MR. GETTY: The hon. member isn't listening, and in question period it's very difficult to get it through to him. In fact, low-income Albertans are either completely or partially exempt from health care premiums. On the other side, Mr. Speaker, on our selective tax reductions the greater proportion goes to lower income Albertans. I don't know what we have to do to get it through to the hon. member.

Then I come back to the overall matter, because surely it's an indication of what I would call opposition just to oppose, and that is this mindless opposition: let's attack anything positive. We have a tax cut for Albertans which over some two years, along with the federal government's, will have \$200 million going into the pockets of Albertans, helping Albertans. What do we get from the Leader of the Opposition? Negative, negative, negative again.

MR. DEPUTY SPEAKER: Second main question, Leader of the Opposition.

MR. MARTIN: Go ask the people of Alberta if they think it's fair that \$20,000 people get \$17 . . .

MR. DEPUTY SPEAKER: Order please. [interjections] Order please. Order please.

Second main question.

MR. MARTIN: We'll ask that question, Mr. Speaker. The people know it.

Let's continue with the budget. Albertans are outraged at, if I may say so, the wanton disregard for the future of the province in yesterday's extravagant budget deficit, Mr. Speaker. What has really happened is that it's not a \$2.3 billion deficit. The consolidated debt is \$2.9 billion, and that will add on to every Albertan an \$11,067 debt just from that one budget. Since this Premier took office, we've had eight straight deficit budgets totaling \$15.76 billion, net assets of \$11.2 billion that have now gone to a deficit of \$4.57 billion. I can understand why you're nervous about it. My question to the Premier is simply this: given that this government has abandoned any notion of fiscal responsibility, will the Premier now explain to Albertans and their children who will be responsible for paying this deficit and how this province's ballooning deficit will be paid off?

MR. GETTY: The hon. Leader of the Opposition is really being strange today when you think of what the hon. Provincial Treasurer laid out for him yesterday. First of all, he pointed out that the government of this province has held program spending for the province of Alberta to historic lows, the lowest of any government in Canada over the last six to seven years, averaging on a program increase 2.3 percent on an annual basis. Now, during this time, Mr. Speaker, we have had the opposition screaming to have more money spent, while we've been holding it down. This is the kind of opposition that says one thing in one part of the province and something else somewhere else. That's the worst kind of hypoc-

ris, and it's surprising that the hon. Leader of the Opposition would follow it.

Let me point out that as well as the historical spending restraints, what we are doing for the future is laying out legislated spending restraints, never done before in the history of this province – 2.5 percent this year, 2.25 percent next year, and down to 2 percent the year after that – to ensure that when revenues come back, as they will, governments will not be able to take those revenues and put them into higher and higher spending programs but will have to put them to deficit and debt. That's the key, Mr. Speaker.

MR. MARTIN: The thing that's strange is that this so-called Conservative government has run up accumulated deficits of over \$15 billion since he's been Premier. That's strange, Mr. Speaker. That's strange.

Despite this huge deficit this government refuses to send the message to Albertans, refuses to cut the size of cabinet, refuses to eliminate significantly most useless boards and commissions and patronage, refuses to make a significant cut to our patronage offices abroad, and refuses to cut cabinet salaries and other things. My question to the Premier is simply this: why didn't the Premier face reality and cut back on these nonessential government expenditures?

MR. GETTY: Well, of course I've just explained to the hon. member. While he does have questions that he's reading to me, he's not listening to the answers. I've just pointed out that we're legislating restraint. We're legislating limits on government spending for the first time in history. In addition, of course, we're reducing the civil service. Our Minister of Labour perhaps can augment these comments later today in question period. We are reducing the public service. We have fewer people working now in the public service than there were in 1980. We are closing offices. We are freezing salaries. We are reducing boards and commissions. After all, Mr. Speaker, this is a real record of restraint. The members don't like it.

Can I come back to the one thing that we've listened to from them for so many months and years here? That has been to spend more. Spend, spend, spend: that's been the message from the socialists. Now they also want you to tax. They've been caught on both sides of this argument, and they don't like it, squirming there the way they are.

**2:50**

MR. MARTIN: Mr. Speaker, here's a Premier that's coming in with \$3 billion in debt and talking about people spending. What a joke. The people of Alberta will really smile over that one.

Last year the Premier was committed to a balanced budget. I saw the speech to his convention: we've got a balanced budget. Boy, that was something. He talked like a fiscal Conservative, Mr. Speaker. Last year the Premier was outraged at deficit spending. This year his budget has a per capita deficit that's twice the level of British Columbia's. Now he's a big Liberal spender. My question to the Premier is: given that this government has reversed its position completely on almost everything over a period of time, how can Albertans believe anything this Premier says to them?

MR. GETTY: Mr. Speaker, the Provincial Treasurer went to the trouble yesterday of going through the budget speech, passing out all of this material, and pointed out to the hon. member the record of restraint. Now we just hear the Leader of the Opposition saying that this government is now a big Liberal spender. Those are not the facts.

What has happened is that more than a billion dollars of resource revenue have been lost. We have experienced, yes, a resource revenue shock where we have lost the revenues. Now, in order to bridge from that problem, we have had to make sure that we could use the strength of this province – our heritage fund, other assets – to be able to continue on with key programs that the people of Alberta have asked us to support: health, educating our children, and taking care of those who can't care for themselves. That's where our dollars have been going, Mr. Speaker. In other parts of the government other programs have all been reduced. Departments have been cut.

As I said earlier, Mr. Speaker, we have the best expenditure management record in Canada. We've introduced the legislation. There's a hiring freeze, a freeze on management salaries, and a freeze on MLAs' salaries for five years. We've had 11 departments and 14 government agencies with their budgets cut. We've closed offices, appointments to boards reduced by 10 percent. [interjection] The member has asked the question. They may as well have the answer. We have government downsizing the civil service by some 1,000 full-time equivalent positions. Pension liabilities have been reduced by some \$4.3 billion. Mr. Speaker, I know they don't like to hear . . .

MR. DEPUTY SPEAKER: Order please.

The hon. Member for Edmonton-Glengarry.

MR. DECORE: Mr. Speaker, the government continues its practice of being fuzzy in the language that it employs in its financial documents. It's fuzzy on how to deal with deficits. It's fuzzy on how to deal with the huge debt. In the budget that the Treasurer introduced yesterday he says that the deficit will be eliminated "over the business cycle." I'd like the Treasurer to tell us what the definition is of "over the business cycle," particularly in terms of time frames. What does this mean?

MR. JOHNSTON: I appreciate the opportunity to clarify that for the Member for Edmonton-Glengarry, and I'm sure that all Albertans would also appreciate a bit of elaboration on our plan. Actually, Mr. Speaker, what the business cycle plan presents to Albertans is just this. During that period when the economy is strong and robust, when you have growing investment, when you have excitement here in the province of Alberta, when you have new investment in jobs, then you find that the income of the province tends to increase. It's through periods like that, when you have a robust economy with a lot of revenues flowing in, that governments should back away from their commitment to stabilize the economy. On the other side, Mr. Speaker, when the economy starts to slide down a bit, when there's an economic downturn, such as we have right now in Alberta, then it's incumbent on the government to use its spending powers to ensure that the economy isn't shocked further by other shocks, such as the oil and gas revenue shock that Alberta has experienced.

So what we are doing here, first of all, is committing the people of Alberta, the government of Alberta to a three-year expenditure freeze, as the Premier has just pointed out, very tough, disciplined spending controls by this Legislative Assembly on the program spending of Alberta over a three-year period. Secondly, Mr. Speaker, we have also presented a reasonable approach to dealing with the \$1.1 billion fiscal imbalance, which has to come about by either reducing expenditures, a sharp pickup in oil and gas revenues, or increased taxation. We do not opt for increased taxation. Unlike those other parties across the way we don't believe that taxation is the way to go. Now, those two parties

would deal with that fiscal problem with a sales tax in this province, and it should be on the record right now.

MR. DECORE: Tick, tick. Tick, tick. The debt continues to go up because of that fuzzy kind of thinking.

My second question is to the Treasurer as well. Mr. Speaker, questionable accounting practices have been used to hide some \$336 million in construction projects that are being funded by borrowed money, creation of more debt. I'd like the Treasurer to admit that the debt isn't \$2.3 billion but \$2.6 billion and climbing fast.

MR. JOHNSTON: Mr. Speaker, many people from time to time have asked me: what makes the Member for Edmonton-Glenarry tick? For once in my life I'm stumped for an answer.

MR. DECORE: Almost a \$20 billion debt, a \$2.5 billion deficit, and this Treasurer thinks this is all funny. No wonder we're in trouble, Mr. Treasurer.

Mr. Speaker, my last question to the Treasurer. Taxpayers will likely lose hundreds of millions of dollars because of this government's involvement in NovAtel, MagCan, and Gainers. The Treasurer has budgeted \$6 million in this budget for losses on loan guarantees. I'd like to know how he can justify those two things.

MR. JOHNSTON: I'll take just a few minutes to outline it for the people of Alberta, speaking to them because it's the people of Alberta who want to understand this message, a message which deals with two particular problems in Alberta right now. One message and one solution deals with the need to stimulate our economy, and that's why we have decided that we would run a deficit in this current fiscal year of about \$2.3 billion. That's not overstated at all, Mr. Speaker, and there are no hidden expenditures on top of that. I think most people would agree today that our assumptions are very modest. We have been up front. We've put all our information on the table, and we've said to Albertans, "Here are the facts."

We have to do something to stimulate the economy. My colleagues the Minister of Economic Development and Trade and the Minister of Municipal Affairs have done a lot already to show that we are convinced that the future of this province is strong. We have coupled that by putting over \$80 million in the pockets of Albertans in combination with the federal tax cut this year and over \$200 million next year on behalf of Albertans, to the consumers in this province so that they have the money. Now, that's on the economic side, a very clear plan.

Secondly, Mr. Speaker, we know that we have a dual problem. The second part of that problem – and this is again where we have a clear plan of action – deals with the deficit and the debt reduction. Now, what we have as of March 31, 1992, is an equal amount of assets and an equal amount of liabilities, the only province in Canada that has that fiscal position. Moreover, we have the best fiscal position of any government in Canada right now. Now, we have also outlined, as the Premier has just very comprehensively outlined, our effective adjustments to deal with that deficit question. Moreover, we're going to Albertans. We're stating to them, "We want you to be part of the solution."

3:00

MR. GESELL: Mr. Speaker, yesterday we listened to an excellent budget plan, our government budget plan, a plan that generates confidence and jobs for Albertans, a plan that implements tight fiscal control. One of the things in the budget is that we are going to leave some money in the taxpayer's pocket so that

the taxpayer can spend it as effectively as possible. Now, on page 19 of the plan . . . [interjections] It may not be important to the members across the way here, but it's important to me.

We believe that after consultation with seniors, our programs can be adjusted in ways to ensure that our available funding is better targeted to those who require assistance. Albertans' tax dollars must be directed to those most in need.

To the Provincial Treasurer: will the Treasurer assure that our seniors will have some money in their pockets?

MR. JOHNSTON: First, Mr. Speaker, I think the member makes a very important observation about how this government is a caring and responsible government. We have over the past five years at least outlined a very comprehensive set of policies and opportunities for seniors and other groups in this province, the seniors in particular, assuring that they have a very reasonable life-style and are free from certain costs such as medicare, as the Premier just pointed out, and have access to health care assistance that is beyond compare anywhere in Canada.

This budget does not end or cancel or take away from seniors in any way those programs that are now provided to them, no change at all to those programs. I make that very clear. What we have done here, Mr. Speaker, however, is say, not just on seniors but on a broad-based set of questions, that if we're going to have this kind of a deficit and we're going to continue to provide these kinds of programs, we have to have a new thinking process about how we deliver programs in the '90s. It is no longer acceptable to take the solutions of the '70s which are given to us by the two opposition parties, because we're in a new decade. New choices have to be made. New reflections have to be presented. Above all, the commitment of this government is clear: there will be no changes to these programs without full and comprehensive consultation.

MR. GESELL: Mr. Speaker, I appreciate the answer, and I want to get a clear assurance from the Treasurer that we will not adjust or restructure or cut any of the programs that we offer to our seniors.

MR. JOHNSTON: Mr. Speaker, just to put a vivid dimension on our commitment to consultation, underscore our commitment to that process, the member should know that the minister responsible for Seniors at this very moment is now consulting with seniors about an array of choices for them, discussing the future of those programs. That simply confirms our commitment to a consultation process in this area and in all other areas where programs are delivered which are important to Albertans.

