

LEGISLATIVE ASSEMBLY OF ALBERTAhead: **ORAL QUESTION PERIOD**Title: **Thursday, March 18, 1982 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: **PRESENTING REPORTS BY
STANDING AND SELECT COMMITTEES**

MR. HIEBERT: Mr. Speaker, as chairman, I request leave to present the report of the special committee appointed to prepare lists of members to serve on select standing committees of the Assembly.

head: **INTRODUCTION OF BILLS****Bill 214
Remembrance Day Act**

MR. GOGO: Mr. Speaker, I request leave to introduce Bill No. 214, the Remembrance Day Act.

Mr. Speaker, the principal components of this Bill provide to the elementary and secondary school systems in Alberta a provision whereby a Remembrance Day ceremony will occur on the days the schools are open. I might add that in no way will it impinge on the business activity of this province.

[Leave granted; Bill 214 read a first time]

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. TOPOLNISKY: Mr. Speaker, it is my great pleasure to introduce to you and to the members of the Assembly a class of 26 grade 10 students from the Thorhild academic and vocational high school. They are accompanied by their teacher Ms. Szlovicsak and Mr. Alan Holt and are seated in the public gallery. Mr. Speaker, I ask that they rise and receive the welcome.

MR. ADAIR: Mr. Speaker, it's my pleasure to introduce to you, and through you to the Members of this Legislative Assembly, 23 students from La Crete Adult Education Centre in the heart of the Peace River constituency, and three instructors: Jill Stevens, Ann Boehlig, and Abe Jensen. I ask that they stand and be recognized by this Assembly.

MR. KESLER: Mr. Speaker, it is truly a privilege for me to introduce a group of young students from Cremona. It is the first group to visit the Legislature since the by-election in Olds-Didsbury, and I am proud to be able to do this. With them are their teacher John Gerlach, bus driver Mrs. Kinch, and chaperones Mrs. Blain, Mrs. Ramstad, Mrs. McKinnon, Mr. Kinch, and Mr. Erickson. Would they stand and receive the warm welcome of the Assembly?

Oil Sands Production

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Energy and Natural Resources. Alsands: where are we at?

MR. LEITCH: Mr. Speaker, I assume that the hon. Leader of the Opposition will be more precise in his questions later on. [laughter] But I will interpret that question as asking what transpired at the meeting I had in Winnipeg yesterday with the federal Minister of Energy, Mines and Resources. We did examine alternatives, and will be having additional meetings with the participants. I expect a further meeting with the federal Minister of Energy, Mines and Resources, although we have not made any arrangements for such a meeting.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the hon. minister, with regard to incentives to be offered to private-sector companies to encourage investment in the project. Were any incentives put in place or discussed during these meetings?

MR. LEITCH: Mr. Speaker, I guess the word "incentives" covers a variety of matters. That would include pricing, taxation, royalty, and things of that nature. We have certainly been considering all those items at the various meetings with the companies and with the federal Minister of Energy, Mines and Resources.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister, with regard to the cost of Alsands. At the meeting this week, were any up-to-date figures presented to indicate the actual cost at this time? Is it still at the \$14 billion mark, or has the cost increased from that figure?

MR. LEITCH: Mr. Speaker, I am not aware of any increased cost estimates. The figure that has been used was an estimate for the plant as built, if it continued on its current timetable. I am not aware of any change in the cost estimates.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate whether the government has changed its position with regard to an equity position, or is it the same as espoused in the last two weeks in this Legislature?

MR. LEITCH: Mr. Speaker, it is still under consideration, and that's what I earlier reported to the House.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate whether there is any indication of other partners in the consortium, such as Shell, withdrawing their equity position?

MR. LEITCH: Mr. Speaker, I am not sure of the actual word the hon. Leader of the Opposition used. Certainly we are aware that a time will come when the existing partners will have to make a decision. I'm sure that decision will involve one course of action, if additional commitments are not made to the project to take up some or all of the equity participation that has become open as a result of the withdrawal of certain members of the consortium.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the hon. minister confirm that it is still the government's position not to invest a large amount of government funds, in terms of Heritage Savings Trust Funds or other sources, in the Alsands project, which may not be profitable for the private sector?

MR. LEITCH: Mr. Speaker, I think I dealt with that question earlier. It has been our position that we would prefer to see the project proceed with the largest possible private-sector involvement. I earlier responded to questions about the government's consideration of taking an equity position.

MR. NOTLEY: Mr. Speaker, a supplementary question. The minister indicated that a possible future meeting would take place. Was there any discussion yesterday as to what timetable must practicably be met, in terms of finalizing this project, before the remaining partners decide on their course of action? Was an updated time frame given, as a result of yesterday's meeting?

MR. LEITCH: Not as a result of yesterday's meeting, Mr. Speaker. The participants have indicated that March 31 is a critical date in their decision-making, but that was not as a result of yesterday's meeting.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the minister. Was any discussion undertaken yesterday on possible changes in the make-up of the consortium as a result of the indication of Nova's vice-president that that company might in fact be interested, should the consortium structure be changed?

MR. LEITCH: Mr. Speaker, I'm not sure what the hon. member means by "consortium structure". Is he referring to the participants in the consortium? Certainly that has been a matter of discussion at all our meetings.

MR. KESLER: Mr. Speaker, a supplementary question. In discussions, has the minister considered revamping or restructuring the PGR or IOR taxes, as concerning the federal position in those discussions?

MR. LEITCH: Mr. Speaker, certainly that has been raised in discussions. Those two taxes are federal taxes, of course.

MR. KESLER: A supplementary question. The only thing I was asking is, have they been under consideration? Has this government in fact put forward a position whereby the federal government would reduce those two particular taxes, to encourage development of that project?

MR. LEITCH: Mr. Speaker, a variety of proposals and alternatives have been considered, and certainly those taxes would be part of those proposals and alternatives.

MR. MANDEVILLE: Mr. Speaker, a supplementary question to the minister. At the meeting yesterday, was there any discussion as to the federal government putting any more equity into the Alsands development?

MR. LEITCH: Mr. Speaker, the hon. member is asking for a detail about the discussions, in particular a detail about the federal government's position. I'm sure he would appreciate that while these discussions are going

on, I wouldn't be free to respond to that question. When they're concluded, I'd certainly be delighted to respond to it in full.

MR. R. SPEAKER: Mr. Speaker, a final supplementary question. It's a sort of summary statement to the discussion. Could the minister indicate whether he and his officials are optimistic about a solution and final agreement with regard to Alsands at this time?

MR. LEITCH: Mr. Speaker, I suppose that would be getting close to the 100th or 150th time I've been asked for an expression of optimism or pessimism. I've never been able to respond to that question on prior occasions, and I don't feel I can today.

We're simply continuing the discussions. Our position is as we've outlined in the House on a number of occasions. We want to do everything that's reasonable, from Alberta's point of view, in an effort to have the project proceed. We will simply have to await the outcome of the various discussions before we will have an answer.

DR. BUCK: Mr. Speaker, to the hon. Minister of Energy and Natural Resources. In the discussions that have been going on, have there been any discussions as to a plant in addition to this one? Is the minister in a position to indicate if this would be the last plant that would use the open-pit mining process?

MR. LEITCH: Mr. Speaker, I wouldn't give that indication at all. In fact, there would be a contrary indication, if anything. Certainly it awaits the initiative of the big companies to come forward with proposals, but the hon. member would probably be aware that other companies have been considering additional plants of the open-mining type; that is, the same type as Alsands.

MR. KESLER: Mr. Speaker, a supplementary question. Could the hon. minister indicate whether or not there has been consideration of having Saudi Arabian money invested in the tar sands by the federal government, because of its involvement in investment in that particular country?

MR. LEITCH: I have no knowledge of that, Mr. Speaker.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Energy and Natural Resources. In the discussions that have been going on, can the minister indicate if the Alsands plant may be the last large plant; that the alternative would be to have smaller plants such as Suncor, because the economics seem more feasible for smaller plants than for the larger projects? Has that discussion been carried on?

MR. LEITCH: Mr. Speaker, not in the context of the Alsands discussions. I think our preference would certainly be to have more smaller projects, because they create fewer economic and social problems for the province. Until this time, they have not been as economic as the larger projects. A good deal of work is certainly going on — and some of it involves the Alberta Oil Sands Technology and Research Authority — into the feasibility, practicality, and economic viability of smaller projects. There are no commercial-type, smaller projects that are in the ready-to-proceed stage at the moment.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of the Environment. This is a question I asked the minister last year. From the studies carried on by the Department of the Environment, is the minister in a position to indicate how many more plants the environment will be able to tolerate in that area?

MR. COOKSON: Mr. Speaker, an ongoing interprovincial committee is presently working on base-line studies, insofar as the capacities of northern Alberta and Saskatchewan in particular are concerned. Perhaps when I have some further information on those base-line studies, I could table it in the Legislature. Until we have those base-line studies, we have a problem as to what capacity these particular soils will absorb.

Extra Billing

MR. R. SPEAKER: Mr. Speaker, my second question is to the Minister of Hospitals and Medical Care, two short questions with regard to the status of extra billing: a discussion with the federal government, and any change of the government's present position with regard to extra billing. I wonder if the minister would comment on that.

MR. RUSSELL: Mr. Speaker, there's no change in the status of extra-billing practices in the province. The legislation remains the same as it has since 1970. We're continuing to monitor and get monthly reports on the extent of extra billing. I indicated earlier that when I get the first-quarter cumulative statistics for 1982, it would be the intention of the government caucus to review those.

Insofar as our position vis-a-vis the federal government is concerned, we keep hearing that this is a matter of concern to the federal government and that there will be consultation. But I'm not aware of when that might happen.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister, for clarification. I'm sure it was a slip on the minister's part. Could the Legislative Assembly review the quarterly statistics and possibly make recommendations to the minister, as well as the Conservative caucus?

MR. RUSSELL: As for caucuses, a variety of parties on that side of the House are concerned, Mr. Speaker. It would be up to them to carry out their own caucus reviews. The statistics will be public. I indicated that it's my intention to take those statistics back to our caucus. Other parties can certainly feel free to do the same.

Foreign Oil Imports

MRS. CRIPPS: Mr. Speaker, my question is to the Minister of Energy and Natural Resources. The current shut-in of oil in western Canada is vital to companies involved, because of reduced cash flow. In yesterday's meeting, was any representation made with regard to the importation of offshore oil?

MR. LEITCH: Mr. Speaker, the answer to that is yes. I raised the question of shut-in production in western Canada with the federal energy minister in yesterday's discussions. As I indicated to the Assembly earlier, that issue has been raised in other ways with various agencies and departments of the federal government, also previously by myself.

The problem to which the hon. member refers is certainly a serious one. It's one where Canadians really are importing oil while production in Canada is shut in, and the import costs are higher than the costs of the Canadian production would be. Mr. Speaker, we have been pressing for changes in the import compensation plan and for other changes that in our view would certainly very substantially, if not totally, solve the shut-in production problem.

MRS. CRIPPS: A supplementary, Mr. Speaker. Has the minister any figures on the impact of these imports? How many producible barrels are shut in in Alberta, and does it affect conventional oil as well as heavy oil?

MR. LEITCH: Mr. Speaker, I would normally use the word "conventional" to include all oil produced from wells, and that would include heavy oil. I don't have in my mind the actual figure of shut-in production in Alberta or in the west today, but I could easily get those numbers. Certainly, they are significant.

DR. BUCK: Mr. Speaker, a supplementary question. In light of the fact that we had a non-win in Ottawa with the agreements, can the minister indicate if we have recovered those lost markets? Have we recovered the amount of the cutback?

MR. LEITCH: Mr. Speaker, it would certainly be my view that any alternate supply arrangements made as a result of withholding production in Alberta . . . And I'm going to ignore entering into a debate with the hon. member at this time in respect of his jibes, but I'll get back to him at the appropriate time. To conclude my answer, Mr. Speaker, it is my judgment that the effect of that should now have worked itself out of the system.

The reason we have the production cutback is twofold: primarily, the amount of the export tax and the term of the export permit with respect to oil flowing from Canada into our historical United States markets; and the second reason, the structure of the petroleum compensation plan, which in effect enables refiners in central Canada to import oil at less cost to the refinery — that's different from the cost to the consumer — than would be the case if the refiner purchased Canadian production.

DR. BUCK: Mr. Speaker, a further supplementary to the minister. Can the minister indicate our level of production at this time, compared to peak production? How far below peak production are we at this time?

MR. LEITCH: Mr. Speaker, that's really the same question the hon. Member for Drayton Valley asked, which is, how many barrels are shut in. I indicated that I didn't have that precise number with me at the moment, but it's one I can easily get. I'll endeavor to do that and respond to the Assembly at a later date.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. The minister indicated that . . .

MR. SPEAKER: I believe the hon. Member for Drayton Valley was in fact on her feet first.

MRS. CRIPPS: Thank you, Mr. Speaker. Have you any recent figures on recent negotiations on alternate supplies which would affect the shut-in industry in Alberta?

MR. LEITCH: Mr. Speaker, I'm not sure what is intended by the hon. member's question. Perhaps it could be expanded on a bit.

MRS. CRIPPS: I was referring to your answer to the hon. Member for Clover Bar.

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

MRS. CRIPPS: In reference to the answer the minister gave the Member for Clover Bar about alternate sources of supply, would it be possible to indicate whether recent alternate sources of supply negotiations have been completed?

MR. LEITCH: Mr. Speaker, the hon. member would be referring to negotiations between refiners and offshore suppliers. I'm not aware of the details of the supply arrangements entered into by the refiners with offshore suppliers. So I wouldn't have the knowledge the hon. member refers to, and really can't respond beyond that.

MR. NOTLEY: The minister indicated that he made representation on the import compensation plan to his federal counterpart, on the impact this plan has on making it cheaper for refiners in central Canada to use imported crude, as opposed to crude from Alberta and Saskatchewan. What response to that representation did the minister get from his federal counterpart, and is there some reasonable opportunity to expect changes by the federal government in the import compensation plan?

MR. LEITCH: Mr. Speaker, we made very firm representations about the size and nature of the problem for western Canada, which is not only a cash-flow problem to the producers, as mentioned by the hon. Member for Drayton Valley, but an employment problem. When the wells are shut in, people are not employed in their production, transportation, and so on. In addition, it impairs the drilling exploration and development activity in the industry. Unless explorers and developers can be assured of a market, they're not going to carry out the same level of exploration and development work. It has those three serious effects, as far as we're concerned.

We certainly vigorously expressed the seriousness of the problem, reviewed those effects at length, and suggested courses of action that would certainly very materially help the problem, if not totally solve it. The federal Minister of Energy, Mines and Resources is examining those and reviewing the matter. I hope we have some positive responses on the part of the federal government to this serious situation in the very near future.

MR. NOTLEY: Mr. Speaker, a supplementary question. The minister indicated that proposals had been made to Mr. Lalonde with respect to changes. Could the minister identify to the Assembly what structural changes the government of Alberta would see in the import compensation plan? Has there been any co-operation with the government of Saskatchewan on a joint proposal from the two provinces with respect to the import compensation plan, because both provinces are affected by its impact?

MR. LEITCH: Mr. Speaker, we've had a number of discussions between officials, and I've been involved in discussions with the Saskatchewan minister of energy

about the problem. Our officials will be having further meetings with federal officials on the problem. Without going into the particulars of the petroleum compensation plan, our view is simply that it needs to be changed so that it doesn't provide an economic advantage to an importer to use imported oil over Canadian-produced oil.

MR. KESLER: A supplementary question to the hon. minister, Mr. Speaker. This is getting back just a little bit. In the negotiations, has allowing provincial royalties to be deductible in determining the PGRT been a consideration?

MR. LEITCH: Mr. Speaker, I'm not sure what negotiations the hon. member is referring to, whether it is with respect to the discussions we're now having, relating to the shut-in production. I don't see that issue as being related to the problem of shut-in production.

The problem of shut-in production is a marketing problem; it's created because we're importing oil when we don't need to. That problem will be solved as soon as we develop a system that enables us to continue marketing as we have been doing historically, particularly with heavy oil into the United States, and altering the economic advantage of using imported oil as contrasted with Canadian production.

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

Oil Sands Production

(continued)

MR. KESLER: A further supplementary to the hon. minister, Mr. Speaker. In your negotiations with respect to Alsands, has allowing provincial royalties to be deducted before determining the PGRT been considered?

MR. LEITCH: Mr. Speaker, I assume the hon. member is referring to the royalty in respect of the Alsands project. I should point out to members of the Assembly that for the Alsands project we made significant changes in the royalty system that was applicable to Syncrude, recognizing the different circumstances that exist for the Alsands project. That involved a reduction from essentially 50 per cent of profits in Syncrude to 30 per cent of profits. But I want to stress that the impact of the provincial royalty is on profits, that the project has to be viable; that is, it has to be making money before the royalty is payable. I'm not sure whether that totally answers the point the hon. member had in mind, but it seems to me important to keep that in mind when considering alternative arrangements.

Provincial Correctional Facilities

MRS. FYFE: Mr. Speaker, I'd like to ask the Acting Minister of Housing and Public Works a question. Would the minister report on the status of the new provincial correctional institute proposed for northeast Edmonton?

MR. KROEGER: Mr. Speaker, I will be pleased to take that question as notice and provide the answer.

MRS. FYFE: A further supplementary. As this area is within the area newly annexed to the city of Edmonton, while the minister is taking notice, could he also find out

if there has been any communication with the city of Edmonton relating to the location, planning, and design of this facility?

MR. KROEGER: I'll be pleased to do that, Mr. Speaker.

MRS. FYFE: A final supplementary, Mr. Speaker, if I may, to the Solicitor General. With two correctional institutions in the Horse Hill district of northeast Edmonton, what co-operation can the residents expect for the protection of themselves and their property?

MR. HARLE: Mr. Speaker, the past method of dealing with the communities where provincial correctional systems are located is to hold information meetings and have contacts with the local community.

I might say that the provincial correctional facilities, of course, contain inmates who have been sentenced to terms of two years or less. With that in mind, they're not considered to contain people who would be classified as dangerous; in fact, it would be more properly described as a medium-security institution. The Fort Saskatchewan correctional facility it is replacing did at one time contain remand inmates, and more serious types of inmates can be included within a remand facility. With the removal of remand inmates to the downtown Edmonton remand system, I believe the concern people have in the Fort Saskatchewan area, for example, has been greatly reduced.

DR. BUCK: A supplementary question, Mr. Speaker. Can the Solicitor General indicate what communications he has had with his counterpart in Ottawa to bring to the attention of the federal minister the fact that this so-called maximum-security prison is about as secure as the Fort Saskatchewan one?

