

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Tuesday, October 23, 1979 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF BILLS**

**Bill 67**

**The Real Estate Agents' Licensing  
Amendment Act, 1979**

MR. KOZIAK: Mr. Speaker, I request leave to introduce Bill 67, The Real Estate Agents' Licensing Amendment Act, 1979. Among other amendments provided in the Bill are those which would strengthen the disclosure provisions of the Act, thereby providing for greater protection to people dealing with the industry and enhancing the image of the industry and its members in future years. The disclosure provisions require an agent or salesman to disclose that he is acquiring real estate on his behalf. These will be strengthened by requiring this disclosure in writing.

Further, the second provisions requiring the agent or salesman to disclose to the owner any previous arrangements that had been made with respect to such real estate are extended to listing and selling agents as well as the listing agent presently provided for in the Act, Mr. Speaker.

[Leave granted; Bill 67 read a first time]

head: **TABLING RETURNS AND REPORTS**

MRS. LeMESSURIER: Mr. Speaker, I wish to table three annual reports: first, the Glenbow-Alberta Institute; second, the Alberta Foundation for the Performing Arts; and third, the Alberta Art Foundation.

MR. TRYNCHY: Mr. Speaker, I wish to file two copies of the annual report of the Recreation, Parks and Wildlife Foundation.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. SCHMIDT: Mr. Speaker, it's a pleasure for me this afternoon to introduce to you, and through you, four ladies of the Silver Cross Mothers, Edmonton chapter, who are seated in your gallery. They are four of 22 registered in their order and are in the Legislature today hoping to acquire a place to leave both their charter and their standard for posterity. The ladies are Mrs. Vance, Mrs. James, Mrs. Potter, and Mrs. Elliott. They are accompanied by Mrs. Adams. While they are standing, I would ask that we give them the welcome of the Assembly.

Mr. Speaker, it's also my privilege and pleasure to introduce to you, and through you to members of the

Assembly, 82 grade 9 students from Ellerslie elementary and junior high. They are seated in both galleries and are accompanied by their instructor Mr. George Rice. I ask them to rise and receive the welcome of the Assembly.

MRS. FYFE: Mr. Speaker, it's also my pleasure this afternoon to introduce to you, and through you to members of the Assembly, 50 grade 9 students from Lorne Akins junior high school in St. Albert. They are seated in the public gallery accompanied by Julie Zard. Would they rise and receive the welcome of the Assembly.

MR. R. CLARK: Mr. Speaker, I'm very pleased to have the opportunity to introduce to you, and through you to members of the Assembly, a group of 20 students from the agricultural college at Olds. It's appropriate that they be in the Assembly during Agriculture Week. They are accompanied by their instructors Mr. Wayne Getty and Mr. Chuck Howard, and by Mr. Howard Griffin, and are seated in the public gallery. I ask the gang from Olds to rise and be recognized by the Assembly.

MRS. CRIPPS: Mr. Speaker, it is my pleasure to introduce to you, and through you to the Assembly, 25 students from Frank Maddock high school in Drayton Valley accompanied by their teacher Mrs. Beezly. If they would rise and receive the usual welcome of the House.

head: **ORAL QUESTION PERIOD**

**Energy Talks**

MR. R. CLARK: Mr. Speaker, I'd like to direct the first question to the Premier. It deals with the negotiations going on between the government of Canada, the province of Alberta, and other producing provinces on natural resources pricing. Is the Premier in a position to indicate to the Assembly the state of the negotiations or discussions at this particular time?

I ask the question so that we can get the information here in the Assembly rather than read it in the Toronto newspapers.

MR. LOUGHEED: Mr. Speaker, I can understand the frustration of the hon. leader with the nature of that situation. But I am a strong believer that when we enter negotiations, we for our part are committed to conduct those negotiations on the understanding that they will be conducted in confidence until they have either reached a conclusion or have been stalemated. All I can say to the hon. leader today, as I said last week, is that they're still going on and have not reached a stage where we would consider them at a stalemate.

MR. R. CLARK: Mr. Speaker, a supplementary question to the Premier. During question period last Friday, I asked if the Alberta government had received a commitment from the Prime Minister that no unilateral action would be taken by the federal government prior to at least a federal/provincial meeting of first ministers. I now note that the Prime Minister has indicated that a meeting of first ministers is to be held sometime in November.

Has the Alberta government got a commitment

from the Prime Minister that no firm decision would be made on resource pricing until that meeting of first ministers were held? I raise the question on the presumption of an agreement not being worked out.

MR. LOUGHEED: Mr. Speaker, we've been through this subject many times in the Legislative Assembly. Because of the nature of the negotiations, it is difficult for me to answer with the precision I would like. I can only say that there is a difference between discussions and negotiations. If the federal government wishes to have discussions with other provincial governments, of course that is their right, and we will participate as a provincial government. We consider these negotiations bilateral negotiations between the federal government, having the jurisdiction over interprovincial or international trade, and the producing province whose resources are involved. To that extent we look on and consider them bilateral negotiations.

MR. R. CLARK: Mr. Speaker, a supplementary question. Has the Alberta government had discussions with the province of Ontario over the last two months, since these negotiations and discussions with the federal government on pricing have been going on?

MR. LOUGHEED: No, Mr. Speaker. It would be inconsistent for us to have such discussions, much less negotiations, with the government of Ontario. I had discussions with the Premier of Ontario prior to the conference of premiers. That has been the only nature of discussions between our two provinces, and that is consistent with our position that this is a matter of bilateral arrangement and agreement between the federal government and the producing province, in this case Alberta.

MR. R. CLARK: Mr. Speaker, a further supplementary question to the Premier. Have there been discussions between Alberta and the other energy-producing provinces — I'm thinking of Saskatchewan and British Columbia — so that at least one knows what the other two are doing and there is some degree of uniformity, if I might use that term in its broadest sense, in the approach to the federal government?

MR. LOUGHEED: Mr. Speaker, the best I can answer to be helpful to the House at this time is that we consider the negotiations between the federal government and Alberta bilateral. But, for the reasons alluded to by the hon. Leader of the Opposition, there have been informal discussions, as distinguished from negotiations, with the governments of the provinces of British Columbia and Saskatchewan.

MR. R. CLARK: Mr. Speaker, one last supplementary question to the Premier. Are these discussions between the producing provinces continuing, as the negotiations between Alberta and the government of Canada are, hopefully, continuing?

MR. LOUGHEED: Mr. Speaker, the answer to that is yes.

#### Gaming Controls

MR. R. CLARK: Mr. Speaker, I'd like to direct the second question to the Attorney General. It deals with

the investigation by a citizens' committee now studying the question of licensing gambling in the province of Alberta. What is the status of the committee? At what time does the Attorney General expect to receive the committee's report? And is the Attorney General in a position to indicate to the Assembly whether that report will be made public?

MR. CRAWFORD: Mr. Speaker, the original time frame given to the committee — which was appointed in June, as I recall; it might have been as late as early July — was that they would try to report by September or October. They have made excellent progress, and I expect that we would have a preliminary if not a final report within a week or so.

The hon. leader also asked what aspects of that report might be made public. I would say that is in the hands of the caucus committee. The responsibility of the citizens' advisory committee is to make its recommendations to a caucus committee. There could well be some joint meetings between those two bodies; or, alternatively, the caucus committee would make its final recommendations in regard to any policy changes, based on the report as received.

MR. R. CLARK: Mr. Speaker, a supplementary question to the minister, dealing with the availability of the report. I take it from the minister's answer that in all likelihood the report will not be tabled in the Legislature. Are the individual Albertans on the advisory committee being reimbursed by public funds for the work they are doing?

MR. CRAWFORD: Yes, they are, Mr. Speaker. This is a decision we took at the time the appointments were made.

In many agencies private citizens serve the people of Alberta by acting in an advisory capacity; this is one of them. It is customary to pay them a *per diem* honorarium for their services, and to pay expenses necessary in carrying out their work. In this case, the committee met in more than one centre in the province, and the committee members come from across the province. It would be wrong to expect them to bear those costs of travelling to and from meetings.

I would add that, to my understanding, the committee has worked very hard and has had a large number of meetings. If the hon. leader is raising the question of payment in the sense of whether it was deserved — I don't know why he did raise it — I think this has been a very hard-working committee. We're looking forward to their report, which I'm sure will reflect the views of many Albertans in regard to possible future direction for legislation with respect to gaming.

MR. R. CLARK: Mr. Speaker, a supplementary question to the minister. In posing the question, I would remind the minister that public funds are, in fact, being used to pay for the work the committee is doing. I'm not making a judgment on the committee's work, but if public funds are being paid I think a very good case can be made for the committee's report to be made public.

Did the committee ask the government that the report be kept confidential, or did the government caucus make the decision that the committee's report, which is being paid for at public expense, will be kept confidential?

MR. CRAWFORD: Mr. Speaker, I think the hon. leader's question — now that I see it in the light in which he intended it — is perhaps premature. As a government we have made no determination on the point I answered him on. I meant only that, not having been considered yet, it would be rather difficult to give the answer of the caucus committee now.

MR. R. CLARK: Mr. Speaker, the supplementary question to the minister is: has the committee been asked about the question of the report being made public, and has the committee indicated to the government, or the government caucus, that it does not want the report made public?

MR. CRAWFORD: I don't recall any such discussion, Mr. Speaker. I want to be very fair to both the committee and the hon. leader. The only time I met with the committee was at the time of their appointment. We discussed a number of things, including the sort of resources in the sense of secretarial help, expenses, and so on, that would be available to the committee.

If the question came up of what was to be done with their report in the final analysis, which as we all knew was then several months down the line, I don't recall it. I would take the word of the chairman, indeed of any member who was present, with respect to what did happen, but my memory is that it did not come up. Since that time some months ago, I have not met with the committee, but I have met, on perhaps two occasions, with the chairman, mainly to discuss the progress of work.

To sum up for the hon. leader, I recall no request that the report not be made public, nor do I recall any request of me through the chairman that it be either public or not.

MR. R. CLARK: Mr. Speaker, a supplementary question to the minister. Can he explain to the Assembly why there has been confusion in transmission of policy from the government caucus to the Attorney General's Department and then to the gaming control branch with regard to gaming and gambling in Alberta?

I allude to comments made by Mr. Sheppard and the deputy minister that this confusion has existed and has been one of the major reasons problems have developed in the administration of gaming regulations in Alberta.

MR. CRAWFORD: Mr. Speaker, at this point I'm not aware of what remarks of the deputy minister, or the other gentleman mentioned, the hon. leader might be referring to. I should say that it certainly has come to my attention that some publicity has recently been given to those remarks, but I haven't reviewed any transcript or the like that would acquaint me with what was purported to be said or what may in fact have been said.

However, on the question the hon. leader is asking of whether or not there is confusion — I suppose there are a number of words he might have chosen, but I'll deal with that one — in a very complex area at present undergoing developmental changes in public attitudes in Alberta, I would quarrel with the use of that word, Mr. Speaker.

The procedure has been that approximately one year ago a number of proposals were made that significantly changed the way in which gaming was to be

handled in the province. That was done with the intention that more precise regulation of gaming events in Alberta be brought about. Following that, some of the volunteer associations and charitable and religious groups in the province expressed to us the view that a division could be made with respect to the concerns over gaming, between the activities of the small private charitable and religious groups and those of the larger, more highly organized projects. Based on that, some objection was taken to the rules put forward about a year ago.

As a result of that, the caucus committee reconsidered what had been proposed, and made a couple of suggestions. One was for some administrative changes to be made in the short term through the gaming branch. The other was that there be an advisory committee. We've always tried to do our best on an administrative basis to clarify any misunderstandings. I have tried to contribute to that in speaking to various groups who have asked us about how matters were being disposed of in the meantime, while the citizens' advisory committee was preparing its report.

In conclusion, Mr. Speaker, I would indicate that if some reference is made to the fact that, pending the receipt of the report, it was necessary to make some interim decisions, that may be what some people are referring to.

MR. SPEAKER: I'm becoming concerned about reaching a further nine members who wish to ask questions. I wonder if this might be the last supplementary by the hon. leader, followed by a further supplementary by the hon. Member for Spirit River-Fairview.

MR. R. CLARK: Thank you, Mr. Speaker. The last supplementary question that I pose to the Attorney General: can he assure the Assembly that, on all occasions, draws were made as to which organizations would be able to receive a licence?