MR. HAWKESWORTH: Mr. Speaker, during the last election under the theme Leadership with Integrity the Premier made this commitment to Alberta senior citizens. "New programs will especially help seniors who want to stay in their own homes or apartments." Well, last year he cut seniors' programs, and we had the biggest petition of any ever tabled in this Legislature. We see further cuts of programs targeted to seniors in need. The senior citizens' self-contained housing program cut 19 percent, seniors' independent living program cut by 30 percent, seniors' home improvement program cut 54.9 percent, seniors' emergency medic alert program cut 14 percent, home adaptation program, Alberta assured income plan for seniors: all cut. How does the Premier reconcile these cuts with the promises he made in the last election?

MR. GETTY: Mr. Speaker, one of the things the hon. member neglected to say is that over the last five years approximately \$5

billion has flowed to seniors in programs for senior citizens in Alberta. There has been no province in Canada that comes close to having the programs for seniors that this province has.

Now, with just a little bit of investigation the hon. member would know that there are certain numbers of seniors, and over a period of time they avail themselves of certain programs. On a volume basis if they avail themselves of the program and then the remaining volume is down, obviously the dollars will go down. The dollars will match the volume that's there. That's the kind of thing he's referring to. In fact, last year we did not cut seniors' services. We increased seniors' funding by some \$75 million in a tough year.

Again, Mr. Speaker, I give this commitment, and the Provincial Treasurer has as well: our seniors' programs will be evaluated every year, and they will continue to be the best programs of any province in this country, and any changes or adjustments will be made as a result of consultations with seniors themselves. The vast majority of seniors say, "What we want is to make sure that we are fully involved in all the challenges and all the opportunities that face Alberta." That's the kind of senior citizens you have in this province.

MR. HAWKESWORTH: Well, Mr. Speaker, Alberta's population is growing older, and the needs of seniors are increasing. So in the face of that, this government is making cuts at a time when their needs are going up.

Mr. Speaker, this government has a severe credibility problem heading into the final stretch before a provincial election, especially given this government's failed promises since the last election. So Albertans wonder when cuts are being made to seniors' programs, as an example, why this government is increasing its spending on communications planning in the Public Affairs Bureau. It's going up by 400 percent this year. Will the Premier admit that this huge increase in public relations spending is to use tax dollars to paper over his flip-flops and to make Albertans forget his failed promises?

MR. GETTY: Well, Mr. Speaker, if the hon. member wants to do a line by line of the budget, obviously in such matters as the Public Affairs Bureau he would direct it to the minister responsible in committee study or do it through question period. I'm sure the minister can help him in that regard.

The impression the member has tried to leave and failed so badly at is that seniors in Alberta, Mr. Speaker, are having cuts. They're not having changes made without their consultation. I know the hon. members don't like positive things. That's the problem with being an opposition that opposes just to oppose rather than on a thoughtful and selective basis. The seniors' programs in this province are the best anywhere in Canada.

MR. MARTIN: In all the world, the universe.

MR. GETTY: Well, let the hon. member stand up and say it.

Mr. Speaker, they won't be changed except upon consultation with seniors who, as I said earlier, want to be part of the challenges that face this province, and we'll work with them to make sure that the billion dollars flowing to seniors' programs will be used in the most effective way possible. That's what seniors want. [interjections]

MR. DEPUTY SPEAKER: Order please. [interjections] Order.

The hon. Member for Edmonton-Meadowlark. [interjections] Order please. Order. [interjections] Order please.

The hon. Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. Yesterday, for the Treasurer's information, the Premier said that you can't look at liabilities; you have to consider some long list of government assets in determining the province's true financial position. I wonder whether the Treasurer would please bring the Premier up to speed by pointing out to him that the province's net asset position has literally collapsed from \$8.6 billion in 1986, positive, to minus \$3.6 billion by the end of this year and that Alberta as of now is a net debtor province.

3:10

MR. JOHNSTON: Mr. Speaker, I'm always amused when the Member for Edmonton-Meadowlark gets up and huffs and puffs and seems to have clammed on to some new fact. What he's really saying is what we've said all along: that in fact Alberta, as of March 31, '92, is the only province in Canada that has an equal amount of assets and an equal amount of liabilities. We're the only one that has that opportunity.

Secondly, as the member points out, our debt is relatively low compared to other governments. In fact, we have one of the lowest debts per capita and one of the lowest debts per GDP of any province in Canada. What we do have here is an opportunity for two or three things, Mr. Speaker, and that's what the plan of action that we talk about outlines. First of all, it's a reasonable, evenhanded approach to dealing with this year's transition. We have a slowdown in the economy. We need to ensure that our municipal partners and others in hospitals and schools across the province have an opportunity to manage their way through this particular term. We have to deal with the question of how we deliver some of our programs in Alberta, and accordingly, without shocking the economy further, we're going to run a deficit of \$2.3 billion, a deficit which is manageable in Alberta, a deficit which, in fact, over the longer course, looking ahead, can be eliminated and moved to zero, as we have promised.

Mr. Speaker, make one thing very clear. We do not want to have further deficits. We don't like to have additional deficits, but there are times when the government's called upon to manage on an evenhanded basis. Secondly, we are the only government in Canada that has an opportunity to start to buy down their debt. That's our commitment and that's our future.

MR. MITCHELL: They've been saying that since 1986. That's about the third or fourth time the Treasurer is on record as promising some specific date in the future when we're going to actually balance the budget.

Mr. Speaker, earnings on the Heritage Savings Trust Fund for the first time are less than the interest carrying costs on this province's debt. When will the Treasurer sell the Heritage Savings Trust Fund in order to pay down his spiraling debt?

MR. JOHNSTON: Mr. Speaker, there they go again. All they want to do is get their hands on every last dollar so they can blow it out their ears by spend, spend, spend. That's exactly what that party would do. They would dismantle the Heritage Savings Trust Fund, increase the taxes of this province, add a sales tax, and continue to spend, spend, spend. That's the Liberal Party for you.

MR. DEPUTY SPEAKER: The hon. Member for Calgary-Glenmore.

### Economic Development

MRS. MIROSH: Thank you, Mr. Speaker. Albertans want jobs and job security more than anything else in this province,

especially in the private sector. They want a government that stimulates a healthy economy. Today the Minister of Economic Development and Trade had a press conference and spoke about the western economic partnership agreements being a key component to our economic strategy. The minister also spoke of cost sharing with the federal government to help stimulate growth over the next four years. Could the Minister of Economic Development and Trade be more specific about how this partnership agreement will help communities and help industries stimulate our economy?

MR. ELZINGA: Mr. Speaker, yesterday in the budget speech the Provincial Treasurer highlighted four very important cornerstones so that we can create an additional 15,000 jobs within this province, which adds to our record an increase of some 120,000 jobs since '85-86. We indicated that one very key component of that was the western economic partnership agreements, which we are going to sign with the federal government on a 50-50 cost-sharing basis, some \$120 million over the next four years. There are eight key components whereby a number of ministries are going to be involved in creating both industry and community opportunities. This is one of the key concepts we heard when we had the local development initiatives – the Associate Minister of Agriculture is now the minister of rural development – a very key component whereby communities themselves want to be involved in further economic development. We're going to work in conjunction with those communities so that we can continue to create jobs, we can continue to have a strong economy in this province. We recognize that on a North American basis there is a recession, but this province is going to continue to grow because of those four key cornerstones presented yesterday.

MRS. MIROSH: These are good news items, Mr. Speaker. Jobs and confidence in our economy are very important.

In the last few months the Toward 2000 Together package open hearings have been heard by you and colleagues of ours. I wonder if the minister could outline how this initiative fits in with the Toward 2000 initiative?

MR. ELZINGA: Mr. Speaker, this is a very key component, because in the representations that we've received with the local development initiatives, they indicated to us that they wanted to have more support for individual communities throughout the province of Alberta. In addition to that, we heard that also in our Toward 2000 process.

I should point the hon. member to the conference the Premier is going to chair in the latter part of May where there will be an assimilation of all the information presented to us. We also want to point out to the Alberta population that even though we're going through this visionary process as it relates to the economic future of the province, we're going to maintain an active stance in creating jobs for Albertans so that we can continue with a strong economy.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Beverly.

### **Municipal Financing Corporation**

MR. EWASIUK: Thank you, Mr. Speaker. Municipal governments have been robbed by the Treasurer in a desperate attempt to gild the lily. The fact is that the Treasurer took from the Alberta Municipal Financing Corporation \$100 million which belongs to the municipalities and used it to pay down the debt of this province, which his government's waste and mismanagement has created. The rest of the money was to fulfill the commitment

to the AMPLE program, which the government had already guaranteed. My question is to the Minister of Municipal Affairs. Given that the municipalities wanted to use this money to create jobs and to stimulate the economy, why did the minister allow the Treasurer to skim off this \$100 million from the top?

MR. FOWLER: Mr. Speaker, a few years ago there was a new program developed by the province with the municipalities of this province which told the municipalities that we would pay out of the AMPLE program \$500 million for debt management. That is the sum that is in fact being paid out. We have fully complied with our promise and our agreement.

MR. EWASIUK: Mr. Speaker, the thing about the money being used for the AMPLE program is that the money doesn't belong to the people who didn't raise it. For example, 24 percent of the surplus was generated by loans taken out by school boards that could, of course, then accelerate the building of new schools with the money they would get. How does this government expect our schools to help educate workers when it has dismissed the legitimate claim for additional funding?

MR. FOWLER: Mr. Speaker, the hon. member and I were both part of municipal government at one time, and both of us are fully aware that the last time either one or both of us looked, we were looking to exactly the same taxpayer to support property taxes and also school board taxes. I also want to further state that not only is the \$500 million commitment which was in fact made now being kept this year by placing in the hands of municipalities that \$79.25 per capita throughout the province; since 1975, when we started supporting debt management in the municipalities, this government has in fact paid out \$2.3 billion, which equals our deficit this year, to debt management for municipalities.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Whitemud.

MR. WICKMAN: Thank you, Mr. Speaker. My first question is directed to the Minister of Municipal Affairs. I cannot understand how the Member for St. Albert, as the minister responsible for municipal affairs and as a former mayor and as a former president of AUMA, can sit back and let the municipalities get hoodwinked by the Provincial Treasurer with his smoke and mirror act using Alberta Municipal Financing Corporation's surpluses. To the minister: will the minister do everything in his power to do right by the municipalities and have this injustice corrected?

MR. FOWLER: Mr. Speaker, I am truly at a loss to understand how complying with an agreement, complying with the \$500 million which is being paid out and completed this year, is in fact hoodwinking anybody. What we have done, in fact, is comply with a promise that we have made, and \$200 million is being paid out by the end of June this year to meet that commitment.

MR. WICKMAN: They were extremely hurt, and they're still hurt.

To the Provincial Treasurer. The school boards are equally upset at being denied what is rightfully theirs. How does the Provincial Treasurer intend to compensate the school boards for the loss of their share of these funds?

3:20

MR. JOHNSTON: Mr. Speaker, the Minister of Education is not here, but I'm sure he would be able to add more appropriately to my comments.

Here are the facts, Mr. Speaker. The Minister of Municipal Affairs has pointed out already on what basis we're moving here. He has said essentially, and he has recounted I think accurately, what we must remember. I was in Lethbridge the other day and somebody said to me, "You know, the taxpayers shouldn't pay for that; the government should."

We have to remember that we have to be more careful about new solutions in the future. As the Minister of Municipal Affairs pointed out, we have both fulfilled our commitment and fulfilled the request that the municipalities had for us to accelerate capital works projects to generate jobs, and generating jobs is what's going to happen here, Mr. Speaker, when we put that discretionary money back in their hands.

With respect to school boards, let's remember one other fact that's very clear, and even the Member for Edmonton-Whitemud should know it. The government has one policy: that in terms of approved school costs, which are usually agreed to by negotiation and discussion, which are set out by government regulation, the government funds the interest costs 100 percent. So, Mr. Speaker, we're paying those costs already, and therefore any additional borrowing that the school board may do would be for additional enhancements to their programs. We're covering their costs already.

MR. DEPUTY SPEAKER: The Member for Lloydminster.