MR. HARLE: Mr. Speaker, I have sent the federal Solicitor General a telex expressing concern and asking him to look into the particular incident.

Pincher Creek Health Study

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Social Services and Community Health. It's with respect to the Pincher Creek health study re sour gas emissions. Is the minister in a position to advise the House whether, on February 24 this year, an assurance was given to members of the Pincher Creek Industrial Pollution Committee that that committee would be permitted to have input regarding the terms of reference of any health study the province might undertake concerning the health effects of emissions from the two sour gas plants in the Pincher Creek area?

MR. BOGLE: Mr. Speaker, through the courtesy of the MLA for Pincher Creek-Crowsnest, on February 24 a meeting was arranged, which the deputy minister of health services from the department and I attended. I believe six residents of the area southeast of the town of Pincher Creek were in attendance.

The purpose of that meeting was to meet with the residents and inform them of the plans the department had, in terms of future studies. Several questions were raised during the meeting, relating to input residents in the area might have as to the kinds of questions which could be asked. I offered that any questions or any further studies — and I use further air monitoring as an example, because there was a concern that the monitors

may not have been in the proper places — any issues such as that, could be relayed through the MLA, and very serious consideration would be given to having those added to the study we intend to undertake.

MR. NOTLEY: Mr. Speaker, a supplementary question. The minister indicated local people, if they had suggestions as to aspects of the study. However, my question really relates to the terms of reference. Was any commitment given to the committee by the minister that there would be consultation as to the complete terms of reference of the study? If so, was there any consultation with the committee as to the terms of reference?

MR. BOGLE: Mr. Speaker, we indicated very clearly that we intended to have officials in the area in approximately two weeks' time. They would meet with individuals who would be asked to participate on a voluntary basis. Again through the kind efforts of the MLA for Pincher Creek-Crowsnest, we were able to arrange a meeting last Tuesday evening, at which other officials of the department, plus an individual who is working with the department on some particular studies, met with residents of the area. It is my understanding that there was a lengthy discussion. Certain information was made available in written form. If the hon. Member for Spirit River-Fairview would like a copy of that, I can certainly see that he gets it.

MR. NOTLEY: A supplementary question to the minister. Then I take it that the terms of reference have been completed. Was there any modification in the terms of reference, as a result of the meeting last Tuesday that the minister makes reference to, where the MLA convened a meeting with several departmental officials as well as the local people? Has there been any change in the terms of reference, as a consequence of that meeting?

MR. BOGLE: Mr. Speaker, I met with the MLA the morning after the most recent meeting and, to that point in time, no request had been made by residents of the area for any specific testing, relating to the offer I verbally made to the residents on February 24.

MR. NOTLEY: Mr. Speaker, a supplementary question. Could the minister outline to the Assembly the reasons the government chose the current route, as opposed to the specific proposal I understand was made by the Canadian Public Health Association, that there be a very comprehensive year-long study that costs approximately \$200,000. I raise the question because as I understand the Canadian Public Health Association proposal, we're not looking just at the issue of Pincher Creek and the sour gas plants there, but there are potential impacts on sour gas plants elsewhere in the province. So my question to the minister is, what consideration led the government to the conclusion that this proposal not be accepted and another be proposed instead?

MR. BOGLE: Mr. Speaker, the primary factor in the department's decision to decline the recommendation by the Canadian Public Health Association to conduct a study and develop an in-house study methodology, is based on the fact that the CPHA study would have been based on a form of statistical probability. In other words, the evidence gathered would have pointed to conclusions such as that there would be one chance in 1,000, one chance in 500, or one chance in 50 that some of the

symptoms people are complaining about may or may not be due to some of the toxic substances being emitted by the gas plant. We know there have been various studies over 20 years. We are also very well aware that some residents feel they are affected by the plants, while others who live in the same vicinity feel there is no correlation.

We were determined to find a way to provide to individuals who would participate in this study some evidence which would relate to the actual testing done on that individual person, not a statistical probability approach but something more tangible. The approach being used will result in information which will be provided to each individual who is part of the sample survey, both within the Pincher Creek area and the two control communities: one other foothills community with the same atmospheric conditions and one other community in the plains of Alberta.

MR. NOTLEY: Mr. Speaker, a final supplementary question, following from the minister's response. Will the department undertake any additional studies of the potential health hazards of sour gas plants, as they relate to a whole series of issues right from the north to the south, where we have a number of concerns expressed about sour gas plants and the impact on health in the area? In view of the fact that this study seems to be relatively limited, will there be any consideration of a more comprehensive study, so groups and communities where sour gas plants are to be located can have some background information from the government, from a health standpoint?

MR. BOGLE: Mr. Speaker, this will not be a limited study. We anticipate 300 volunteer participants in the survey: 100 in the area around the gas plants, which I believe are in the Twin Butte area; and the other 200 being from the other control communities in Alberta.

Of course, once the results of the studies — both the ongoing studies as well as the correlation and information from previous studies — have been collected, that information will be provided to the Provincial Board of Health. Any recommendations the provincial board feels need to be made, will of course be made to the government of Alberta through me.

Edmonton Annexation

MR. PURDY: Mr. Speaker, I'd like to ask a question of the Minister of Municipal Affairs. It's a follow-up to questions I asked him in the House last fall, regarding Edmonton annexation. In view of the fact that commercial developments, especially motels, garages, and so on, have received tax notices — not assessment notices but tax notices — where the tax has gone from \$2,000 to \$25,000 payable to the city of Edmonton in 1982, will the minister review the agreement between the city of Edmonton and the county of Parkland regarding the portion of taxation, and see if the city of Edmonton is following their agreement?

MR. MOORE: Mr. Speaker, I'm not sure there was an agreement between the city of Edmonton and the county, but I will undertake to review. Perhaps the member might provide me with information relative to the specific land in question, so I might review both the assessment and taxation as they applied last year in the county and this year in the city.

MR. PURDY: Will the minister make further representation to the city of Edmonton after I give him the pertinent facts?

MR. MOORE: Mr. Speaker, as is generally the case, we will try to determine that after we look at the material the member is going to provide me with.

Professional Fees

DR. BUCK: Mr. Speaker, I'd like to know if the Attorney General can confirm to the Assembly whether the Attorney General or the government is paying the special levy government lawyers have had made against them to belong to the Law Society of Alberta.

MR. CRAWFORD: Mr. Speaker, I might indicate that I don't know if I would refer to that as a special levy. It is an annual amount paid for the registration of each lawyer. A portion of that, billed at the same time, is the insurance fund fee. Each year that is paid. The lawyers do not practise on their own and are employed full-time by the government, and it would be a normal condition of their employment to see that paid.

I might say that the amount this year was larger, for reasons that are well known: two particularly large defaults in regard to trust funds. I did ask the benchers of the society if they might take into account the fact that government lawyers do not have access to trust funds, and therefore not ask that that particular portion be paid, but they exercised their statutory right and determined otherwise.

DR. BUCK: Mr. Speaker, a supplementary question to the minister, just on a point of clarification. The fee a professional person pays is to practise that profession. For lawyers who practise for the government, does the department pay all those fees for those people to belong to the Law Society and practise law?

MR. CRAWFORD: I think I covered that, Mr. Speaker, in the sense that there is an annual fee to be enrolled upon the lists of the Law Society. That has always been paid, in the same sense that the government also provides salaries and other payments to government lawyers.

I thought the hon. member's question was really raising whether or not the assurance fund fee was treated any differently, and the answer is that that is also paid.

DR. BUCK: Mr. Speaker, a supplementary question. The information I have is that there will be a further assessment later in the year. Will the government also be picking up that additional fee?

MR. CRAWFORD: That would be the intention, Mr. Speaker, and the principle involved is the same. As lawyers working for the government, who are not entitled to go into practice, have no opportunity to be in the private sector and earn perhaps variable incomes but are on salary only, then it's paid.

DR. BUCK: Mr. Speaker, supplementary question to the Attorney General. Is the minister in a position to indicate if the medical fee for the medical doctors working for the government is picked up by the Alberta government?

MR. CRAWFORD: I don't know the answer to that, Mr. Speaker.

MR. KESLER: Mr. Speaker, a supplementary question. The Attorney General has indicated that perhaps he felt there was some injustice in the payment of those funds. Would he exercise his right to defend the people of Alberta, and negate that payment?

MR. CRAWFORD: Mr. Speaker, I think that could only be achieved if the Legal Profession Act were amended. At the present time, the benchers of the Law Society make those decisions, pursuant to their rights under the statute. I would not support an amendment of that type at the present time. I don't want to get into the area of discussing the benefits of legislation which is effectively not before us at the present time. But it does allow me to reiterate the principle that as employed persons, I think it's proper that the amount be paid. The whole question of whether or not the benchers are entitled to treat us that way, in the sense of government and other large corporate employers where frequently the people also do not practise . . .

DR. BUCK: The taxpayer doesn't pay them.

MR. CRAWFORD: . . . is a matter they are entitled to determine.

DR. BUCK: Mr. Speaker, supplementary question to the Minister of Hospitals and Medical Care or the Minister of Personnel Administration. Can either minister indicate to the Assembly if other professional people who are in employ of the government have their professional fees paid? Doctors, dentists, architects: does the government pay the fees for those people to practise their professions?

MR. STEVENS: Mr. Speaker, perhaps I might answer. Where the employee is required to hold a specific membership as part of his or her duties — in other words, as my colleague the Attorney General has already indicated with regard to government lawyers. But where someone in the bargaining unit is required to have business insurance for driving a car, that cost is covered. Where a professional person is required to be a member of a profession and his or her duties require that to be held, then the employee may submit and receive an annual remuneration for that amount.

DR. BUCK: Mr. Speaker, he may submit. But the question is, does the government blanket cover those professional people, the same as the lawyers?

MR. STEVENS: Mr. Speaker, I thought I indicated very clearly that where the fee is levied by the profession and the employee in question is required to be a member of that profession to carry out his or her duties, then he may submit a claim and receive payment for the same.

MR. CLARK: Mr. Speaker, to the Attorney General. Is the Law Society forced, by law, to pick up all they feel has been unfairly taken from the trust funds and from any actions in regard to a lawyer; in this case, the two cases in front of the Law Society now? Is it a discretionary thing, or are they forced by law to pick up this amount?

MR. SPEAKER: I'm not sure it's fair; it's a question that relates to law and the Law Society. Ordinarily we don't provide legal advice during the question period. Since it

relates to the Law Society, I'm not sure whether the same rule should apply, but it seems to me it should.

Revitalization of Downtown Areas

MR. MAGEE: Mr. Speaker, could the Minister of Municipal Affairs advise this Assembly of any plans he might have for the revitalization of downtown areas in small cities and larger towns throughout the province, whether legislative changes or any other areas he might consider?

MR. MOORE: Mr. Speaker, a variety of things are occurring in downtown areas in Alberta. As a matter of fact, from my point of view our cities are progressing much more rapidly than any other area of Canada, certainly in terms of revitalization. However, some requests have been brought forward to alter the Municipal Taxation Act and/or the Municipal Government Act to allow urban municipalities to levy special taxes on property in a downtown area, so all landowners might share equally in paying some of the cost incurred. Those matters and others are now under discussion by city councils and others in Alberta, and I'll be looking forward to their comments in due course.

MR. MAGEE: A supplementary, Mr. Speaker. Apparently a meeting on this subject is to be held in Grande Prairie, at which officials of cities such as Red Deer will be in attendance. Does the minister plan on having any senior members of his department attend that meeting?

MR. MOORE: Mr. Speaker, I would have liked to have attended, along with the MLA for Grande Prairie, but the meeting is being held during the week when a session is on. I understand a number of government officials from my department and others will be there. It's generally a technical meeting, reviewing the practices in other provinces in Canada and other jurisdictions in North America with respect to the matter the hon. member raised.

MR. MAGEE: Mr. Speaker, if I could, a supplementary to the Minister of Tourism and Small Business. Does the minister plan on having members of his department attend as well?

MR. ADAIR: Mr. Speaker, we were asked to have some members in attendance, and we will be doing that.

MR. MAGEE: Mr. Speaker, one more supplementary to the Minister of Economic Development. Can the minister inform the House of the government's progress on policies or plans to assist small cities and larger towns to relocate railroad yards, thereby freeing land for high-rise developments and other types of developments, such as parkades, that might assist in this downtown revitalization?

MR. PLANCHE: Mr. Speaker, because of the unique characteristics of each city and larger municipality in the province, we do not have a policy as such. However, we have successfully completed an involvement in two, one in Grande Prairie and one in Lethbridge.

We have a set of parameters within which we would like to operate, should another representation be made. Generally they are these: we'd like to have a cost/benefit study done to be certain the money the Alberta government puts into it can be recovered by increased land value

when the land is free, and we would participate in that study; secondly, in conjunction with the municipality, we would undertake to negotiate with the railroads; and thirdly, we would participate in the up-front money on a pro rata basis, presuming we would recover the money on the same pro rata basis at the conclusion of the project.

ORDERS OF THE DAY

MR. HORSMAN: Mr. Speaker, I move that motions for returns 120 and 121 stand and retain their place on the Order Paper.

[Motion carried]

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

203. Moved by Mr. Purdy:

Be it resolved that the Assembly urge the government to:

- (a) consider increasing the extended flat rate calling limit to 50 miles, and
- (b) consider giving each municipality the right to decide which exchange it would be served by.

MR. PURDY: Mr. Speaker, one problem on which I have a lot of questions asked in my constituency is extended flat rate calling. I represent a constituency which is small in area but large in the number of exchanges. I'll go into that a little bit later in my remarks, Mr. Speaker.

First of all, I would like to look at the history of extended flat rate calling in the province. It was first commenced during the 1950s, and it was gradually expanded. The last time any real moves were made was in about 1978. It has had a good history, and it has helped a lot of centres throughout the province. It has given telephone subscribers a lot more of what they need. I also refer to the position paper tabled in this Legislature on April 13, 1973, by the then Minister of Telephones and Utilities. This government did a number of things to enhance extended flat rate calling to a number of areas through the province, and it's cost us a lot of money. However, I feel very strongly that a number of other things can be done.

[Mr. Appleby in the Chair]

It was first called extended area service and was provided to communities in a radius of 12 miles or less. After that, in 1967-79, it was increased to 15 miles. I think our government increased it to 34 miles in '73 or '74. I'm making the representation today that we consider expanding this to 50 miles. In view of the fact that this particular motion — not in the same wording — has been debated in this Legislature a number of times, I think most hon. members of the Assembly are fairly familiar with the history of extended flat rate calling, but I'd like to look at the problems within my own constituency of Stony Plain.

I look at the Devon exchange. We've had a number of meetings with the Minister of Utilities and Telephones; his door has been open for citizens to meet with him. They have a particular problem as half their exchange is in the Westaskiwin-Leduc constituency and the other half

in the Stony Plain constituency. They have extended flat rate calling into the city of Edmonton, but not into the towns of Spruce Grove or Stony Plain. If they need services in either centre for the schools, police, or fire departments of either Spruce Grove or Stony Plain, it means a long-distance phone call.

A gentleman related a story to me just recently. He came across a motor vehicle accident on one of the rural roads and phoned the RCMP in Stony Plain collect. They would not accept his call. So he phoned Zenith 50000 and the dispatcher there said, well, there's 24-hour service with the RCMP in Stony Plain; you'll have to call them direct. Finally he had to charge the call to his own number and get through to the RCMP in that area.

We also have rural fire departments out there. Every time there is a grass fire, a structural fire, or whatever, it means another long-distance call. I've been trying to have the minister incorporate the Devon exchange into part of the Edmonton exchange and Spruce Grove-Stony Plain exchange, and do away with part of the Devon exchange, especially on the north side of the river.

We have another particular problem. All the business of the residents of the county of Parkland flows to the town of Stony Plain, but they're on the Onoway exchange. There are some real problems there, the same things that are related to the Devon exchange. Every time these individuals want to phone the school, the police, or whatever the case may be, it's a long-distance call.

Another area that has made a lot of representation to me is the summer village of Alberta Beach. The village is made up of about 450 permanent residents, the majority being senior citizens, of whom the majority have families in the city of Edmonton. For these people, the average bill for long-distance calls to the city of Edmonton is running anywhere between \$80 and \$90 a month. The last time Alberta Beach had a vote on this particular matter was a number of years ago, in 1973, I believe. Twenty-eight per cent of them said they'd like to go to Onoway, 24 per cent said to Stony Plain, and 23 per cent voted to stay within the exchange there. I think this is one area where we could look at having another ballot. The profile of the village has changed considerably in the past nine years. I am sure the residents of the summer village of Alberta Beach would vote to go onto the Onoway exchange.

I had a discussion with the Minister of Utilities and Telephones over this particular problem. He related to me that it would be a very expensive procedure to do away with the Alberta Beach exchange. I've suggested that we do away with the exchange and put it directly into the Onoway exchange, thus giving them extended flat rate calling into the city of Edmonton. Most of their business flows that way anyway.

Another exchange we've had problems with is Seba Beach. The last vote was in 1973. At that time, the request was to Wabamun or Evansburg. The "no" or "leave it as the status quo" response was 29 per cent; Wabamun, 18 per cent; and Evansburg, 16 per cent. I therefore ask the Minister of Utilities and Telephones to seriously consider that another ballot be held. We have a number of senior citizens in that exchange. They want to keep the ties and conversation with their families and, on their fixed incomes, it's pretty important that they have some help with these particular bills.

I've had representation from the Wabamun exchange. In the questionnaire on extended flat rate calling, I can't find Wabamun ever being given a ballot to determine which way they would like to go. They now have flat rate

calling to the Stony Plain exchange, but representation has been made to me that that community also be given extended flat rate calling into the city of Edmonton. With the advent of annexation at the first of this year, and the moving of the Edmonton city boundary by about 5 miles, both Wabamun and Alberta Beach exchanges would come under the present 34-mile limit. That could solve the problem of those two exchanges. But primarily for the help of other rural areas of the province, I'd like to see the complete area extended to 50 miles.

I have to thank the minister. I think it was because of some of the meetings we held for the people in my constituency, mainly the Devon and Onoway groups that visited with him within a week of each other, that the minister announced in the Legislature last spring that he was going to bring in an optional time allowance plan. I think that plan will work. I've discussed it with the minister. I've previously brought up in this Legislature that the minister in his wisdom picked half a dozen very small exchange areas which, to my knowledge, don't have that many subscribers. I would certainly have liked to see him pick one of the larger subscription areas such as Devon or Onoway for this experiment.

As the minister indicated, the new plan will be in place by either July '82 or '83; I'm not sure which. A customer could purchase calling time blocks at a given rate in order to call one or more of his adjacent exchanges which are not covered by the existing EFRC program. For instance, a time block of 30 minutes could be purchased for \$2 per month. Overtime blocks of 15 minutes at \$1 dollar per month could be provided automatically. Studies to date indicate that on an average, for those benefiting customers, a 55 per cent saving could be realized at the above rates.