I raise the question because supposedly some organizations have repeatedly had their names in the draw as to which organizations would be able to get a licence from the gaming branch. Can the Attorney General assure the Assembly that draws do in fact take place as organizations are told they do, rather than some organizations getting preferential treatment by the gaming branch?

MR. CRAWFORD: Most certainly, Mr. Speaker. Not all events are licensed on draws. Casinos are. But insofar as those are based on draws the draws do take place.

MR. R. CLARK: On every occasion?

MR. CRAWFORD: Mr. Speaker, the hon. leader has furthered his question to me and said, "on every occasion". I'm describing to him the procedure and the policy. If any person has reason to believe that that procedure has not been followed on any specific occasion, I'd be interested in hearing more of that. But I've described what should be a well-established procedure.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the Attorney General advise the House whether the terms of reference for the committee outlined whether the government itself, or a branch of government, should be providing equipment and dealers to the charities, as opposed to companies such

as Bazaar and Novelty and Imperial Amusements? Will the terms of reference specifically examine whether the province should be getting into that field, as opposed to leaving it up to these companies?

MR. CRAWFORD: Mr. Speaker, the hon. member's question may call to mind a discussion we had on another matter yesterday. That is implied, I think, in my answer. We tried to describe the terms of reference in the broadest way possible, and not to particularize or itemize in any way. That was the procedure followed.

I was just looking to see if I had a copy of the terms of reference here. I haven't managed to lay my hands upon it. But it was not more than four or five lines, as I recall, and simply asked the citizens' advisory committee to inquire into policies and procedures with regard to the administration of gaming events in the province.

MR. NOTLEY: Could I ask just one supplementary question? Would the minister be prepared to table the terms of reference?

MR. CRAWFORD: Yes, I'll do that, Mr. Speaker.

#### Technical Schools

MR. ZAOZIRNY: Mr. Speaker, I'd like to direct my question to the hon. Minister of Advanced Education and Manpower. It relates to the expanding and important role of technical schools in the province of Alberta. In light of the growth of technical schools, could the minister advise the House whether he is prepared to put forward a policy which would enable technical schools to operate with a public board of governors in the same manner as many other postsecondary institutions in Alberta?

MR. HORSMAN: Mr. Speaker, that matter has been under review by the department for some time, going back, I think, as far as 10 years. I see the hon. Leader of the Opposition smiling. I think when he was Minister of Education he commissioned a report or study on that very subject.

MR. R. CLARK: To freshen the hon. minister's memory, the commitment was made that there would be a board of governors in 1972.

MR. HORSMAN: I didn't understand the interjection. That's not surprising, but I...

DR. BUCK: Didn't want to either.

MR. R. CLARK: I understand why you couldn't.

MR. HORSMAN: The matter is under review. I have visited the Southern Alberta Institute of Technology on several occasions since becoming minister. Last Monday morning I did so again, and during the course of the meetings with the various component parts of the institution that matter was raised. I indicated that I would be prepared to review that during my term as minister. The same will apply to the Northern Alberta Institute of Technology, which I'll be visiting next Monday morning.

MR. ZAOZIRNY: A supplementary. Could the minister advise the House as to when he expects to be in a position to make a policy decision in that area?

MR. HORSMAN: No, Mr. Speaker, I don't think I can give any time frame. Within the system in which we are operating I expect that I will receive advice on that subject from members of the caucus committee on education. That will be discussed by members of the government caucus before any policy is definitely formulated.

MR. ZAOZIRNY: A supplementary question on the matter of technical schools, which I'd like to direct to the hon. Minister responsible for Personnel Administration. It relates to statements made recently by instructors at the Southern Alberta Institute of Technology to the effect that there is a mass exodus, to use their terms; a significant loss of experienced instructors occurring at the Southern Alberta Institute of Technology, and a corresponding deterioration in the quality of education, as a result of the salary levels the instructors are faced with. Could the minister advise the House what steps he has put in place to stop this?

MR. NOTLEY: Bring in wage guidelines.

MR. STEVENS: Mr. Speaker, to the Member for Calgary Forest Lawn. The indications I have also been made aware of do not reflect themselves in the turnover or the retention of the instructors. I'd like to indicate that when I had the privilege of accompanying the Minister of Advanced Education and Manpower I spoke to representatives of the instructors in the faculty. But I did not detect that in the discussion.

There are concerns, of course. I'm sure there are concerns in each of the divisions. They are presented through the process of negotiation. We have a two-tier system where management and the bargaining agent, the Alberta Union of Provincial Employees, meet and discuss the master agreement and the various 12 divisions. The instructors are in division eight, and in the past they have formed the majority of the representatives at the table. They have also been very influential in the discussions of the full representative group. So I'm satisfied that the provisions to reach amicable settlements are there.

MR. HORSMAN: Mr. Speaker, I'd like to supplement the answer of my colleague. I wish to make it clear that the Department of Advanced Education and Manpower and the government do not accept the allegations that the quality of education at the institution is suffering. Indeed, it is my opinion, shared by the government, that the quality of education at both SAIT and NAIT ...

DR. BUCK: We didn't ask for your opinion.

MR. HORSMAN: ... is of the very highest level, and we should be very proud indeed of those institutions.

DR. BUCK: We are too. We set them up.

MR. ZAOZIRNY: A further supplementary to the Minister responsible for Personnel Administration. Again, it relates to the status of instructors at our technical schools and statements made recently by them to the

effect that they wish to have the freedom of choice as to whether or not they are members of the Alberta union of public employees and that there has been a rapid and serious deterioration of relations between that union and the technical school instructors, culminating in their being booed out of the union's last annual meeting.

Could the minister advise the House whether he has any intentions to introduce legislation that would give the instructors that freedom of choice?

MR. STEVENS: Mr. Speaker, to the members. The Public Service Employee Relations Act was proclaimed by this government in September 1977, after long debate, after a task force comprising representatives of the then Civil Service Association and the government. We reviewed legislation across Canada and received deliberations and submissions.

That legislation is in force and represents the government's policy that the people of Alberta deserve a good and proper public service, and that the service itself is represented by one bargaining agent. There's no intention to introduce legislation that would change that relationship.

I might add, Mr. Speaker, that the concerns some members of a division or of the Alberta Union of Provincial Employees may have should be brought to the attention of their representatives. The government would be remiss to interfere with Section 70 of The Public Service Employee Relations Act, which would be called contributing to unfair practices. Those concerns I have heard about should be related to the representatives of the Alberta Union of Provincial Employees.

MRS. EMBURY: Mr. Speaker, I'd like to revert to the Minister of Advanced Education and Manpower, please. One problem of the technical institutions is to recruit qualified teachers that both are skilled and have the necessary teaching skills. Could the minister please indicate to the Assembly any concrete plans the department may have to assist with this recruitment problem?

MR. HORSMAN: Mr. Speaker, the recruitment of instructors at technical institutions in Alberta is of course a matter of concern to the department and to the administration of the institutions. I wish to make it clear that those positions which have come vacant over the past few months have been filled. It is of course difficult, in view of Alberta's extremely healthy and vibrant economy, to attract all the instructors that would be ...

DR. BUCK: La de da. [interjections]

MR. HORSMAN: Well, if the members of the opposition wish to decry the economic health of the province, obviously they're the only people in Alberta who don't know what's going on. But I would suggest, Mr. Speaker, that every effort is being made to ensure that highly qualified staff are sought and found. As I indicated earlier in the supplementary answer, it is my opinion and that of the department that we are being well served indeed by both SAIT and NAIT and our other technically oriented institutions in Alberta. I think we can be very proud of them, and the students who graduate through those doors.

MR. SPEAKER: Might this be the last supplementary on this topic. We can go back to it if there's time.

MR. ZAOZIRNY: Mr. Speaker, a final supplementary to the Minister responsible for Personnel Administration. Is the minister then saying to this House that he acknowledges that the technical school instructors are locked in under the existing legislation and that the policy of this government is to provide them with no opportunity to exclude themselves from that arrangement?

MR. R. CLARK: And throw away the key.

MR. STEVENS: Mr. Speaker, the policy of the government is to maintain The Public Service Employee Relations Act: one bargaining unit representing the provincial employees.

DR. BUCK: Be careful, John, you'd better be quiet.

### **Constitutional Change**

MR. D. ANDERSON: Mr. Speaker, my question is to the hon. Premier. It generally regards the role Alberta will play in the Quebec referendum debate. Over the weekend, the hon. Provincial Treasurer was quoted as saying that generally the people or governments who would have Alberta's heritage fund or control over resources eroded would in fact be playing into the hands of the separatists in the province of Quebec.

My question to the hon. Premier: in light of that statement, is the policy of the Alberta government that we have much in common with the people of Quebec with respect to how we see the provinces' role in Confederation?

MR. LOUGHEED: Mr. Speaker, I think I've said in this House on a number of occasions — certainly at length last November after the constitutional conference — that the federalist forces in Quebec are very strongly putting forth the view that we require a federalism, not of the status quo but where there is an increased decision-making at the provincial capital at Quebec City, and that to that degree it's essential that natural resources belong to the provinces and that those ownership rights be respected.

I'm sure what the Provincial Treasurer was alluding to, which is certainly the policy and position of this government, is that any effort to encroach upon the resources of a province at this stage of the game in Canadian Confederation would clearly and without doubt be playing right into the hands of the Quebec separatists.

MR. D. ANDERSON: Mr. Speaker, a supplementary question to the hon. Premier. In light of that very declared policy and looking at the Parti Quebecois convention over the weekend, which started the door-to-door campaign to articulate the separatist cause in that province, does the Alberta government have plans to put forth in written terms a clear document indicating the similarities that we have with the people of Quebec with respect to the role of the provinces in Confederation and to give that to those people so that they might use it in determining their stand on the referendum issue?

MR. LOUGHEED: Mr. Speaker, as the Minister of Federal and Intergovernmental Affairs has advised the House on prior occasions and as I mentioned in my remarks at the commencement of the fall session, we're not yet at a stage to respond definitively to the important question of the hon. member. We are considering a variety of approaches relative to whether we should participate in the referendum in Quebec.

I would remind the hon. member that we as a province have the document *Harmony in Diversity*, which sets forth the constitutional position of this province. It was in fact translated into French and distributed to leadership representatives throughout Quebec a year ago, at the time of the constitutional debates. Whether that document should be resubmitted, updated, or altered in any way is one option the Department of Federal and Intergovernmental Affairs is considering.

MR. D. ANDERSON: Mr. Speaker, one final supplementary. Could the hon. Premier then indicate if he's saying to the House that a very definite plan will be brought forth once we know the details of the Quebec referendum debate?

MR. LOUGHEED: Mr. Speaker, implicit in the hon. member's question of a definite plan is a decision that we should move in a way that involves us directly in the referendum debate. We have not yet reached that conclusion. As I've mentioned before in the House, it will be concluded by the department, then reviewed by cabinet and caucus, and presented to the Legislature. I presume that would be in the spring, but it would not occur until after we knew the precise wording of the question in the referendum debate in Quebec. Although it's rather a changing situation, I believe the latest information from Mr. Levesque is Christmas, if I understand it correctly.

MR. SPEAKER: A final supplementary by the hon. Member for Edmonton Whitemud.

MR. KNAAK: Mr. Speaker, a supplementary question to the Premier. Could he advise whether the government's position is that a new constitution has to be drafted in order to accommodate the new federalism required to maintain Canada as a country, or will the present British North America Act facilitate the new federalism? And perhaps, since this is my last supplementary, I should also ask whether this government's position is that the practice has in the past been really to shift away from the intent of the British North America Act to a greater centralism than is envisaged.

MR. SPEAKER: With great respect, as far as the latter part of the question is concerned, it's definitely just a matter of opinion. But of course the first part of the question is in order.

MR. LOUGHEED: Mr. Speaker, with regard to that matter, I'm not sure that I can give more information to the hon. member than I already have. We look on the constitution of Canada, the British North America Act, as essentially reflecting a confederation. If the attitude of the federal government, supported by the federally appointed Supreme Court of Canada, responded in our view with the spirit and intent of the British North America Act, it would not seem that substantial

changes in the constitution would be required. On the other hand, as we set out in the document *Harmony in Diversity*, it would appear that there is considerable scope for making alterations to the constitution in a way to reflect what we describe as the new federalism for Canada. So we would say that in a first stage what's important is the new attitude by a federal government towards respecting provincial rights, and a second stage involves the sort of constitutional changes envisioned in our document *Harmony in Diversity*.

#### Czechoslovakian Ambassador's Visit

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of State responsible for Economic Development — International Trade and ask if he will be meeting, tomorrow I believe, with the Czechoslovakian ambassador to Canada, or if a member of this government will be meeting with that particular gentleman when he's in Edmonton tomorrow.