MR. CHERRY: Thank you, Mr. Speaker. I note on page 16 of the Budget Address that this government is following through on the Premier's commitment that was made at the First Minister's Conference on the Economy and I quote: the Premier said that it is fundamental that all Canadians be provided an opportunity to work. Not only did we lower the personal income tax, which will get money back into the pockets of Albertans; we have announced the accelerated payout of the AMPLE grant. To the Minister of Municipal Affairs: given that a few big city mayors have complained and are concerned about the accelerated payout of the AMPLE grants, can the minister describe what the dollars will be used for in the local municipalities?

MR. FOWLER: Thank you very much for the question. Mr. Speaker, as we have stated all along, it was stated at the commencement of the AMPLE grant program – and it remains so today – that the payment of \$500 million to municipalities would be unconditional grants. Municipalities will use it for different purposes. Some will require potholes to be filled, some will require it for broken-down infrastructure, some will use it to reduce taxes in their own areas, which, in fact, would put more money in their taxpayers' pockets. The important thing is that it is an unconditional grant of \$200 million, \$79.25 per capita throughout the province and \$17,500 minimum to the smallest municipality.

MR. CHERRY: Mr. Speaker, could the minister explain why the total amount of \$874 million has not been used up in the surplus?

MR. FOWLER: Mr. Speaker, I'm aware that \$874 million is perceived to be surplus in that account. However, the AMFC board itself has maintained that the surplus for distribution is \$300 million. That is all that we have dealt with in this budget year, the balance being required to maintain the viability of the AMFC account generally, to allow for the swings and sways of interest rates generally as well as for future borrowings.

### Speaker's Ruling Brevity in Oral Question Period

MR. DEPUTY SPEAKER: Order please. The Chair regrets to point out that we only accomplished 10 questions today. I guess the Chair wasn't strict enough, but I know everybody was very interested in the budget. After tonight's debate there'll be some chance to debate that budget in the way that was properly intended, and tomorrow hopefully the Chair can be more strong in restraining the debate that goes on on the budget during question period.

### Speaker's Ruling Anticipation

MR. DEPUTY SPEAKER: In any event, before calling Orders of the Day, the Chair would like to say something about the point of order raised by the hon. Member for Edmonton-Glengarry yesterday, a point of order based on a comment made by the Chair cautioning that member about the possibility of skating close to the line with respect to the rules governing anticipation in his questions about the Auditor General's report. The Chair has had an opportunity to examine *Hansard* as promised and finds that indeed the questions of the hon. member yesterday did not offend the rule on anticipation.

head: **Orders of the Day**

head: **Written Questions**

MR. GOGO: Mr. Speaker, I move that the written questions appearing on today's Order Paper stand and retain their places except for the following written questions: 152 and 286.

[Motion carried]

### Loans to Industry

152. Mr. Taylor asked the government the following question:  
During each year since 1979 how much money has the government loaned or granted directly or indirectly through interest forgiveness to XL Foods Ltd., L.K. Resources Ltd., or XL Food Systems Ltd.?

MR. GOGO: Mr. Speaker, we're accepting question 152.

### Export Loan Program

286. Mr. Bruseker asked the government the following question:  
With respect to the \$15,582,000 provided under the export loan program as of March 31, 1990, who are the beneficiaries under the program, and what was the amount provided to each?

MR. GOGO: Mr. Speaker, the government rejects Written Question 286.

### Point of Order Clarification

MR. TAYLOR: Point of order, Mr. Speaker. If he could repeat the last two. His little green light doesn't come on. He must jaywalk a lot because he starts talking before the green light comes on, and we can't hear him over here. [interjections]

MR. DEPUTY SPEAKER: Order please. Just for clarification, the Chair understands that the hon. Deputy Government House Leader has accepted questions 152 and 286.

MR. GOGO: The government rejects Written Question 286, Mr. Speaker, but accepts 152, and the government is not responsible for the eyesight of the hon. Member for Westlock-Sturgeon.

head: **Motions for Returns**

MR. GOGO: Mr. Speaker, in view of such an interesting afternoon the government moves that the motions for returns on today's Order Paper stand and retain their places.

[Motion carried]

head: **Motions Other than Government Motions**

**Crow Benefit Commitment**

206. Moved by Mr. Severtson:

Be it resolved that the Legislative Assembly urge the government of Canada to make available to the provinces their historic share of the federal Crow benefit commitment for the purpose of implementing a buy-out solution along the lines of Alberta's Freedom to Choose proposal.

MR. SEVERTSON: Mr. Speaker, it's a real pleasure to rise today and have the opportunity to speak on Motion 206. As a farmer this issue has been dear to my heart for a number of years. In fact, in the early '80s, when the Western Grain Transportation Act was passed, I stopped dealing with the Alberta Wheat Pool because of their stand on the method of payment. Back then the Liberal minister responsible for transportation was in favour of paying the producer, but under extreme pressure from the prairie pools and the Quebec farmers, he changed his mind and we got stuck with the WGT Act. The minister gleaned his thoughts from the Clay Gilson report, which studied western grain transportation policies and recommended paying the producer. Just about every study done in the last 20 years has recommended some form of paying the producer.

3:30

Mr. Speaker, the best solution I have seen is Alberta's Freedom to Choose proposal. The benefits of such a solution are numerous. The current distortion on domestic grain prices would be removed. A trade neutral agriculture market and market-responsive and cost-efficient grain-handling system would become a reality. Enhanced diversification of our rural communities would be another result. Canadian farmers would see an increase in ability to compete in the global market. Our current difficulties with the Crow benefit method of payment both in the GATT discussions and the U.S. free trade would be resolved. Greater environmental sustainability of agricultural land would be guaranteed. Possibly most importantly, farmers would win back control both over the funds involved and the ability to make decisions regarding the mode of grain-handling and transportation they choose. All of these benefits would come about as a result of the federal government's buy-out of the Crow benefit, consistently one of western Canada's largest agriculture programs.

It is important to realize here the extent that a solution must cover. No partial remedy is going to truly help to fix this situation. No meaningful improvement is going to happen in this system unless farmers face the full impact of paying their own costs for transportation, have the ability to choose the method of transportation which is best suited to them, and can determine for themselves how to spend the Crow benefit.

Alberta's Freedom to Choose proposal is a valuable model. It is consistent with the principles of guiding western Canada's

objectives of grain-handling and transportation policies. The objectives are:

1. To remove the distortion from [western] grain prices.
2. To direct support measures toward being production and trade neutral and conducive to environmental sustainability.
3. To establish legislative and regulatory structures which provide for the progressive evolution of a more market responsive, cost [efficient] grain handling and transportation system.
4. To develop legislative and regulatory structures which improve Canadian farmers' ability to compete in the global marketplace.

The Freedom to Choose proposal excels in each of these areas, Mr. Speaker. Such widespread reform is necessary if the policy change is to have any real effect.

The method of payment portion of the Freedom to Choose proposal is designed around a federal government buy-out of the Crow benefit by means of a bond applied to landowners within the Canadian Wheat Board designated area. Each farmer's allotment would be calculated by arable acres times productivity adjustment times distance adjustment ratio. Interest on the bond would provide an annual cash stream to bondholders over the period to replace current Crow benefits. The bond could easily be structured to pay out a higher ratio of the funds in the first few years to adjust the effects of the buy-out until the results of the improved transportation begin to kick in. The bond would serve to protect the farmers' asset value as well as present producers with a number of choices on the disposition of their entitlement. The bond could be traded on the Securities Exchange to reduce debt or to get cash to service the farm financial needs. Bondholders would have the options of holding the bond to maturity, selling the bond in the open market, assigning the bond to reduce debt, or assigning it to support borrowing.

This buy-out plan is where the benefits to Albertans start. Mr. Speaker, the fact that the federal government pays the costs associated with transporting grain has helped to artificially distort the price of domestic Alberta grains. The selective application of the Crow benefit to export quantities of select grains has made the Alberta grain market a very unlevel playing field. The elimination of the Crow benefit would make it more advantageous to sell grain domestically rather than export it as farmers would then be responsible for shipping costs. This combined with the lower cost of domestic grain would have a profound implication for the industries in Alberta which utilize grain.

The payment of the Crow benefit to selected commodities and agricultural products serves to discriminate against all other commodities grown in western Canada and has served to make farmers more reluctant to grow commodities other than grain. The removal of this discriminating payment would encourage many of them to expand and diversify into other profitable and useful commodities which have been previously pushed aside.

There's also a whole new range of industries not currently operating here that would be increasingly viable under a new method of payment. Gluten and starch products as well as ethanol could be processed here rather than elsewhere. Oilseed derivatives such as vegetable and canola oil as well as protein meals could also be made here. There's a wide range of grain-based goods, from malting barley to food products like cookies and pasta, that could be made here due to the lower cost and cheaper grains.

Needless to say, these value-added industries will introduce strength to our diversified strategy that wasn't here before. Rural communities will profit when new businesses take advantage of the opportunities for value-added industries in their areas and businesses prosper as a result of them. The effects move outward into the community, into the province, and farther, into the country at large, Mr. Speaker.

Opposition members have been crowing about the bad effects the buy-out solution and increased branch line abandonment would have on our rural communities. Mr. Speaker, University of Alberta researchers have concluded that the evolution of rural communities is a response to global forces rather than branch line abandonment and elevator closure. Their conclusion indicates that the impact of the Crow buy-out on rural communities would be small, and the negative impact would be more than offset by the positive growth offered by the buy-out. This research would indicate that the policies which favour advancement and progress are in the best interests of rural people in the long run. Abandonment of inefficient, outdated systems that producers have no control over would not hinder rural communities, Mr. Speaker. Needless to say, these communities would not only survive under the buy-out solution; they would thrive and prosper into the next century. In my constituency I have the community of Spruce View, which has no railway within 20 miles. This community is growing and thriving. There are other smaller communities in this province that have branch lines that are the opposite. So it is a fact that communities can survive without a railway.

A historical analysis of employment across the country from 1980 to '88 under the buy-out system shows that an additional 3,500 to 6,300 jobs would have been created throughout the country in the wake of this proposal. We could have expected a \$765 million to \$834 million increase in our country's GNP during the same period, and that doesn't end there. If this proposal had been in place between 1980 and '88, western Canada's beef herd would have grown by as much as 11 percent in response to lower feed costs, sow numbers by 5 percent. Western Canada's total yearly livestock revenue would have increased by 17 percent or \$580 million. Western Canada's aggregated grain and oilseed net revenue for grain transportation would have gone up nearly \$105 million. Lastly, primary agriculture-sector revenue for western Canada would have risen as much as 8 percent or \$695 million.

### 3:40

Members across the House are afraid to pull the \$720 million a year from the prairie agriculture income, Mr. Speaker. These fears may be reasonable, but I am prevailing upon them to understand that the phasing out of the present system and the arrival of a new post buy-out system would result in a saving that would more than make up for the shortfall while giving producers the freedom to make their own decisions.

I'd like to move to the international situation. The elimination of the Crow benefit would lead to the elimination of many trade policy problems we are currently encountering under the Dunkel proposal and the General Agreement on Tariffs and Trade talks. The Western Grain Transportation Act and the Crow benefit may in the future be targets for reduction or elimination. It is considered in its present form to be a trade distortion subsidy. A move to a payment made directly to farmers would result in the Crow benefit being considered a full, accessible grain program. The Crow benefit is also a bone of contention under the U.S. free trade agreement. Sales into the United States through the west coast are no longer eligible to receive the Crow benefit. A buy-out plan would lead to grain exports being excluded from countervailing duty. The buy-out would have no effect on U.S. quota.

I have to mention here the Crow benefit offset introduced by the Alberta government in 1985 to offset the artificially inflated price Alberta farmers have to pay for feed grain. This program currently costs between \$60 million and \$70 million per year, Mr. Speaker, and constitutes further intervention just to balance the marketplace. A Crow buy-out would render this offset unneces-

sary and free up these funds for general revenue at a time when Albertans could put it to good use elsewhere.

A Crow buy-out also makes good environmental sense. The Crow benefit has helped to increase the expansion of crops in western Canada on much of the marginal land susceptible to wind erosion. The Crow has also served to encourage the draining of wetlands and sloughs to the detriment of the wildlife relying on these areas. As livestock production has decreased in many regions, forage is used less and less as crop rotation cycles. All these factors have served to make the Crow benefit an unhealthy environmental policy. A buy-out would encourage farmers to return to an environmentally sound mixed system rather than focusing on grain production at the expense of environmental concerns. Livestock production would increase in Alberta due to cheaper feeds as well as the removal of an unhealthy market focus on export grains that would receive the Crow benefit. This would lead to increased forage production for a combination of greater herds with the result of reduced soil degradation. There would also be a reduced incentive to expand grain production onto marginal lands and wetlands in the province.