As I read further in the documentation, it will be June 1, 1982, that the various areas will be implemented in an experimental stage. I congratulate the minister for that. If everything works well with the six exchanges he and the AGT corporation are considering, I urge the minister that some of the others be put into place very quickly to eliminate some of the problems some rural members of this Assembly are facing.

Mr. Speaker, in closing I urge hon. members of the Assembly to support what I think is a timely motion. Maybe we can have the minister participate afterwards, to gain some further knowledge of plans within the corporation.

Thank you.

DR. BUCK: Mr. Speaker, in rising to take part in the debate this afternoon on the motion by the hon. Member for Stony Plain, I would certainly like to say that I support his resolution.

I think we have to go back just a little to what happened as AGT took over some of the local rural phone exchanges. I have had the same problem as the hon. Member for Stony Plain. For years we have been making the same representation and getting the same answers. Mr. Minister and members of the Legislature, I hope things have progressed a little from the days of the barbed wire fence telephones. The technology of course has improved, but some of the thinking hasn't changed.

I'm sure we are going to hear many, many stories of some of the incongruities of some situations in adjoining areas. I can bring one to the minister's attention, where people as much as 10 miles farther east of the city of Edmonton have flat rate dialing, and people 10 miles closer have to call long-distance. Mr. Minister, it's a little

hard to explain this to a taxpayer. As a matter of fact, I would go a little further and say it's a heck of a lot more difficult to explain that than to say it's a reasonable thing. You can't explain it. They won't buy it, and I don't blame them.

I tell the story at public meetings that I have a cabin out in the bush, north of Cold Lake, and they ploughed a line in there to a fellow who complained loud and long that he wanted a telephone for a summer cottage. They ran this line past my cabin and asked me if I wanted a telephone. I said, number one, when I go on a holiday, the last thing I want is a telephone. If the province is in such a serious state that they need me that badly, the Mounties can come and find me. For that reason, I don't want a telephone. The second reason is: if people in my constituency, 12 miles from Edmonton, who had eight, 10, and 12 people on one party line at one time, found out that I had a telephone 183 miles from Edmonton, they would lynch me. And I would make sure they took the minister with them. [interjections] I said this at a public meeting, so it's no secret. I told them this was the situation.

I led many delegations to many ministers when we were in government and now that we have a change of government. There has been one consistent vein running through all these meetings: I am firmly convinced that AGT is running the minister, instead of the minister running AGT. If the minister really wants to show he has great strength, initiative, and leadership ability, I am asking the minister to run the department and not the department run the minister.

I would also like to bring to the minister's attention some things that happened when we changed some of the boundaries. Since they have had telephones in the province, Bruderheim was always a member of the Fort Saskatchewan exchange. This happened when we were in government, so I am not blaming the minister, except I am blaming him because nothing has changed in the 10 years since the government has been around. As the exchange got overloaded in Fort Saskatchewan and Bruderheim . . . [interjection] Not the MLAs; they have been trying their best, but they can't get the minister to move.

As the Fort Saskatchewan exchange became overloaded, they put a subexchange in Bruderheim. Then, in its wisdom, AGT decided that Fort Saskatchewan would have flat rate dialing to Edmonton. But Bruderheim now had their own exchange; therefore, that didn't apply to them. That is very difficult to explain to a constituent and taxpayer. It was not their fault that AGT couldn't service them through the Fort Saskatchewan exchange; it was AGT's fault. But in its wisdom, AGT says, sorry boys, you are now in the Bruderheim subexchange, therefore you are not part of the Fort Saskatchewan exchange any more — tough bananas.

MR. THOMPSON: What year was that, Walter?

DR. BUCK: That was when the former government was in. But these guys have had 10 years; I only had two years to straighten Reiersen up. I haven't had any more luck straightening up the succeeding ministers of this government than I had with the former minister. That means that the present government is 10 times as much to blame as the former government, because it only had one year.

SOME HON. MEMBERS: Five.

DR. BUCK: Well, this minister, but the previous ministers.

Mr. Speaker, there has to be some revamping of borders and boundaries. Patterns have changed, and areas have changed. Most of the areas the hon. Member for Stony Plain was speaking of are similar to mine. They are mostly acreage people now. In his case their interests are going east, and in my case they are going west. In most instances, there is not a major trading area between those areas and the city of Edmonton. So it is time the department took some action, led by that aggressive new Associate Minister of Telephones.

One thing I have learned in politics is that you are doing well if you can keep 51 per cent of the people happy. But this minister could keep 85 per cent of the people happy by extending the boundary to 50 miles. Just think, Mr. Minister, you would go down in history as solving 85 to 90 per cent of the telephone problems by extending that boundary to 50 miles. That is the greatest opportunity you would ever have as a politician. As I say, you may be bronzed and put on a plaque in the big AGT tower.

AN HON. MEMBER: Dead or alive?

DR. BUCK: Dead or alive. It doesn't matter, as long as he goes down in history for making these major changes.

Mr. Minister, sincerely and seriously, the problem could be solved that easily. If the minister gets an opportunity to get into the debate this afternoon, I would like to know two things. How close are we to completing the 35-mile flat rate system at this time? Either before the next election or shortly after the next election is fine by me, but I would like to see that area extended to 50 miles, and I am sure the minister would have 85 per cent of his telephone problems solved.

Thank you, Mr. Speaker.

MR. CLARK: Mr. Speaker, it is a pleasure for me to speak on Motion 203 to extend the flat rate calling to 50 miles. We have made progress, because we got off the fence line in 1973 when we changed to this government. They finally took us off the barbed wire fence and got us into a phone line. I agree that the 50-mile radius would be very, very desirable for many people in rural Alberta.

I would like to look at what the problem in rural Alberta really is, not in just my own constituency but in many of them. To start with, many areas don't have a trading centre within the 34-mile limit that's large enough to be any improvement on what they now have. That is the case in my constituency. If you have a 34-mile limit and a small exchange, and go to the next small exchange, maybe you can phone one service station in the first exchange. Then, if you get flat rate calling to the next exchange, you can call on other service stations. So the value of the program under the conditions in rural Alberta is sometimes not that good.

In order to make extended flat rate calling feasible in rural Alberta, it has to be extended at least into a trading area. What do you mean by a trading area or a service centre? It's not too hard to say what a service centre is. A service centre has a grocery store, post office, police protection, hospital, retail outfits, and maybe some farm machinery outlets. There are quite a few of these centres in Alberta, but they're not all 34 miles apart. I don't know why they picked 34 miles; I guess it just happened to pop into somebody's head. I can't understand why it should stop at 34 miles, or whether it should stop at 50. I

believe there should be enough variation in the program so that it could be extended to a service centre.

In rural Alberta today, we run our school vans such a distance that we have to call long-distance to talk to our children at school. That is done regularly in our country. It's absolutely inconceivable to me that our communication system has not kept up with at least the regionalization of our government offices, our farm machinery outlets, and many other things where we have to go farther and farther afield to get services for our modern farming technique.

I suppose some of this cost is going to have to be borne by our colleagues in the cities. But I wonder how people in the cities of Edmonton and Calgary would feel if they had to pay a long-distance charge every time they phoned their corner grocery, their children at school, police, hospital, or made an appointment with a dentist. This happens in rural Alberta. Phone bills on some farms in rural Alberta are getting to be absolutely inconceivable in size. In our country, it's not unusual to have a \$250 phone bill in a month. I can tell you how this happens, and I will.

AN HON. MEMBER: We caught you.

MR. CLARK: For my friends in the city over there . . . I could hear the Member for Calgary McKnight — he isn't here today — saying, you live out there by choice. You in the city eat three meals a day by choice. That's because you can afford it, because you're getting the cheapest food in the world. We've got the most efficient farmers here, too.

MR. KOWALSKI: I agree.

AN HON. MEMBER: You tell 'em, Mickey.

MR. CLARK: Anyway, to get back to the phones. Why are some of the . . .

AN HON. MEMBER: You have to phone long-distance.

MR. CLARK: You almost have to phone long-distance in here, once in a while, to get their attention.

The reason I said "some farms" is quite important. Today, 60 per cent of the farmers in rural Alberta can phone a trading centre. I'm just guessing at the 60 per cent; it might be less or more than that. I'll bet there aren't 40 per cent of farmers left who can't phone a trading centre toll free. It seems to me that that arrangement is unfair and a little bit discriminatory.

I said to my colleague over here that I would tell him how the phone bills get so big. I guess I will, because he runs a business in town. You phone long-distance for some parts, and before you can even say hello, the operator says, hold please, and click, you're on hold. You sit there waiting for 15 minutes, long-distance. If you hang up, you have to go through the whole procedure again.

AN HON. MEMBER: Somebody else is on the line.

MR. CLARK: So then you finally get hold of the parts man, and he says to you, please hold again while I look and see if we have that part in stock. Nine times out of 10, he's got to send to Edmonton for it. He'll get back on the line in another 15 minutes and say, I'm sorry we don't have the part, but if you phone in tomorrow we might

have it down on a bus tonight. You have to go through that same procedure again. You're lucky if the phone call doesn't cost you more than the part.

DR. BUCK: City slickers don't know that, Mickey.

MR. CLARK: I'm trying to educate them, Walter.

Mr. Speaker, I believe that in modern Alberta and in modern farming today, the farmer is entitled to a communication system where he can walk to the phone, phone a centre, and get parts without paying long-distance toll charges. We do a reasonably good job in agriculture today. Like I said, we have an efficient agricultural system. In order to keep it that way in this highly technical agricultural industry we now have, we're going to have to have a better communication system, and that is the telephone system. I believe that every Albertan, regardless of whether they're rural or in the cities, should at least be entitled to phone their doctor, and to see how their child is at school, without paying for long-distance phone calls. They should at least be able to pay for essential services.

I'd like to speak now on the new system the minister has brought out. It's certainly going to be an improvement, but I have some concerns about it. With the new system, as the Member for Stony Plain has said quite correctly, you buy time blocks of 30 minutes. You know what happens to the 30 minutes: you're on hold that long on most phone calls. [interjection] Anyway, the part that really bothers me about that, is that we're setting up another system for a certain minority group of rural residents. The majority of them already have toll free to a service centre. Now we're saying we're going to set in another system whereby you guys are not going to have [it] quite as good as your next-door neighbor, but you'll have to pay the same for every call. I would like the minister to explain that — even though he's shaking his head — because I don't believe he's going to say to Strathmore, you can no longer call toll free to Calgary; or say to Sherwood Park, you can no longer call toll free to Edmonton. I believe those people are going to keep what they have, and we're going to be setting up another little system where we're gettin' 'er again.

Mr. Speaker, I've got way ahead of my notes . . .

AN HON. MEMBER: Just throw away a couple of pages.

MR. CLARK: I can throw away a couple of pages here.

AN HON. MEMBER: No wonder they put you on hold.

MR. CLARK: I would like to talk a little now on how, if they do centralize the system and flat rate calling, AGT goes about balloting and deciding. I'm a little experienced in this from my own area, as the minister well knows. First they send out a ballot and ask for everybody's opinion on what centre they would like to go to within a 34-mile radius. Usually there's one or two. Of course they don't all agree. Like the Member for Stony Plain said: 25 per cent here, 23 per cent there, and 24 per cent here.

Mine was 50:50, 48 to 52 per cent. Of course the people who had the 50 per cent had another ballot. Then we had another ballot. They all came out to 50:50. Then the Public Utilities Board got into it and said, now we must have a hearing. We won't allow it until we have a hearing, and then we'll decide where the extended flat rate call will go. After the hearing, and much to-do about the hearing,

the PUB came up with the conclusion that there was a 50:50 split, and nothing has been done. We really knew that after the first ballot.

What really bothers me is what I said before. We are now about to set up another system to give people in rural areas three different types of phones. You're going to have the city people, who have always been able to call toll free within their city limits, having that extended so anybody living in the city can phone 34 miles outside the city limits. [interjection] No, you're not paying for it; we're paying for it.

Then we're going to have rural areas that already have extended flat rate service to a good service centre. I can think of quite a few: maybe Red Deer, Wetaskiwin, and some of those areas which have a 34-mile limit, and can phone in to those people. I think that takes in the majority of the farmers. Then they have the rest of us, Mr. Speaker, who are going to have to pay, one way or another, for every call we make. I don't believe it's fair. As I said before, as this province grows and we centralize all our services in the larger centres, I think at least our communication system should be able to keep up with that.

I would like to compliment the Member for Stony Plain for bringing this motion forward, and ask everybody in the Legislative Assembly to support it.

Thank you very much.

[Mr. Speaker in the Chair]

MR. BORSTAD: Mr. Speaker, I am pleased to speak this afternoon on Motion 203, brought in by the Member for Stony Plain, urging the government to extend the distance from 34 miles to 50 miles, and giving each municipality the right to choose which exchange it would be served by.

In reviewing some of the past *Hansards*, I notice I spoke on the motion very similar to this, Motion 208, urging about the same type of proposition. At that time, I supported it. I think we had some different thoughts this time, though. It seems to me that the arbitrary mileage of 34 miles should possibly be reviewed or extended, but maybe there are better methods to be used rather than always extending just another few miles and dropping somebody off the other end. I know someone will say that these distances have been increased from the original 12 miles, to 15 miles, 30 miles, and presently to 34 miles. Now we're urging it be extended to 50 miles. I think we'll still find we're going to be missing people.

I still maintain there are spheres of influence, those trading areas around urban centres, which I think the Member for Drumheller alluded to. I think that's where we have to base our judgment on how we handle the system. In my judgment, that should be the criterion. I look at the number of centres in my constituency which are pockets left over after you take out the 34-mile limit. An example is Hythe, 3 miles beyond the 34-mile limit. They phone long-distance. A neighbor a couple of miles out of Hythe phones into Grande Prairie free — not free, I should say, because it's based on EFRC; but he doesn't pay a long-distance toll. The main trading area is Grande Prairie but, as I say, the village is 3 miles over that limit.

Peoria is another example, which over the years has always dealt at Sexsmith. When the telephone systems were going in, a certain MLA from that area wanted to see Wanham as the centre, so the lines were all directed into Wanham, rather than Sexsmith where the people were dealing. Unfortunately, I understand that means a

line change, but that's history now. Had the lines not been directed to the Wanham exchange at that time, it would be easier to bring Peoria back into the system where they rightfully are trading. Therefore, if these people, who drive the other way toward Sexsmith and have their exchange in Wanham, phone toward Sexsmith, it's a long-distance call.

There probably are many other inequities in the system across the province, and I imagine each MLA will no doubt state his case. It seems to me that many of these small pockets should be cleared up by a concentrated effort to locate them and set up a program to overcome them in some sort of reasonable time frame.

There are other problems I might mention while I'm speaking to this motion. Gundy is a small community isolated against the B.C. border, serviced only by B.C. Tel, B.C. roads, and B.C. schools, very similar to Bay Tree and Bonanza in the Spirit River-Fairview constituency. I don't think this should happen. If we're Albertans, I believe we should receive the same services as all Albertans. One farmer in the Gundy area applied to B.C. Telephone for a telephone and was told it would cost \$10,000 to get telephone service to his door. Needless to say, he didn't get a phone. I urge the minister to look at the isolated pockets of the province, especially those along the B.C. border, to see if there's any way we can help those people.

Getting back to extending the mileage, probably it would only be a band-aid at this time. As soon as the extension to 50 miles was made, there would be complaining because somebody still drops off the other end, and we'll probably be asking for 60 miles. In this day and age of technology, it seems to me that surely we can come up with a better system and not have to keep extending these distances.

The optional calling plan seems at least to answer the short term and possibly the long term. I thank the minister for picking one of the areas in my constituency to use as a trial. If I understand the system, it's totally opposite to what the Member for Drumheller was bringing forward. It seems to me that if the system works on a trial basis; it will be put in across the province and you won't have ERFC any more. You'll be on a time block basis. That's my understanding, but I could be wrong.

It seems to me that if the optional calling plan would eliminate most of the EFRC across the province and all the boundary problems, it would be a considerable saving for some, compared to today's message toll calls. The low-volume user who did not use more than the basic time block of 30 minutes would basically only pay a flat rate. I believe that even the high-volume user would realize a substantial saving. So I believe we have to move to a new system where a caller can phone any direction, but is charged on a time block basis. This would assist many rural areas across the province. It is my understanding that this would leave the choice up to the individual, rather than being forced by a majority of customers with whom maybe he doesn't agree, to take EFRC.

In closing, I urge the minister to review the areas along the Alberta-B.C. border. Surely something can be done to help those people. I urge you to look at that again, Mr. Minister. Finally, when the optional calling plan has been tested thoroughly this summer — I believe it's this summer — I think we should move in that direction, rather than band-aiding the problem with the extension of mileage.

MRS. CRIPPS: Mr. Speaker, I fully support this motion, and I'm pleased to have the opportunity to speak on it. I served as a member of the caucus utilities committee, where I vigorously and vocally supported the extension of the mileage, much in the same manner as proposed by the Member for Grande Prairie.

I note that the provision of efficient, inexpensive telephone service has been the topic of discussions in this House for a number of years. In fact, I note it was discussed in *Hansard* on March 17, 1976; in a debate on June 28, 1979; and many times in question period. I found an article of particular interest, dated February 15, 1907. The Member for Clover Bar is right. We've been talking about it for years, but I don't think he realized we'd been talking about it since 1907. It's a report of the Legislature in the Edmonton *Bulletin*. The debate was verbatim. Of course, this was before our speeches were censored, editorialized, capsulized, and sensationalized by the reports that are printed.

AN HON. MEMBER: And the spelling was correct, too.

MRS. CRIPPS: Therefore, I am able to ascertain from the report in the Edmonton *Bulletin*, the gist of the debate. On February 14, Mr. W. H. Cushing, minister of public works, announced that the province of Alberta declared that it

had accepted the principle of public ownership and operation of telephones ...

in the province of Alberta. One of the reasons for taking this stand was that the private company's aim — they were referring to Bell Telephone — was "dividends and not service". Mr. Speaker, one of the reasons given to me for not extending the 34-mile limit is dividends, not service. They would lose too many toll calls. Surely the aim of Alberta Government Telephones 75 years later is still service.

Mr. Speaker, the policy enunciated on February 15 was:

(1) To own and operate all the long-distance [and] trunk lines; (2) to own and operate municipal exchanges where [they were] desired by the municipality; (3) to construct, own and operate rural telephones.

The decision was made

... believing it to be justifiable and in the best interests of the people of Alberta ...

