

## LEGISLATIVE ASSEMBLY OF ALBERTA

head: ORAL QUESTION PERIOD

Title: Thursday, March 24, 1983 2:30 p.m.

## Municipal Tax Assessments

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

## PRAYERS

[Mr. Speaker in the Chair]

## head: TABLING RETURNS AND REPORTS

MR. BRADLEY: Mr. Speaker, I'd like to table the 1982 annual report of the Environment Council of Alberta.

MR. RUSSELL: Mr. Speaker, I'd like to table the second annual report of the Alberta Heritage Foundation for Medical Research.

## head: INTRODUCTION OF SPECIAL GUESTS

MR. ALEXANDER: Mr. Speaker, today it is my pleasure to introduce to you, and through you to the Assembly, four classes of grade 6 students, 96 in all, from Duggan elementary school, situated in the Edmonton Whitemud constituency. They're accompanied by their teachers Miss Linda Silisky, Miss Lily Ma, Mrs. Angie Klompas, and Mrs. Shelby Ries, and by their parent drivers Mrs. Dorothy Wilkins, Mrs. Jean Samis, Mrs. Myrna Poholka, Mrs. Judy Thorsteinson, and Mrs. Bonnie Mulder. They are seated in both the members and public galleries, and I ask them to stand and receive the traditional welcome of the Assembly.

MR. APPLEBY: Mr. Speaker, on behalf of the hon. Member for Stony Plain, who is unavoidably absent this afternoon, I'd like to introduce a group of 30 grade 6 students from St. Joseph Catholic school, in the town of Spruce Grove. They are accompanied by their leader Mrs. A. Gordey. I believe they also are in both galleries, and I would like them to stand and be welcomed by the Assembly.

MRS. LeMESSURIER: Mr. Speaker, I am pleased to introduce to you, and through you to members of this Assembly, two groups of students from the English as a second language department of the Alberta Vocational Centre in the constituency of Edmonton Centre. They are accompanied by their leaders Miss Elke Siebels and Miss Anne Marie Labrie. They are seated in both galleries, and I would like them to rise and receive the warm welcome of this Assembly.

DR. BUCK: Mr. Speaker, I take great pleasure in introducing to you, and through you to members of the Assembly, a very distinguished dentist, Dr. Dan Dan-chuk, a director of the Myotronics Institute of Canada. It's a new discipline of dentistry. He's accompanied by his support people, Karen McCaw, Linda Plamondon, Marie Kahlke, and Elaine Low. They are in the Speaker's gallery, and I ask them to stand and be recognized by the House.

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Utilities and Telecommunications. It's with respect to the grant-in-lieu payments by Alberta Government Telephones to municipalities in this province. By way of explanation for the minister before putting the question, I've been advised that in the case of the MD of Fairview, there's been a decrease in the AGT assessment of 53 per cent; the MD of Athabasca, 45 per cent; and the assessment for the city of Edmonton has dropped from \$48 million to \$28 million.

In view of the importance of the grant-in-lieu payments from Alberta Government Telephones to local government institutions in this province, is the minister in a position to outline why there has been a very significant drop in the assessment on which the grant in lieu is based?

MR. BOGLE: Mr. Speaker, as the hon. member has rightly pointed out, it is an assessment matter. Therefore I refer it to the Minister of Municipal Affairs.

MR. NOTLEY: Mr. Speaker, then I welcome the opportunity to redirect the question to the Minister of Municipal Affairs, and look forward with interest to his response.

In view of the importance of the grant in lieu from Alberta Government Telephones, particularly to the municipal budgets of the three ...

MR. SPEAKER: [Inaudible] let's not repeat it.

MR. KOZIAK: Mr. Speaker, the assessment process, on which grants in lieu of taxes are also considered, involves an updating based on value. In the telecommunications area, there are two factors which affect assessments. The first is the unusual circumstances, I suppose. When in many other areas the cost of items is always rising, we've found that in the highly technological fields, particularly in telecommunications, the cost of certain equipment used by Alberta Government Telephones has not increased to the same degree as other assessable property. That's due to technological change and reduction in the cost of manufacturing some of this equipment. So based on the updated values, there has been a reduction in the value of the assessment of Alberta Government Telephones equipment.