MR. SCHMID: Mr. Speaker, the ambassador will in fact meet with several officials and ministers of government, and most likely will also be introduced in the House at 2:30 in the afternoon after the opening prayers.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. Is the minister in a position to advise the Assembly whether or not it will be his intention to raise a concern over the fate of the 11 Czech dissidents who are now before the courts in Czechoslovakia, from the standpoint of the Charter 77 human rights signatory?

MR. SCHMID: Mr. Speaker, this kind of question would most likely be raised by a federal representative in Ottawa. However, I will discuss it with the Minister of Federal and Intergovernmental Affairs in case he prefers to discuss it with his people in the federal government.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. My question really relates to whether or not it will be the intention of the government of Alberta, in view of the Helsinki accord as well as the Charter 77 document, to express the concern of the people of Alberta about human rights violations as related to the 11 Czech dissidents.

MR. SCHMID: Again, Mr. Speaker, without any question this subject preferably should be discussed by the federal government, because they are signatories to the Helsinki agreement. As well, of course, they are the ones responsible for the assignment and acceptance of ambassadors of other countries in Canada; therefore it should be their responsibility to do so.

MR. NOTLEY: Mr. Speaker, a supplementary question. Will there be any representation from the government of Alberta to the government of Canada on this matter, particularly as it relates to the inability of both the press and a legal observer from the province of Alberta to be seated at the trial?

MR. SCHMID: Again, Mr. Speaker, I think the question of whether or not representation should be made to the federal government in this case would be more

likely to be answered by the Minister of Federal and Intergovernmental Affairs.

#### Highway Construction

MR. MANDEVILLE: Thank you, Mr. Speaker. My question is to the hon. Minister of Transportation, concerning shortages of asphalt, truck drivers, and trained equipment operators. Could the minister indicate what effect the shortages are going to have on the completion of 1979 highway projects?

MR. KROEGER: Mr. Speaker, there has been and still is a shortage of asphalt that relates to the use this year. The season has been excellent, combined with excessive use — not excessive in that it shouldn't have happened, but the use made by towns and villages under street assistance programs. The total capacity of the producers hasn't changed, but the use has been increased. At the moment there's also a shortage in the production of cement for cement-based highway construction. We're having some difficulty there.

I didn't follow the second part of the question, Mr. Speaker.

MR. MANDEVILLE: A supplementary, Mr. Speaker. The second part: will it obstruct finishing the road programs for this year? Will they be able to complete roads that were approved for the province?

MR. KROEGER: No, we won't, Mr. Speaker.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Does the minister anticipate this shortage to continue another year? Will it have any bearing on the 1980 budget for programming highways? Or in the future will they be stockpiling asphalt for road programs?

MR. KROEGER: Mr. Speaker, the suppliers have indicated that they are prepared to upgrade their production capabilities by about 20 per cent, providing that we can give them assurance that next year our program will be able to use that amount. Since we're still developing budgetary figures for 1980, we haven't been able to give them the total assurance they want. I've invited them to use their imagination though, and I think they probably will respond.

#### Energy Conservation

DR. BUCK: Mr. Speaker, my question is to the hon. Minister of Utilities and Telephones. I note that the Saskatchewan Power Corporation has introduced a rebate program for motorists who use time clocks to turn block heaters off and on, and for insulation blankets for domestic water heaters, et cetera. Can the minister indicate if the Alberta government has given any consideration to programs such as this to encourage people to save energy?

MR. SHABEN: Mr. Speaker, not in a fashion indicated by the hon. Member for Clover Bar. However, in an earlier question period in the spring sitting, I indicated to members of the Assembly that a program was under way. Seminars are being conducted throughout the province to alert citizens on how they might economize on the use of electricity and natural gas,

and in all ways save on energy. This program is going on.

DR. BUCK: Mr. Speaker, a supplementary question to the hon. minister. Can the minister or anybody in the government indicate what steps the government has taken to encourage its own agencies to further conserve energy?

I know we had a short kick where we were turning all the lights off. We seem to have forgotten about that. Can the minister indicate what steps are being taken by the government to ensure that its own agencies tend to conserve energy?

MR. SHABEN: Mr. Speaker, a number of ministers have commented on that, and I believe I would refer the question to the Minister of Government Services.

MR. McCRAE: Mr. Speaker, I could respond that in Government Services we have a very significant program for energy conservation in government buildings. I believe it began about three years back. It's quite technical in some aspects. I don't profess to have all the details in mind right now, but perhaps I could undertake to respond more fully on another occasion.

Part of the system, of course, is the item the member just mentioned; that is, turning off lights and organizing your time so that you're not burning lights or using fuel unnecessarily. It is a matter of office management. Another part of it is computerization; that is, to regulate your heating system so that on weekends and at times when people are not in the office, there's an automatic shut-down or reduction in temperature in the building.

Mr. Speaker, it is quite a complex, technical area. I can assure the member that what we've gotten into has been very cost-effective. I would like to give more details of the technicalities at a later date.

MR. YOUNG: Mr. Speaker, perhaps I could supplement the answer of my colleagues. In association with the Department of Energy and Natural Resources, the Department of Labour has assisted in the funding of an architectural handbook which should become available in 1980, establishing some technical background material for architects in their planning of construction.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Government Services. Can the minister indicate if any consideration has been given to directing cabinet ministers and senior civil servants to drive smaller cars? Has there been any move in that direction?

MR. McCRAE: If I may respond to that, Mr. Speaker, representations were made a couple of years back by one of the hon. members on this side of the House. At that time we reviewed the matter fully and, considering the demands on ministers' time and the distances many of them travel to and from their places of business and their residences, we thought that for the time being at least we should stay with the model of car presently authorized. Of course, ministers have an area of discretion within which they may choose their cars. I am quite satisfied to this date that the type and choice of cars offered is appropriate to the demands of the office and the demands on the ministers' time.

DR. BUCK: Mr. Speaker, I am glad the Premier was flying a small helicopter yesterday, not a large one.

Mr. Speaker, to the hon. Minister of Government Services. Has the government given any consideration to any innovative programs such as encouraging civil servants to form car pools and those people using car pools would get a preferred rate of parking and so on? Has the government taken any of those initiatives, as the city of Edmonton has?

MR. McCRAE: Mr. Speaker, might I just respond that generally the manufacturers are attempting to reduce the size of the automobiles they're manufacturing, so that there is a consequent reduction in the energy usage.

On the latter question, in this government we're always looking at innovative approaches. That may well be one of the items under consideration. At this time I'm not aware of any actual steps forward, but perhaps the Minister responsible for Personnel Administration might want to supplement my answer.

MR. SPEAKER: Might this be the last supplementary. We've run out of time, I've already recognized the hon. Member for Three Hills, and two hon. ministers would like to supplement answers given yesterday.

MR. NOTLEY: Mr. Speaker, might I ask this final supplementary of the Minister of Housing and Public Works? The Minister of Labour indicated that an architectural handbook has been developed. My question really relates to whether any instructions have gone out in terms of tendering public buildings in the province of Alberta to emphasize those architectural changes that would increase energy efficiency.

MR. CHAMBERS: Mr. Speaker, the manual the department uses is, I think, a very up-to-date document in terms of tendering with regard to energy efficiency.

Just by way of information, I might add that recently at a public works and government services meeting in the maritimes Alberta presented a paper on energy conservation which was very well received. I think it's fair to say that Alberta is actually a leader in this field. As pointed out by my colleague, the results we've had with energy conservation in government buildings and experiments we've done and the guidelines we use are among the best in Canada. I think it's generally recognized that we're providing a considerable amount of leadership in this area.

#### **Transmission Lines**

MRS. OSTERMAN: In light of the discussion, Mr. Speaker, I believe my question is fairly appropriate. I would direct it to the Minister of Utilities and Telephones. In light of the private member's motion I introduced last spring, I have received comments from all across the province and increasing concern in that area. I wonder if the minister would comment whether a strategy will be developed to deal with that concern.

MR. SHABEN: Yes, Mr. Speaker, that question was on the Order Paper in the spring. It's an important issue that's been raised by a number of members of the Legislature and citizens: the question of changing agricultural methods in the province, the growing acreage being irrigated, and the many concerns ex-

pressed about the aesthetics of power transmission lines. As a result, the ministers of Environment and Agriculture, the Associate Minister of Public Lands and Wildlife, and I have been working closely to develop a set of terms of reference to enable an interdepartmental committee to examine quite a broad range of questions in regard to transmission lines and report to us.

I look forward to discussion of the hon. member's resolution when it comes up again on the Order Paper. It will give an opportunity for all members to make recommendations in this regard.

MR. SPEAKER: Might this be the final supplementary.

MRS. OSTERMAN: Mr. Speaker, I wonder if the minister would clarify what effect this will have on the hearings before the Energy Resources Conservation Board.

MR. SPEAKER: With great respect, that would seem to be clearly a question of opinion, and perhaps we might deal with the subject further when the resolution comes up again for debate.

We're past the time, but if the House agrees the hon. Minister of Social Services and Community Health and the hon. Minister responsible for Culture would like to supplement answers given yesterday.

HON. MEMBERS: Agreed.

#### **Community Health Services**

MR. BOGLE: Mr. Speaker, in response to a question from the hon. Member for Edmonton Kingsway last Friday, I indicated to the House that three foundations were involved in providing funds for a storefront clinic in the Boyle Street area. I was in error. Requests for funds have been made by the sponsoring bodies to the three foundations, but no decision has yet been reached as to whether or not those funds will be provided.

#### **Photography Purchase**

MRS. LeMESSURIER: Mr. Speaker, in response to the question asked yesterday about the Roloff Beny collection, we did not seek the advice of the Alberta Art Foundation, as this is an archival collection purchased for posterity and is going to be kept in the Provincial Archives with the negatives and documents. Therefore we did not contact the Alberta Art Foundation.

#### **ORDERS OF THE DAY**

##### **head: MOTIONS FOR RETURNS**

MR. HORSMAN: Mr. Speaker, I would move that Motion [114] stand and retain its place on the Order Paper.

[Motion carried]



head: **MOTIONS OTHER THAN  
GOVERNMENT MOTIONS**

214. Moved by Mr. Wolstenholme:

Be it resolved that the Legislative Assembly urge the government of Alberta to consider revision to existing assessment practices, particularly as they affect the country residential subdivisions and developments throughout rural Alberta.

MR. WOLSTENHOLME: Mr. Speaker, I am very pleased to be able to bring this motion before the Assembly, having had it on previous Order Papers but too far down to get debated.

Assessment and taxation are a very intricate and complex problem. I thought I understood the subject quite well until I started to do considerable research and reading on it. The more I researched, the more I became convinced that it was going to be a very difficult conclusion to have it affect the majority of taxpayers to their satisfaction. I think it's going to be almost impossible, but what it is at the present time can certainly be improved on.

Mr. Speaker, I wish to cover three main areas. I wish to explain how some of our present problems have evolved, then to explain some of the proposals that have been put forward by different groups, and finally to offer the Legislature some suggestions for consideration.

To begin with, it is essential for tax equity that all properties be assessed, as near as possible, in a uniform manner. Another criterion is openness in the assessment. It's essential that all taxpayers and property owners know how their assessment is arrived at, and be able to appeal it if they feel it's inaccurate or unjust.

Property tax is the most important revenue source for the general operations of municipalities. Property tax is also the only major source of revenue for the average municipality. It's directly payable to the local governments. As such, it represents the basis of independent local financing. Therefore it's appropriate that the examination of local revenue sources commence with property tax.

Agreement seems to be widespread that existing procedures [have] inequities, but there is a great deal of controversy regarding possible alternative methods of assessment. The majority of concern seems to stem from two main problems: the establishment of agricultural value and rating of farmland, and the classification of land as farmland.

I'm satisfied that the main criticism of the present property tax system is warranted. But the greatest and most valid criticisms are those dealing with the property assessment manual. There is an important distinction between assessment and taxation. A good many people do not understand the difference. The purpose of property taxation is to distribute the cost of local government over all the taxable real property in the community. The purpose of property assessment is to establish a value of that real property in a community to which a property tax can be applied.

Presently the processes of assessment and taxation are confused. The popular misconception is that an increase in assessment value automatically increases the taxes paid, which is not necessarily so. The taxation on the assessment of the property is up to the judgment of the local jurisdiction on their mill rate. Many properties — churches, charitable institutions, and education-

al facilities — are assessed as they should be, but are exempt from property taxation. But they are not exempt from property assessment. Property assessment should be seen solely as the means to determine a value for property.