Surely this motion is also in the best interests of the people of Alberta, giving Albertans equal access to a business centre, regardless of whether they're 10 miles or 50 miles distant.

It is interesting to note the representation made, Mr. Speaker, considering that it is being made again today. Mr. F.A. Walker, Member for Victoria — by the way, I had to look up Victoria, because I'd never heard of it; it was actually northeast of Edmonton and comprised what is now Clover Bar and Redwater-Andrew. The Member for Victoria, or Clover Bar, is still making the same representation today.

AN HON. MEMBER: Further than that.

MRS. CRIPPS: It says the riding was surrounded by Whitford on the west, Sturgeon on the north, South Edmonton on the southeast, and Vegreville on the southwest. The Member for Wetaskiwin, Mr. Rosenroll, also made representation. The Leader of the Opposition,

Albert Robertson, M.L.A. for Nanton, also commended the government for providing a worth-while service.

It is interesting to note the ridings. Some of the members, who may or may not be related to present members, but in fact have their names, were in the Assembly on February 15, 1907. Mr. Hiebert of Rosebud, Mr. John T. Moore of Red Deer, Attorney General Cross, and E.H. Riley of Gleichen, also made comments on the worth-while service of fair and equitable telephone distribution to rural Alberta. I'd like to sum up the debate by quoting. They believe

it to be justifiable and in the best interests of the people of Alberta [and] are prepared and will take [a] stand on [that] principle.

In that debate, the whip said:

... a few evenings ago it was said the east expected something unique in the way of advanced legislation from the west. He was assured that the declaration of [this] government's policy by the minister of public works would satisfy [even] the most carping critic of Eastern Canada.

Mr. Speaker, we are still leading in western Canada today, and we're still discussing the same problem 75 years later. I expect the discussion in 1907 was much the same as the discussion in 1981; that is, how to provide adequate, efficient, and reasonable service.

The reasons for extending the mileage have been well documented. In the Winfield exchange, which has exactly 280 numbers, they pay almost the same rent as Wetaskiwin or Leduc, which have access to well over 10,000 names. If you look at that exchange, you'll notice that almost every business number listed is long-distance. Of course, they do that for a very specific reason. The people of Winfield have to phone long-distance in order to contact any business.

I'd just like to note, too, that I have a private line, and my rent is \$4.85. My husband has a party line, and his rent is \$5.75 a month. We're in the same house, you know.

AN HON. MEMBER: How often?

MRS. CRIPPS: Not often.

AN HON. MEMBER: Do you talk to each other?

MRS. CRIPPS: I'm not sure why his phone is more than mine, but ...

AN HON. MEMBER: He makes more money.

MRS. CRIPPS: I'll tell you one thing: his long distance bill is very expensive. Most months it's over \$60, and for exactly the reasons that were enunciated by the Member for Drumheller. If you think phoning a business is bad, you should try to phone a government department. They pass you from department to department. By the time you get through hanging on there, you're mad. Then you get your telephone bill, and you're mad all over again.

AN HON. MEMBER: You should try the RITE number.

MRS. CRIPPS: We don't have a RITE number, but we do have a Zenith number now. That's right: 15 per cent of Albertans don't have RITE government numbers. [interjections] The Zenith number isn't in the phone book. Why isn't the Zenith number in the phone book?

Getting back to the Winfield exchange. The residents

must pay long-distance charges to do any business whatsoever. They have no access to doctors, police, machinery dealers, garages, or even to local government. Of necessity, they must use long-distance to obtain the same services which other people take for granted, and which are available to them at no charge. At the present time, the phones merely constitute a community convenience. The community should have telephone access to a viable market town, regardless of the distance. I'm like the Member for Grande Prairie. I really don't believe that extending the 50-mile limit will solve all the problems. But I agree with the Member for Clover Bar that it will probably solve 80 per cent of them. Consideration should be given to the shopping pattern of the community and to the accessibility of local government, police, business, hospital, doctors, and the necessities for the livelihood of each community. The further the trading centre, the more important it is to have extended flat rate dialing.

I'm pleased with some of the new initiatives being undertaken. The time blocks look extremely promising, but they won't solve the problem of the present 32-mile limit. The purpose of this motion is to give fair and equitable telephone service to all rural Albertans. That was the stated purpose in 1907. And while the magnitude of the system is different, the desirability of the service is the same.

Thank you.

MR. LYSONS: Mr. Speaker, I too would like to get into the debate on this motion. Just to make sure I remember what I was talking about in years to come, the motion reads:

Be it resolved that the Assembly urge the government to:

- (a) consider increasing the extended flat rate calling limit to 50 miles, and
- (b) consider giving each municipality the right to decide which exchange it would be served by.

I would be all in favor of extended flat rate calling, as I've mentioned to the minister many times. But as far as having it on a 50-mile block, I don't think that is really the answer, because we have many communities that are perhaps 75 miles from a trading area. Because someone happens to live at the end of the line, or the end of the string, they shouldn't be penalized for the fact that they are somewhere out there.

I would like to ask more questions of the minister in the couple of minutes I will be speaking this afternoon, and that would be that the minister consider having his technical people sit down with some of the communities, farm groups, chambers of commerce, Unifarm people, people like that, and just take a very good, careful look at what is happening in the country; what is happening between town and town. When they had their vote back in the '50s as to where they wanted to be in this network, many of the communities in my constituency voted in the way they felt best at the time. But times have changed. I know that AGT changes with the times a bit, but there are now many more extenuating circumstances, and changes are happening.

I will have to give the agency credit. They really do try to be flexible and to help, but we're still missing a good deal of support in rural areas. For a number of reasons, a few years ago people voted to go to one exchange. But now the school system has changed, the county boundary has changed, everything has changed. They're paying \$150 a month phone bills, just because the children are in

hockey and things like that, as alluded to by other members. The minister is well aware of my case in that regard, but I wish he would ask his technical people to actually go out and explain this better to the communities.

I think section (b) of Motion 203:

consider giving each municipality the right to decide which exchange it would be served by

would be a very, very wrong move. As much as I believe that municipalities have, and should have, a great deal of influence in what goes on in their boundaries, there is a great deal of competition from one town to another as to who is a trading centre. We can get some huge, terrible community fights and a tug of war going, because of one community calling itself a trading centre for another. We have enough problems with that without asking for it through our telephone system. If some of these people think their telephone bills are high now, they would be much, much higher if a resolution like that were to be acted upon by the minister.

Thank you very much, Mr. Speaker.

MR. HYLAND: Mr. Speaker, as I rise to take part in Motion 203 for a few minutes before going to Bills at 4:30, I'd like to make a few comments. Many comments have been made this afternoon relating to towns or hamlets that are just outside the limits of their trading centre, and we've heard them at various other times during debate in the Legislature. As has been suggested by the Member for Stony Plain, 50 miles would indeed take in many of these towns, but there will undoubtedly still be problems created for those who are 51 miles outside, if the rule is followed right to the letter. I think (b) of that motion would give a greater degree of flexibility, so that many municipalities would have a choice of which direction they would wish to go.

I know of some communities in my constituency that were just outside the 30-mile limit, and maybe two or three businesses are left in those communities. Any time anybody in the community wants to phone for machine parts or information, they have to phone long-distance, so they have that long-distance bill. If they had the choice of going into their trading area, they would be able to cut down on their long-distance charges and be able to reach the same businesses others can.

I think other members have said that things have changed on which direction the community wanted to go since these votes were taken. Because of business and economic reasons, in the last 10 years many businesses have closed their doors in small communities. I'm thinking especially of businesses related to machinery, hardware and, in some cases, grocery stores, et cetera. These things have changed in the last number of years since these votes were taken. If we look at AGT 10 years ago, and how much they've changed, the equipment they have is as modern, if not more modern, than any other telephone company in Canada. They are pursuing new adventures and new technology in the telephone, electronic, and communications business.

I think we should look again at areas that wish either to change their direction or go to the next place that may still be within the allowable limit for their telephone exchanges. In the early years, the majority of exchanges were put in by volunteer labor. The farmers who put them in dug the post holes, put the posts in, put the wire on — the whole business. Needless to say, in those days they went to the closest town, partly because it was shorter. There were simply fewer telephone poles to put

into the ground and less wire to string. Now that AGT has taken over the rural areas and put in new lines, I think it would be wise to look at that system again.

A couple of days ago, I had a chance to look at a 1941 telephone book for the Lethbridge district. In that book, about 20 to 25 telephones were listed in Bow Island, about 30 in Foremost, and about 20 in Burdett. Taking the example of those three places, if you look at the number of telephones listed now, compared to then, the increase is manifold. I think part of our problem is there. The rural areas have had these telephone lines installed so they can communicate better. It's a different society now. They can get their business done the same as those in the city. I think there is a need to explore these avenues.

I'm sure all rural members could go on at length about special problems in special towns and villages throughout their constituency. Looking at the EFRC guidelines and trying to get just that extra mile — I'm sure the hon. minister has heard that story many, many times, from me as well as many others. If you just give me that extra mile, that would be close enough and would get within the system. I think these things should be looked at. If the 51 miles don't do exactly what we're after, possibly something else could be put in place to give a little flexibility to the people and the exchanges involved.

In view of the time, Mr. Speaker, I beg leave to adjourn debate.

head: **PUBLIC BILLS AND ORDERS
OTHER THAN
GOVERNMENT BILLS AND ORDERS
(Second Reading)**

**Bill 204
Agricultural Land Protection Act**

MR. COOK: Mr. Speaker, I'd like to move second reading of Bill 204, the Agricultural Land Protection Act.

It is basically the same Bill I introduced in the last session of this Legislature. I'd like to bring it before the Assembly once more. It's important that we consider this matter further at this time. The Environment Council of Alberta is going to hold public hearings on this issue this fall, and I think it might be a good opportunity for some members to put on the record their feelings on the need for agricultural protection. I know that the Environment Council of Alberta will be closely considering the statements of members in this House, as we move forward to look at this issue in a way that we can handle future growth.

Some members are going to ask: why bother with this kind of approach? What's the problem? What is the need for this kind of legislation to protect some agricultural lands from urban development? I'd like to address that issue very briefly. The fact is that only 10 per cent of the land in this province is of Class 1, 2, or 3 capability. Only about 25 per cent of the land in the province is presently being actively farmed. I suppose another 15 per cent would be used for grazing and pasturage, for a total of about 35 per cent of land in the province being actively used by agriculture.

Most of the very good land, having very few limitations for grain production, is located in the Calgary-Edmonton corridor. It's a narrow strip of land that starts a few miles north of Edmonton, perhaps in the Athabasca area, goes south to near the Lethbridge area, and is perhaps 40 or 50 miles wide. As an urban dweller driving down Highway

No. 2 to Calgary, one would think that this prime land on both sides of your car windows stretches from the Saskatchewan border to the mountains. What's the problem?

Well, Mr. Speaker, the problem is simply this. We do have a very small area of land that has very few limitations for agriculture, and there is a land-use conflict that is becoming more and more difficult to manage. Alberta's growth, even at moderate rates, even if we don't have tar sands plants proceeding rapidly, we're probably averaging 2 to 3 per cent in real terms for the foreseeable next 15 years. But we have 2.25 million people in this province today. With that kind of growth — about 75,000 or 80,000 new people each year, with natural increase and in-migration — this province is going to have a population pretty close to 4 million in the year 2000, even without a rapid growth rate. That growth is taking place in the Calgary-Edmonton corridor, precisely where our best land is; that narrow belt of land that is so valuable.

Some hon. members may ask: yes, that's prime land, but aren't there other lands we could develop? If we take those out of production, there is other land. There's the prospect of developing land in the Peace River block, perhaps up by Fort Vermilion; there's the prospect of developing lands that are gray-wooded soils along the foothills, that really are just being used for pasturage or recreation. That's very true, Mr. Speaker, except we have had some very important research done recently at the University of Alberta.

Dr. Fred Bentley, former head of the University of Alberta soils branch, has shown that farm input costs increase dramatically as we have to look at poorer quality soils. It means that the agricultural producer has to put less fertilizer on Class 1 soil than on Class 4 soil. In fact, he will have to put on only 50 per cent as much fertilizer to get the same results on Class 1 soil as his friend who has Class 4 soil. The Class 4 farmer is going to have to put on twice as much fertilizer. It also shows up in pesticides. In a marginal sense, the plants are at the limit of the agricultural base. They're less able to withstand competition from weeds or insects. They're more vulnerable. By nature, they're not as healthy. So they need more protection.

Mr. Speaker, all your farm input costs go up proportionately as you move down the ladder. Class 1 soils need fewer inputs than Class 4 soils. It's like the cream on an old bottle of milk, that I used to have as a kid before they pasteurized everything. If you take the cream off that bottle, you have nothing but . . .

AN HON. MEMBER: Skim milk.

MR. COOK: . . . skim milk, precisely. In a sense, what we're doing is creaming Alberta's agricultural land base by paving over our best soils. What are we left with?

MR. KNAAK: Skim milk.

MR. COOK: Skim milk, says my friend from Edmonton Whitemud. That's precisely the point, Mr. Speaker. We're going to end up with an agricultural industry that is left with a land base that is more expensive to use, and our agriculture industry will be inherently less efficient than it now is. So the answer is not simply to look at developing soils that cannot support agriculture today, and are very marginal by today's standards. They may be even less compatible for agriculture than, say, a No. 3 soil, which is kind of 'iffy' on the viability of that kind of farmland.

Mr. Speaker, I don't think the answer for society in

Alberta is simply to replace lands along the Calgary-Edmonton corridor with other potential farmland that is not viable today, but perhaps with massive subsidies and drainage and support, might be marginally viable. That's not the way to go. As a people, we have to ask ourselves what the future of the province is going to be when we are faced with less resource income from oil, natural gas, and the tar sands, and we're back to an economy that is based on agriculture and the new industries the province is attracting. Agriculture is a key industry today and will be even more important later. So as a city dweller, as a person who lives in the city of Edmonton, it's important in terms of jobs. We want a healthy agricultural economy, to provide economic opportunities for the person living in Edmonton, Red Deer, Calgary, or wherever.

Secondly, it's going to be important because we're developing agricultural processing. But, Mr. Speaker, this province is a long way from tidewater, and our products have very expensive transportation charges. I think we would want a healthy agricultural sector, as efficient in one area of its production costs as it possibly can be, so that we can compensate those extra burdens we have by virtue of being 1,500 miles from the nearest port. We have to gain efficiencies in one area so we can compensate our inherent problems in another.

That's the rationale, the reason behind the Bill. That's what motivates Bill 204. We need to conserve our best lands so they aren't paved over. Some may argue that that's an idealistic position, but not very practical. That suggests we're going to freeze Edmonton's, Calgary's, or Red Deer's growth, and that you're a sort of no-growth advocate. That's not the case either, Mr. Speaker. If you look at that Calgary-Edmonton corridor, it isn't one big belt of No. 1 or 2 soils. It's sort of like a checkerboard. Mother Nature isn't neat and tidy, just sort of laying out ribbons of land. She's given us a checkerboard effect. If you look at the Canada Land Inventory around Edmonton, Calgary, Red Deer, or Lethbridge, you'll find that the soil is predominantly No. 1 or 2. But within, say, a 10-mile radius of the city of Edmonton, half the land is Class 4 soil and the other half is Classes 2, 3, and 1.

I think it makes sense simply to target the growth at the poorer quality soils. You can still have growth around those major urban centres, and you don't have to impact on our very best agricultural soils, which I think are a resource, not a commodity. I might get in trouble here, but I think of agricultural land as something we should be passing on unimpaired to the next generation. It's something we as one generation have a responsibility for; it's our legacy to the next. If we fail to do that, our children and their children's children will judge us poorly.

If we consider that land is a resource, something to be conserved where possible, and balance that off with a practical approach to development — because obviously we want this province to grow, prosper, and develop new industries; we have to have a balanced approach — then it seems that we need some vehicle for conserving agricultural land, directing growth at those poor quality soils within the Calgary-Edmonton corridor, if that's where the growth is going to be, and trying to develop policies that will decentralize growth out of the major centres and revitalize the small towns and cities. Those are all desirable policy goals. How do we do it? I think Bill 204 is a modest attempt. It's not perfect. I don't think anybody would claim this is the be-all and end-all. But it does have some features worth examining.

Mr. Speaker, in Bill 204 we're establishing an agricultural lands commission. In its representation within the

commission, the lands commission would try to balance the various interests that have to be accommodated in land use. It has representation from the Department of Agriculture, nominated by the minister; from the Department of the Environment — not necessarily department *per se*; they could be from the private sector, the farm community, or environmental groups. A person is to be nominated by the Minister of Energy and Natural Resources. There, for example, we might determine that we have to represent people who have an interest in developing natural resources below the soil — coal mining. I think that's a legitimate interest that should be accommodated within an agricultural lands commission, so that the commission is not single-minded in its pursuit of this policy question, but considers the various aspects.

The Minister of Economic Development would have the right to nominate somebody, and so would the Minister of Transportation. Alberta highways chew up a very sizable amount of farmland. The Minister of Municipal Affairs, the Minister of Housing and Public Works, and the Minister of Utilities and Telephones all have an interest in the development of Alberta and the use of farmland. That would be the major vehicle: we would establish a commission.

The next question: what would this commission do? If hon. members are following the Bill, as we're paging through it, we're now in Section 4. I'll lead you through Bill 204, Section 4. The commission would basically try to make recommendations on what agricultural land in the province needs protection. Not all agricultural land is unique or requires protection, but some lands do have some specific merit. For example, I would argue that some very unique soils should be preserved in the northeast area of the annexed area of Edmonton. They've produced most of the vegetable or root crops that we have in farmers' markets here in the city. The reason is that they're a light, sandy loam. We have a micro-climate in the Edmonton region. There are extra frost-free days in the spring, when we can plant earlier because of the greenhouse effect we have with the city of Edmonton's environment. There are also extra frost-free days at the tail end of the growing season in the fall, again because of that greenhouse effect.

So the soil zones along the North Saskatchewan River, northeast of the city of Edmonton, are particularly valuable and unique in Alberta. They are sandy, loamy, rock free, and ideal for carrots, potatoes, beets. The person who goes into Safeway is not going to find the carrot has a little twist because it grew around a rock. It's rock free, sandy, loamy, beautiful soil. The nearest soil like it is about 50 miles away. And because it has a few extra frost-free days, Mr. Speaker, it means you can grow more crops. They're more viable there. During the spring and fall, the micro-climate is warmer. It just makes sense that that's one area that should be targeted. There are others throughout the province. The lands commission would have the ability to identify unique soil resources in the province that really require a little extra protection.

The commission would be funded with the agricultural land preservation fund. It would probably come out of the General Revenue Fund of the province. It would allow the commission to start its work. We're going to go into that by looking at Section 6. Section 6 really is the guts of the Bill, in terms of what it would do.