Secondly, another aspect of the assessment includes usage. So although equipment may be in place, if it's not in fact being used it isn't subject to assessment. The combination of those two factors has resulted in a reduction of the assessed value of Alberta Government Telephones property that would be subject to this grant all across the province.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. In terms of the issue of assessment — determining what is an assessment base for a provincial utility on which grants in lieu are paid to municipal governments — is the minister telling the House that the entire burden of improvements in technology will be borne by the local government, in the sense that grants in lieu will dramatically drop in the case of several of the municipalities I cited: Fairview, from \$1.2 million down to \$560,000; Edmonton, from \$48 million down to \$28

million. In the assessment procedure, is it in fact government policy that local taxpayers will have to bear a higher burden because of the technological changes which may modify the assessment base of a provincial utility?

MR. KOZIAK: Mr. Speaker, what I'm saying is that our goal in property taxation, and the assessment that leads up to setting the mill rate in that process, involves as good an attempt to be fair as we can give it. To do so, of course, we take into account the actual value of property that is subject to taxation, so that the taxation across all the various categories of properties that may appear within a municipality is fairly distributed, on the basis of value, amongst those various classifications of properties. It's not a question of shifting the burden to the municipality, as suggested by the hon. member. It is strictly a question of providing a fair valuation based on actual information that's provided to us on costs of the equipment and the actual usage of that equipment.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. What consideration has the government given to a transitional grant-in-lieu system where changes in valuation occur? We have the example of a cushioning of utility rates through the marketing agency. I raise this because we have some dramatic reductions in the assessment base of Alberta Government Telephones, which is going to have a significant bearing on the municipalities affected. Has any consideration been given to a transitional grant-in-lieu payment, which would not result in a significant drop in payments by Alberta Government Telephones to the government of Alberta, in the form of a grant in lieu to municipalities affected?

MR. KOZIAK: Mr. Speaker, although on first blush such a concept may appear to have some attraction, if we looked at that type of concept in greater detail, I think one would have to conclude that it would be difficult for the province to embark on such a program; for example, in the area of land. Land is assessed at 65 per cent of its market value. Over the last period of years, we've had some dramatic increases in the market value of land.

Now, in the last year or so, we've had some dramatic decreases in the value of land. Were we as a provincial government to guarantee a certain level within a municipality, as suggested by the hon. Leader of the Opposition, that principle would probably be extended to every form of assessment that takes place within the municipality. That is not the role of the service we provide to municipalities through our assessment branch, in assisting them in developing the assessment of their properties.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the minister advise the Assembly whether either the Minister of Municipal Affairs or the Minister of Utilities and Telecommunications have had any discussions with the provincial assessor on this matter? Beyond Assessment Appeal Board rights for local communities, what opportunities are available for municipalities who suddenly see their assessment dramatically cut, with a resulting increase upon local taxpayers? What discussions has the minister had on this matter with the provincial assessor, and what advice can the minister give to local municipalities?

MR. KOZIAK: Mr. Speaker, my concern in this respect is that the assessment procedures have been accurately applied, and I have been assured that that is the case. One

should not assume that the same situation described by the hon. Leader of the Opposition exists in every municipality in the province, because in some cases the assessment has increased through the process and in others it has decreased. So it is not a common example that appears across the province with every municipality. If they question the assessment, the municipalities that might be concerned should raise it with the provincial assessor and follow what other appeal avenues are available to them.

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

MR. NOTLEY: Mr. Speaker, to either the hon. Minister of Utilities and Telecommunications or the Minister of Municipal Affairs. Has the government any information which can be shared with the Assembly today as to the cumulative impact of the assessment changes as a result of the February 9 letter with respect to Alberta Government Telephone's valuation? Has either minister any up-to-date information on the impact of provisions one, two, and three of that letter? These provisions are with respect to technological changes and the modification of the assessment base caused by same.

MR. BOGLE: Mr. Speaker, although my colleague the Minister of Municipal Affairs may have information on his desk today, rather than give a partial answer — and I could do that — I would rather take the question as notice and give the Assembly a complete answer tomorrow morning.

MR. SPEAKER: It is obviously a question of such particularity that it should be on the Order Paper.

MR. NOTLEY: Mr. Speaker, just as a matter of note, I observe that that will be on the Order Paper.

MR. SPEAKER: There's been a great deal of representation in the series of questions of the hon. member, and it's been the same thing repeated. The difference keeps coming back in each question.

Today I have a fairly long list of members, and some ministers who've taken questions as notice. In a situation like that, we should adhere more closely to the ordinary rules of the question period.