Originally, almost all rural people made their livelihood from the land. The productivity of that land determined their assessment and taxes. The logical way was to assess the land so the taxes could be levied. In those days, the buildings were exempt from taxation on agricultural land, because they didn't contribute anything to productivity. This method worked very well for a while. But now that there's been such a change in the rural areas, particularly around the larger cities, they have seriously undermined the original intention to tax according to the ability to pay. The problems of establishing equity in a tax burden now exist within most rural municipalities, particularly those surrounding the major cities.

One of the problems with assessment is the definition of a farmer or farmland. The classification of farmland in relation to income is very vague. It can be applied to many so-called hobby farmers, who undertake a minimal amount of farming with the express purpose of having their land classified as farmland. As such, the land is subject to a much more favorable assessment.

In Alberta, the assessment manual says the maximum for farmland is \$40 per acre. That varies considerably throughout the province. Farm buildings, including the residence, are of course exempt from that assessment. In addition, the distinction of income sufficient to provide a livelihood is open to question, particularly on parcels of 20 acres or more, or less with the small subdivisions. The principal income for parcels less than 20 acres is a strong incentive for 20-acre subdivisions, and is clearly a benefit to persons who can acquire or afford a larger acreage. That is not to say that the Alberta method of assessment is technically unsound, and it doesn't follow that the detailed rules and regulations with rates, costs, and other factors after carefully being applied ... Nevertheless, the method employed results in assessed values that bear little or no relationship to a measure that can readily be understood and accepted by most property owners.

It's generally recognized that the valuation of property is not a simple process by any means, and that rigorous and often complicated methods must be applied. But it's also suggested that, at least in terms of public acceptability, the result of assessment methods is as important as the method itself. Property owners are bound to be critical of a tax system based upon assessments that appear arbitrary and are difficult to comprehend.

Valuations used for assessment in Alberta are outdated, in my opinion. Little wonder the property tax is criticized as unresponsive to economic growth. The time lag between general assessments is far too long, particularly in many municipalities. Moreover, since new buildings and improvements or the removal of such buildings or improvements are updated nearly every year in most municipalities, this has a tendency to create much more difference in the value, particularly for the market basis. Also, the time lag needs to be updated. The lack of it tends to promote criticisms of the property tax.

In recent years the market value of land has increased rapidly, and upon general assessment this doesn't seem

to affect much of the farmland. The country residential areas and the older residential areas in the city cores, particularly, can experience an enormous increase in assessed value. Non-irrigated land is assessed on a per acre basis according to its productive comparability to the best land, which is valued at an average of \$32 per acre in the Peace River area of northwestern Alberta, and at \$40 per acre in the rest of the province. But that can vary according to areas. Irrigated agricultural land is assessed, compared to the best land, at \$55 per acre. Pasture land is assessed, compared to the best land, according to its long-term grazing capability, to a normal maximum of \$16 per acre.

Under The Municipal Taxation Act, a general assessment of all property within a municipality is to be undertaken at regular intervals, at which time land values are updated, and accrued depreciation and improvements are calculated. If the last general assessment used an older assessment manual, then it would make quite a difference to use the current manual. By passage of an appropriate by-law, values determined in a general assessment may be used by a municipality for up to seven consecutive years without a reassessment. After that time the municipality is required to have a general reassessment, unless the Minister of Municipal Affairs, at his discretion, orders a special assessment or adds a special extension. Calculations of accrued depreciation on all assessable machinery and equipment are to be performed annually. Annual assessments are also required for any property which decreases in value through destruction or improvement. Supplementary assessments may be enacted for any property which increases in value by the erection, completion, or repair of an improvement.

The method and standards for assessment in Alberta are under provincial control, but the responsibility for undertaking the assessment is delegated to the municipality. Land and improvements are to be valued at fair actual value. But the term is not defined in The Municipal Taxation Act. The meaning of "fair actual value" is derived from regulations made by the Minister of Municipal Affairs under Section 6 of the Act. The regulations prescribe standards and methods of assessment and the levels of value to be used in determining what constitutes fair actual value for the purpose of assessment.

There are some exceptions. Railway main lines are assessed by statute at \$1,000 per mile. Assessment value is defined by regulation as a percentage of fair actual value. The Lieutenant Governor in Council can, at any time, change percentages applicable to various types of properties.

An assessment manual provides uniform data and methods for assessment throughout the province. The most recent manual came into effect in 1967. I understand a new manual is being prepared.

A survey conducted by the city of Edmonton and supplemented by the Provincial-Municipal Finance Council staff shows that net property taxes on a representative home in Alberta cities were significantly lower than taxes in other Canadian and northwestern United States cities. As usual, such comparisons can be used only as a rough guide. It would require a thorough examination and analysis to find the financing structures of the province in which the city happened to be located. Nevertheless it's reasonable to conclude that the property tax burden in Alberta is no more, and is possibly less, than in other comparable

provinces.

The Alberta Urban Municipalities Association has expressed support for an either/or system of rural taxation. The proposed system involves the assessment of land and the residence, including the garage, and the taxation of either the land or the residence depending on which has the greater value. That is the recommendation of the AUMA.

I presume that, by my previous remarks, most hon. members have concluded that I'm laying most of the blame or responsibility for the present dilemma of assessment and taxation on the assessment manual. That, hon. members, is my view. It is outdated. It is subject to far too many interpretations. It's like the Bible. Look at all the different interpretations there are of that. The Bible is a very revered book, but subject to many interpretations.

I'd like to cite a disparity in the taxes in our area. I think I mentioned this in the spring, but some hon. members may not have heard it. I would like them all to be aware of the problems, particularly in our area and some others. There are considerable problems and disparity in Banff-Cochrane. There are two 40-acre parcels side by side in my constituency. They have about the same size home, around 2,200 square feet. On one acreage both young people work in order to provide the necessities of life and pay approximately \$2,200 tax. The owner of the 40-acre parcel beside them is in the fortunate position of owning some very well-bred horses. By selling two colts a year, he is able to come under the definition of a farmer in that particular MD. As such, after prepaying his taxes, he didn't pay any tax. That is one of the inequities of the present assessment and taxation manual as it applies there.

So we really do need an overhaul of assessment and taxation, particularly in rural Alberta. It may affect the cities, but I'll let some people more conversant with that speak. I'm more aware of what goes on in the rural areas.

Mr. Speaker, in conclusion I'd like to give a few ideas that should be considered in the promotion of this new manual. One suggestion could be to increase the assessment on farmland to productive value. Another is to increase the assessment of machinery and equipment. Another is possibly to assess all farm homes, then provide a basic exemption to equal a standard three-bedroom farm home. This would have the effect of having to assess only about 10 per cent of farm homes. Another suggestion is possibly to assess acreage owners' land at a lower per cent of market value. These suggestions came to me when I was campaigning last spring. A few people dropped around to my home this summer when I was convalescing to try to cheer me up, and some talked about assessment and taxation.

I know that the minister and his staff have been working on this problem and have it under advisement. But it is a very intricate problem, and it isn't going to be solved easily. I don't think the majority of taxpayers can expect that when the new assessment manual comes down it is going to suit everybody. As with any regulation or law, it doesn't suit everyone.

Mr. Speaker, I hope I have been able to communicate a few of the injustices of the present system of assessment and taxation, and to convince some of my colleagues that there is need for a real change in this. I look forward to their participation in this debate.

Thank you.

MR. ISLEY: Mr. Speaker, I would like to support Motion 214, presented by the hon. Member for Highwood. I'd like to split my remarks into two separate sections: one pointing out some problems that present methods of assessment and taxation cause in the north-eastern area of the province, the area I represent, and secondly, throwing out and discussing some possible solutions that have been thrust upon me by constituents.

Last week in discussing Motion 212, on rural fire protection, I believe I touched on one problem that assessment and taxation practices are causing in our area: the creation of lakeshore subdivisions which, I understand, are immediately classified as residential or recreational land and are subject to rather high assessment. The MD, supported by the rural taxpayer, complains that they put forward the money to provide roads and initial services to these areas; however, once a sufficient number of lots are occupied in a certain area, an application is made to form a summer village. I'm not speaking against summer villages. If the reason for creating one is a sincere desire for self-government, this is fine. But if the reason is to reduce taxes, possibly something is wrong with our assessment methods.

I think the other problems we see occurring in our area are similar to some the hon. Member for Highwood mentioned. One I would refer to is the urbanite playing the farmer game to get out of high taxation. I could quote an extreme example I am familiar with, of a businessman from town buying a quarter section near a lake. For years a 4-acre parcel of land was attached to this quarter section under the same title, presumably at one time to provide access to the lake water for livestock. He built a very nice home on that land, complete with swimming pool and the whole bit, and was immediately classified as residential. His tax was in the neighborhood of \$3,000 per year. This upset him greatly, because he could look across the neck of that lake and see a neighboring businessman in just as fancy a home on just slightly more land paying almost no taxes a year because he was classified as a farmer.

This gentleman paid the \$3,000 per year for two years while he was appealing and putting together a few purebred Hereford cattle, and finally was recognized as a farmer. His tax bill dropped from \$3,000 per year to nothing, by the time the home-owners' rebate takes effect. The gentleman in question is a reasonable man: he felt he was being taken advantage of at \$3,000 per year; however, he feels he is taking advantage of society by paying nothing. So I think there has to be somewhere in between where we can be reasonable and equitable.

The classification of land from agricultural to recreational and the difference in assessment is another sore spot in our area. I'm aware of one 80-acre parcel of land that changed hands and was immediately reclassified as recreational. The taxes jumped from in the neighborhood of \$60 to \$1,200 per year although the use of the land didn't change, and the gentleman was refused any subdivision of the land. In going through the appeal process, taxes were rolled back to the original farm level.

Probably the most significant way of pointing out the inequities developing in our area — it's very similar to the example of the hon. Member for Highwood — is that two people living and working in town can decide they want a country residence. A gentleman —

let's call him Mr. A — can buy a quarter section of land and, under our existing MD by-laws in that part of the province, he can very easily subdivide one 3- to 10-acre subdivision. He can sell it to his friend, Mr. B. They can both build their dream homes and maintain their jobs in town, but because Mr. A has 150 acres and Mr. B has 10 acres, Mr. A can look at the highly priced horses and cattle. He can play the farmer game and end up paying no tax on his residence, whereas Mr. B is paying a substantial tax. Yet both parties are living there for the same purpose.

A possible solution that I've heard kicked around in our rural area of the province is the one the previous speaker mentioned as a suggestion of the AUMA, that of assessing the house separately from the land and charging on the higher of the two to try to separate the farmer from the non-farmer.

Two concerns that have come up with respect to that suggestion are the problem of handling the *bona fide* farmer who is on a quarter section or less of land. Here I'm thinking of the dairy farmer who is simply retaining a home quarter as his home base and renting land to provide his feed, or buying feed. I'm thinking of successful hog, sheep, and poultry operations that can be developed on smaller parcels of land. If we go that route, we have to have some mechanism to recognize those people. The other problem, which I don't think is as complicated, is the possibility of owning land in two different municipalities to make up one farming unit.

Another suggestion that has been discussed by some MD councillors in our area is to look at who requires the services that taxes are being assessed to pay for — what services do people require, what services does land require — then split up the taxation accordingly. This would creep into taxing farm homes, which may cause some repercussions. Basically, the line of thinking is that land requires only an access road and probably a weed control program, whereas people require roads, schools, hospitals, fire protection, police protection, et cetera. For all these people services, tax the homes, and for the land services, tax the lands.

In closing I would urge that two principles be followed in any revision. The first principle I would stress is that we should come up with a system that maintains *bona fide* farm taxes as near as possible to where they currently are. I don't think our true farming population can afford added input costs, and I don't really think they are the problem. The second principle we have to keep in mind is reasonable, equitable taxation rates to country residences and acreages, and somehow get away from this idea of someone paying very high rates and someone else getting off scot-free.

MR. COOK: Mr. Speaker, the hon. Member for Highwood makes a very convincing case for reducing the inequality between hobby farms, acreages, and farmland. I'd certainly support the motion. However, like the hon. Member for Bonnyville, I'd like to add some suggestions.