Our grain-handling transportation system would become more market responsive, cost-efficient under the buy-out system. The rationale of our outmoded branch line system would be accelerated through a lessening need for a railway service to transport grain out of the province. Rate changes would make it most advantageous to deliver grain to main line delivery points rather than using low-volume branch lines. The removal of 30 percent of the grain-dependent branch lines across the prairies would result in incremental savings of 20 percent or \$18 million annually within 10 years not to mention the savings that would be achieved through our present trend of branch line abandonment.

Changes to the WGTA rate structure would help to provide farmers with market signals that reflect the relative cost of transportation services. In this way producers could make the best possible choice on how to ship their grain. It would also provide railways with greater freedom to offer incentive rail rates. For grain transportation it would be able to reduce costs even further and pass the savings on to farmers.

Of course, this move away from railway use would have a corresponding healthy effect on the trucking industry. Some farmers would utilize trucking as an antidote to their delivery points on branch lines being closed; others, to capture incentive rates at other elevators. The corresponding increase in rates paid to the industry would be more than paid for in the savings incurred as the result of the buy-out as a whole.

Another effect would be the importance of our grain elevator system. The number of smaller elevators in Alberta, particularly those fed by branch lines, would be reduced in favour of larger, more efficient facilities. Savings realized from the reduction in elevator numbers could be put towards making bigger structures more effective. In addition, Mr. Speaker, an increase in the number of days railcars can be loaded and the number of hours that elevators accept deliveries would result in greater benefits for the employees. The current system of railcar allotment could also be improved in a buy-out solution. Reduced branch lines and less car spottings would result in more effective hopper car use. We could possibly expect to see an annual saving totaling \$46 million as a result of reduced need for car purchases.

Lastly, Mr. Speaker, we can expect a greater flexibility given to the farmers as a result of the elimination of the Crow benefit to influence and increase the rate of railway productivity improvement. The rate of improvement could be expected to rise to 1 percent from .05 percent, leading to a 5 percent decline in the cost over 10 years. If you apply this cost reduction to the total

variable cost of \$820 million, we can expect to see annual savings of \$35 million to \$40 million after just 10 years.

Accelerated branch line rationalization, improvement of hopper cars, greater productivity and efficiency could lead to huge savings for the grain-handling and transportation system to be passed on to the producer, Mr. Speaker. We could expect to see savings from these improvements of over \$100 million within 10 years, and these figures could very well double within 20 or 30 years.

Now I reach probably the most important benefit and possibly the most glaring deficiency of the current method of payment of the Crow benefit. Currently, Mr. Speaker, farmers do not have control over how the money is spent. With every other support program – GRIP, NISA, or even the disaster assistance – farmers get a cheque, and it's up to them to decide how to spend it. The Crow benefit goes directly to the railways, and farmers have no say at all what happens to the \$720 million every year that is supposed to be for their benefit. A buy-out would give the farmers what is rightfully theirs: the ability to spend their money as they see fit and the ability to decide how and where they ship their grain. This is the heart of the matter. We cannot and we should not decide how to spend it for them.

All of these factors make a buy-out of the Crow benefit seem not only likely the best choice, Mr. Speaker; it seems like the only choice. It begs the question of why it has not yet been done.

MR. FOX: Because it's a bad idea.

3:50

MR. SEVERTSON: You'll have your turn, hon. member.

A buy-out would even have positive implications for the federal government. This buy-out would not require funds much beyond the present federal government commitment, a post 15-year sunset clause on their commitment. Alberta, British Columbia, and part of Manitoba have expressed support for a program of paying the Crow benefit to the producers. Basically, Mr. Speaker, the main opposition to this proposal comes from the prairie pools. They are the ones who have the most to lose, or anything at all, from the proposal because the current inefficient system of branch lines and small elevators is chiefly controlled by them. They spend a lot of their time discussing how the buy-out proposal will bankrupt farmers. They would not mention that they'll lose most of their market share if it came into effect. They would also suffer from cuts in allocations of grain cars under the new system.

The best interests of the farmers and the Wheat Pool are not necessarily the same thing, Mr. Speaker. The past president of the United Grain Growers and a farmer himself, Lorne Hehn, said in 1982, and I'd like to quote:

It's management's job to run a profitable elevator system. But this matter of who gets paid, the railways or farmers, goes beyond that. First of all, it's farmers' money, not [United Grain Growers'], the railways', or anyone else's. And what's good for UGG or any other organization is not necessarily the best for farmers or for the farm economy of this country.

To close, Mr. Speaker, all of these factors make it obvious that nothing less than the federal government buy-out along the lines of our own Freedom to Choose proposal will address the inequities of our present method of payment. The economic benefits for rural communities and Canada as a whole – a more open market and an agriculture community free to make its own choices – makes this buy-out essential for western Canada. For these reasons I urge the Assembly to support this motion.

Thank you.

MR. DEPUTY SPEAKER: The hon. Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you very much, Mr. Speaker. This is a very interesting subject. I compliment the Member for Highwood. Highwood-Little Bow or Little Bow-Highwood: I don't know what the name will be.

SOME HON. MEMBERS: Innisfail.

MR. TAYLOR: Innisfail. I'm sorry.

REV. ROBERTS: They're all the same.

MR. TAYLOR: You know one Tory, you know them all, Mr. Speaker.

I think it's an issue that splits the farming community down the middle. There's no question about it. I must admit that if you say it fast and you listen to the Minister of Agriculture, it sounds all right. There's a huge wad of dough that's suddenly going to end up in the farmer's pocket. You pay off the banker, send your mother-in-law to California, and pay off the John Deere dealer, and you've still got money left over. It sounds good. But nobody has thought it through, and this is where we have a bit of a problem. For instance, it's well known that 70 to 80 percent of the income that farmers have in western Canada or in the province of Alberta comes from export industries. Well, it takes no genius to realize that anything you can do to help a product that you make reach a market transportationwise is a help.

Now, according to some people we shouldn't be helping the grain industry. If you in effect take away any form of transportation aid, that forces the farmer to stay at home and sell his grain cheaper to those that are feeding pigs and cows. That supposedly multiplies things, and we reach other markets around the world with our beef and our cows, our chickens, hogs, and whatever it is that we're going to make. The big point there is that you run into a freight problem with them. In other words, why are they going to hit the markets any if it's going to be just as costly to get them to the markets as it is the grain in the first place?

I used to be in the export markets in coal and silver, Mr. Speaker, which is a little bit different than hogs and beef and grains. It's, of course, simpler. Raising and exporting hogs or grain is much more dangerous an occupation than exporting coal or silver. The fact of the matter is that in order to reach world markets – my sulphur used to go to South Africa, out through Vancouver ports, and coal of course went to Japan, it depended on the quality, or went by railroad to the east if it was subbituminous. The point is this: what I'm getting across is that I've had lots of opportunity to compare different methods of transportation, because none of those methods were subsidized at that particular time, and there's no way that a truck is going to beat a railroad going through the Rockies.

Farmers can do all the wishful thinking they want to, but the point is that if we're going to hit our Asiatic markets by going through the mountains, a truck is just not competitive. Railroads run anywhere from \$30 to \$40 a tonne, and a truck will run more like \$65 to \$70. Oh, you'll get the odd trucker – you'll meet him outside the Innisfail emporium after having a little too much Pabst Blue Ribbon – that will tell you that he can truck the wheat right into Vancouver for just as cheap as any bloody railroad, just give him a chance. The fact of the matter is that for Shell Oil, Esso, and guys like Nick Taylor that shopped the industry to find people that would truck stuff to Vancouver, and had the money to do so in those times, the truckers just weren't there. They do a big talking game. That's very natural. Maybe we could build a four-lane highway and tunnel right through the mountains. If they're

going to cross the English Channel, I guess we could go across the Rockies, but it's a long, long ways yet.

It had the CPR and the CNR dealing with the farmer for a fairer price. After they've taken away the subsidy, the farmer is going to get an awful shafting. Now, I know it's very easy and it's very catchy. If you go around Alberta and tell them that you're going to stick it to the railroads, they don't even bother thinking about it any further. They say: "Let's go ahead and give it to the railroads. We want to get even."

We all know the story about the farmer coming home from town. It happened down in my home country around Bow Island. I think the hon. Member for Cypress-Redcliff would remember it. As he was motoring home from town, he could see a white cloud. It was in the late summer of the year, and he could see it was a hailstorm. As he came over the hill, sure enough; he could see a quarter section of land just hailed out flat. It looked like summer fallow, Mr. Speaker. He was pretty depressed. The lightning rods weren't on his barn, so the lightning at the tail end of the thunderstorm had set the barn on fire. He wheeled into the yard. Nobody was fighting the fire, and he could see why. His wife had left a note on the screen door saying that she's run away with the hired man. Well, that just snapped him. He couldn't do much about it. He just blew his cool. He threw his hat on the ground and started jumping up and down and shook his fist at the sky: "Goldarn the CPR."

This is the type of thinking that you find running all through the people that say, "We're going to get even with the railroads and going to pay it to the farmer instead." Somehow or another they have blamed the CPR for everything from AIDS to low grain prices, and they're going to get even with it by getting the money themselves and putting it out.

The next area. Trucks will be competitive in a couple of areas. Trucks can compete hauling down to the Mississippi system. There's no question to that. I one time tried to move some stuff down to the Mississippi system and out through New Orleans, Mr. Speaker - New Or-leens to southern Albertans, New Or-lons to Louisianans. The point is, that is using the Mississippi River/Missouri system that the American army has put together. Don't get me wrong. If the Minister of Agriculture and Mr. Mulrone can get a dyed-in-the-wool, signed deal that we can use the Mississippi/Missouri system at the same cost that the American farmer does, I might start believing him, but you're going to have an awful time convincing the Member for Westlock-Sturgeon that the grain farmers of the U.S. are going to sit there watching trucks roll over their roads and down their Mississippi system competing with their grain markets. I think you'd be the most surprised people in the world in a short time if you could get away with that. So I don't think trucking helps our grain market to the south at all, but will it actually come about?

4:00

Lastly, I will, though, go to the extent of saying that I think maybe we could do something about helping truckers haul grain to the main terminals before they go over the Rockies. There's a bit of a compromise there that maybe we could work out. The truckers could qualify for grain handling, and they wouldn't have to haul it through the Rockies; they could do it to the main terminals in Alberta. So I'll admit some adjusting might be able to be done there.

I think it is worth while for the hon. Member for Innisfail to realize that he must have some members of his caucus that would - the old word used to be "go ape," but since animal rights have come along I'll just say go crazy. We have the Alberta Dehydrating Company operating out of Vauxhall. The Member for Little

Bow: I'd like him to walk into Vauxhall and tell them that they're going to get rid of the Crow and see how long he'd last there. I know he lost the polls there, but next time he'd be routed if he came in with that talk.

I'd like the Member for Cypress-Redcliff to come into Bow Island and tell Bow Island Dehy that he's decided he's going to pay the farmers and Alfalfa will not get any Crow; they'll just have to pay their own way.

How about the member up in Falher: Falher Alfalfa Ltd? I'd like to see him walk down the main streets of Falher and talk about getting rid of the Crow. I could go on and on. Rolling Hills, that's in Bow Valley. Legal's in my own constituency; I've got that vote sewed up. We go on: Mayerthorpe and Tilley, again in Bow Valley. I challenge the hon. Member for Cypress-Redcliff to get up and say that he wants the Crow paid to the farmers. He'd probably be the only MLA in history who got dehydrated at one of those three mills that's going on. Can you just imagine him being shipped up to the Legislature in a teacup next time, Mr. Speaker?

We go on a step further. There is a question of canola oil. The hon. Member for Smoky River is very happy with canola oil. Well, we wouldn't have any canola oil refineries shipping off into Japan if they didn't have some sort of freight help. Paying to the farmer isn't going to help the canola oil crusher.

Let's go on a step further, though, while we're looking at areas like that. We heard the argument that if we pay the farmer it'll help the environment. Well, that is the only logical argument the Member for Innisfail made: it would help the environment. He said less marginal land would be used; the swamps wouldn't be drained. Well, it's quite true. We'd be back to cowboy and Indian days, Mr. Speaker. Certainly it would help the environment. It would all go back to brush, and all we'd have is a few elk and buffalo wandering around with the odd oversized coyote. It'll certainly help the environment by that. I can't argue with him at all. It would denude the countryside. The hon. members in the back bench - if they had one member for 25,000 people, we'd see only one back-bench Tory for all eastern Alberta if you did that. There's no argument that it would help the environment. It would denude the environment. It would turn us back a hundred years.