Section 6 suggests that we could use a variety of policy tools in preserving agricultural land, not just a simplistic approach like the NDP did in British Columbia, which was to freeze all agricultural land and say, henceforth,

from now and forever, there shall be no growth on these soils. That's a little heavy-handed, and some real problems are now surfacing in British Columbia.

This has a variety of policy tools: no across-the-board zoning, but selective use of some policy tools. They are in Section 6(2), (a) through (e): grants to assist in the development of land with low soil classifications. I will give you an example. If I had had my 'druthers' when we were looking at the annexation issue around the city of Edmonton, we would have gone east and west, not north and south. East and west, the lands are a little less attractive for urban development. They require a little more money to bring on stream. With point (a), we could provide a little extra assistance to a developer who had soils west of the city of Edmonton that needed draining, and help him direct growth west instead of on the better drained soils north and south. That would be one way — a carrot.

Point (b) is the same sort of idea. Instead of grants to assist in the development of land — for example, by putting in water and sewer lines — this would provide grants directly to people who are perhaps putting in roads. Another little carrot.

A small stick in Section 6 is in subsection (2)(c). It would allow the province to purchase the development rights. Development rights are probably a misnomer in here, but it would allow us to place a caveat on soils, say, northeast of Edmonton. But there is the concept of a willing buyer and a willing purchaser. The province would not simply be moving in and expropriating those rights. There would have to be a transaction between a farmer and the commission. The farmer would have to be willing to give up the right to develop that land and, for that, receive a small fee.

Mr. Speaker, that is working very well in the state of New York, where the idea originally started off with some Quaker farmers in central New York state. They valued the land as a way of life and as something to be passed on to their children's children. They wanted to make sure that nothing interfered with that. So the group of them banded together and formed a society, and the society bought the development rights for that area. The board of directors of the society and the constitution suggest that that land will never be developed but as willing, voluntary action. I am suggesting that we could do the same thing in Alberta.

All too often a farmer in his late 50s or 60s is faced with the decision of what to do with his land. He is getting to the point where he would rather be taking a little more time relaxing and enjoying life, than going out at 6:30 in the morning — a time that I find incredible — to work the land. He would rather have a little extra money, sell his land, and retire. In a sense, the land is his last cash crop. That's his retirement fund and his pension plan. We would give him capital for his land, plus a small consideration for the development rights of that land. But that land would be guaranteed to remain in the agricultural sector, because we would have bought the development rights. It has worked well in New York state. It is a voluntary concept, not heavy-handed government action. I think it is one of the policy tools we should look at in this province.

Point (d) is an idea that has been borrowed from the Wilkinson Act in California. Point (d) would provide a tax subsidy on good quality soils within a municipality. But there would be the right of the province to reclaim those tax subsidies if that land was ever developed. Let's say a quarter section of land just south of the city of

Edmonton was given lower taxation rates. We would calculate the value of those taxation rates as agricultural land, compared to what that land would be taxed at if it were considered to be developed land. Then we would say — and this is based on good quality soils — if that land ever comes into an urban development, we are going to tax back all the tax subsidies given to that land for the last 20 years, and you have to pay this in one lump sum. That would not apply to soils of Class 3 or 4 capability. So there would be an inherent competitive advantage for Class 3 or 4 soils to be developed over Class 1 or 2 soils. It's another policy tool. It doesn't cost the farmer anything. It doesn't impose any extra burdens for that land to remain agricultural land. But if it is ever developed, I think society has a right to say: we have subsidized you for keeping that land as agricultural land, and we have the right to take that subsidy back, because it is now being transferred from agricultural land to urban development; society has a right to take that subsidy back.

Mr. Speaker, those are the ideas in Bill 204. We are developing into an industrial and urbanized society. Our population is rapidly growing, and that growth is taking place largely in the Calgary-Edmonton urban corridor. That is precisely where our best soils are. If we do not move quickly, in 10 or 20 years we are going to be faced with an enormous policy problem and with an agricultural sector that has lost its best and most productive land, where the input costs are the lowest and the land has the greatest productivity. We are going to want to be able to sell our agricultural products to other markets, because our oil and gas reserves will have declined and we will be more dependent on agriculture than ever before. But we will have wiped out our best land as a resource, and that's folly. Surely this society, this community, and this Legislature can look ahead 20 years and say — with a population of 4 million, double the population, and all that population being concentrated in this one small area where our best land is — we are making a basic mistake if we continue doing, what we are doing without really examining what we are going to end up with.

Mr. Speaker, Bill 204 is simply an opportunity for this Assembly to comment on this public policy issue that is developing and, hopefully, alert the ECA to consider this matter seriously and ask Albertans to consider it seriously; to ask ministers of the Crown to look at what they are doing in terms of public policy, in the way we are developing our land in our province, and to take a second look. If we don't do it in 1982, 1983, or 1984, in the year 2000 it will be too late.

Mr. Speaker, with that, I would like to listen to the comments of other members of the Assembly.

MR. SINDLINGER: Mr. Speaker, I would like to address a few comments to Bill 204, the Agricultural Land Protection Act, if I may. I guess I am going to run the risk here of perhaps proposing the kiss of death, but I think this is a good idea, and it ought to be given considerable consideration by the ministers identified in the section which suggests that a commission be established.

Mr. Speaker, too often in regard to corporate planning as well as governmental planning, more attention is paid to short-term objectives. Of course that is a practical point of view, because managers and legislators are judged on their performance in the short term; that is, the balance sheet at the end of a corporate year, or the legislators after a political term. But this Bill indicates to me that there is considerable foresight and concern for

the future development of the province. I think it would be prudent for us as legislators to forget the short-term examination we're given and look to the long term more than we do.

I guess the first place to start in planning for the long term is to determine where we are today. As I read this, this is what the Bill says in the first place; that is, once a commission is established, it should prepare a report, which in my interpretation is an inventory of what exists today, and then knowing that, plan for the future. I hope the comments that are going to be made will address this Bill from that point of view; that is, the long term rather than the short term.

When the minister addresses this, I would like to know the practicalities and shortcomings of following through with the suggestions in this Bill. I imagine there probably are some things in place that do some of the things suggested here. But that doesn't obviate the fact that something like this is necessary. Perhaps a commission like this could bring all those things together, prepare them in a co-ordinated way, and provide more information for us as legislators in determining where we should go in the long term.

In conclusion, I support this Act. I think it demonstrates a great deal of foresight. I encourage the ministers concerned to take appropriate action to see that if this Act cannot be passed through the Legislature, other steps are taken so that the thoughts incorporated in it are followed through.

MR. STEWART: Mr. Speaker, I have listened with interest to the mover of Bill 204, the Agricultural Land Protection Act. No doubt he has sincerely studied the many issues that have been debated around the province by people who have a sincere desire to see prime agricultural land kept for that specific purpose. I think some of the criticism he has laid at the feet of people who are now involved in agriculture is not quite justified. If we take a look at agriculture in this province since the beginning, I believe we would understand that people have adapted to the land to a very great degree, taken advantage of soil conditions in different locations, and been able to take the agricultural land that was not of top quality and make a viable agricultural industry that doesn't deserve the criticism I've heard in some of his statements.

If he will go back in history, he will remember that this country was opened up and initially explored for its potential. The people of the day believed that a lot of land in western Canada was not really suitable for agriculture because of the low rainfall, and the possibility of its productivity didn't warrant settlement. Recognizing the fact that all the good land is not in one block and that railroads had to cross this country from east to west, quite obviously railroads were built across what was considered poor land in the Palliser Triangle, in order to reach their destination.

[Mr. Purdy in the Chair]

Since that time, people in agriculture have learned and been innovative, to the point that there's very little agricultural land in the southern part of this province that isn't being worked to its potential. Some mistakes were made in the early '30s and '20s, that necessitated some changes in policy and how land was handled in the special areas. We recognize that today there are certain restrictions as to what uses some of that land can be put to. We also recognize that a lot of the land in this

province is still handled and owned in the name of the Crown; land that in many cases doesn't have a high potential. Some of the land requires special care to avoid erosion or misuse that would cause irreparable damage.

In most cases, I believe the land in private ownership today has been developed to what I would consider a reasonable potential, from an agricultural point of view. Certainly agriculture is like many other industries: it's an ongoing learning process. The people involved in agriculture in Alberta today have been innovative. As time goes on and new techniques are developed, I believe they will be quick to take them up and utilize them for the best use of the land and to create and maintain a viable industry. Farming as a way of life is a nice philosophy. But if you can't pay for the cost of the operation and the land, people are soon forced into another industry.

At the present time, we have very little land in this province that isn't being held and operated to a reasonable level, if it has that potential and has been in agriculture. We can look at other parts of this country — eastern Canada and Ontario — where farms were originally quite small. Today, you'll find that a lot of those farms are not being worked to their potential, for the simple reason that the economic units are too small. The opportunity of employment in some other industry has made it more practical for the people to live on those farms and earn their livelihood off the farm. As a result, you can drive through many parts of Ontario and find that the land is deteriorating, that it has been overgrown with weeds and what you might call garbage timber growing on land that at one time was productive in agriculture. I don't find that that's the case in Alberta. I don't believe that the people involved in agriculture today are prepared to let the productivity of agricultural land drop if there's a reasonable return for farming it.

As far as legislation is concerned, this government has recognized that we have to have planning to make the best use of agricultural land. The Planning Act brought in in 1977 was an honest attempt to have some long-term planning at the regional and municipal level, that would recognize that the subdividing of good agricultural land for other purposes was a detriment in the long term, but that there was land throughout most municipalities that didn't have a good agricultural potential and that would be suitable for rural living. We've recognized that there are environmental advantages; that many people are prepared to pay for the privilege of living on a small acreage in rural Alberta, and commute to some form of employment in our urban centres. I don't believe we have taken such a concern in agricultural land that we would deny anyone that opportunity.

As long as an economically viable operation can be maintained in agriculture, it will progress. I think the role of government has to be to explore any possibilities that will improve the opportunity for people in agriculture. As these new ideas are developed, they will be made available to the people in the industry. I think they will be quick to take advantage of it.

From an environmental point of view, I think we have to screen many of the chemicals used today, to be sure that the long-term effect does not outweigh the short-term gain. We recognize that fertilizer and chemical weed control are two of the main weapons in agriculture that make productivity such that the number of people on the land has not changed significantly but certainly our production has improved.

One appealing aspect of the Bill, from the point of view of a change from agricultural to industrial use of land, is

that there could be some form of tax levy, so anyone developing land into an industrial or urban use would find it to their advantage to seek out lower quality land for that purpose.

I believe that the member's effort in bringing forth this Bill was sincere. I think it's timely that we discuss it, but I don't believe that agriculture in Alberta is misusing prime agricultural land at this time. I think we can improve. Agriculture is certainly an ongoing improvement technology. I would be the first to admit that people in agriculture, given the opportunity and the incentive of a fair return for their investment, will make every effort to make agricultural land as productive as they can with the technology they have. Through our environmental concerns and planning, I believe we are making an honest effort to make agricultural land as useful as possible. If it has to be taken for urbanization, it's recognized that it's impractical to have quarter sections of prime agricultural land left in that state in the middle of an urban area. It just doesn't make economic sense. I think we have to be practical about this. Our cities happen to be located where good agricultural land is, and it's inconceivable that we should put a freeze on land around the perimeter and expect those cities never to grow.

So from a philosophical point of view, I can't support total government control of agricultural land. I appreciate the concern, but I believe there has to be more thought and consultation with people involved in agriculture before we have many more changes to the rules of the game.

MR. WOO: Mr. Speaker, if my father were here today I don't think he would object too strenuously, but I would like to touch upon another situation which affects agricultural land protection: wind erosion.

I was born and raised on a farm in the beautiful short-grass country of southern Alberta, in a triangle formed by Lethbridge, the Blood Reserve, and the town of Raymond. My father was a hard-working industrious farmer. I recall one summer day many years ago. It was a typical Lethbridge day: the wind was blowing. My father was on the back 10. He was a poor farmer, and we couldn't afford a back 40 like the ones my hon. colleagues from Cardston, Taber-Warner, or Macleod might have. On this particular hot, windy, summer day, as my father was putting up fence on the back 10, the wind began to increase in velocity. Far off on the northwest horizon a dark cloud began to form at ground level. We knew what was coming up: one of our occasional but famous summer dust storms, only this time we knew it was going to be the granddaddy of all southern Alberta dust storms. It wasn't too long before that dust storm hit our back 10 with a vengeance. My father wanted to finish that fence. He must have put up about 50 yards of it in the middle of that storm before he was forced to give up.

The following morning, after the storm had subsided and only a gentle 50 mile per hour breeze was blowing, he went out to inspect the fence. Would you believe it? The last 50 yards of that fence was 12 feet up in the air. It seemed that the dust and soil was so thick in the middle of the storm, that he didn't know he was digging post-holes that high above the ground. Naturally, when the storm died, it left the fence high and dry. The amazing thing about this, Mr. Speaker, was that beside a fence post and hanging down from the bottom end of it was a hole 6 feet long, which left the bottom of it 6 feet above the ground. At the bottom of that hole, 14 hours after the storm had passed, was a gopher still trying to dig his way

down to ground level.

My father had planted seed potatoes on that back 10, but that fall we ended up harvesting 10 acres of sugar beets, while 18 miles down the road, right smack in the centre of our neighbor's grain field, were 10 acres of the most beautiful spuds he'd ever seen in southern Alberta. That was some wind. [laughter]

SOME HON. MEMBERS: That was some story.

MR. WOO: Mr. Speaker, judging from some of the remarks, some hon. members might share the view that perhaps this initial contribution, rather than being relative to the subject of soil conservation, might more appropriately come under the title of soil fertilization.

Seriously, Mr. Speaker, in rising to participate in this debate, I wish to commend the hon. Member for Edmonton Glengarry for bringing this Bill before the Assembly. Notwithstanding the practical intent of this Act, I enter the debate with mixed feelings and certainly with a degree of uncertainty as to the end result. After examining the track records of governments with respect to agricultural land protection, I must confess that I find those track records leave much to be desired. I don't mean this to be an outright condemnation of government. For I recognize that in this increasingly complex society, we live in an environment of conflicting systems.

Certainly we must recognize that the loss of productive agricultural land and the decrease in the number of family farms, are two of many interrelated problems that possibly signify serious trouble for agriculture and rural communities. However, Mr. Speaker, unlike some other governments which have taken the fertility and productivity of farmland for granted, I take a great degree of pride in the initiatives of this government in its efforts to preserve the family farm and increase the productive capacity of agricultural land. I have no doubt in my mind that the agricultural exports of this province are gaining increasing significance in the provincial economy and certainly in world trade. I think that fact is underscored by the efforts of our Minister of State for Economic Development — International Trade in his travels throughout the world.

Initially I made reference to an environment of conflicting systems. In essence, I suppose any perception with respect to the philosophy of the hon. Member for Edmonton Glengarry is also one in conflict, in that I am going to suggest that agricultural productivity is fundamental to prime agricultural land protection, and not the other way around. My argument is that agricultural productivity of land must bring economic and social returns to the farming community to the degree that it satisfies. Simply put, it means: if it doesn't pay, don't plough. With all due respect, it is my view that economic viability in farming will do more to protect and preserve prime agricultural land than will any Act.

I would like to speak briefly to a few areas regarding conflicts which I feel will mitigate the integrity of any Act, as my hon. colleague for Edmonton Glengarry would like to see. As we all know, farming requires heavy investment and hard work, and involves high risk. For a variety of reasons, and any given number of sets of circumstances, governments recognizing this have become involved with the farming community. This is quite apparent in terms of taxation, farm financing, marketing, transportation, rural community development, and a whole series of other forms of programs.

As I see it, Mr. Speaker, the problem is that govern-

ment programs are generally of a terminal nature. On the one hand, I'm not so sure that once having interfered, we would not create an adverse impact on an agricultural community by suddenly pulling out. On the other hand, I am not sure what the end result would be if government programs were of an ongoing nature, and how this would affect the ability to put agricultural goods and produce on a highly competitive international market.

The preservation of farmland requires a very comprehensive approach in addressing both the complex and conflicting relationships of people, natural resources, and new economic considerations brought about by modern agriculture. As an example, Mr. Speaker, in Alberta we have seen a decline in family farm operations. Smaller farms are being absorbed by larger ones, by corporations, and by non-farm users. In other instances, other small farms have disappeared simply because their occupants have found other forms of easier, alternative employment, or simply because it was too hard to find the money to expand or modernize.

Perhaps more significantly, we are seeing something today which only reinforces my feeling that to some degree there is no alternative to saving some of our best land. That situation is the one in which we see the isolation of farms within growing urban areas. We see an increasing sale of farms to speculators, including foreign investors, who offer prices far beyond the productive value of the land. I suppose that is part of the price of progress. But when one realizes that over 50 per cent of Canada's prime agricultural land is within 80 kilometres, or 50 miles, of 19 major urban areas, and is subject to conversion to uses other than agriculture, I think this is too high a price to pay. At the same time, I see no way out.

I could go on and talk about other conflicts with land protection, such as user access for recreation, wildlife habitat, other resource management requirements, the effect of air and water pollution on agricultural land, acid rain effects, mining, energy, and water controls. All these affect the protection and preservation of agricultural land. Mr. Speaker, nothing would please me more than to see a functional land-use policy established, which would give priority to the protection and preservation of prime agricultural land.

Until all governments at all levels and the user and interest groups can come to some agreement, I hold little hope for the establishment of such an Act as brought forward by my hon. colleague from Edmonton Glengarry. It is my view that rigid legislation will not be popular or operable, and flexible legislation is self-defeating with respect to its intent when we talk of agricultural land protection and preservation. For every pro or con, there will be a second or third view. It is sort of like the farmer who loaded up his mule with a full pack and said: well, mule, do we go uphill or downhill first? The mule said, what's the matter? Is the level road closed?

Mr. Speaker, I commend the hon. Member for Edmonton Glengarry for his initiative. Who knows? Miracles have been known to happen. Thank you.

MR. FJORDBOTTEN: Mr. Speaker, it's a privilege this afternoon to enter the debate on Bill 204. The protection of agricultural land is an extremely important issue to everyone; more important now than ever, because of the fact that we're just through Agriculture Week. If you eat, you're involved in agriculture. So I suppose that anyone who eats is involved in the preservation of agricultural land.