Mr. Speaker, I think we have to consider that taxation has effects other than simply raising money. My concern is that we should be trying to develop, as a prime policy of government, programs to protect farmland and the family farm as a way of life. I'd like to consider several factors that go into the problem, and some about the problems developing around the me-

ropolitan areas. We're experiencing a lot of urban growth in these areas and a lot of it is on prime farmland. I think we should be discouraging that because of several factors. Energy conservation: prime soils require much less energy input to have a good crop. Agricultural products that are marketed close to an urban core are much closer to their market; therefore, they have vastly lower energy costs in transportation. By conserving these highly productive, self-sufficient, and prime soils proximate to urban areas, we save energy and dollars for the consumer.

Mr. Speaker, I think a second goal should be to prevent urban sprawl. We're seeing many examples in the United States and, sad to say, around Edmonton and Calgary, where leapfrog developments are taking place. I'm concerned about growth into areas around the city of Edmonton — in particular, the Ardrossan proposal — or the city of Calgary. Again this has the effect of chewing up prime agricultural land.

I'd like to suggest how we can use the taxation system to prevent this kind of growth, and to prevent family farm units from being eaten up. As a couple of cases: York county in Pennsylvania has, over the last 20 years, consistently lost 5,000 acres a year to urban growth. Orange county in California has had similar problems. The sprawl that develops costs the consumer in the city or the farmer in his way of life. There are a lot of hidden and real costs. The real costs are the need to provide roads, sewer, water, power, schools, and social services. The hidden costs to the consumer in an urban area are the loss of natural resources that produce most efficiently and with the least cost to the producer, and those savings are passed on to the consumer in the form of lower agricultural costs.

In Napa Valley, California, agricultural preservation is accomplished under the state's Williamson Act. The state Legislature in California provides tax breaks in return for a contractual obligation from a farmer that that land will remain in agricultural production. However, if a farmer sells that land to a land developer, the state taxes back all past taxes that should have been paid. Given the fact that the difference between developed land and agricultural land is a certain amount per year, that money will all be recovered in one lump sum. Mr. Speaker, the effect of that is certainly to discourage a land developer from acquiring prime agricultural land. That provision does not apply, however, to land that is not zoned as prime agricultural land. Clearly the developer has a great incentive to develop soils which are not necessarily the very best in the agricultural economy.

In Wisconsin as well, there is a new state taxation program which provides tax breaks for farmers. The tax break is tied to the community zoning laws. If, for example, the zoning system in the county of Strathcona did not protect agricultural land, then the county would find that government grants and programs would be cut back. However, if the county provided a strong zoning system, the province would step in and provide extra assistance.

Mr. Speaker, in closing I'd like to say that the taxation system is an instrument of social policy, not simply an instrument to raise money for the county or urban municipality that is affected. The principles of equality that the hon. Member for Highwood spoke of are very important.

I'd like to have considered other factors as we're developing our assessment manual. I'll make one final

point: if hon. members and members of the Department of Municipal Affairs consult the Canada Land Inventory guide published this year, they will find that in the area around the city of Edmonton — I'll use that as an example — a wide variety of agricultural soils is available for development 15 miles outside the city in a ring. Lands classed 1, 2, and 3 are prime agricultural land and should not be considered developable. The distribution in acres is as follows: within this radius of 15 miles there are 86,852 acres of prime agricultural land in zone one, 47,286 in zone two, and 41,342 in zone three. Mr. Speaker, none of those acres should be developed. However, other land is available and should be considered developable. In zone four there are an additional 30,500; in zone five, almost 11,000; in zone six, almost 16,000; in zones seven and eight, about 3,000; and in a final zone, with land having no agricultural value at all, there are almost 10,000 acres.

The point I'm making, Mr. Speaker, is that we do have a choice. We can direct the development of urban municipalities like Edmonton into land that has no real value for agricultural production. If people want to go out and raise horses and kids, be hobby farmers, they are welcome to do it there. Land should be reserved for all time for agricultural production because of its inherent efficiency in terms of soil depth, drainage, quality, access to solar heating. Our taxation system should be used as an instrument of policy to accomplish that.

So I think two factors should be considered when we're looking at the reassessment. I commend the hon. Member for Highwood for moving the motion, but I'd add that the Department of Municipal Affairs should counsel counties to tax strongly those people who are acting as hobby farmers and taking prime agricultural land out of production, and should provide incentives for the family farm unit to stay in production. With that I'd like to close, Mr. Speaker.

DR. BUCK: Mr. Speaker, I would like to say that I support the resolution. But I would like to know where the government members were in the spring when I brought before the Assembly a resolution that we set up a legislative committee, which would be from both sides of the House — especially for the hon. Member for Edmonton Glengarry, a legislative committee consists of members from both the government and the opposition sides of the House.

Mr. Speaker, I feel it has been long overdue. The problem we have, especially as it applies to acreage areas and other lands, has been with us a long time, and politicians just seem to skirt the issue. We were making a little progress with the former Minister of Municipal Affairs, but the present minister seems to feel there should not be any change. So we just keep kicking the ball around a little bit more.

Mr. Speaker, there is a real problem, especially in the acreage areas. Last spring — and I'm not going to thrash old straw — I brought to the attention of the members of the Assembly many instances where, with reassessment, taxes had gone from \$100 to \$1,000, or from \$300 to \$3,000. There is an ongoing problem. The Strathcona Acreage Owners Association made a presentation to the former minister in September 1976, indicating to the government what some of the problems were going to be when reassessment occurred. They hit it right on the nose. This is exactly what happened. So we should move in the direction of study-

ing the problem and coming up with some concrete answers.

The mechanism to handle that, hon. Member for Highwood, is that we should set up a legislative committee, an independent committee which would report to this Legislature, which would make it public, having input from the municipalities in the province, from the towns and villages surrounded by acreages, and from the acreage owners themselves. The Minister of Agriculture knows that a pilot project was set up in the county he represents. We haven't heard too much about what that pilot project indicated, the study that was done. I'm sure the Minister of Municipal Affairs is going to tell us the results of that pilot study in the county of Wetaskiwin. So it's timely that we have a complete study, Mr. Speaker.

The hon. Member for Edmonton Glengarry makes a good point: we should start looking at use of marginal lands for acreage developments. That's true, and I buy and accept that. But where has the government been? What have we done with the Land Use Forum? You know, it cost the taxpayers of Alberta a lot of money, and nothing has really come out of that report, hon. Minister of Agriculture and hon. Minister of Municipal Affairs. The recommendations of the report just seem to be collecting dust. So many government reports seem to end up being dust collectors. But it's about time that we stop fooling around and address ourselves to the serious question of some of the inequities we have in place as far as the taxation of lands is concerned.

So I do wish to say that I support the resolution. There are some problems, but I would say that the way to handle that is through the mechanism of a legislative committee, as I suggested in the spring. At that time the government didn't seem to think there was any problem. But because it came from this side of the House, I guess the government in its wisdom thought there shouldn't be a problem. It might be too brilliant if a member of the opposition brought the suggestion to the government's attention, because all the wisdom is in the hands of the 74 members. I suppose that's why they didn't accept that way of handling it.

Mr. Speaker, I would like to say that I support the resolution, and that the way we should direct the government is to direct the Legislature to set up a legislative committee that not only keeps the opposition members out of the government's hair for the summer so they can't be skulking around, but helps solve a problem through an independent, non-partisan group which, I hope, would go to some lengths to solve the problem we have before us.

Thank you, Mr. Speaker.

MR. PURDY: Mr. Speaker, I'd like to enter this debate and make a few comments regarding the motion by the hon. Member for Highwood. When the hon. Member for Clover Bar spoke, he indicated that the government should have supported his resolution last spring and gone ahead with a select committee to study this. I remind the hon. member that we established, in 1975 I believe, a Provincial-Municipal Finance Council to study this. They have now made their recommendations known to the Minister of Municipal Affairs and all hon. members of this House. On that particular committee, there were four government MLAs, two from the Executive Council, one from the opposition, and one member-at-large from this House.

I think they had a good cross-reference of knowledge that went into the workings of the report.

The hon. Member for Edmonton Glengarry brought forth some interesting points of view. I kind of take exception to a couple of them, when he talks about acreage development in the area outside Edmonton. I remind the member that more prime agricultural land is taken for highway expansion and industrial and commercial parks than for actual subdivision for acreage purposes. I represent an area just west of Edmonton in which we have large acreage areas, and the majority of those are in number 6 and 7 soils. When we look at the various soil classifications, how can we determine the basis for agricultural purposes? We know that number 1, 2, and 3 soils are prime agricultural land for the growing of grain crops and so on, but the other classifications of land up to no. 8 can also be used for raising livestock.

We're also in the dilemma in this province that many, many years ago, when people settled this country, they settled where prime agricultural land was found. The city of Edmonton or the town of Spruce Grove, west of the city, are classic examples. Both areas have to expand. They were in areas to annex years ago, and we now have another large annexation proposal in front of us.

I'd just like to go back, Mr. Speaker, and look at some of the history of taxation and assessment. Taxation started, subject to laws and conditions governing each kind of tax a municipality may impose. There are five different kinds of taxes, some generative and some distributive in character. A generative tax is one in which the rate of tax is set beforehand, but where the taxing authority has no fixed base to which the rates shall apply, nor a fixed amount the tax must generate, relying instead upon the magnitude of the base to determine the gross amount of the tax. Since the size of the base is constantly changing, the amount of the tax is unpredictable: Income tax and sales tax are prime examples of generative tax.

A municipality may levy the following taxes. There is the business tax, which may be levied by by-law of any municipality against a premises from which a business is conducted. It may be assessed as a percentage of rental value, or as a rate per square foot or ground space. The rate of tax cannot exceed the rate of taxes for that property. If a business tax is imposed, no tax may be levied against the assessed value of any machinery or equipment installed on those premises.

Then we have the frontage tax, which may be levied by by-law against property abutting onto any public work to defray over a specific period time the cost of that public work. This tax is distributive, since the amount of the tax collected, both annually and in total, sets the limit of the tax.

Then we have a special benefits tax. It may be levied against any property that receives a special benefit from a public work. It is applied the same way a frontage tax is, and is distributive, since the amount of tax collected is limited to the cost of public work.

In special areas we have an industrial improvement district special tax. Improvement districts which [have] within their borders an industrial property which uses an adjacent town or village as the locale to house or supply its employees, may be declared industrial improvement districts by the minister. We have that in the Whitecourt area at the present time. In the industrial improvement district a special tax may be levied

against specific industrial properties by the improvement district's administration, and paid over to the town or village to compensate the urban municipality for the expense of housing those workers.

Then we have the property tax, which we're all familiar with. This is the principal tax used by all municipalities in the province. It is distributive, since only the gross amount to be raised is known beforehand. The amount is determined by the municipality's own budget and requisitions served upon the municipality by other authorities that amalgamate their requirements with the municipal requirements for that taxing purpose. The assessment of property serves only to distribute the tax equitably among the properties to be taxed.

Then we go back into the history of the whole thing and look at the purpose of assessment in the province. Because we as a government allow municipalities to employ two types of tax, generative and distributive, assessment must serve two purposes. The municipality may choose any of the two purposes, and the one generally taken by the municipality is the property tax. The purpose of assessment is to achieve equality in distribution of gross tax. Property is of various kinds and exists in a variety of locations and conditions. The purpose of assessment is to equate the value of land with buildings and with machinery, according to age, utility, location, and other matters deemed to contribute to the value of each.

Then we look at the philosophy of assessment. Because property tax assessment is a distributive device, the essential element is equality. And while there is value in using contemporary information as the basis of assessment, it is not essential that assessment be based upon current information, so long as the information used is relevant and equitable.

Alberta has employed two basic philosophies in choosing the basis of assessment. For non-agricultural land, the assumed sale value of the land in the year prior to the last general assessment is used. For agricultural land and for improvements, the productivity value or cost of the construction value in Edmonton or its surrounding district is used. The choice of these two philosophies has resulted in allowing the assessment of non-agricultural land to follow the path of inflation or deflation, while the assessment of other properties has been fixed to an historical base.

The assessment history goes back a long way, Mr. Speaker. When the province began to receive its first massive influx of settlers, people began to look at the community for some form of local assistance. One of the earliest forms of local assistance arose from a need to have fire protection. This was soon followed by a need for assistance to build bridges and roads and to provide educational facilities. The first taxes were lump sums levied against occupied quarter sections of land. In time, each quarter section of land was assessed according to the concept of value. This was followed by a decision to include some forms of improvements in the assessment, both real and personal.

The local municipality was the first authority to levy taxes. With the advent of schools, school districts with the authority to levy and collect taxes were formed. In time, school and municipal taxes were amalgamated to facilitate levying and collection.