One of the arguments I'd like to make on the whole freight rate question - and for some reason or another people get hung up and call it a subsidy. I'd like the members that are talking about paying it out to the farmer to think about it for a minute. I don't think it's a subsidy. Is it a subsidy when you can mail a letter for 42 cents to Montreal or to Calgary, distances of five or eight times? That's an equalization of transportation. It's not a subsidy. We've got caught and trapped by the idea of subsidy. You can't develop the centre of a very poorly populated area without standardizing and equalizing costs. For instance, when you get home tonight, spin the globe, hon. Member for Innisfail, and see how much of central South America is developed. Nothing. How much of central Africa is developed? Nothing. How much of central Eurasia is developed? A little bit, and that little bit was developed because of the war scare back in 1939 to '45 when they wanted to move industry away from Hitler's advancing armies. It would still have cossacks galloping across the plain.

What I'm getting at is that the centre of continents if left to pay your way will not develop. The last time I looked, we're in the centre of a continent, Mr. Speaker. So we need to equalize transportation costs much as we have done with telephones as far as an in-house situation, much as we have done in postage and sending out because we realize that the good of the peripheries, the good of the ocean seaboard depends on a developed interior. That developed interior of your continent or your country will not

come about unless you try to equalize the freight rate. So the idea that this is a subsidy I would want to get out of the way right away quick, and I would hope the Member for Innisfail in the future wouldn't be talking about subsidies. Talk about equalization. Okay; maybe pay it to the individual, but don't talk about subsidy, because you give our eastern friends, the ones we wanted to leave in the dark, a very good argument against subsidies. This to me is equalized transportation.

We go on to the next argument about the question of the GATT or international. Now, it is true, it is quite possible the GATT will decide that paying the Crow is not . . .

MR. FOX: Kosher.

MR. TAYLOR: . . . kosher. Okay; that's a very good word. It might get me in a little trouble with my Arab friends, but otherwise it'll go for the time being. It's hard to think of an adjective anymore, Mr. Speaker, that doesn't get you in trouble with somebody. Mr. Lisac will have an article next week on me: what I've insulted or helped, something like that. However, this time we're going to give the Member for Vegreville credit. I just repeated it, if he wants to look for a goat.

Nevertheless, the fact is that under the General Agreement on Tariffs and Trade – lord only knows what's going to come up next and after the extension of the Uruguay round – everybody comes to the table with a set of, if you want to call them subsidies or payments or whatever it is. They all come to the table with a number of sins, if you want to call it, in a perfectly free trade market. So although the Americans may talk about our railroad payments, they don't mention their export payments. Even worse, do you think the United States is for one minute going to give up their sugar policy? That was put in to try to teach Castro a lesson 25 years ago. Nearly 95 percent of the sugar used in the United States is beet sugar, which is used to keep out cane sugar. Do you think they're going to give up that? No, not in an election year for darn sure.

Secondly, do you think the competition is going to give up the right to protect peanuts from Nigerian peanuts? No. How about cotton, from Egyptian and African cotton? No. The Yankees have a heck of a lot more to protect when they go to the GATT agreement than even we do, so I don't see us a bit embarrassed about talking of holding onto the railroad or equalization of transportation rates. I don't think we should be rolling over and playing dead until we're absolutely sure we're in trouble. Even then we have different ways around it. I think it's one of the things to remember.

Lastly, I was going to touch on the whole case of paying it out, Mr. Speaker. There is a question of dilution. Out of 30 million acres of arable land, 10 million is into forage and summer fallow. This is 33 percent, and the exporters of grains, oilseeds, and special crops like alfalfa – where do they fit into that? How about the processing plants? I've already mentioned the alfalfa plants, the canola plants. How do they fit in? What are we going to do about them? Are we just going to turn them into mausoleums or maybe Check Stop centres because the Solicitor General can't find the money to run Check Stops? We've got to give him something, I guess, to stop drunk driving.

How about the question of renters? The Crow benefit that I now see put forward is to pay the owner, but over 40 percent of Alberta land is rented. How do they get around that?

4:10

What will they do about decreased value of the land? If you're going to get less for the grain that's raised on the land, the banker

says your land becomes worth less. Therefore, they want more payment to make up the lack of the loan. So all you've done – as we did with their 9 percent policy on loans way back, and I argued that – if you do pay it to the farmer is just funnel it through to the bankers back east so fast your head will swim. So it will do no good to go out that way.

No, Mr. Speaker, I think this is an ill-conceived plan that was thought up at the last minute and is being grabbed by a lot of people as a method of saving themselves from the banker. They look at it as a pile of cash. I ran into a farmer the other day in my constituency who said he was all for it. I was quite surprised, not because he was all for it – there are good, intelligent, strong farmers that are all for it – but this fellow had always been against it. I asked him, "What's the matter?" He said, well, he was 60 years old and he had been trying to sell his farm for five years and he couldn't. So the best thing he's going to do is vote to get the Crow paid out, and he'd get a little money out of it anyhow to take out to Kelowna. I thought that was a heck of a reason, but that was what he was doing. He was giving up on the idea, that he could sell the farm. He was just going to get a spot of cash out of it anyhow.

There was another farmer I met in my constituency the other day who said, well, of course he's all for it, because just as the hon. Member for Innisfail said, there was too much marginal land in production, too many poor farmers farming, too many swamps being drained. He had very good land. Land in my area goes for up to \$1,000 an acre for dry land. That will give you an idea of how good the farming land is. He was all for it being paid out because he thought that indeed 50 to 70 percent of Alberta's land would, as the hon. Member for Innisfail suggests, go back to the prairie, go back to cactus, coyotes, fox, buffalo, whatever it is, and so on. He thought that, so he was all for it. Those are not two good reasons. The hon. Member for Innisfail must be wanting to try to help our grain farmers get out.

In closing, Mr. Speaker, to give some time for the other people to reach on the topic, I would say I know it's well intentioned. I would never for a moment think that the hon. member didn't think it wouldn't work. I just think that he's misled, and I would want to hear some of the other Tory backbenchers get up, those MLAs from northern Alberta, those MLAs from Cypress, and – what is it you would say? – nail their name to that escutcheon just to see.

Oh, the hon. Member for Smoky River is back. I'd like to hear what he has to say about it.

MR. DEPUTY SPEAKER: Order.

MR. TAYLOR: I knew, Mr. Speaker, I must have flushed him out of the apple juice there. It's nice to see him back.

I'll be very interested to hear what they say, Mr. Speaker. Thank you.

MR. DEPUTY SPEAKER: The hon. Member for Vegreville.

MR. FOX: Thank you, Mr. Speaker. I know that there are a number of government members that are anxious to get their comments on the record, anxious to read those speeches that were dutifully prepared for them last year and the year before and the year before and that they'll have a chance to read into the record this year, but I would like to thank my colleague from Westlock-Sturgeon for his informed and entertaining comments on this important issue.

MR. TAYLOR: Now I get the kick in the head.

MR. FOX: We had that worked out between us.

Speaking on this motion, it is indeed, Mr. Speaker, similar to other motions that we've had a chance to consider in this House with respect to the Crow benefit, the method of payment of the Crow benefit, the government's agenda to change the method of payment. Frankly, I find nothing new in the arguments except that I must commend the Member for Innisfail for being, I think, the first Conservative member to acknowledge by implication in his motion that the federal government has not anywhere committed to lump sum payments with respect to the Crow benefit. They have not said to anyone anywhere that we've got \$8 billion or \$9 billion in our pocket that we're willing to throw into the pot to make Uncle Ernie's proposals a reality. So I've considered all of the debate that we've had about buy-out options, about the Freedom to Choose document to be hypothetical in the extreme because they're all predicated on this assumption that the federal government's going to pony up \$9 billion, \$8 billion of cash to cover this Conservative policy initiative in the province of Alberta. There's no evidence. They've never said that they're going to do it, and frankly I applaud the member for at least being the first Conservative in Alberta to acknowledge that the federal government has made no commitment, has never promised that they're going to come up with that cash, and that this in fact is a hypothetical argument that's based on a lot of whimsy.

I think the hon. member proposes the motion because he really believes there is a need to make changes to our grain-handling and transportation system. I don't think anybody would argue with that; we do need to change. There are different realities that we have to cope with. There are different conditions that have to be acknowledged, different production and marketing realities, different community circumstances that we have to deal with in trying to develop a reasonable, cost-effective, efficient grain-handling and transportation system. No doubt, but I think the hon. member and his government caucus colleagues understand so little about the definition of efficiency. To them the word "efficiency" means how many dollars in a certain person's pocket. If we can change our transportation system so that railways make maximum profit, then it's efficient and therefore it should be supported. I think that's an unfortunate point of view. That's a very narrow argument, but one that's been consistent whether you listen to Conservative strategists argue about the need for so-called incentive rates to do away with the standardized and somewhat distance related rates that have been in effect for years and years. They argue for incentive rates. Why? So railways can make more money. Whether you look at the arguments they put forward in favour of branch line abandonment - it's often, you know, gussied up to help the poor farmer make more money, but the bottom line is that they want to make the system more efficient, and that means more money in the pockets of the railways.

I think we have to look at a broader definition of efficiency if we really want to help rural Alberta. We have to think about what's best for the people who live in rural Alberta. We have to think not just about the narrow fiscal bottom line of individual producers or companies in rural Alberta; we have to think about the quality of life. We have to think about the impact of policy decisions on communities. We have to think about the impact of policy decisions on the overall provincial taxpayer in Alberta before we rush headlong into major policy changes as proposed by the government with their Freedom to Choose proposal. We have to look at all of these things and ask ourselves: are the changes we're proposing going to meet the test? Are they going to strengthen rural communities? Are they going to put, in the final analysis, more dollars into the hands of people who spend them, the men and women in rural Alberta who work so hard to

survive? Is it going to give Canada some sort of competitive advantage in the international arena? I think that if people really looked at these questions in a thoughtful way, they'd come to the conclusion that we can't possibly vote for Motion 206, because it's silly.

I don't mean to be critical of the hon. member. I realize that it's the Minister of Agriculture's idea, and he's obliged to defend it.

I think we need to look very closely at the arguments being presented. I've heard government members stand up and parrot the minister's line again and again, where changing the method of payment of the Crow benefit is held out as the new Conservative panacea. They used to talk about free trade as being the panacea: bring in free trade; give us that guaranteed access to the U.S. market, and everyone in Alberta will be so rich they won't know what to do with all the money they earn. Well, that hasn't proved to be the case. We all know the damage done to agriculture and the economy overall by free trade. So they found a new myth, a new bottle of snake oil to sell to people, and that is changing the method of payment of the Crow benefit. You hear it daily: if you change the method of payment, farmers will be well off, the system will be rationalized, further processing will occur, an ethanol industry will develop, we'll have further processing all over the prairies, it will be great for agriculture. They even go beyond that and talk about how it will revitalize rural communities. It will put an end to global warming. It will be the salvation for just about everything that ails modern society. Change the method of payment: the streets of rural Alberta will be paved with gold.

Well, Mr. Speaker, I think most rural members would recognize that those arguments are more than a tad naive. It's really not that simple. When you change the method of payment, there may be some benefits to some people, but there's harm done to others. For the government to constantly oversell this issue, to put so much effort into telling Albertans that the world will change if the method of payment does is really misleading and unfortunate in a lot of ways.

You don't have to look any further than the throne speech, Mr. Speaker. You know, the government had an opportunity to announce a new vision. They had an opportunity to come forward with some bold, innovative new plans for agriculture and rural Alberta, plans that could be given substance by the budget introduced by the Treasurer on Monday. They had that opportunity, and there was pressure on them, I can assure you. Farm rallies were held from one end of the province to the other, people turning out in record numbers to express their concern about the future of agriculture, about their opportunities in rural Alberta, about the survival of their communities. What does the government do in response? Well, they did refer in kind of an indirect way to agriculture in the throne speech, but basically they put most of their hope in resolving negotiations with the federal government to change the method of the Crow benefit: if we can change that method of payment, by golly, agriculture is on a sound footing and everything's going to be A-okay. Again it's a really pathetic case of an oversold argument where the government refuses to acknowledge the hurt that can be done by changing this method of payment over time.