It's always been acknowledged that agricultural land was indeed special. The individuals who immigrated to this country from many other countries came because there was an abundance of land and prices were low. They wanted to get started and have the freedom to be involved in agriculture. These people fought against drought, low prices for their commodities, sickness, loneliness, and depression. When they came through all that, they really had a feeling and a concern for the land they lived on. Some hon. members have brought up the fact that when a lot of those people came here, they survived on some of the better land we have in this province, where they were surer of crops. In many cases, that happened in the Edmonton-Calgary corridor, where there was good land. Wherever there was good land, the people were there together and communities sprang up along that corridor.

So there is no doubt that in the future, the impact in that area is going to be quite high. But when the Minister of Economic Development talks about putting in plants, or whatever they're going to do, I know you can't build every plant on top of a mountain. There isn't poor land in just the right place where there is going to be a plant, and we have progress too. We can't go back to the horse and buggy days in our thinking.

I was looking in *The Palliser Wheatgrower* the other day. It said that if all the tractors in North America could be replaced, it would take 61 million horses and mules, but then it would take half the farmland to feed them and an additional 26 million farm employees to work them. We've made a lot of progress over the last number of years. I don't think any of us would want to go back and have half our farmland used for feeding those horses rather than having the technology that has now advanced to the point where we have equipment that is able to do a job today that has never been done in the past.

As I read this Bill, one thing that concerned me was the mention of a commission. As I farmed for a number of years myself, I had a lot of government people come into my yard and tell me how to do business. My grandfather gave me the best advice in the world. He said, LeRoy, if you want to succeed in farming, find out what the government suggests and do the opposite. So if we had government come around, and if we're going to have another commission, I would have great difficulty supporting having more people coming around telling me what to do.

I also feel that farmers today really have a feel for the soil and want to see that soil protected in any way they can. I don't think there's anything better.

[Mr. Speaker in the Chair]

I've told you before in this Assembly to pick up a handful of soil in the spring, when it comes alive, when that soil wakes up. I don't think there's a sweeter smell anywhere than the smell of that soil and what it'll do. I'm not only a dirt farmer; I love the smell of dirt. So I want to see that soil preserved and protected. But there are ways to do it without a lot of government interference.

I had some difficulty with the word "prime", because prime is a relative term — prime compared to what? A fellow says, I work really hard. You work hard compared to what? Compared to how hard you used to work; compared to how hard your neighbor works; or what? So prime is a relative term.

We can talk about the depth of soil as being prime soil. We can talk about good drainage, adequate moisture, or whatever. But I think there needs to be more identification than just Class 1 soil to say it's prime land. Classes 1, 2, 3, and 4 soil support plant production, and we can call that prime. But I know that prime Class 1 soil in Cypress, on irrigated land, will produce far more than in some other areas where there isn't the moisture. I know we can do a lot. We now have a million and a half acres under irrigation, and there's another million and a half potential. The Minister of Agriculture is taking steps in the liming program. A lot of acres out there can be reclaimed, so we have to look at reclamation and irrigation. A further 5 or 6 million acres could be brought under irrigation if we had more water management and more dams, but the problem is that you can't put a dam on top of a mountain. You have to put it where the water is. So there is a problem, an impact, and a concern among landowners when it comes to what we should do with the progress we are making in different areas, even in water management.

I'd just like to leave you with a thought today, even though I couldn't support the Bill. William Jennings Bryan once said: burn down your cities and leave our farms, and your cities will spring up again as if by magic; but destroy our farms, and the grass will grow in the streets of every city in the country. I think the steps we can take in a land-use policy — whether it be in the 62 per cent of our land in this province which is public land, or in the preservation of agricultural land and any assistance we can give, but with the least interference we can possibly allow to happen to get the results we want.

In light of the time, Mr. Speaker, I beg leave to adjourn debate.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

[The House recessed at 5:29 p.m. and resumed at 8 p.m.]

MR. HYNDMAN: Mr. Speaker, I have received certain messages from His Honour the Honourable the Lieutenant-Governor, which I now transmit to you.

SERGEANT-AT-ARMS: Order!

MR. SPEAKER: His Honour the Honourable the Lieutenant-Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1982, and recommends the same to the Legislative Assembly.

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Please be seated.

head: GOVERNMENT MOTIONS

MR. HYNDMAN: Mr. Speaker, I move that the Assembly approve in general the fiscal policies of the government.

head: **BUDGET ADDRESS**

MR. HYNDMAN: Mr. Speaker, the 1982 budget message is straightforward: after many years of exceptional growth, we face difficult times in the months ahead. However, the Alberta economy will still be the strongest in Canada in 1982 and, with renewed investor confidence, the future will be promising for jobs and improved quality of life.

1981 was a turbulent and historic year for Albertans. This province's leadership with regard to energy resource ownership and constitutional reform will be a continuing source of strength for our citizens and will help provide stability and a climate for continued risk-taking and entrepreneurship.

1982 will be a transition year, with mixed economic opportunities for our citizens, but with good prospects for 1983 and beyond. The conventional oil and gas industry is still struggling in the aftermath of the federal energy program. Much of the rest of Canada is in the grip of a recession, and all Canadians are suffering under the burden of high interest rates and high inflation. The United States, our most important trading partner, is facing serious economic problems. Alberta will be affected. Although the Alberta government can take some initiatives to assist temporary, severe hardship situations, we are not an economic island isolated from national and international developments; we can seek only to reduce the negative impact of these national and international pressures.

Economic performance among major western industrialized countries continued to be weak in 1981, with growth in real output averaging only 1.3 per cent. This weak economic performance stemmed from the sharp rises in international oil prices in 1979 and 1980, coupled with restrictive monetary policies and, in most cases, tight fiscal policies adopted by governments to fight inflation. With prolonged and increasing weakness in the United States economy, international economic prospects for 1982 are not encouraging. Real growth among major countries is anticipated to be a very low 1 per cent in 1982. Unemployment rates will rise, but most countries are expected to gain somewhat in the battle against inflation. These economic circumstances do not auger well for Canada.

After a modest recovery in 1981, the United States is expected to record a decline in real output in 1982. The extent of this decline is uncertain. Some forecasters expect interest rates to move downwards, resulting in a turning point in the economic cycle in the latter part of the year. But many other forecasters are not convinced that a recovery, however modest, will occur in 1982. Indeed they see a major conflict between the United States' fiscal policy, with its large and growing federal deficit, and the Federal Reserve's restrictive monetary policy. They argue that the clash will mean higher, not lower, interest rates which will stem any economic recovery. The prospect of resurging American interest rates is of great concern to many Canadians.

The Canadian economy performed very poorly in 1981. Inflation escalated to a 33-year high, unemployment rose to record levels, and interest rates remained a heavy burden on Canadians. With the United States in a sharp recession and most other major countries experiencing weak growth, the prospects for a significant Canadian recovery in 1982 are not encouraging.

Along with many other Canadians, Albertans disagree with most of the federal government's economic policies.

If the federal interest rate policy is continued through 1982, farmers, small business men, and home-owners will be in especially difficult circumstances.

The federal monetary policy has been to track all the ups and downs of the American interest rates to protect the value of the Canadian dollar. As I've mentioned, those rates may climb again later this year. But there is an alternative: we would not have to track American rates in future if our federal government put in place, now, a constructive economic strategy to increase exports, particularly natural gas, encourage risk-takers, and create a climate for private investment.

With such a strategy in place, we could have a made-in-Canada interest rate policy. Canadian interest rates would then not have to rise automatically if American rates climb again, and the dollar could be allowed to decline in an orderly way. The result: import replacement by Canadian manufactured goods, more investment, and a boost in consumer spending. Alberta, as a significant exporting province, would enjoy increased export sales with a lower valued Canadian dollar.

The key to restored economic growth is investor confidence. The Alberta experience in the '70s shows investor confidence is a vital ingredient to economic progress. The recent federal budget severely dampened confidence. The abrupt cancellation of numerous investment incentives designed to strengthen the Canadian economy, now called "loopholes", was very damaging. Small Canadian investors, already discouraged by weak economic growth and high interest rates, were dealt a harsh blow.

Canada desperately needs a medium-term plan for economic recovery that is supported and understood. In this diverse country, it is essential that national economic policies and national goals be developed co-operatively among our 11 governments.

In 1981, Alberta's economy moved ahead surprisingly well, despite high interest rates and the damage to the oil and natural gas industry by the Ottawa energy proposals of October 28, 1980. Real gross domestic product advanced by 4 to 5 per cent; investment grew by 22 to 23 per cent; average weekly earnings increased by 14.4 per cent, compared to an inflation rate of 12.9 per cent; and 61,000 new jobs were created. This solid performance stemmed from robust activity in petrochemicals, coal mining, agriculture, tourism, and research. The increasingly diversified nature of the maturing Alberta economy was clearly evident.

However, Alberta cannot avoid the negative effects of federal economic policies which hurt the whole country. Your government will continue to press for changes to the federal policies. We can take steps to help reduce their harmful impact, but the reality is that Alberta's full potential will not be realized this year; surging economic growth has been postponed.

Nevertheless, I expect the Alberta economy to register, once again, the best performance in Canada in 1982. Alberta's gross domestic product may grow slightly faster than it did last year. Although no business or industry is recession-proof, most Albertans should be able to do relatively well.

Investment in 1982 is expected to grow at about the same rate as last year. In relation to its size, Alberta has by far the highest level of private investment of any province in Canada. In 1981, Alberta per capita private investment was \$7,720 compared to about \$4,100 in British Columbia, about \$2,700 in Ontario, and about \$3,600 in Saskatchewan.

The unemployment rate in Alberta is expected to rise

somewhat in 1982, from the 3.8 per cent registered in 1981. Growth in employment, which has been at record high levels recently, is forecast to slow to about 4.5 per cent in 1982. While there will continue to be job opportunities here, Canadians from other provinces who have plans to come to Alberta should know that employment prospects for unskilled workers will be poor.

In 1981, inflation in Canada, as measured by the consumer price index, was 12.5 per cent; in Alberta it was 12.9 per cent. For 1982, inflation is forecast to decelerate to about 11 per cent in Alberta and the rest of Canada. In Alberta, growth in average weekly earnings has consistently been ahead of inflation for most of the past 10 years.

There were over 38,000 housing starts in the province last year, a solid advance over the 32,000 units reported in 1980. The outlook for 1982 is not as bright. The 1981 federal budget effectively chopped 5,000 to 10,000 units from the private-sector investment activity that would have otherwise occurred in Alberta in 1982. Given our low vacancy rates, the continuation of high interest rates, and steady demand for housing, the federal policies are very harmful to Alberta. The government will take major measures to offset these negative effects.

Non-residential construction activity continued at record levels in 1981. Non-residential building permits in 1981 showed an 18 per cent increase in value over the previous year. Growth in about the 20 per cent range is expected this year.

The significant growth experienced in the coal industry over the past decade is expected to be carried forward in 1982. Alberta's metallurgical coal export capacity will be increased appreciably with the new Gregg River mine coming on stream and completion of the expansion of the Cardinal River mine. Construction activity will continue on the Sheerness, Keephills, and Genesee coal-fired plants for electrical power generation. Two proposals to establish other new thermal coal mines will be presented at hearings in 1982.

The North American recession has depressed the cyclical lumber market, hurting Alberta's forest industry in the short term. However, with not even half of our total timber resources yet planned for development, our forest industry is well placed to expand when world markets strengthen in future.

In 1981, Alberta's manufacturing and processing sector recorded another year of strong growth. After recording an 18 per cent increase in 1980, the value of shipments increased by 22 per cent in 1981. Particularly impressive gains were recorded in refining, wood products, metal fabricating, and chemicals. Alberta's share of the value of total manufacturing and processing shipments in Canada rose to 6.5 per cent in 1981 compared to 4.1 per cent in 1971. In 1982, continued growth in this sector is expected.

Expansion continues in the petrochemical industry, a building block in Alberta's economic diversification. Projects currently under construction are valued in excess of \$2.8 billion, those approved top \$1.8 billion, and a further \$3.5 billion worth of projects are being planned. Total capital expenditures in petrochemical development could reach \$8 billion in the '80s.

Alberta's grain farmers enjoyed a record production year in 1981, with a 39 per cent increase in cash receipts. Average prices for wheat and barley, coupled with higher grain movements, boosted total crop receipts to more than \$2 billion. The value of wheat production in Alberta jumped by 75 per cent and exceeded \$1 billion for the first time. Barley receipts surged ahead by 65 per cent,

nearly reaching the half billion dollar mark.

Livestock operations were in difficulty in 1981, due to the pronounced weakness in the important cattle and calves area where cash receipts declined by 4 per cent. This was primarily due to a reduction in beef consumption in our large central Canadian market as consumers adjusted to high mortgage rates. Other areas did better: sales of dairy products, hogs, and poultry all rose by 17 to 18 per cent. Overall, cash receipts from livestock and livestock products rose by less than 2 per cent.

In 1981, total farm cash receipts were about 25 per cent higher than in 1980, while expenses increased by about 17 per cent. This meant an impressive 53 per cent increase in realized net farm income in 1981, although the benefits were not evenly spread throughout the farming community.

Agriculture is a difficult sector to forecast, as farmers know all too well. Gross farm receipts are determined mainly by external market factors, world crop conditions, and beef consumption in central Canada. With crop receipts unlikely to match 1981 record levels, only slight improvements expected in livestock and further but more moderate increases in farm expenses, the outlook for 1982 is mixed.

Input costs faced by the Alberta farmer continue to be held down by low provincial taxes, by the natural gas price protection plan, and by the farm fuel distribution allowance, which assures the lowest agricultural energy costs anywhere in North America.

Of crucial importance to Albertans was the energy agreement between the governments of Alberta and Canada, signed on September 1, 1981. That agreement not only established a royalty, taxation, and pricing system for oil and natural gas; it also recognized the principle that key aspects of a Canadian energy policy can only be put into effect with the consent of those provinces owning the resources. The agreement forced the federal government to back down on a natural gas export tax and to accept a much higher pricing schedule for our existing conventional oil production and oil sands production.

Regrettably, a key segment of the Alberta economy was severely hurt by the federal energy policies of October 1980. So serious was the damage that it will take a year or more before our conventional oil and gas industry regains its vitality. This situation was compounded because natural gas producers were experiencing declining revenues prior to the fall of 1980 as sales to the United States had dropped dramatically. Over the past six months, these problems for the industry have been further aggravated by the federal "loss-of-confidence" budget of November 1981, by high interest rates, and by a softening of world oil markets.

Oil and gas drilling declined significantly in 1981. In February of this year, 302 rigs were at work compared to 375 a year previously. Today's drilling activity is at approximately the 1979 level.

In 1982, a modest increase in drilling activity may occur. Selective Alberta royalty changes and changes in incentive programs, some of which have already been made, will help tailor the provisions of the energy agreement to specific segments of the industry, particularly the smaller producers. Drilling activity is expected to accelerate during next winter's drilling season. Special responses to the difficulties of the oil and gas servicing sector are being developed.

In 1981, conventional crude oil production declined by 8 to 9 per cent, due in part to the government of Alberta's

oil production reduction strategy to counter the proposed federal energy program. The value of crude oil production increased by 5 per cent to \$8.9 billion. Oil production is expected to increase during 1982, provided certain federal marketing and compensation strategies are altered.

Production of natural gas in 1981 remained at the same level as in 1980. Exports of Alberta natural gas were 657 billion cubic feet in '81, only slightly more than one-half of the licensed export volumes. In fact, exports in 1981 fell short of minimum contract volumes, due to the recession in the United States which reduced demand. Domestic sales of Alberta natural gas increased by only 2.1 per cent in 1981. The value of natural gas production increased by 9 per cent to \$5.7 billion. However, the benefit of revenue from Alberta gas volumes flowing through the Alaska pipeline prebuild will improve cash flow significantly, starting in 1982.

Initiatives are required to develop our natural gas markets. In the months ahead, the government will work with the natural gas industry to develop a natural gas marketing strategy aimed particularly at markets south of the border. As part of this approach, we will press for modifications in the existing criteria for natural gas export licences.

The oil picture is markedly different from the natural gas scene. There ought to be immediate markets for oil, and the international price for new oil encourages explorers to drill for it. Already there is evidence of renewed activity in this area.

Given the sharpness of the North American economic downturn and damaging federal economic policies, the key objective of the government's fiscal policy for the 1982 budget is to assist Albertans through the transition from the boom years of the '70s to the next round of rapid growth in the '80s.

The budget provides a one-third increase in the government's '82-83 capital construction program to \$2.1 billion. In addition, provincial corporations will undertake major capital investments of nearly \$3 billion. This massive increase in capital spending planned for 1982 will stimulate the economy and create jobs.

This strategy will have the added benefit of ensuring that the necessary social and economic building blocks are in place in an orderly fashion before the next round of vigorous growth expected in the medium term. If we delay, government may well be competing with the private sector for skilled labor as well as scarce materials and supplies, thus impeding our economic progress.

In addition, there are certain sectors especially hard hit by federal policies where selective support measures are required: housing, conventional oil and gas, and small business.

The government will also maintain its support for the private-sector risk investor by maintaining a consistent and well-understood economic strategy supported by an incentive-based tax environment.

A second element of the fiscal strategy is to ensure that Albertans will continue to enjoy first-rate public services. Economic and social progress go together in Alberta. All Albertans enjoy services here unparalleled in Canada.

For 1982-83, there will be a 25 per cent increase in funding for ongoing services to people. A large part of the enormous capital expenditure in '82-83 will be directed to hospitals, schools, universities, colleges, vocational centres, parks, and facilities for the handicapped.

Sound financial management is the third element of our fiscal strategy. The goal is to hold growth of govern-

ment in line with the expected trend growth in the economy. This has been a consistent fiscal policy of the government since the early 1970s. Wage guidelines for the public sector, as announced January 12 of this year, will promote investor confidence in the province.

A key to Alberta's financial management strategy is the Alberta Heritage Savings Trust Fund, now in its sixth successful year. As a savings fund, its principal objective is to smooth the difficult future transition from an economy based on depleting natural resources to one where more traditional revenue sources are required. Through its investments today, the heritage fund supports Alberta farmers, small business men, home buyers, and home builders, thereby creating long-term strength in our economy. As well, these investments will provide an income stream over the long term when our resource revenues decline.

The Alberta Heritage Savings Trust Fund is estimated to increase by \$3.3 billion during 1982-83. About 60 per cent of the new funds will come from non-renewable resource revenue and the remainder from investment income. Virtually all of these funds are committed in advance to Crown corporations such as the Alberta Home Mortgage Corporation and the Alberta Municipal Financing Corporation. These estimates would put the financial assets of the heritage fund at \$12.5 billion at March 31, 1983. Deemed assets of the heritage fund on that date are estimated at \$1.7 billion.

The recent special report of the Alberta Auditor General notes that the investment performance of the heritage fund exceeds that of similar funds.

The primary focus in the 1982-83 expenditure plan is the continuation of the wide range of high-quality, proven programs now available to Albertans.