In 1958 the province initiated a program to levy a fixed rate against the assessment of each municipality to create a fund to assist and ensure a basic level of

hospital care for all citizens. This was followed in 1961 by a similar tax to create a fund to ensure a basic level of education for all students in the province. Medical and/or educational services above the basic levy were financed by local taxes. In 1972, the need to tax locally for hospital support was eliminated, and certain properties were exempt from the school foundation tax from '72 on.

The philosophy behind the basis of assessment: a fair actual value of non-agricultural land is used, based solely on the assessed market value, according to location and characteristics. The fair actual value of agricultural land is based on its ability to grow crops of cereal grain or fodder.

The last assessment manual we had was in 1967, with a current one just about complete now. With the exception of non-agricultural land located in urban areas, all assessments are based on 1963 experiences. Non-agricultural land in an urban municipality is assessed at 65 per cent of market value in the year preceding the last general assessment. Non-agricultural land in a rural municipality is assessed at the percentage of market value that results from multiplying by 45 per cent the average conversion factor for non-residential improvements for the year preceding the last general reassessment.

We heard from the hon. Member for Highwood the various assessment costs put forth for dry, irrigated, and pasture lands, and so on, so I will not go into that because members are aware of it.

Mr. Speaker, to look at the history of various concerned groups in the province that have moved onto acreages in the last number of years: to my knowledge, from the research I've done, the first group dates back to 1965. At that time they were trying to decide if they should take the municipality or the province to court because of the high assessment rate at that time. In my research, I can't find if this actually ever happened or if it stopped there and did not proceed.

My first involvement with general reassessment took place in the county of Lac Ste. Anne in 1972, when we started with a real increase in the market value of land. At the same time, some land went up 1,000 per cent in assessment and taxes. Because they were not earning off that land agriculturally, people paying \$80 on a quarter section of land had their taxes increased to about \$1,200 to \$1,400 in some cases.

In 1974 we had that happen in the county of Parkland, but not at an alarming rate. It was an alarming rate for acreage owners. The farm rate went up about 8 per cent; the acreage rate went up about 12.4 per cent, on the average. In 1975 CARRA, a council of Alberta rural ratepayers association, was formed. This association included concerned acreage owners from around Edmonton, Calgary, Grande Prairie, Hinton, and Edson. Edson and Hinton joined this organization just recently because of the high assessment rate in ID 14 last year.

The Parkland Acreage Owners Association was formed in 1974. They were the first in the province, and the ones I represent. They've had quite a history of trying to get this assessment problem resolved and have met with various people on an ongoing basis. In 1975 they met with the former Minister of Municipal Affairs, and they've had an ongoing conversation with various government representatives on this.

At a meeting on September 12, 1975, the Association of Municipal Districts and Counties passed a resolution

that all rural land should be assessed at \$40 per acre, regardless of use. They went into quite a study of this, and then it was not proceeded with. It was defeated at a convention in the spring of 1976. At the convention, the AAMDC presented a petition to the government to change its method of taxation.

During the 1978 cabinet tours, we received a brief from the Parkland Acreage Owners Association, and also CARRA. This brief was presented to the Premier when he was in Spruce Grove on December 5, 1978. Mr. Speaker, I would just like to read into the record what they presented as their concerns and what they suggested to alleviate the problem.

They said there were five different problems in front of acreage people in the province:

- 1) A uniform body of property tax law which applies equally to all ratepayers, should be the goal of any reform legislation. As things stand now, the tax advantages inherent in the present exemption[s] have encouraged nothing but abuse, as ratepayers vie with each other to obtain "farm status".
- 2) The present legislation is peppered with advantages to certain ratepayer categories, with the result that other ratepayers freely perjure themselves before Courts of Revision in order to be included within a [favorable] category.
- 3) The present assessment legislation is out-moded and unworkable because it isolates rural [the farm end of it] from urban assessment, when such clear cut categories no longer exist.
- 4) It is [their] belief that the present assessment exemption of farm residences must be lifted. We are all rural people and the purpose of any assessment is to provide municipal and educational [needs]. On the basis of services provided, there is no justification for differentiating between farmers and non-farmers in this matter.
- 5) Studies made in the County of Wetaskiwin indicate that a uniform assessment for rural dwellings and sites, leaving the remainder of land at farm level, gives the most equitable distribution of any of the formulas or plans proposed.

They indicated:

The overall objective of assessment reform legislation should be to achieve a uniform body of law which, in its application, makes minimum distinction between urban and rural ratepayers, or between classes of ratepayers in the same municipality.

More specifically, legislation should consider that:

- a) the assessment of all dwellings be based on one manual.
- b) the assessment of all rural lands be on a market value basis for the dwelling site only.
- c) the assessment of all other rural lands be based on a land productivity level. Bona-fide farmers should not become the new group to be over taxed as compared to other rural dwellers. [So they are being fair there.] Their land assessment should remain relatively lower than market-value. By not having a site and dwelling exemption all rural

people share equally in the tax burdens of their municipality.

A follow-up to that, Mr. Speaker. The former cabinet minister in charge of rural development met with these people, and they had a very useful meeting. I understand the former minister, Dr. Horner, stated that within a year they would meet again with the members of rural development and attempt to resolve some of the further problems that have cropped up. That year is up.

I look with interest, Mr. Speaker, at the final report that has been received by this government, the Report of the Provincial-Municipal Finance Council on Responsibilities and Financing of Local Government in Alberta. This report took about three years of very extensive study. There are 84 recommendations. I'm sure hon. members of this Assembly are aware of the recommendations proposed by the council.

One that intrigued me when I was going through the book was the either/or concept. Support for the either/or system of rural taxation was expressed, particularly by the Alberta Association of Municipal Districts and Counties. Simply stated, the proposed system involves the assessment of land and the residence, including the garage, and the taxation of either the land or the residence, depending on which has greater value.

In 1975, the convention of the AAMDC requested that the Department of Municipal Affairs carry out a study in the province on the actual assessment of the either/or concept. The Department of Municipal Affairs conducted a study and used the county of Wetaskiwin No. 10. A total of 1,824 residents at approximately 1,660 locations were appraised by a team of about 10 inspectors, in order that the assessment data for the farm residence be based on actual existing properties.

The final statement that can be made with respect to the either/or concept is that the owners of good farmland will pay less taxes, and the owners of poorer or uneconomical farms will pay more taxes. This method of assessment would result in a regressive tax shift; therefore the Provincial-Municipal Finance Council rejected that proposal. But in a minority report by the Alberta Association of Municipal Districts and Counties, they suggested that before the either/or concept is discarded, it should be clearly demonstrated by realistic model examples that in practical results in taxation in relation to actual ability to pay, it will be more regressive than is recommended by the report. So the Association of Municipal Districts and Counties is still supporting that concept until we can come up with a different proposal.

In conclusion, Mr. Speaker, the last meeting held with the Parkland acreage association, the Strathcona acreage association, and CARRA was held at noon today. The hon. Member for Edmonton Sherwood Park and I met with about half a dozen concerned citizens of the three different groups. They did not come in today to lobby us — I want to make that clear — because they didn't even know that the resolution was on the Order Paper to be debated. It was significant to me that I did gather some further information from them for this debate today.

Mr. Speaker, I've said on a number of occasions that to resolve this fairly and in an immediate sense, we should look at leaving the farm buildings alone, but look at the acreage developments we have and assess only 1 or 2 acres surrounding the farmyard, or where the house is situated, as market value. Assess the rest of

the land, be it 3, 5, or 20 acres, whatever the parcel may be, at the agricultural base. I know it would cause some concern and probably some hardships on the municipal tax base in the province. That's something the Department of Municipal Affairs and we, as a caucus, may have to wrestle with if we go that route.

Once again I want to thank the hon. Member for Highwood for bringing forward this very useful motion. I am looking forward to the continuation of debate on it.

DR. REID: Mr. Speaker, I would like to make a few remarks to explain my strong support for the motion of the hon. Member for Highwood. His motion is addressed in particular to assessment practices which are, in actual fact, the heart of the problem that now exists.

Property taxes — or feu duty as they're called in Scotland, rates as they're called in England — have existed almost since property first began to be owned by people other than the king. Historically, as other members have mentioned, the basic concept was that the taxes should be levied to pay the cost of services, either to the land or to the people who lived on that land. In history the basic concept has, on many occasions, been twisted. It has been used to raise funds for maintaining armies. It's been used to raise funds for hospitals, medical care, building highways, educational systems — you name it; it's been put onto the property tax at one time or another. This particular government, incidentally, has no army and as yet hasn't needed one, although I sometimes think we're going to have to raise one.

AN HON. MEMBER: An air force.

DR. REID: An air force? Well, maybe that would be a better idea.

In this province we have completely removed the cost of active treatment hospitals from the property tax. Mr. Speaker, I'm not sure I altogether agree with that. I think it has taken away some of the capability of local hospital boards to raise money and therefore have independence. I know a lot of hospital boards object to this. In addition, we have taken the foundation program part of education taxes off residential property, I think because the cost of education was increasing at a rate which was rapidly causing problems for all residential tax payers.

The result of these recent moves by the government has therefore been that in this province we have returned fairly well to the original concept of property tax. As a result, on the face of it we have kept property taxes within reason in spite of increasing costs. Mr. Speaker, I say "on the face of it" quite advisedly. If you look at the Alberta situation as a whole, not just the rural taxation problem, on superficial examination you have what appears to be an equalized assessment and therefore, hopefully, an equalized taxation system. Hopefully, it's equalized. Of course there is some municipal discretion on deciding what expenses a given municipality shall make and therefore the rate of taxation in that particular municipality.

In the largely urban environment, we have equalized assessment and therefore approximately equalized taxation. All business and residential properties pay taxes, because they are all assessed. In fact, in urban areas the only exemptions in municipal taxation are religious or

charitable organizations and government buildings, for which most municipalities receive some form of compensatory grant. So we can say, Mr. Speaker, that in the urban environment we have something approximating equal assessment and equal taxation.

As a rural member, I certainly don't want to bring down the wrath of any farmers who may be around upon my somewhat unprotected head. I hope and trust that the farming community will take what I am going to say in the next few minutes as, being well intentioned and, hopefully, equally well considered. At the moment, in the rural areas of this province, whether they be counties, municipal districts, or improvement districts, we have a situation very different from what exists in the urban areas. Because of exemptions and statutory limits placed on certain assessment provisions, we really have two groups of people who, it would be reasonable to assume, have equal demands upon services, and who therefore are producing equal costs for the municipality. But as a result of the exemptions and limits I mentioned, we have rapidly reached the stage where the tax bills they pay, due to these changes in assessment, have become completely unequal.

The result of the escalating value of land and the fact that the farmer is exempted, to all intents and purposes ... I notice one member looking at me. Because the farmer is to all intents and purposes exempted because of the limit of \$40 in value, we have a group of people who are becoming extremely frustrated and angry about the situation. In fact, this frustration and anger has resulted in the local courts of revision functioning almost like the income tax courts. Some of the manoeuvres being gone through in order to avoid or minimize property taxation are beginning to look like some of the more exotic techniques that have been used to minimize or in fact, in some cases, avoid paying income tax.

Before my farm friends think I am going to jack up their taxes ... I know some members would take great exception to that. I'm really not suggesting that farmers should be assessed on their buildings and pay taxes on the real, current market value of property. I know that with the way their incomes fluctuate, farmers certainly cannot pay real estate taxes in the way of a rural coal mining area or an agricultural treatment plant. There are other instances I should be able to think of. The generating plants at Wabamun can well afford to pay real estate taxes based on their value, but the farmer cannot.

Like the hon. Member for Bonnyville, I am suggesting that we look at some basis for assessment and taxation which reasonably approximates payment according to the service required, but still leaves some relationship to the ability to pay. I am looking for an assessment that would apply on an approximately equal basis to the homes of people who live on their land and possibly the area immediately adjacent, which is the equivalent of a city lot, or the garden, and to the rest of the land outside that immediately adjacent area; that the assessment and tax paid be relatively equal regardless of whether it's a farmer or an acreage dweller. Some people have referred to this as the 1-acre concept. It doesn't need to be exactly an acre. Some people require a very large garden and some require very little.



[Mr. Appleby in the Chair]

Mr. Speaker, I have good reason for making these remarks and suggestions, because most of my constituency lies within Improvement District 14. Improvement District 14 is somewhat unusual, partly because of its size, extending from the Pembina River to the Jasper National Park boundary, and partly because of its diversity. The east end of the improvement district is, to a large extent, a farming area. It's immediately adjacent to the county of Parkland and other areas. But the western end lies almost entirely within what is referred to as the greenbelt, the eastern conservation area.