4:20

I notice the hon. Member for Innisfail doesn't explain in great detail the Freedom to Choose proposal. He says, you know: "a buy-out [something] along the lines of . . . Freedom to Choose proposal." I've heard that Freedom to Choose proposal labeled by some farmers, many of whom are sympathetic to the government cause - although they're hard to find these days; they're few

and far between, but I've bumped into a few – freedom to lose. They don't call it Freedom to Choose; they call it freedom to lose. Freedom to choose what, Mr. Speaker? That's what we have to examine. The government uses all of these buzzwords. They try and use appealing language to describe their position. They want farmers to have the freedom to choose. They want to introduce competitiveness. They want to respond to globalization in the marketplace. I think if we analyzed these terms and what the implications are we would realize that there is a lot more at stake here.

I know, government members, if you're going to be a loyal Conservative you have to learn how to pronounce and spell "competitiveness," "globalization," all of these different words, but you never need to know how to define or understand them. I think you need to, because when you roll them all together it's just a smoke screen for governments abdicating their responsibility to make decisions about what happens in their country. That's exactly what this Freedom to Choose proposal is. They want to destroy an established program which has been in effect for decades in Canada, one of the only cases that we can point to where money flows westward from the powerful triangle down there in central Canada, one of the few programs that injects substantial cash benefit into the rural economy. These guys want to do away with it, and they talk about freedom to choose, globalization, competitiveness, and all this stuff.

If this method of payment changes, what happens is that we have even less ability as a government, collective ability as people in western Canada and in the nation, to have influence about what happens in our country, to use our transportation system as an instrument of national and regional development, to try and exercise collective will and make things happen in certain parts of the country. I think that's a really sad reflection on the government members' understanding of the history of this country and the need to exercise some strong self-determination and collective determination in terms of building a bright future.

The issue has been the subject of much debate this winter. I should acknowledge the Transportation Talks program that was sort of jointly sponsored by the federal government and participating provincial governments. I assume some hon. members attended Transportation Talks hearings. Anybody who did, put their hands up, please. Okay; there were a couple. I'm glad. I did too. I attended two of those hearings. [interjections] Bettie was there? That's good. The hon. Member for Edmonton-Gold Bar was there too.

The Transportation Talks hearings were held in probably . . .

MR. SEVERTSON: Everybody wanted to pay the producer.

MR. FOX: Well, we'll talk about that. We'll talk about these hearings. I attended the first one held in the prairies, in Camrose, and it was well attended. A representative group of farmers, I think, was there. There were some advocates from the Cattle Commission, some directors from the Wheat Pool; there were farmers on both sides of the issue. As well, as any responsible, hardworking rural MLA would do, I attended the hearings in my own constituency, in Vegreville. I can tell you the government of Saskatchewan didn't participate in this charade. They didn't endorse this phony bit of window dressing called Transportation Talks. Anyway, other governments did.

I went because I thought it was important to meet with farmers, hear their views, and share some of ours with them as well. I can tell you that right from the very outset there was a great deal of mistrust and suspicion and anxiety expressed by farmers who attended the meeting because they weren't sure what the agenda was. They weren't sure why this information was being collected;

they weren't sure what the government was going to do with the information they collected. A lot of farmers believed that no matter what they said and did, no matter what ideas they presented, the federal government along with their Conservative cronies in Saskatchewan and Manitoba had their agenda all mapped out; they knew what they wanted to do. They were going to go ahead and do it anyway, and this Transportation Talks initiative was just a smoke screen or a poor excuse for consultation and negotiation, much the same way that we see this government deal with so many issues, seniors included. You don't really consult. You don't really seek input from people prior to making decisions. You make the decisions first, then you go out and try and soft-pedal it as you ram it down people's throats. I think members who were there will have to acknowledge that there was this suspicion and this anxiety and this fear.

Indeed, at some of the hearings, Mr. Speaker, farmers walked out. They got up and walked out when they realized that the agenda was rigged. I can tell you that at the two meetings I was at, even though it wasn't on the agenda, farmers tried to have a vote among producers, a public recorded vote – all those in favour of changing the method of payment say aye; all those opposed to changing the method of payment say aye: a count – but they wouldn't let them do it. The consultants that were hired by the government to run these meetings often wouldn't let that occur. They did not want a straw vote, a majority poll conducted of farmers at these meetings that could be added up and passed on to sort of represent the collective views of people who attended these meetings. I think that's unfortunate. They tried to keep the agenda very narrow: discussion groups to debate these questions that nobody understands, that are confusing. You know, you express your preference on them, and we'll be able to use the results to justify whichever policy action we choose to take. That's exactly what was happening at those hearings, and farmers did not like it.

The Member for Innisfail says that farmers at the meetings supported changing the method of payment. Well, that may be the case. I suspect there were some that had a majority of producers, maybe even a significant majority of producers support the proposed changes in the method of payment. Let there be no doubt about it; attendance at a lot of these meetings was orchestrated. You find the proponent groups, whether it be the Western Barley Growers or the western wheat growers or the canola growers or the Alberta Cattle Commission or the Conservative Party – all of these advocate groups send their representatives to this meeting, that meeting, this meeting, that meeting so that people get the impression there is some sort of wide-based revolution going on, that everybody wants a change in the method of payment. But I can tell the hon. member that at the meeting in Camrose, in spite of the objections of the organizers and in spite of the fears of the federal and provincial governments, a vote was taken, and a majority of the producers at that meeting opposed changing the method of payment. There was a vote taken at the Vegreville meeting as well, and a substantial majority of the producers opposed changing the method of payment. I know that to be the case in a number of the meetings in the northern part of the province and certainly a number of meetings throughout other provinces as well. So there is no clear consensus. Let's not kid ourselves that there's a clear consensus on this issue. It's very complex, and members need to acknowledge that.

[Mr. Jonson in the Chair]

I think it was really unfortunate too – this is a chance for me to put on record the concerns I have about the television advertising campaign waged by the Western Canadian Wheat Growers to try

and drum up support for changing the method of payment and encourage participation by farmers in the Transportation Talks program. What in fact happened, Mr. Speaker, was that they had these ads, if you can imagine, with money burning, money being burned up. This voice was talking about how all this money given to the railways has been wasted over the years and why don't we give it to farmers instead. I had to think. The two words that are most commonly used by the proponents of changing the method of payment, "hurt" and "distortion," applied to those ads more than anything I've seen in recent memory. You know, they say, "We've been giving this money to railways; let's give it to farmers instead." Well, that's a bald-faced distortion of the issue. It's not that simple. The railways, hon. members, are going to get their money one way or the other. They either get it in part through the Crow benefit and in part through the export grain producer, or they get it all from the export grain producer at the point of delivery. To say it's a matter of deciding whether or not to give money to undeserving fat-cat railways or poor hardworking farmers - it's not that simple. That's a distortion of the argument, and shame on the Western Canadian Wheat Growers for doing it.

4:30

The other part of the argument. The hurt done by those ads by the Western Canadian Wheat Growers was to be telling the viewers, the taxpayers of Canada, that their money is being wasted, that their money is being burned up, in effect, by supporting the Crow benefit program. No mention of the contributions that farmers, that the men and women who work in agriculture, make to the national economy. No mention of the kind of subsidies that rural people put into this food system by producing below the cost of production, by allowing their asset values to decline, by working off the farm and subsidizing their production. No mention of that. They just show taxpayers' money being burned up for this Crow benefit subsidy, and I say that that's very hurtful to agriculture, hurtful to farmers who, frankly, need to do a better job of explaining . . .

AN HON. MEMBER: It's true.

MR. FOX: It's not true, hon. member. It's not true. It's distorted. They presented half an argument, and it hurt the cause of agriculture. We need collectively to explain to the consumers of Canada that we're not being treated fairly and we need a fair price for what we produce. So shame on the Western Canadian Wheat Growers, and I'd like one of the government members to stand up and deny, on the public record, that no money from the government of the province of Alberta went to the Western Canadian Wheat Growers to help sponsor these ads. I'd like to hear someone deny that on the public record because I'd like to know. I'm not making accusations, but I'd like to know, and I think producers deserve to know as well.

There's pressure for change coming from various groups, and I mentioned the livestock lobby in addition to the Western Canadian Wheat Growers. The livestock lobby likes to talk about hurt and distortion. These are their words, the hurt of the Crow benefit. Quite frankly, I find it a distasteful argument to use, especially when grain prices are lower in real terms than anytime since the 1930s. I really have difficulty with some groups of producers advocating for their own industry on the backs of others. I mean, for the cattle industry to think that the only way they can become viable - and let's be fair about it: they've gone through a relative period of stability and buoyancy. It's been tough the last few months, but a relative period of stability and reasonable prices in the cattle industry. Some other sectors in livestock are supply

managed and have cost of production formulas worked in there, so "hurt" is not a fair term to use either.

But, you know, for them to say, "We're paying too much for barley; we're paying too much for oats; this Crow benefit's hurting us even though the stuff's not worth a buck a bushel; it's hurting us and it needs to change," I think is an unfortunate sort of argument. What we need to do is try to find ways collectively to strengthen the industry, to present a united front to agribusiness and consumers and governments, saying that all farmers who produce food for Canadians and for export need to be paid fairly. Wouldn't that be a better way to approach it rather than try and pick away at each other? You know, "You're getting something I'm not; I want it," or "I think you're getting too much, so I'm going to advocate taking it away from you."

I think the government's wrong to respond in sort of a knee-jerk way to the livestock lobby. The Member for Westlock-Sturgeon talked about the international arguments that the government's using to try and sabotage the Crow benefit, and I agree with him. The minister has always said that we're going to be under pressure from GATT to eliminate our Crow benefit, so we'd better change it while we can. We'd better, again, conjure up this \$8 or \$9 billion of federal money that he somehow thinks has been promised, but hasn't, to mollify our fellow combatants or participants at the General Agreement on Tariffs and Trade.

Again, I find that a really unfortunate argument. I want to let people know that it's my firmly held belief that the Crow benefit was never discussed as an export subsidy in the international arena until the Conservative government identified it as such in the free trade negotiations, in deals with the United States, until they said: "Tsk, tsk, tsk. Crow benefit. You know, that might be an export subsidy. Surely you want to say something about that with respect to the movement of oilseed into the Pacific Northwest. Won't you please identify it as an unfair subsidy so that we can get rid of it?"

I know the Member for Little Bow might not be familiar with this, but his Minister of Agriculture said on the record time and time again that we'd be better off if there was no Crow benefit. It was the firmly held belief of the government that we'd be better off if there was no Crow benefit. "Please, federal government, don't send us \$758 million a year. We don't want the Crow benefit, so we're going to tell the Americans it's an unfair subsidy. We want to tell the international community that it's GATT-able and help us get rid of it." That's the basic argument that he used. He came along with this Freedom to Choose proposal when he realized that his argument wasn't salable in the rural community. He came along with this Freedom to Choose proposal: why don't we come along with a last-ditch effort to save the Crow, predicated on the federal government coming up with \$8 billion? That'll work well; politically that's salable for the Conservative government. But his basic agenda, stated on the public record again and again, was to get rid of the Crow, and that's why they served it up as an unfair subsidy to the Americans in the free trade debate. That's exactly why they've gone to the negotiating table at Geneva, to tell the international community: "Please, please call our Crow benefit an unfair subsidy. Please tell us that it's not permitted so that we can do away with it."

Why didn't they go there and talk about what's really hurting grain farmers in Canada: the export enhancement program that the Americans have used day in and day out to steal our markets, to undermine the value of our products in the marketplace; the kind of real hurt done to farmers in Alberta, the damage done to the economy overall by the American export enhancement program? Why aren't they talking about what really distorts trade and hurts everybody in the international community? They're afraid to talk about it. They're afraid to say anything that offends

their American masters, Mr. Speaker. They don't want to say anything that might offend the Americans, but I think they have to. I think they have to go there and stick up for Alberta, stick up for Canada, tell the Americans that we don't appreciate them using their export enhancement program to steal our markets and undermine our prices, and remind the Americans that they signed a free trade agreement that prohibited them from using their export subsidies to steal our markets. Did the Americans pay attention to that? No. No; in fact, before the ink on the tentative deal was even dry, the Americans juiced up the program to steal even more customers.