No other province in Canada matches the comprehensive range of health, educational, social, recreational, police, and other services available in Alberta. In 1980-81, per capita expenditure in Alberta was \$3,150 compared to \$2,400 in British Columbia, about \$2,500 in Saskatchewan, and \$2,000 in Ontario. The government intends to maintain Alberta's favorable position as between provinces. However, we cannot afford to provide even more expensive public services which might be funded for a short time but which would become a heavy load on taxpayers in the years ahead.

Maintaining the highest quality services in Canada is very costly:

- The per pupil grant for a grade 10 student in Alberta in 1972, for example, was \$878; this year it will be over \$1,900.
- The cost per patient day for a bed in an active treatment hospital in Alberta in '72 was \$58; this year it will be \$328.
- In 1972, Alberta spent \$12.3 million on child welfare services; the 1982 total costs will be over \$101 million.

Today's increasingly costly climate, coupled with Alberta's dynamic growth, translates into very significant cost increases simply to carry on existing programs.

Merely extending provincial services to cover the population growth of roughly 76,000 people means that \$235 million has to be added to the '82-83 budget. Unavoidable price increases to purchase needed supplies and adjustments to public service salaries and public salaries, add another \$800 million to next year's budget. The 1982-83 budget, therefore, has to rise by more than \$1 billion just to stay where we are now.

For 1982-83, quality improvements total \$775 million.

This includes selective enrichments to existing programs, introduction of a few new programs, and several major new capital construction projects. Overall, these quality improvements represent 9.2 per cent of the budget. Most of these improvements will result in built-in increasing future operating costs in budgets down the road.

The total voted operating and capital budget of the province for 1982-83 will be \$8,467 billion, an increase of 27.2 per cent over last year.

The increase in the number of permanent civil service positions in '82-83 is 4.5 per cent, in line with the expected growth in Alberta's labor force for the year.

The 1982-83 operating budget makes up roughly 75 per cent of total expenditure; it will increase to \$6,324 billion, a rise of over 25 per cent over the comparable '81-82 estimates or 24.1 per cent over the revised budget forecast for the current year. This compares to a 15.3 per cent increase in the '81-82 revised budget forecast relative to actual expenditure in '80-81. Numerous programs subsidize and shield Alberta consumers, and provide benefits and lower costs.

To control the size of government, one of our key budgetary policies has been to keep the trend growth in operating costs at or below the rate of expansion in the provincial economy. In 1982-83, the share of Alberta's economic output devoted to operating costs of provincial programs is 10.7 per cent, which is remarkably consistent with past years and below the level recorded in 1978-79.

The '82-83 funding for the total range of social services and community health will top the \$1 billion mark for the first time, an increase of more than 22 per cent over the comparable '81-82 estimates. This is tangible evidence of the government's major commitment to Albertans with special needs.

There are healthy increases to every social service program. Social allowances to those in need rise by over 27 per cent to more than \$271 million; child welfare services go up by over 28 per cent to almost \$102 million; vocational rehabilitation services receive an almost 30 per cent boost to \$17.4 million; services to the handicapped increase by more than 17 per cent to over \$100 million; and the alcoholism and drug abuse area receives an over 25 per cent rise to over \$21 million. Day care operating allowances increase by 69 per cent to almost \$28 million.

The general health services program promotes good health practices through prevention and control of communicable diseases and rehabilitative health services. It will be expanded by close to 35 per cent with a budget of \$40 million.

The extended health benefits program for senior citizens and the aids to daily living program for the handicapped are boosted by 51 per cent to almost \$22 million. The budget for a full range of mental health services is increased by 19.7 per cent to more than \$88 million. Local health units will receive \$75.6 million, an increase of almost 21 per cent. The Public Guardian's office will receive a more than 70 per cent increase in funding to help meet the needs of many senior citizens and other dependent adults.

To ensure effective delivery of these programs, more funding is provided for computerized systems, planning studies, and professional training consultants. The decentralized district offices, an integral part of the new strategy to improve program delivery, will receive an additional \$9.8 million in this budget.

The pioneer contributions of our senior citizens to Alberta's development are remembered. The government's 10-year record of assistance to them is unmatched:

- The Alberta property tax reduction plan provides senior citizen home-owners with a benefit of up to \$600. Senior citizens in apartments are eligible for the \$1,000 renter assistance grant. The total cost this year is over \$60 million.
- The Alberta pioneers' repair program has provided over \$75 million to over 38,000 senior citizens, with a further \$14 million committed this year. Grants of up to \$2,000 assist in upgrading and maintaining the homes of senior citizens who wish to remain in their neighborhoods.
- Total government spending on senior citizen housing exceeds the one-half billion dollar mark for a total of 17,000 units. In '82-83, more than \$134 million is provided for 2,200 units of self-contained housing and more than \$26 million for 550 units of lodge accommodation.
- Premium-free coverage as well as numerous other health benefits will cost an estimated \$180 million in '82-83.
- The Alberta assured income plan, which supplements a federal program, will be increased this year to a maximum of \$95 per month for approximately 85,000 senior citizens in Alberta at a projected cost of almost \$71 million.
- Direct assistance under the social allowance for the aged program is budgeted at over \$17 million.

Numerous other programs directly benefit our elderly citizens, including the absence of a sales tax, first-rate health care, and major support for urban transportation systems.

A major priority has been to provide affordable accommodation to home-owners and renters. No other province in Canada provides either the range or the level of shelter assistance programs available here.

We continue to face extraordinary pressures in the housing market, due to continued population increases, high interest rates, and the federal elimination of the various successful tax incentives for construction of residential buildings. Accordingly we must continue to be involved in a major way in stimulating construction for ownership and rental housing.

More than 50 per cent of all the new housing in Alberta in '82-83 will be financed by the Alberta Heritage Savings Trust Fund. Approximately one-quarter of the entire Alberta Heritage Savings Trust Fund is invested to provide homes, apartments, condominiums, duplexes, senior citizen housing, and nursing homes in Alberta for Albertans.

To make new housing more affordable, and to reduce the impact of high mortgage rates, \$60 million in subsidies to lower and middle-income Alberta families will be provided through the very popular Alberta family home purchase plan. Recent amendments to the program allow families without dependent children to be eligible. A new home-owner under the plan can receive a subsidy of up to \$570 per month, significantly reducing the effective mortgage rate.

\$34.5 million in subsidies to encourage rental construction is provided in the budget under the core housing incentive program, thus easing the burdens on renters with low incomes.

Rents for senior citizens' self-contained and community housing units will not exceed 25 per cent of income.

Ensuring that Albertans have access to top-quality health care services is a continuing priority. To meet this commitment, in 1982-83 the government's operating funds for active care and auxiliary hospitals and nursing

homes will increase by \$228 million, or almost 26 per cent over last year's estimates, to more than \$1.1 billion. Roughly two-thirds of this increase is attributable to wage and salary increases for health care workers and operating cost increases. \$23 million will go toward the operating cost of new or renovated facilities.

Several cardiac care and research programs, initially funded through the heritage fund, are now fully operational and will cost almost \$14 million next year.

Funding for basic and advanced education continues to escalate. The 1982-83 budget for basic education will reach the \$1 billion mark for the first time. This 19.6 per cent increase demonstrates unequivocally the top priority attached to educating our young people.

\$108 million will be added to basic operating grants of the grades 1 to 12 School Foundation Program Fund for a total of more than \$721 million. An additional \$40.2 million will be provided to upgrade older facilities under the very successful building quality restoration program and to retire debt.

Strong emphasis continues on special education programs for the handicapped. Funding will increase by almost 26 per cent to over \$69 million. This includes \$4.7 million for special education program unit grants for the severely disabled. \$2 million is included to begin operation of multi-sensory handicapped programs in Edmonton and Calgary. \$500,000 is available for a new materials resource centre in Calgary to serve southern Alberta.

Total funding of early childhood programs will increase by 38 per cent to over \$46 million.

For our advanced education system, operating grants to our colleges, universities, and technical institutes in '82-83 will increase by 18.9 per cent to \$573 million.

The transition of the Northern and Southern Alberta Institutes of Technology to public, board-governed status this year will require \$12 million for operating and capital purposes.

To help meet nursing shortages in Alberta, more than \$7 million is proposed to introduce new nursing programs at Grande Prairie and Fort McMurray, and to expand existing programs.

To meet the expected demand for court services, funding in '82-83 will increase by 25.5 per cent to over \$43 million. Financial support for legal aid will increase by over 36 per cent to \$6.8 million.

In '82-83, funding for services of the Royal Canadian Mounted Police will increase by over 43 per cent to \$45.6 million under the new 10-year policing agreement signed with the federal government. The number of RCMP officers in the province will increase by 4 per cent, to ensure that those policing services keep pace with population growth.

The operating budget for correctional services will rise by slightly over 18 per cent to \$63 million, and 81 new positions will be added.

In July 1983, Edmonton will host the world-scale XII University Games. Over 4,500 participants are expected. Total provincial financial support is \$10.7 million.

Also in the summer of 1983, the city of Calgary will host the Western Canada Games, drawing athletes from all four western provinces and the territories. \$1.2 million is provided in operating support.

Funding for the operation of parks for Albertans will increase by 25 per cent to almost \$35 million.

Government support continues to widen the rich cultural dimensions of the province. The literary arts grant program will be more than doubled to \$376,000, to benefit publishers and Alberta authors. Library grants will

increase by over 20 per cent to over \$9 million, to assist regional and municipal libraries. The library system itself will receive \$562,000, a 51 per cent increase in funding, to promote sharing of library material.

To match the contributions of Albertans who wish to respond to poverty in other parts of the world, international assistance grants will be increased by over 44 per cent to \$7 million in '82-83.

After the federal government withdrew its support for Native Outreach, Alberta agreed to continue this important program at a cost of \$830,000 in '82-83. The special economic stabilization program of Alberta Transportation will funnel moneys into reserves and access roads. Provincial services to natives will expand through the family and community support services program. Two senior citizens' lodges will be constructed on reserves.

A five-year development program will be started in the eight Metis settlements in the province, including industrial, recreational, water, and sewer projects. The first-year cost is \$2 million. Support will be provided to enable research on Metis aboriginal rights to proceed in preparation for the future first ministers' constitutional conference.

Municipalities and taxpayers continue to benefit again this year from the unique municipal debt reduction program of three years ago.

In '82-83, unconditional assistance grants to municipalities will increase by 11 per cent to \$87.6 million.

The municipal debenture interest rebate program, which provides subsidized interest costs on eligible municipal borrowing, will double in '82-83 to over \$86 million. The program will save property tax payers in Alberta millions of dollars by shielding them significantly from high interest rates.

A 10-year grant program eases the adjustment resulting from expansion of Edmonton's boundaries. In '82-83 the municipal district of Sturgeon and the counties of Strathcona and Parkland will receive a total of \$4.5 million.

Agriculture is the renewable resource mainstay of Alberta. The government's twin goals are to boost net farm income and to strengthen the family farm. Reflecting major support for our farmers, the operating budget for Alberta Agriculture will increase by over 42 per cent to more than \$152 million.

In recognition of the key financing role of the Alberta Agricultural Development Corporation, its '82-83 operating grant will be increased to \$58.7 million, more than double last year's comparable estimate. This boost will provide substantial incentive rebates, thus sheltering beginning farmers, expanding agricultural operations, and agribusiness from high interest rates.

Farmers are shielded from the impact of energy input costs to the extent of \$28 million through the farm fuel distribution allowance.

Increased marketing of Alberta's agricultural products in the domestic and international market place remains a high priority. The out-of-province promotion program will be increased by almost 48 per cent to \$130,000. Financial assistance for international shows, promotions, and missions will be increased by almost 30 per cent to \$561,000.

The budget provides for the new \$1 million beef promotion campaign, part of the one-time \$136 million beef cattle and sheep support program which assists livestock producers hard hit by record high interest costs and lower demand.

The '81-82 feed freight assistance program, funded by a \$2.8 million special warrant, assists livestock producers

affected by drought.

Alberta's pork producers have also been hurt by high interest costs and poor market conditions. The emergency stop-loss program for hogs was extended into '81-82, through a \$7.1 million special warrant. In addition, a \$10 million special warrant was approved to provide a grant to the Alberta Pork Producers' Marketing Board for a contributory assured returns program.

Support for agricultural processing industries will be enhanced. Funding under the rapeseed crushing assistance program will be increased to \$1.4 million. Capital grants to nutritive processing businesses will be more than doubled to \$6.6 million to reflect the expanded Canada-Alberta Nutritive Processing Agreement signed last fall.

Funding is increased for the weather modification program and the lime freight assistance program. Alberta Terminals Ltd. will receive \$3.6 million in '82-83 for the upgrading of its grain handling facilities in Edmonton, Calgary, and Lethbridge.

Funding for the operation of agricultural service boards and for agricultural societies will rise to \$5.7 million.

Alberta farmers will also benefit from the \$25 million Farming for the Future research program of the Alberta Heritage Savings Trust Fund; from the \$200 million in provincial support anticipated for the Prince Rupert grain terminal, part of it from the heritage fund; and from the 1,000 grain hopper cars purchased by the Heritage fund at a cost of \$56 million.

Our clearly defined economic strategy — to build on our natural resource strengths of agriculture, energy, forestry, coal, research, and tourism, and to diversify the Alberta economy in a balanced way throughout the province — is succeeding.

The small business private sector is the main engine of growth in the Alberta economy. None the less, government can act selectively as a catalyst to help overcome Alberta's geographic and economic disadvantages. The Department of Economic Development spearheads government initiatives with a budget for '82-83 of over \$50 million. Trade development operations will be increased by over 47 per cent in '82-83. The Alberta Motion Picture Development Corporation, created with an initial capitalization of \$3 million, will commence operations this year.

The budget of the Department of Tourism and Small Business is increased to over \$20 million. Additional small business counsellors will be made available in Edmonton and Calgary, and a new regional office will open. The government will request additional funds for the Alberta opportunity Company, so small businesses can continue to secure financing.

A continuing government priority has been to ensure fair energy prices for Albertans. Under the natural gas price protection plan, the price of natural gas to our citizens is reduced to 65 per cent of what other Canadians pay to buy our gas at the Alberta border. In effect, Albertans pay no royalty on natural gas they use. The plan is complemented by the remote area heating allowance. In '82-83 an estimated \$151 million in rebates will be paid out to Albertans, thus providing by far the least expensive heating fuel in North America.

To honor further our commitment to fair energy prices, the Alberta Electric Energy Marketing Agency has been established to administer a new program designed to provide more equal electric energy costs to our citizens. Power will be purchased from generation facilities, costs will be pooled, and power will then be sold to distributors

at an average price. A five-year, declining subsidization program will shelter consumers whose electric utility costs are currently below the provincial average. The first-year cost of the subsidies is estimated at about \$72 million, based on a September 1, '82, start-up date.

The budget provides \$3 million this year for the timber salvage incentive program started in '81-82. The program has assisted significantly many lumber and sawmill operators during the current slowdown. There is also increased funding to control pests and fight forest fires with more effective detection and suppression equipment.

Funding for public lands management will be expanded in the coming year through the public grazing lands improvement program.

New hospitals, housing, roads, parks, and educational facilities will benefit Albertans today and also generations to come. The proposed Alberta capital budget for '82-83 will be almost double the capital budget of just two years ago.

The '82-83 capital budget will increase massively to over \$2.1 billion, one-third higher than this year's record capital spending. By proceeding with capital projects in advance of the next round of vigorous growth, the government will get good value for the dollar. Also, a high level of capital expenditure will help to stimulate the economy during a difficult time, with multiplier effects to business and jobs all across the province.

Albertans enjoy health care facilities second to none in North America. Currently under way are hospital construction and renovation programs with a value of \$1.7 billion. In '82-83, capital funding will be increased by 56 per cent, or \$115 million, to a record level of \$320 million.

Under construction now are 19 projects in 16 communities. They involve new hospitals and the upgrading of existing facilities. Construction is scheduled to begin this year on 46 projects in 36 communities. Planning and design will continue on 17 projects. Included in these totals is \$21 million to continue the planning and design of four new major hospitals, two in Edmonton and two in Calgary.

Approximately \$30 million is proposed for the purchase of major medical equipment at hospitals throughout the province. An additional \$6.6 million is provided to undertake fire code safety upgrading projects. A new Red Cross blood transfusion facility will be started this year at an estimated cost of \$27 million.

Total capital improvements to the province's transportation systems will approach a record \$750 million in '82-83. This represents a 25 per cent increase over last year's comparable estimates of \$600 million and approximately a tenfold increase in capital expenditure on roads, highways, bridges, and mass transit since '72-73.

Last year, over 2,300 kilometres of primary and secondary highways were resurfaced and reconstructed. Over 1,400 kilometres of local roads were upgraded through the economic stabilization program introduced last year to employ small contractors on rural and local road projects.

Primary highway systems will receive more than \$62 million this year for a total of over \$251 million. This includes \$35 million for the continued twinning of Highways 1 and 16, and \$5.6 million for commencement of construction on Highway 40, south of Grande Prairie.

To preserve our huge existing highway inventory, \$50 million will be spent under the pavement rehabilitation program this year, an increase of 44 per cent. By March '83, over \$106 million will have been invested over three

years to safeguard and upgrade our multi-billion dollar investment in primary and secondary highways.

Construction under the rural resource roads program will cost more than \$41 million this year, bringing the total investment over the three years to over \$100 million.

The economic stabilization program for small contractors will be continued at a funding level of \$20 million. Almost \$45 million in financial assistance will have been extended to local governments for the construction of rural roads and to stimulate the economy since the introduction of the program.

Capital grants under the urban transportation financial assistance program will jump by more than \$52 million to \$190 million in '82-83, a major increase of almost 38 per cent. At the end of 1982-83, the fourth year of the program, capital expenditures will have exceeded \$546 million. No other province has for its cities a comprehensive, multi-year assistance program of this magnitude.

Funding for the Alberta municipal water supply and sewage treatment grant program will rise by 16 per cent over last year to \$87 million. The original budget of \$75 million for last year was supplemented by a further almost \$25 million during the year. In '82-83, major projects will be started in Camrose, Drumheller, Grande Prairie, and Bonnyville. Under this uniquely Alberta program, 296 water and sewer projects in various communities have received provincial financial assistance since 1979-80, and thousands of our citizens will benefit.

Funding for the regional utility program will double in 1982-83 to \$40 million. Major projects for the year include construction of a water line to Vegreville and additional work in the Edmonton region.

Excellent progress was made last year on the Dickson dam southwest of Red Deer. Special warrant funding of \$21 million was required during the year to continue work on the project, and \$54 million in further funding will be provided this year to complete the dam.