Over the last few years, Mr. Speaker, as society has become increasingly interested in what has sometimes been referred to as a back-to-nature movement, there has been increasing interest in recreational land. Because of the greenbelt, the amount of freehold property in that area — I'm now speaking about the area from immediately east of Edson further west to the national park boundary — the increasing interest in recreational land and therefore the increasing value of that land, in association with the limited land available, has resulted in escalation of land prices. Within the same ID we now have land selling for anywhere from \$200 to \$7,000 an acre, obviously a value which is completely out of any reasonable agricultural value.

In my constituency I have old-age pensioners who bought land 15 to 20 years ago for anywhere from \$50 to \$200 an acre. At that time there was a limit in the greenbelt; any land sold had to be in excess of 20 acres. As a result these people, who were then working, paid anywhere from \$1,000 to \$4,000 for a lot. Admittedly, a lot was 20 acres, but that was what they paid for it. In this very poor agricultural soil, they are now being told by the assessor that that lot is now worth anywhere from \$40,000 to \$120,000. Due to the pressures I've just mentioned and the fact that they are denied subdivision, because it's in the greenbelt, we have pensioners who have seen their assessments increase by as much as 5,000 per cent in the last five years.

To back that up, I'd like to give some examples. Three people bought land in excess of 15 years ago, and are now over 65 and therefore on fixed incomes. One example is a 48-acre lot which has gone from a \$180 assessment to \$11,170, and this year to \$18,750. That means that this year the taxes on this pensioner's land will be approximately \$925. Another has gone from \$70 to \$8,850 to \$14,570, which means \$775 in taxes. Another man bought his land almost 35 years ago; admittedly, he has 100 acres. Five years ago it was \$240. Three years ago it went to \$9,020. This year it has been put to \$21,770, and the taxes on his land will be \$1,100. It doesn't matter what you do in the way of rebates or exemptions. That man is literally going to be taxed off his land and out of the home he built with a view to his retirement.

I don't believe any government that ever sat in this Legislature, or any member of this House, ever intended that real estate taxation should reach the level where somebody who had bought land and built a house with a view to retiring and enjoying the foothills is going to be literally taxed out of his home and off his land. I just can't believe any legislator ever had that in mind. That is what happens.

DR. BUCK: Your government did it.

DR. REID: It was your government that introduced the system that has led to this, Walter.

I suggest that we all support the motion as it has been presented. When the minister takes due consideration of it, I certainly would like him to take into consideration some of the points I've made.

I'm saying that society has outgrown present regulations and legislation. We need new legislation. I certainly don't think we can afford the time required to go into a select committee of this Legislature, as the hon. member suggested. I think we need to change things for next year. I have some constituents who will have to put their homes on the market in order to pay their taxes.

Mr. Speaker, I would like to thank you for the time. I urge strong support for the motion as presented by the hon. Member for Highwood. Thank you.

MRS. FYFE: Mr. Speaker, I compliment the Member for Highwood who has brought this motion forward and has so capably set out the principles of taxation and assessment. I think he did a very admirable job of laying down the principles so they were understandable for every member of the Legislature.

I would comment on the Member for Clover Bar, who asked where we were when his Bill came up last spring on June 21. Looking through *Hansard*, I notice that quite a number of us were here and did comment on the Bill. My own support for his concept is recorded. I supported the item, but not the procedure. I felt that setting up a select committee was not the vehicle for resolving this matter.

DR. BUCK: Thanks a lot.

MRS. FYFE: In fact, I could say that trying to find members appointed to serve on legislative committees has been a very taxing job for members of those committees over the last few months. One more select committee would have added to that problem.

The assessment manual we presently use is no doubt outdated, as it came into effect in 1967. Fortunately, a new manual is presently being prepared. But this is not going to resolve the problem this motion addresses.

No doubt there are many disparities with landowners residing in acreage homes or country residential development. But a municipality, like any other corporation, requires money to operate and to carry out the functions it is responsible for under various legislation. This public corporation projects its income and expenditures through a budget, which then forms the basis for a mill rate which applies to all assessed property that has not been exempted. Any changes to the present split between land defined for taxation purposes as farmland and land that would be considered acreage development will not be popular changes for those affected. On the other hand, I do not think it's fair that some homes are exempt and some are not. I personally would favor a system of assessment that would tax all homes within the province.

Mr. Speaker, another question of concern to me, brought up by the hon. Member for Edmonton Glen-garry, is land use. Perhaps I have a slightly different concern. I think the family living on the farm, making its sole living in that industry, has the

equipment necessary to work land and to control weeds and grass in the ditches and the problems traditionally looked after by the resident, not the municipality. The family residing on country residential property is often dependent on the municipality to look after those services such as control of weeds and animals, and other services that in urban areas we take for granted are provided by the municipal corporation. There's been a change, then, in values and life styles.

While the Edmonton Regional Planning Commission — and I'm only speaking about a specific area, not province-wide, of which I have some knowledge. I hope other members in the Legislature will provide a different dimension. There has been concern for utilization of prime agricultural land and there has been a limit on the subdivisions. But what concerns me, particularly within this region I'm more familiar with, is the lack of sewage treatment in acreage or country residential development. I strongly suggest that we limit any further country residential development until we have some plan for development, some regional sewage treatment facility in place. I think this is an immense problem that we are going to have to face very quickly. But that sort of digresses from the main topic.

I believe the Report of the Provincial-Municipal Finance Council on Responsibilities and Financing of Local Government in Alberta, referred to a number of times, has some very sound recommendations. I would support the motion as only one basis of needed change to the property tax. I think there are recommendations in this report that are also worthy of very serious consideration, and that would assist in changing disparities between the country residential and the farm taxation split; recommendations that would assist municipalities with low industrial assessment so there would not be a heavy burden on the farmer who legitimately makes his living in this area and has probably contributed to his community for a considerable time, or for the new farmer who is considering our renewable resource — as evidenced by the buttons we've been wearing during Agriculture Week.

Once again, I commend the member for bringing forward this motion. I think it is a very worth-while motion to debate and discuss. I think it's imperative that we act quickly, but as part of a total picture, not in isolation. I hope some recommendations in this report that other members and I have referred to will be acted on quickly, and that these problems of disparity are resolved in the very near future.

MRS. CRIPPS: Mr. Speaker, the hon. Member for Clover Bar mentioned the motion that was debated this spring. I thought I read that government members supported the concept of changing the assessment in taxation, but they certainly did not support another study.

DR. BUCK: That's called waffling.

MRS. CRIPPS: Whatever it's called, we don't want any more studies that gather dust.

The question of fair and equitable taxation is a concern of all landowners. The amount of assessment and taxation should reflect the amount and quality of services provided. Rurally, these services include building and servicing roads, snow ploughing, schools and school busing, and policing. However, they do

not provide water, sewage, sidewalks, or transportation systems. If the basic reason for taxation is to provide municipalities with funds to cover the costs of these services — and it is the basic reason — all residences should be taxed on the basis of services provided.

The present taxation, based on valuation of assets, penalizes the owner for improvements made and even for landscaping. The valuation of property really has no relationship to the reason for taxation or to the amount of services provided to the owner. With the present system of assessment, many landowners who live on one quarter pay absolutely no taxes after deducting the home-owners' grant. This is unfair. If the same house were on an acreage, the taxes could be anywhere from \$400 to \$1,000.

The people who reside in the residences use the services, not the land. I don't think farmers want to be singled out. I thought maybe I was going to have to reply to my friend across the way, but I don't. They are willing to carry their share of the tax burden. If every residence were taxed a base sum in excess of the home-owners' grant, everyone would be paying for the services. Assessment is still necessary. The required revenues over and above the base tax probably would have to be collected through this method, but they would be more equitable.

Taxes have become a necessary evil. I don't believe the objections raised are to taxation. The objections are to inequalities that exist within the present system.

Thank you, Mr. Speaker.

MR. STEVENS: Mr. Speaker, I rise to speak on Motion 214. It's a privilege to share the concerns of my colleague from Highwood. His motion is timely and reflects the special nature of the problems visible in Foothills and Rocky View, areas that we and others in the House represent. I've listened carefully to the views of all members, because these views are not unique to Banff-Cochrane or Highwood.

Last winter, as I went around campaigning from urban door to acreage door, from farm home to ranch house, to industry and business, I constantly heard two principal concerns. We've talked about them today. Taxation: not the issue of taxation itself, but the inequities our system has given us. That system has been outstanding for some 30 years, and it's not easy to change. I think virtually what we are debating today is bringing it rapidly forward into the realities we face today. The other concern I heard was services — and the Member for St. Albert discussed this too — the quality, quantity and, in some cases, lack of services, and then paying for those services.

In Alberta most municipalities are generally urban or rural in nature. That's a generalization, but I think it's fairly true. In a number of our areas, as the urban areas expand, city workers move out and live side by side with farmers, ranchers, and owners of agricultural businesses. The city worker usually lives on a small holding, probably less than 20 acres, whereas the farmer or rancher may have 100 or more, or thousands of acres — or are they hectares yet? But with this economy, the growth of our cities, and the diversification and balanced growth, the value of agricultural land in Alberta is skyrocketing for a number of reasons.

Whether the people moving out are escaping urban life, whether it's a hedge against inflation, whether it's their own personal desire, or whatever, they have the right and the choice to make this move. And it's

not always a happy choice for them. Acreage owners are indeed a very special breed of Albertan. They not only commute, but in many cases they carry out their own repairs. In many cases they provide their own community services. They share with each other much of the happiness but also the frustrations of living in a rural area. They're just like everybody else. They really want the opportunity to live, work, and play in the area of their choice. Occasionally they squabble over dogs, fences, or hunters, but to them the main issue, as I saw it, is property taxation for municipal and education purposes.

As we prescribe it today, farmlands are assessed up to \$40 an acre. Farm residences and buildings are not assessed, whereas the land of the non-farmer is assessed at 65 per cent of market value, and their residences and buildings are assessed. What an inequity. No wonder so many seek to avoid taxation — not to evade, but to avoid — to utilize the existing legislation to lower the ever-increasing share of taxation they are forced to pay. The problem is that an artificial, thin line divides the farmer from the non-farmer. It's a matter of acres and farm income, some thousands of dollars.

There are many stories of how one can evade and avoid taxation by doing many things — to seek the use of that legislation. Where people can avoid taxation, the remainder, fewer in number, carry this burden. They carry their own tax burden and the burden of those who have lessened their share.

I agree with my colleagues who have spoken regarding Motion 215. I agreed with the principle as well; it was the procedure I did not agree with. I agree with my colleague from Glengarry. Sprawl and loss of agricultural land are very serious problems in Alberta. But I disagree that we should consider The Municipal Taxation Act as a social policy.

The only purpose of assessment and mill rate is that it is a system to spread the tax burden equitably across the municipality to all concerned. It isn't there to destroy or protect farmland. It's not there to discourage or encourage acreage owners. Planning policies at the local, regional, and provincial levels serve those purposes, as do programs for sewer and water distribution systems and sanitary landfill. These kinds of acts and procedures are needed to protect our lands and ensure proper planning, but the costs of local government should be divided up equitably according to the benefits received.

I think enough comment has been made today on the report of the Provincial-Municipal Finance Council. It is an outstanding work. Over 80 recommendations are contained within this document. When I look at my colleague's motion, which I speak for, urging that the government consider revision to existing assessment practices, particularly as they affect country residential subdivisions, I turn to this publication. When we do one thing to one part of the system, we have an impact on the others. The recommendations here are very comprehensive and include some minority positions. It is a complex problem.

I received the advice and assistance of my colleague the Minister of Municipal Affairs on this issue with regard to the municipal district of Rockyview, one of the largest municipalities in Alberta, where this problem is particularly significant. He brought to my attention a special procedure that was developed by this government for the Crowsnest Pass, the new municipality established by the government. When urban and

rural areas there were brought together the legislation, as it existed for the urban and rural assessments, did not work. So to protect the rural ratepayers from a rapid rise to urban assessment levels a special regulation was established, under which, as the member for Stony Plain mentioned today, a procedure was established whereby farm buildings were brought into the enlarged town and they continued to have the assessment value at a nominal level while the residence itself, and some amount of land surrounding that residence, was assessed normally.

I think that's the kind of revision the member presenting Motion 214 is recommending. I support this motion on behalf of the constituents of Banff-Cochrane and thank you for bringing it to us at this time.