So this GATT argument doesn't wash with me. The government should have been there sticking up for Canada, sticking up for Canadian producers. If they want to talk about transport subsidies, why don't they talk, as the Member for Westlock-Sturgeon said, about the Mississippi water system, about the low cost, efficient system the Americans have, getting grain produced in the heartland to export position with massive public subsidy. They call that – it's defence spending, I guess. They maintain the Mississippi waterway. Maybe we should call our railways part of our national defence system and tell GATT to take a hike. They always want to talk about the wrong things when they go and negotiate, and it's a very typical weak-kneed kind of lead-with-your-chin negotiating approach that Conservatives use, again, either with the free trade agreement or with GATT.

I have to tell members that it reminds me of something my sister used to say to me when I was young. I'd be feeling bad, and she'd come up and pat me on the back and say, "You know, Derek, you might be dumb, but at least you're ugly." Somehow I thought I should feel good about that. Well, it's much the same here. Go into a free trade agreement with the United States and say, "Look, we're willing to give you all of the control you want over our energy resources as long as you agree to undermine our social programs." The Americans think about that for a second and say: "Yeah, okay. Okay." Then our negotiators go over to Geneva and say, "Look, we're not prepared to talk about the American programs that are stealing our markets and undermining our prices, but we want to be good and sure that you take away our Crow benefit program." The international community says: "Yeah? Well, we can probably look at that too. You know, you have to convince us a little more." No, some pretty feeble arguments, Mr. Speaker.

The other one that they often use is that they want farmers to have the freedom to choose how they get their grain to market, to choose whether or not they put it in a railcar and send it thousands of miles to Vancouver or whether or not they hire their local trucker to drive up and down and destroy roads and haul. It's such a silly argument. I've mentioned this in the Assembly before, but I've heard . . . [interjection] Welcome back, hon. minister. Order, Member for Vegreville.

4:40

I heard a senior official in the minister's department – he was then with the Department of Economic Development and Trade – say on the public record at a transportation commission hearing looking into either branch-line abandonment or incentive rates that it's a policy objective of the government of the province of Alberta to see the cost of hauling by rail increase to the point that trucking becomes competitive. That's the way these Conservatives understand competition: let's bring the cost of transportation by rail up to the cost of hauling by trucking so trucking starts to look attractive. Well, I don't even have to go into the economic fallacies in that argument, but clearly that's what the government

wants to do. They want to give farmers the freedom to choose which method of transportation to use.

I submit, Mr. Speaker, that there are no reasonable choices. If we want to maintain a viable export grain industry in this country, we have to look towards rail transportation as relatively clean, relatively efficient, relatively fast, and well suited to hauling grain from the prairies to export position. We have to look at what we need. I don't mean to just criticize this proposal. Clearly, I think changing the method of payment is wrong. I don't think the benefits people hope for will accrue to agriculture or to the rural community, and I think we have to take a sober second look at all of the arguments being advanced by the minister and his cronies. I think that what we should look at if we want to remove distortion is extending the benefits of the Crow to processed product. Let's look at what it would do to the crushing industry or the pellet industry if we were to extend the benefits of the Crow rate to pellets and oil. What other things can we do to stimulate agriculture in Canada?

Clearly, one thing we need to do is try to strengthen our domestic market, encourage consumption. I've talked in this Assembly about the Ethanol Act. I've introduced an Ethanol Act, a positive, concrete, achievable proposal for developing an ethanol industry in Canada, which would, I'm sure, stimulate domestic consumption. The minister says that it's not possible without changing the method of payment, but I don't believe that. I don't believe that. It's alive and thriving in neighbouring provinces, and there's a lot of potential. I know that even though the Member for Vermilion-Viking, who seems on occasion to have an interest in agriculture, ripped up the Ethanol Act when it appeared on his desk, without having a chance to read it, his constituents care about the ethanol industry. They contact me all the time, Mr. Speaker. I know they're concerned, as are producers all around . . .

#### Point of Order Imputing Motives

DR. WEST: A point of order.

MR. ACTING DEPUTY SPEAKER: A point of order, the Solicitor General.

DR. WEST: Yes. Reference was made by the individual . . .

AN HON. MEMBER: *Beauchesne?*

AN HON. MEMBER: What's your reference?

DR. WEST: It's under section 23(i), imputing motives to another member.

I'll have it known and on record that Bill 226, the Ethanol Act, by Mr. Fox is in my hands at the present time. I would ask him to retract the statement made in his address a few minutes ago.

MR. FOX: If he's embarrassed that he ripped up the Act and showed it to me as he ripped it up when he came into the House, then he can apologize. But the Act that he's holding was handed to him by the . . .

MR. ACTING DEPUTY SPEAKER: Order please. Are there any comments which might pertain to the point of order?

The Member for Vegreville on the point of order, and in good order, please, if you wish to comment on it.

MR. FOX: I just did, Mr. Speaker. I'm not sure what the point of order is. If the Solicitor General wants to tell people on the record that the Act he had in his hand was the one that was just passed to him by the Minister of Culture and Multiculturalism, then he's welcome to do that.

MR. MAIN: This is a levity break.

MR. ACTING DEPUTY SPEAKER: Can the Chair now assume that the levity break is over and we could get on with the debate?

In terms of the specific remarks on the point of order made by the hon. minister, I will review the Blues and comment on it later.

#### Debate Continued

MR. FOX: Touchy, touchy, touchy.

Anyway, Mr. Speaker, I think we need to look at anything we can do to strengthen the . . . [Mr. Fox's speaking time expired]

MR. ACTING DEPUTY SPEAKER: The hon. Member for Wainwright.

MR. FISCHER: Thank you, Mr. Speaker. I feel very privileged to rise before you and speak on this important debate, as it has been on the minds of myself and my constituents for many years. Also, it has been in the pocketbooks of every producer and every one of my constituents for many years. Contrary to what the Member for Vegreville says, that it isn't harming the producers, I think it should be obvious to all of us that the Crow benefit cannot continue in its present form.

I would like to give you one example of why. I know the Member for Vegreville doesn't produce too much grain, but when you took your wheat into the elevator this summer, you were getting about \$1.90 a bushel for number 2 wheat, and to get it from the time that you dumped it in the elevator until it went out to the coast cost another \$1.90. I know there are a lot of our folks in here, or the members opposite, who think it's okay that that cost is there and that we are going to take the dollars from the method of payment and the railways and we're going to look at all of the motherhood ways of fixing this up. We're going to use the farmers' dollars and fix this all up. I'm not sure that the government needs to get in and do that. That's what you call socialism, and many of the countries have been trying hard to get away from that.

I would like to just read you a little bit from the Agricultural Diversification Alliance and their position statement on the method of payment. It goes on to say:

The following statement sets forth the views of the Agricultural Diversification Alliance regarding the method of payment of subsidies under the Western Grain Transportation Act.

1. The present "pay the railways" . . . regime is the most severe of the existing impediments to both diversification and secondary processing in the prairie region. It constrains the development and viability of the livestock industry and sustains an inefficient grain handling and transportation system. This inefficiency reduces the competitiveness of western agriculture, has a detrimental effect on producer incomes, and increases the need for government assistance to the farming community. All sectors of the western agri-food industry are detrimentally affected by the current method of payment.

I was hoping that the Member for Vegreville would stay and listen and maybe could learn some things.

The second one . . .

MR. TAYLOR: Well, I'm here. Go ahead and talk.

MR. FISCHER: Thank you.

2. Federal and provincial efforts to enhance competitiveness and to encourage value added and secondary processing will be largely ineffective unless the fundamental issue of Western Grain Transportation Act reform is addressed. This statement applies to expenditures through the Western Diversification Fund, the new Competitiveness Council, the Third Line of Defence committee and subcommittees, and numerous other provincial and federal [subsidies].

3. Paying Western Grain Transportation Act subsidies directly to the farmers is the only way that these can be delivered in a manner consistent with the principles of reform enshrined in the Growing Together review of agriculture policy . . .

4. Time is short . . . The method of payment issue must be resolved before further harm is done to western agriculture.

5. It is the view of the Agricultural Diversification Alliance that transport reform must be made the highest and most immediate priority of the federal government.

Now, this western Agricultural Diversification Alliance was formed in 1989 by a group of 25 grain and livestock farm organizations. Later, after it had put together its statements, it was added to and joined by 80 nationwide organizations committed to pursuing a change in the method of the Crow benefit. That's 80 farm groups with many, many members. It's ironic and quite unfair that this group is the same farmers that the Alberta Wheat Pool used as supporters in their strong lobby against the changes. That is done through compulsory membership.

#### 4:50

Mr. Speaker, when we talk about this issue, we should put into perspective why things are the way they are and why there's so much negativity against it. I would like to go back and just give you a bit of history on the Crow's nest rate to place the debate in proper context and show just how we got into this situation. The Crow's Nest Pass Act, an agreement, was established between the federal government and the CPR on June 10, 1897. That was just 40 years and one day before my birthday. In exchange for this prearranged freight rate on certain commodities, the CPR at first was given large subsidies to build a railway through the Crow's Nest Pass to enhance and develop promising mining areas in British Columbia. [interjection] Contrary to what the Member for Westlock-Sturgeon says, it was not money that was given to build the railway across Canada; it was to develop the B.C. mining areas. The Act made provisions for lower rates on flour and grain being moved eastward to the Lakehead, and it also provided for lower rates on westbound commodities such as farm equipment and other settlers' goods.

In 1922 the Act was amended to stop the lower rates for the westbound settlers' goods while retaining the special rates for grain and flour. This is something that always amazed me, that there was never very much controversy from that change in 1922. Certainly it was a major change that upset the balance of fairness that the original Act had intended. All of a sudden now we're not hauling the settlers' goods out west at that subsidized rate; we're just going one way with it. This was to be expected, as the Crow rate was intended to be an integral part of our national landscape which helped to unite eastern and western Canada through the railway that would open up the prairies at that time and help our eastern industries survive. Maybe that was the intent of it at that time, and it's still doing that. In 1897, of course, there were only 289 delivery points with statutory rates. In 1982 it had increased to over 1,200, and this difference in numbers over the years showed the extent of the expansion that had taken place. At that time the agreement provided for good service for producers in western Canada, right up until the 1960s.

Around that time the grain-handling system had changed. As well, the Canadian economy as a whole began to change, and in

ways that made the old agreement cease to meet the needs of the producers. Alternative modes of transportation, trucking in particular, began to flourish and take higher revenue freight business away from the railways, with the effect of making many branch lines increasingly dependent on grain transportation to survive. Inflation began a dramatic rise, with increases in prices higher each year than in the previous one, and there was also a corresponding increase in labour costs.

When you combine these factors with the rail lines getting older and in greater need of maintenance and replacement and with the cost of this maintenance and rehabilitation also increasing, you can see that the situation was getting worse and worse. At the same time, the rate for shipping grain stayed at about \$5 a ton, which amounted to one-fifth of the cost. This was about 12 cents a bushel to ship the grain at that time. Therefore, we find ourselves in a situation where the grain was taking up 20 percent of the railway business while supplying only 3 and a half percent of its revenue. Producers found themselves incurring serious losses through loss of grain sales and demurrage charges and the lack of responsiveness from the railways.

It was at this crisis point that the federal government entered into the picture and began to offer the railways subsidies under ad hoc programs. These subsidies included a fleet of new hopper cars, which were bought by the Canadian Wheat Board – and Saskatchewan and Alberta each bought a thousand cars – branch line subsidies; storage facilities; mainline rehabilitation subsidies, and so on. These were all taken to respond to this growing crisis that was brought through the existing statutory rates.

These programs provided only a temporary solution to the problem that was not going to go away. The railways were losing money from hauling grain at rates that were below the cost. Both the main national railways claimed that they had serious losses at that time, and certainly it was true. I believe it was mentioned earlier on that the railways were to blame for all of these problems that we're having here now. I don't for one minute put the blame on the railways. They are following a system that forced things to go that way.

Anyway, the federal government eventually was left with little choice. They could either make the necessary changes to their Crow rate or sit and watch the export potential of our grain, coal, lumber, and potash decline to nothing.

In answer to our Member for Westlock-Sturgeon, when he mentioned his coal cars and whatever he was hauling out there, the railways were affected by the lack of money that came from hauling grain, keeping in mind that they did take up 20 percent of the track.