Last year an agreement was signed with the Peigan Indian Band at Brocket for a right of way to a dam located on the reserve. Over \$300,000 is provided in this budget for lease payments.

To enhance our preparedness for emergencies and disasters, the budget of Alberta Disaster Services will increase by 52 per cent, largely to reflect administration of a new transportation of dangerous goods Act.

Initial steps towards the establishment of a hazardous waste treatment facility will be taken in 1982.

The northern supplementary fund will be increased this year by over 42 per cent to \$5.7 million. In addition to providing assistance for the construction of many small treatment facilities, the budget will help finance the completion of a major sewage system in Fort Chipewyan.

To help keep Alberta's rivers clean, the phosphorous removal program will be enhanced by \$3 million to a total of \$8 million. Special treatment facilities in Calgary are currently being constructed.

Irrigation rehabilitation and land reclamation, supported by the Alberta Heritage Savings Trust Fund for Albertans, will continue.

Projects to continue improving our social service facilities will move ahead in '82-83. The Baker Centre replacement plan is moving ahead, with a projected total cost of \$1.8 million. This construction will continue the decentralization of services for handicapped children in southern Alberta. The Claresholm Care Centre will receive a new 40-patient residence and other renovations at a total cost of almost \$5 million.

Provincial capital spending for universities, colleges,

and technical institutions will rise by almost 22 per cent to \$180 million.

\$31 million will start the construction of a new business administration and commerce building at the University of Alberta, a phase two expansion for Mount Royal College, and new facilities for Lakeland College. The estimated cost to completion of these three projects is over \$118 million.

Over \$74 million is allocated to renovate facilities at 18 universities, colleges, and technical institutions. Almost \$52 million will be required to complete a large number of projects started over the last two years.

A further \$8 million will be recommended for the 1980s advanced education endowment fund, to match private donations for public institutions.

Through the Alberta Municipal Financing Corporation, the government will provide \$175 million this year for grades 1 to 12 school construction and school renovation. The Alberta School for the Deaf in Edmonton will receive additional student residences to cost \$2.2 million. The new Alberta correspondence school in Barrhead will be substantially completed.

New multi-purpose correctional centres for men and women in Red Deer and Medicine Hat are planned.

New courthouses will be planned for Lacombe, Olds, and Killam, with an estimated construction cost of almost \$5.5 million. Planning for new juvenile and family courts in Calgary and Edmonton will proceed. The continued construction of the addition to the Edmonton law courts is estimated to cost over \$23 million in this budget year.

Provincial capital support for the XII World University Games and the Western Canada Games will leave a legacy of sports facilities for Alberta athletes and sport enthusiasts in Edmonton and Calgary.

Supplementary funding provided \$22 million in '81-82 for the commencement of construction of the coliseum in Calgary.

In addition to the \$21 million in supplementary funding made available last year for the highly successful major cultural recreational facility development program, a further \$20 million will be provided to support the program this year. Over \$28 million is provided in the budget for the construction of the Calgary Centre for Performing Arts.

Planning will proceed for the development of the Reynolds museum, the Ukrainian Cultural Heritage Village, and the Buffalo Jump visitor centre near Fort Macleod.

A provincial archives building in Edmonton will be commenced at an estimated completion cost of over \$16 million.

The provincial park system will be expanded by the addition of Buck Lake provincial park near Drayton Valley. Several existing provincial parks will be upgraded at an anticipated total cost of almost \$27 million. Planning will begin for a fish hatchery in northern Alberta.

The Alberta Heritage Savings Trust Fund provides the capital necessary to finance Alberta Home Mortgage Corporation and Alberta Housing Corporation commitments to provide homes, apartments, condominiums, duplexes, senior citizen accommodation, and land assembly programs to Albertans. At the end of the 1981-82 fiscal year, within days, these corporations are forecast to have invested or committed approximately \$3.8 billion to these programs.

During '82-83, over 19,000 new shelter units, more than one-half the province's total new supply, will be financed by the Heritage Savings Trust Fund. New housing com-

mitments will exceed \$1.4 billion in '82-83 alone.

Over \$500 million in heritage fund financing will enable construction of about 8,000 single-family homes under the family home purchase plan. Six thousand rental units will be financed by the heritage fund under the successful core housing incentive program and the modest apartment program at a cost of \$330 million. The heritage fund will finance approximately 2,700 new senior citizen self-contained and lodge units for our pioneers at a cost exceeding \$160 million. This massive government-supported construction program will provide jobs and stimulate the economy.

Existing provincial buildings in Medicine Hat, St. Paul, Olds, Wetaskiwin, Stettler, and Brooks will be expanded at an anticipated cost of \$98 million. New provincial buildings are planned for Slave Lake, Lethbridge, Drumheller, and Spruce Grove.

The government will construct major new office buildings in Edmonton and in Calgary. The Edmonton accommodation plan calls for the construction of four facilities at a projected cost to completion of over \$271 million. The Calgary plan will see a major office complex at a projected cost to completion of almost \$95 million. These projects will be cost effective in terms of reducing ongoing lease expenses.

Virtually all the resource revenue transfers to the Alberta Heritage Savings Trust Fund and its income earnings in 1982-83 will be used for direct investment in Alberta. Housing investment has almost doubled in just two years. The Alberta Home Mortgage Corporation will absorb \$1 billion. The Alberta Housing Corporation will require \$267 million in net new financing from the Heritage Fund.

The Alberta Municipal Financing Corporation will need \$730 million. \$275 million will be allocated to the Alberta Agricultural Development Corporation, and the Alberta Opportunity Company will receive more than \$42 million. Alberta Government Telephones requires \$455 million. Continuing capital projects division investments will take \$400 million. These requirements total \$3.2 billion in '82-83, essentially all new funds available for investment.

An increasing proportion of the heritage fund has been invested directly in Alberta each year. In the current fiscal year, direct investments in Alberta are forecast to exceed new funds available for investment by \$122 million.

With today's large but short-term non-renewable resource revenue, Albertans enjoy by far the lowest provincial tax rates in Canada. Our citizens pay personal income tax of 38.5 per cent of federal basic tax compared to 48 per cent in Ontario, 44 per cent in British Columbia, and 51 per cent in Saskatchewan. There is no retail sales tax in Alberta; rates on retail sales taxes range from 5 per cent to 11 per cent in the other provinces. Gasoline and diesel fuel for road use are not taxed in Alberta; most provinces levy a tax of 20 per cent or more of the price of the fuel. Property taxes in Alberta are among the lowest in Canada.

Albertans pay directly only one-half of the cost of provincial services they receive, far less than residents of other provinces of Canada. This makes it all too easy to demand more and even better services.

Alberta's conventional oil production has passed its peak and is declining steadily. While price increases will for a time offset the fall in production, revenue increases will not be adequate to meet rising costs. Before very long, revenue from conventional oil production will begin to decline. It is not generally understood that the annual

royalty revenue from higher cost oil sands, heavy oil, and enhanced recovery schemes will not even come close to matching current receipts from lower cost light and medium conventional crude oil.

If demands for provincial services continue to rise rapidly, the government will have to increase tax rates sooner than expected. The savings set aside in the heritage fund can provide a partial cushion in the transitional stages, but tax increases will inevitably have to occur. If Alberta received much lower resource revenue, like other provinces, we might then have taxes at about the national average rates. That would be as follows: a provincial personal income tax rate of 46 per cent of federal basic tax, compared to what it now is, 38.5 per cent. That would mean a corporate tax rate of 15 per cent compared to today's 11 per cent rate for large businesses, and a 6.8 per cent rate for small businesses compared to the current 5 per cent. That would mean, if we were at the national average, a 30 cent per gallon tax on gasoline and diesel fuel where we have no tax at all now. That would mean a retail sales tax, if we were at the national average, of over 7 per cent where, again, Albertans pay no tax at all currently.

By today's Alberta standards these provincial average tax rates are high. But they would still not be enough to cover future budgetary deficits if expenditure increases continue to outstrip revenue growth.

Phase one of the Alberta business incentive tax system is complete, and the stage is set for new small business initiatives. Phase two will put in place measures to encourage small business investment, manufacturing, processing, and research in Alberta. More details will be announced in the months ahead.

Nearly 30,000 small Alberta businesses will save more than \$6.5 million in 1982 by a new exemption from monthly instalment payments of corporate tax, which becomes effective April 1, 1982. This practical benefit will simplify administration, reduce paperwork, and help small Alberta businesses to cope with the recession, high interest rates, and the fallout from the federal budget. More than \$6 million will also be saved in each of the years ahead.

To provide needed housing, stimulate construction activity, and help to counterbalance the adverse effects of continued high interest rates and the federal budget, the Alberta rental investment tax credit will be expanded and enriched. The program will be extended for two years and will include buildings whose footings are put in place prior to December 31, 1983. The incentive is enriched for '82 from 5 per cent of capital costs up to 12.5 per cent of capital costs; the maximum benefit will move up from \$3,000 per unit to \$8,000 per unit.

This major initiative will help to promote the construction of 4,000 new rental housing units by the private sector through about \$15 million in refundable corporate tax credits and about \$10 million in grants to individuals.

By its very nature, the energy agreement could not address the special circumstances of all explorers and producers. In October 1981, the Minister of Energy and Natural Resources announced a major enrichment of the Alberta royalty tax credit. Effective September 1, 1981, the tax credit was doubled from 25 per cent of Crown royalties to 50 per cent, and the maximum annual credit was raised from \$1 million to \$2 million. This significant new support will improve the oil and gas industry's cash flow by \$140 million in 1982, and will be especially helpful to smaller firms. During '82, further refinements of the royalty system are planned.

The September 1, 1981, energy agreement provides much greater predictability in future financial planning. It provides a schedule of price increases for old conventional oil and natural gas sold in Canada. Future revenues depend heavily on international oil prices and the United States market, both of which are factors beyond our control.

Due primarily to higher prices contained in the September 1, '81, energy agreement, and to a lesser extent to slightly higher production levels, crude oil royalty revenue for '82-83 is estimated at about \$3 billion, up over 39 per cent from this fiscal year.

In '82-83, only moderate growth in domestic gas sales is foreseen if weakness in the Canadian economy continues to curb demand. Natural gas export volumes are not expected to exceed significantly minimum contract amounts. However, there will still be a marked rise in export volumes over '81 because of new volumes flowing through the prebuild sections of the Alaska gas pipeline.

I estimate natural gas royalties to amount to approximately \$2.8 billion in '82-83, an increase of 33.7 per cent over the '81-82 forecast. This significant increase is indicative of the future promise of higher natural gas exports to the United States and of the importance of the energy agreement to the industry in eliminating the natural gas export tax.

Proceeds from the sale of Crown petroleum leases for '82-83 are anticipated to be about \$625 million, the same as this year. This reflects the slow recovery in the conventional oil and gas industry, compounded since September 1, '81, by high interest rates, discouraging federal tax policies, and attitudes which have damaged investor confidence in Canada.

The budget estimates of oil and natural gas revenue in 1982-83 are somewhat lower than anticipated at the time of the September 1, 1981, energy agreement. This downward forecast is due to a number of developments since that time:

- a poor economic climate, caused by the steepness of the North American recession, continued high interest rates, and the federal budget of November 1981;
- a softening in world oil prices; and
- lower domestic natural gas sales to central Canada, due to lower than anticipated market growth arising from the current economic downturn.

Nevertheless the oil and gas revenues are substantially higher than they would have been in the absence of an energy agreement and under the federal plan of October 28, 1980. However, it was and is anticipated that the current review of royalty arrangements for oil and gas will cause further adjustments in resource revenue forecasts.

As part of the energy agreement, the Alberta government is responsible for funding and administering the Alberta petroleum incentive program. In '82-83 it is estimated that \$460 million will be provided in incentives for oil and gas explorers to help them search in Alberta for new energy supplies.

Net non-renewable resource revenue in '82-83, after the 30 per cent transfer to the heritage fund, is estimated at \$4,342 billion, up over 36 per cent over last year. Non-renewable resource revenue actually declined by 4.2 per cent in '81-82, mainly due to the federal government's attempts to impose its energy policy unilaterally. As mentioned, estimates of this year's resource revenues are subject to adjustments after the proposed royalty revisions are put in place during the coming fiscal year.

With no increases in any provincial taxes or in medical care premiums, this budget assists Albertans to cope in a reduced growth year.

Total net provincial taxes are expected to increase by 10.5 per cent in '82-83 to about \$2.1 billion. Revenue from personal income tax is projected at about \$1.5 billion, an increase of 16 per cent over the revised forecast of last year.

Corporate income tax revenue is anticipated to decline by close to 12 per cent in 1982-83, due to the enrichment to the royalty tax credit, the rental investment tax credit, which I mentioned, and the small business tax instalment waiver.

Payments from the government of Canada may fall by 18 per cent or \$157 million this year, due largely to the threatened severe cuts in federal funding for hospital insurance and postsecondary education.

For over a year, the federal government delayed negotiations on the fiscal arrangements, despite repeated urgings by the provinces for meetings. Then, in its November '81 budget, Ottawa proposed major changes to equalization and established programs financing — the funding for health care and higher education — without consultation.

Federal transfers to Alberta in '82-83 for established programs financing are estimated to be \$100 million below payments in '81-82. This represents a 30 per cent drop in the real level of federal support for health care and higher education in Alberta.

Largely as a result of the budgetary deficits, interest revenue is forecast to be down by \$54 million this year.

Remittances from the Alberta Liquor Control Board are projected to rise by slightly over 15 per cent to \$198 million.

Total revenue in 1982-83 is estimated at \$7,961 billion, up 17.3 per cent from last year's revised forecast. While this represents a substantial year-over-year increase, it should be noted that '81-82 was an abnormal year. Total budgetary revenue in '81-82 grew by only 3.2 per cent, due to the federal government's ill-conceived energy policy. Budgetary revenue for '82-83 is estimated to be 21 per cent higher than '80-81, translating into only a 10 per cent average annual increase over the past two years. After taking inflation into account, there has been no real growth in budgetary revenue over the past two years.

The most noteworthy feature of Alberta's revenue picture is the huge revenue proportion picked up by non-renewable natural resources, and the comparatively minor revenue raised by provincial taxes. Over the last five years, non-renewable resource revenue has made up an average of 52.7 per cent of budgetary revenue compared to only 24.5 per cent for provincial taxes. In most provinces, taxes make up about half of revenue, and natural resources account for less than 10 per cent of receipts.

In planning ahead, Albertans must realize that more than one-half of Alberta's budget is now paid from depleting natural resource revenue at a time when conventional oil reserves are declining every day.

In 1982-83, total budgetary expenditure will rise by 30 per cent over the comparable 1981-82 estimates to \$8,719 billion. Budgetary revenue will rise by 25 per cent over the comparable estimates of last year to \$7,961 billion.

I estimate a budgetary deficit of \$758 million in '82-83. It will be covered by further drawing down the rapidly shrinking accumulated surplus in the General Revenue Fund.

This deficit marks the second consecutive budgetary

deficit of the government of Alberta, excluding the deficits in 1979, '80, and '81, which were due to extraordinary expenditures. The accumulated reserves in the General Revenue Fund will have decreased from \$2.7 billion on March 31, 1980, two years ago, to an estimated \$1.3 billion at the end of this fiscal year.

With responsibility for the stewardship of the province's finances, this trend is a matter of profound concern. As I indicated in my budget speech last year, the government's budgetary position has shifted dramatically. Revenues are barely keeping pace with inflation and are lagging far behind demands for new and improved services.

Expenditure is growing twice as fast as revenue. Over the past three years, average annual growth in expenditure has been 24 per cent compared to a 12 per cent average increase in revenue.

If and when new measures are developed to stimulate further the Alberta economy in light of external and internal economic factors, this financial plan may be revised accordingly.

head: SUMMARY AND HIGHLIGHTS

In responding to the slower economic growth caused by the North American recession, this budget assists Alberta to pass through, the transition period from the boom years of the '70s to the renewed growth of the '80s by:

- Providing unprecedented support for the housing and apartment construction industry, so it can sustain its activity levels, cause positive multiplier effects throughout the province, and offer affordable shelter to thousands of Albertans. The Alberta rental investment tax credit is enriched significantly.
- Proposing a massive one-third increase in government capital construction to \$2.1 billion, together with Crown corporation capital financing of almost \$3 billion. This initiative will provide extensive work for a multitude of large and small contractors throughout the province, thus assuring steady employment for many citizens.

It responds as a budget by:

- Boosting road, highway, and mass transit construction by 25 per cent to \$750 million, including an increase for urban transit financial assistance of almost 38 per cent to \$190 million.
- Sustaining a policy of feedstock pricing for petrochemicals which attracts investment and creates jobs.
- Undertaking the first steps to encourage those segments of the conventional oil and gas industry hurt most by the 1980 federal proposals and who will benefit primarily in the latter years of the energy agreement. These steps will also benefit the oil and gas service sector and increase off-farm income.

- Strengthening agriculture, agribusiness, and the family farm through increased loans availability, marketing aid, and transportation assistance.
- Committing a record high level of support, close to \$1.8 billion, to our quality basic and advanced education systems.
- Injecting over \$2 billion into all facets of our health, hospital, and nursing home system, the most comprehensive in Canada.
- Helping lumber and sawmill operators to get through the current, cyclical slower growth caused by the reduced demand in the United States.
- Sustaining a climate of stability and consistency which has proven successful in encouraging the Alberta risk-taker, through supportive efforts in taxation, marketing, financing, and transportation.

Finally, this budget assists individual Albertans to cope during this year of slower growth by:

- providing over \$220 million in selective interest rate subsidies to small business men, farmers, and low-income home-owners;
- holding the line on family budget pressures with no increases in any taxes or medical care payments;
- assisting Alberta farmers to hold down energy input costs through programs which help shelter them from fuel cost increases — assistance unmatched by other provinces;
- doubling, to \$86 million, the shielding of property tax payers from the burden of increases caused by their municipalities' financing capital projects at a time of very high borrowing costs;
- enriching a multitude of programs for senior citizens who face today's cost-of-living increases.

Mr. Speaker, while external economic problems will reduce some of the opportunities for improved quality of life for our citizens in 1982, Alberta will still have the strongest economy in Canada. Even though our provincial growth this year will not equal the pace of the last seven boom years, Alberta has unquestionably the deep strengths that will generate confidence, growth, investment, job security, and new jobs in the years of challenge and opportunity that are ahead.

MR. R. SPEAKER: Mr. Speaker, I beg leave to adjourn the debate until Monday next.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, in respect to tomorrow's business, I would indicate that it is proposed to have the Assembly in Committee of Supply and to begin with the estimates of the Department of Agriculture.

[At 9:18 p.m., on motion, the House adjourned to Friday at 10 a.m.]