MR. MOORE: Mr. Speaker, first of all I want to thank the hon. Member for Highwood for bringing this motion forward, so we can have a debate in the Legislature on the difficulties before us with respect to adjusting and changing the basis for property assessment to make it more fair and equitable, and to expand on some of the suggestions that have been made.

Mr. Speaker, assessment and taxation difficulties in developing an appropriate system are not new. Since ancient times we've been dealing with this difficulty of knowing how to assess, who to assess, and how much to assess. Indeed, in the early years of our civilization there were some methods of assessment that members who spoke today should know about. For example, at one time it was considered appropriate, and indeed the practice was followed, that an individual was assessed on the basis of the number of wives he had. In many parts of Europe, for many years an individual was assessed on the basis of how many windows he had in his house and how large they were.

The problem of people getting around assessment and taxation by various ways, as indicated by the Member for Highwood and the Member for Banff-Cochrane, is not new either. As a matter of fact, back in the days when they assessed you on the number of wives you had, those people who had more than one wife were largely fairly well to do. Their lust for money was greater than their lust for wives, and gradually they began getting rid of their wives. That, Mr. Speaker, in addition to the influence of the church, is one of the reasons that in most countries today we have only one wife. What happened, though, was that they replaced the wives with maids. They went into a system of taxing an individual on the number of maids and butlers he had. We've moved away from that situation to some extent as well, and in modern Canadian society you don't see the number of maids and butlers.

They've just boarded up the windows. One can see evidence in Europe today of windows that were once larger and old houses three or four hundred years old that are now smaller. They made them smaller so they would avoid taxation.

I wanted to open with those comments just to indicate that we're not dealing with a new and unique problem. As much as I would like to blame the difficulties we're in today on 35 years of Social Credit rule, I think some of the problems go back long before that to the days of the UFA and Liberal governments in this province and the manner in which they established taxation.

[Mr. Speaker in the Chair]

The remarks that have been made were enjoyable, Mr. Speaker. I appreciated not only some of the problems that were expressed from a constituency point of view, but some of the real suggestions that were made and the problems with some of the suggestions we have put thus far. I was a little disappointed, to say the least, in the participation of the Social Credit caucus thus far. All we got was a call for another study. Now somehow or other the shoe's on the wrong foot. It's usually the government that suggests we should have another study because we have a problem we don't know how to solve, and the opposition says, get on with the job, do something about it. In this case it's turned around and the opposition says, do another study.

We on the government side have done a study, the Provincial-Municipal Finance Council report, and are ready to take some action. What we're looking for is some input from the Members of the Legislative Assembly on that report and the other ideas that have been thrown out. Perhaps we'll get that yet this afternoon, Mr. Speaker. I would not want the hon. Member for Bow Valley to wake up some morning to find that we have passed a Bill that would assess and tax feedlots in that part of our province and be wondering how to cope with that difficult problem, not having expressed any view on that particular area.

The situation is complicated. It's complicated largely by our inability at times to provide for some form of definition, Mr. Speaker, as to how we should approach the problem of assessment and taxation of property. Some suggest that it should be based totally on the value of the property. The assessors — not necessarily the ones who work for me — generally say, look, we want a nice clean, tidy little package here; and that is to go out and assess everybody 100 per cent of whatever market value is today. That's kind of nice if that's the only problem you've got. I guess if you're an assessor, one of your problems is dealing with all these adjustments that have been made in the system over the years, and it would be nice to have it in a little better order.

But really, Mr. Speaker, I think you need to consider more criteria than just the value of property when you're looking at the question of property taxation. In my view, you need to consider three things. You need to do this because that's what has occurred in every structure of government I know of across Canada and other parts of the world. You need to consider the value of property, the services provided, and the ability to pay. If you don't consider those three things when you're developing a fair and equitable property tax system, you've never solved the problem. Quite frankly, that's what's been wrong in many areas where they've tried to create an equitable system. They've looked at only one of the things and have not taken all three into consideration. Talk about ability to pay. You know, practically no services at all are provided to a pipeline or a power line that might cross through a municipality and bring in a lot of taxation. The value of the property is there, and depending on the kind of industry and the regulatory procedures we've set up in this province for them to obtain a rate of return on their investment and cover operating costs, there's an ability to pass through costs. That, Mr. Speaker, got us many, many years ago into assessing and taxing that kind of property, recognizing there was an ability to

pay.

On the other hand, we look at farmland. Why is there a ceiling of \$40 an acre, with much of our land taxed below that? Quite frankly, Mr. Speaker, it's because in the agricultural industry there is not, as there is in some others, any ability for an individual to pass on costs. So we developed a system, which I think has served us well over many years, of putting a ceiling on that land.

I want to get to some of the problem areas, Mr. Speaker, but before I do I want to indicate exactly what's happening now. In rural municipalities in this province we're assessing commercial buildings at 45 per cent of 1963 replacement costs. I don't know what 1963 replacement costs have to do with the facts of life in 1979. We're doing it simply because that's where we started in 1963 and we haven't changed. We're assessing commercial land at 16 per cent of 1978 market value. I don't know why it's at 16 per cent. It's probably there because some minister of municipal affairs in years past had a meeting with his caucus colleagues, the public at large, and some commercial land owners and they arrived at a figure of 16 per cent. I asked somebody why it was there, and there doesn't seem to be anybody around today who knows exactly how it got established. We're assessing industrial buildings at 45 per cent of '63 replacement costs. Residential land is at 16 per cent of the 1978 market. We go on and on. We get down to machinery and equipment. There's a lot of machinery and equipment that provides for a property tax base of rural municipalities, and it's assessed at 22.5 per cent of 1963 replacement costs.

Let me tell you, Mr. Speaker, the largest reason for that is that in the year when that assessment base was put in place, we were encouraging a fledgling oil industry in this province and [had] a situation where the province of Ontario was buying off-shore oil at two bits a barrel and didn't want any of our resources. The government of the day quite properly said, here's an industry that's struggling hard to develop reserves and doesn't have any markets; let's give them a tax break.

The taxes that would be raised by increasing the machinery and equipment to the same level as other properties — 45 per cent of '63 replacement costs, as opposed to half that — are equal to far more than would be gained by taxing every single farm home in Alberta. I keep hearing about these farm homes, and it is true that we have to address that issue. The facts of the matter are that not many people are talking about machinery and equipment. We have there a very accelerated depreciation schedule as well.

Railroads, Mr. Speaker — I guess one time or other the government of this province had its heart in the right place and said that CN and CP are poor country cousins, and we'll assess them at \$1,000 per mile. If we were assessing them at 45 per cent of 1963 replacement cost, it would likely be on the order of \$200,000 per mile. But it's fixed in the legislation at \$1,000 per mile.

I want to go on to make a couple of suggestions about what I think we should be doing. We're reviewing the concept of moving all the factors related to the assessment of things I've just talked about, including the replacement cost of buildings and the market price of land, up to a 1978 or 1979 level. By updating the system on the basis of today's conditions we can get some sense back into the system. We're looking as well at the possibility of defining residential land in some

way different from market value. Here we're talking to a large extent about acreage owners in a rural municipality.

I don't suggest for one minute, Mr. Speaker, that it's a good situation when an individual has a 10-acre parcel subdivided in a rural area and lives on it and we're charging him market value 10 miles out of the city of Edmonton, on the theory that his wealth is there and if market value is too much, he can sell 8 of his 10 acres. The facts of the matter are that we go down to the local planning commission, and they say, there's no way you can subdivide that.

Mr. Speaker, I think we have to recognize that there are acreage owners in this province who are locked into a situation where they can neither continue to pay the market value on their land nor sell their land, or part of it, to get out from underneath that problem. We're looking at making some adjustments that would indicate a lower percentage of market value. In my view, the better situation would be to introduce a concept of conservation land or rural residential land that's comparable to farm land in some respects.

I could go on at length about the problems, Mr. Speaker. Certainly we have to deal with the farm residents in some way or other, whether it be the status quo, the either/or principle as enunciated by the Association of Municipal Districts and Counties, or the interesting concept of providing a basic exemption for a standard farm home which, as the hon. Member for Highwood indicated, would do away with the physical problem of having to assess every single farm home in Alberta, in that you could practically drive by 90 per cent of them, say they fall below the category, and catch the very expensive homes. We need to do something with the definition of a farmer. But more than that, we need to create a situation where there isn't as big a desire as there is now to be defined as a farmer. I think we can solve that, but we need some input on how that definition will occur.

As I said in my opening remarks, we do need to take a look and make a decision for the longer term on what we're going to do with very intensive agricultural operations. Feedlots and poultry farms are an example. Do they pay more than they're paying now on the basis of a business tax or by assessment?

Finally, Mr. Speaker, the problem of equalized assessment relates to the level at which farm land and machinery and equipment are being assessed and the equalized assessment procedures as they affect small urban municipalities within a rural area when it comes to school equalization. We're looking at that now with a view to the possibility that that can be resolved by a change that wouldn't require reassessment of all other property in that area at some new level. In terms of the physical problems of doing that, that simply can't occur in many areas for a number of years. I think and hope that for 1980 we can make some adjustments in the equalization formula that will bring greater equity to those smaller communities in that regard.

Mr. Speaker, I know the hon. Member for Highwood wants to close the debate, and others may want to speak. I'll adjourn by saying that it's my hope this motion is passed and supported by the Assembly.

MR. MANDEVILLE: Mr. Speaker, if the minister does want to close the debate, I would like to make a few quick comments on this resolution. It is a good resolution, and I intend to support it.

We have had inequities of assessment as long as I've been in this Legislature and before. The minister mentioned one area that does cause some concern: our feedlots, our honey producers, our poultry growers, and so on. I had an example of a feedlot operation set up inside the town limits. It was possibly a \$0.5 million operation that was paying no tax, because it was designed as agriculture. The individual himself wanted to pay some tax. If there was some method for him to pay his fair share of tax on that particular operation, he certainly would have done this.

I think we have to give a lot of consideration before we start assessing our farm buildings. There have been a lot of suggestions that we should assess our farm buildings. But I see across the line in the United States, and in many European countries, that they started out assessing farm dwellings, and eventually they brought all the farm buildings under the assessment. I say this, Mr. Speaker, because as many rural members here will realize, in a farm dwelling it's going to cost \$2,000 to put your electricity in, probably \$3,000 for your plumbing, and \$2,000, or in that neighborhood, for your natural gas. We have to take all that into consideration when making an assessment on our farm dwellings, so that we have equality as far as our farmland is concerned. At the present time I don't think farmers are underpaying taxes, but I do think that if a different formula for assessing farmland came up, it would be acceptable.

There are some comments to increase the assessment on farm land from the \$40. I certainly hope we take a good look at this, because the \$40 assessment is not the factor. It's the final rate the municipalities come up with to determine what your tax on that farmland is going to be. So we have some manoeuvring to do in that area. But the big problem we have to deal with, Mr. Speaker, is how we define a farmer. Who is a farmer? A feedlot operator? A poultry producer? An acreage owner? It has been discussed on many occasions that maybe we should make an assessment of the land and the dwelling on the acreages, and then put the mill rate on whichever has the higher assessment. I think maybe this could solve some of the problems.

One other area I am concerned about that hasn't been mentioned is our pipelines. There has been discussion in this area, and there have been some recommendations that our pipelines are about the only or the most industrial assessment our rural areas have. I think we'd better take a really good look before we start dividing the assessment on our pipelines, because the rural areas, the counties, the municipalities, and the IDs have to take care of the service industry related to the pipeline. This area has given some concern to me. As far as the assessment and the revenue from pipelines, I don't think we should distribute it on a per capita basis in the province. I think the way it is at the present time is satisfactory.

Thank you very much for the opportunity, Mr. Speaker.

MR. WOLSTENHOLME: Mr. Speaker, I'll be very brief. I had considerable remarks here, but I just want to thank everyone who took part in the debate this afternoon. I've enjoyed it. It's been most interesting and instructive, and a learning process.

After listening to the hon. minister, I'm glad that taxation isn't on wives and windows, because I don't think I could afford any more. I appreciate both minis-

ters getting into it. I just wish that I could have been as articulate as my colleague whose constituency bounds on mine.

Thanks, everyone, very much.

MR. HORSMAN: Mr. Speaker, tomorrow the House will move to consideration of Government Bills in second reading and committee.

[At 5:30 p.m., on motion, the House adjourned to Wednesday at 2:30 p.m.]

[Motion carried]