In 1982 a one-man commission, Dr. Gilson, established a committee and made recommendations towards a solution. From this Gilson report, the federal Minister of Transport, Pepin, put forward in 1983 a proposal in which the Crow benefit would be split 50-50 between the railways and the producers. While this would have allowed the rates to rise partially, half the grain price distortion brought about by the Crow benefit would have still remained. However, the federal government did not and could not go against the intense lobby of the prairie wheat pools, who had realized that these cheap freight rates would result in higher rail use and a corresponding increase in use of the wheat pool elevators. At that time, when they felt that they were losing their lobby, then they did go down and get Quebec involved and showed them that these low rates would ensure a steady flow of cheap feed grains to the eastern provinces. It certainly stirred up Quebec to help them with their lobby. Many of the farmers in Saskatchewan, as well, were against this recommendation, and it resulted in a failure to even change it to 50-50.

In November of 1983 the government again moved to change the Crow rate. This was under the Western Grain Transportation Bill, C-155, which was introduced then and provided for full payment to the railways. The intention behind this legislation was to lay the foundation for the development and implementation of a more efficient and cost-effective transportation system. This Bill – and I'm sure some of the former members that were down there would remember – wound up being one of the most hard fought and hotly debated Bills that was ever discussed in the House of Commons at that time. Despite strong opposition to it, it was considered to be the most feasible alternative available at that time. However, for the same reasons as before, it failed again.

5:00

After that, in 1985, Alberta instituted the Crow offset program. What we now have is a subsidy to offset another subsidy and to neutralize the negative impact that results from the current method of payment. They are not long-term solutions, but they are not intended to be. This program was put in place and is there to show other provinces and other producers and many of our people in the opposition parties what the value of that change does to your country. I'm sure that no one can argue what it has done for us with the cattle industry in Alberta. It brought the industry back where it really should be and where the natural advantages are, and certainly it is in the process of doing things with our secondary processing as well.

It was also put in place to put our secondary processing on equal footing with our world competitors. In 1988 our western Premiers endorsed a provincial freedom of choice in the method used to pay the benefit. In 1989 the transportation policies were reviewed again, and now in 1991 more consultation, more public meetings, more workshops, and more study groups. Only the name of the issue has changed. This time around we call it freedom to choose.

This brings me right to where we are now, Mr. Speaker. The issue has been in Parliament and in provincial Legislatures now for 20 years, and it won't go away either, as there's too much negative impact to the growth of this country. This is the right time for us to make the decision on this method of payment. The hon. Member for Innisfail has already done a good job of exploring the benefits of what the freedom to choose style of buy-out of the Crow benefit would entail for the producers of the west and for the economy of our rural communities and our province as a whole. It could also help us resolve many of our problems which we are facing with the Crow benefit in the GATT discussions with the U.S. and at the Canada free trade table. These are all very real problems, and they're going to have to be addressed soon. This is the time that we should be doing this. This is the time that we should be supporting our agriculture industry, letting them work on their own, and letting them have that money and show what they can do. Our Member for Vegreville was talking about the government taking that money, and he was going to do so many good things with that money. All they have to do is put it in the hands of the farmer and keep government out of it.

Mr. Speaker, this is a very sensitive issue. It has been, and it still is. It's taken us 80 years to develop a system which began with good intentions, a system that is now crippling our grain producers. It's crippling the railways and even the grain handlers. It retards our economic growth, and as inefficiencies are increased, we are steadily putting ourselves out of business on the world market. I just hope it won't take 80 more years before we see the light and make the change to the method of payment. For these reasons I would urge that members support Motion 206.

Thank you.

MR. ACTING DEPUTY SPEAKER: The Member for Rocky Mountain House.

MR. LUND: Thank you, Mr. Speaker. It certainly gives me a great deal of pleasure to have the opportunity to join in the debate this afternoon on Motion 206. It's been an interesting debate. We hear the New Democratic member talking about the quality of life in rural Alberta. Well, I'm here to talk a bit about that as well. We certainly believe that paying the Crow benefit to the farmer will in fact enhance that quality of life, much the opposite to what the Member for Vegreville was talking about; he's talking about lowering the quality of life to the lowest common denominator. That's not what we are attempting to do. I find it very unfortunate that he'll have to read those comments, unless I rely on one of his colleagues to tell him what I have said, and maybe they will do that.

Mr. Speaker, all through history – and certainly the Member for Wainwright has talked about the history of the Crow benefit and how it evolved – the agriculture community has become more and more efficient in their own operations. I can remember back when if we had a barley crop that yielded 50 bushels to the acre, we thought that was great. That's on summer fallow; that's using two years. Now if we get only 50 bushels an acre a year on continuous cropping, we think it's a poor crop. That's the type of efficiencies that farmers have used over time in order to keep ahead of this increased cost per unit and be able to actually make money at farming in many cases.

Farmers expect the industries that surround them that they have to use to become efficient as well. I remember back in the early '80s having to quickly load a car of malt only to have it sit at the elevator for some two weeks. The feeble excuse that the railroads used, the CN, was that they didn't have any locomotives to pull it. Well, really, if the farmers had the option as to how they were going to move that grain, I'm sure you wouldn't see those kinds of things happen.

The farming community, the grain producers, and for that matter probably the whole of society, are saying that they want less government involvement. They want to have the ability, in this case, to market and transport their own crops without having a number of barriers drawn up to stop that movement. Certainly the combination of the Canadian Wheat Board and the payment to the railway is hindering farmers from making the choices. I'm sure that one of the other things we should be looking at is possibly making all of North America the domestic market. Yes, continue to use the Canadian Wheat Board, but use them as an agent for export. That would have many advantages. It would open up the northwest U.S. for our feed barley.

5:10

[Mr. Moore in the Chair]

There are some interesting things there, Mr. Speaker, when you look at the production. The U.S. northwest region requires 15 million to 20 million tonnes a year of feed barley. That is two to three times our domestic feed barley market, so the ability for us to even influence that price is very minimal. It's also interesting when you look at what has happened as far as the movement of feed grain from the west to the eastern markets. Back in 1980 there were some 670,000 tonnes moved, but by 1990 that had shrunk to only 300,000 tonnes. In fact, we can see that that market for our feed grain in the east is decreasing, another reason why we should be looking to the northwest states for the sale of much of our barley.

One of the things that wasn't mentioned in the debate so far today was the fact that under the Western Grain Transportation

Act the federal government only agrees to change the rate when inflation has exceeded 6 percent. It's very easy to see that over time the percentage that the federal government is going to contribute towards the movement of grain is going to decrease. When it does go over 6 percent, they agree only to pick up that portion that is over 6 percent. The opposition today seem to want to leave the impression that the percentage was going to stay the same and, therefore, the benefit or the support for the movement even into the eastern market was going to remain. We know that's not true. So if the payment was made directly to the farmers and left the farmers the option of how they were going to move that grain – as I said earlier, particularly if the market was opened up to the midwest with a domestic market for North America – we then would see a situation where the railroads would have true competition. Of course, on this side of the House we firmly believe that competition is what drives efficiencies. I know that our socialist friends across the way would disagree with that; nevertheless, you can see that all through, in all of industry and commerce.

[Mr. Jonson in the Chair]

Getting back to this rate, that our costs are going up, back in 1983 the cost to the farmer amounted to \$4.85 a tonne. By 1991 that price had moved up to \$11.07 a tonne, and on graphs that we have seen indicating costs in the future, of course the curve really takes off, and we'll get to a situation before very long where the farmer will in fact be paying an even much higher percentage.

The hon. Member for Vegreville talked about how free trade had done absolutely nothing for our farming community. Well, I wonder how he reconciles what happened as far as the hog war is concerned. What would have happened if free trade hadn't been in position? We'd still be seeing a much higher countervail, and we wouldn't have been getting any of that back. He also talked about how the budget did nothing for our farmers. Well, how about the much increased support for the GRIP and the NISA programs that were in the budget and the fact that none of the farm programs have been touched? I think those were very unfair comments as far as the budget is concerned.

I know one thing he did say that was accurate, and that is the fact that with payment of the Crow, there is money flowing from east to west. That's true. That's not quite the context that he put it in, though. He said that that was the only thing. Well, how about the some billion dollars that came our way through the programs that the federal government had in place this year? I know it's true that under the old Liberal government the flow was massive to the east, as they took some \$80 billion out of this province in the national energy program, but we have gotten a little bit of it back, even though we're still in a deficit position.

Talking a bit about those meetings that the federal government has had to talk about the payment of the Crow, yes, some of them had folks there and have been orchestrated. When he was talking about the numbers of organizations that came to the meetings and continued to come to all of them, it was very interesting how he happened not to mention the National Farmers' Union, because certainly from the reports I heard, they did a very good job of coming to the meetings and presenting their view time after time. At the one that I attended, the farmers were very much in favour of this payment to the producer. They could see how it was one of those things that would allow farmers many more options, would increase competition and therefore efficiencies, and also would assist a great deal in allowing our agriculture to diversify. Anytime you set up artificial supports, as the Member for Westlock-Sturgeon wanted to call it, and you set up

these supports in certain areas, you do not have that level playing field. Therefore, the ability to diversify is somewhat hampered and very much distorted.

The Member for Westlock-Sturgeon talked about having to haul all this grain over the mountains. Well, that's true if we continued this very inefficient mechanism whereby the grain is shipped out to the coast in the raw state, where it's not even cleaned and in many cases not even dried. What do we do? We ship our damp grain out there and then ship some gas out there to dry it – much, much more efficient if we would do that on the prairies, in fact, and then ship out in unit trains that could be unloaded much more efficiently and loaded into the export position.

The other area that I think we've got to always be looking at is that when we're moving grain or any commodity, we have to try to get the most valuable commodity moving. By converting much of these products, like rapeseed, into oil, we can then be moving a much higher value product into the export market.

Mr. Speaker, with those few remarks, I would strongly urge the Assembly to support this motion on paying the producer. I believe that with the changes that are coming through the '90s, it is really fitting that we now move into that mode, so I urge the members to support that.

HON. MEMBERS: Question.

MR. ACTING DEPUTY SPEAKER: Order please. Seeing no further speakers, may the member moving the motion close debate?

HON. MEMBERS: Agreed.

MR. ACTING DEPUTY SPEAKER: Please proceed.

MR. SEVERTSON: Thank you, Mr. Speaker. I enjoyed the discussion this afternoon on Motion 206. I would like to make a brief comment to some of the members across that spoke: just about anything they've said hasn't convinced me that freedom to choose still isn't the best method. The part that they seem to forget . . .

5:20

MR. TAYLOR: I thought you were smart, not deaf.

MR. SEVERTSON: The chipmunk over there is still speaking, I hear.

Mr. Speaker, the four objectives of the Freedom to Choose are the parts that will make western Canada a stronger economic base. I think the member opposite forgot objective 3, and that's "to establish legislative and regulatory structures" so the new system can evolve. I did not speak in my discussion of blaming the railway for the system. Their hands are tied in some of our

regulatory structures we have now. Freedom to choose would allow that to free up and let the farmers make their own decisions.

With that, Mr. Speaker, I close debate.

HON. MEMBERS: Question.

MR. ACTING DEPUTY SPEAKER: All those in favour of Motion 206, proposed by the Member for Innisfail, please say aye.

SOME HON. MEMBERS: Aye.

MR. ACTING DEPUTY SPEAKER: Those opposed, please say no.

SOME HON. MEMBERS: No.

MR. ACTING DEPUTY SPEAKER: Carried.

[Several members rose calling for a division. The division bell was rung]

5:30

[Eight minutes having elapsed, the Assembly divided]

For the motion:

|           |           |           |
|-----------|-----------|-----------|
| Adair     | Evans     | Moore     |
| Anderson  | Fischer   | Nelson    |
| Black     | Gesell    | Orman     |
| Bogle     | Getty     | Osterman  |
| Bradley   | Hyland    | Rostad    |
| Brassard  | Isley     | Severtson |
| Calahasen | Kowalski  | Shrake    |
| Cardinal  | Laing, B. | Sparrow   |
| Cherry    | Lund      | Stewart   |
| Day       | Main      | Tannas    |
| Elliott   | McClellan | Thurber   |
| Elzinga   | Mirosh    | West      |

Against the motion:

|             |           |           |
|-------------|-----------|-----------|
| Chivers     | Hewes     | Mjolsness |
| Doyle       | Laing, M. | Roberts   |
| Gibeault    | Martin    | Sigurdson |
| Hawkesworth | McEachern | Taylor    |

Totals: For – 36 Against – 12

[Motion carried]

[The Assembly adjourned at 5:32 p.m.]