### Budget

MR. NOTLEY: Mr. Speaker, I'd like to direct the second question to either the Premier or the hon. Government House Leader. It concerns a point of privilege which was raised a year ago in this House with respect to the lockup concerning the budget. Since the Speaker ruled a year ago that that was not a point of privilege, I will put to the Government House Leader or the Premier a question with respect to policy. In view of the importance of an adequate understanding of the budget by all members of the House, but especially opposition members, what consideration — and I direct this to the Premier — has been given to the policy followed by the federal government, allowing opposition members the same privileges as the press of having information before the speech is delivered?

MR. LOUGHEED: Mr. Speaker, having been the Leader of the Opposition and not been in a situation where I

received that information in advance, I always took it as the practice in this Assembly that I'd have it on budget night and respond to it, as I normally did when I held that position, the following day.

MR. NOTLEY: Mr. Speaker, a supplementary question to either the Premier or the Government House Leader. As an opposition member having followed that course for the last 11 years and finding that it is not entirely perfect, what consideration has been given to following the practice of our federal colleagues of making available the opportunity for members from the opposition to enjoy the same privileges as members of the fourth estate?

MR. SPEAKER: That is really a repetition of the first question.

MR. NOTLEY: Mr. Speaker, on a point of order. With great respect, it is a direct question to the hon. Government House Leader, as to whether or not any consideration has been given. The hon. Premier responded that in his days as opposition leader, he felt that was adequate. My question is whether or not there is now any consideration, and I direct it to the Government House Leader.

MR. SPEAKER: That is precisely the first question.

MR. CRAWFORD: Very briefly, Mr. Speaker, no review of this matter has been undertaken since last year, and no consideration has been given to that proposal in the meantime.

#### **Radio Telephones**

MR. ALGER: Mr. Speaker, may I direct this question to the hon. Minister of Utilities and Telecommunications. What prompted Alberta Government Telephones to impose a substantial charge for air time on all radio telephone calls, and what can we do to rescind or stop this expensive attitude?

MR. BOGLE: Mr. Speaker, the matter of air charges — either from one mobile phone to another, from a land-based phone to a mobile, or from a mobile to a land-based phone — was extensively reviewed by the Alberta Government Telephones Commission in the time frame of May-June 1982. Since the change occurred, there have been a number of inquiries to Alberta Government Telephones, to my office, and I believe through some MLAs in this Assembly.

Mr. Speaker, I think it's important that members of the Assembly keep in mind that about 60 per cent of all the mobile telephones in Canada are registered and located here in the province of Alberta. This is a matter of great importance to not only the commission but the government of the province, acting as a trustee on behalf of the owners of our telephone system. This matter will be thoroughly reviewed by the commission as one of a number of items which have been brought to our attention. I assume that review will take place in the time frame of April-May-June 1983.

#### **Public Works, Supply and Services Layoffs**

MR. MARTIN: Mr. Speaker, I'd like to direct this question to the Premier. Would the Premier advise the Assembly if this government's policy is to encourage layoffs of provincial employees in this time of restraint?

MR. LOUGHEED: Mr. Speaker, it is really a matter that I think is best answered in the focus of the budget tonight. I prefer to take that question as notice or have the hon. member place it again tomorrow, after we have it within the focus of the budget.

MR. MARTIN: A supplementary question. I redirect this to the Minister responsible for Personnel Administration. Specifically, can the minister advise the Assembly why 14 members of the accommodation services division of the Department of Public Works, Supply and Services have been given layoff notices as of March 31. I understand some other staff, both permanent and non-permanent, were given notice for July 1, 1983.

MR. STEVENS: Mr. Speaker, I'll take that question as notice.

MR. MARTIN: Just one supplementary, then. I ask what the minister is doing as a result of the consultant's report, which I'm sure he's aware of, which indicated that the department has "incredible delays in projects," is bogged down in paperwork, and "cannot meet schedules"?

MR. STEVENS: Perhaps my colleague wishes to consider that question.

MR. CHAMBERS: Mr. Speaker, I wonder if the Member for Edmonton Norwood would mind repeating the question.

MR. MARTIN: I was talking about the layoffs, and I'm trying to determine whether this has something to do with the consultant's report dated December 1982, submitted by K. Mark. They had a number of responses. Just a few of the comments: "incredible delays in projects," bogged down in paperwork, "cannot meet schedules". I wonder what the minister is doing about this report?

MR. CHAMBERS: Mr. Speaker, I don't necessarily accept the allegations just made, nor any particular report per se.

MR. NOTLEY: You paid for it, Tom.

MR. CHAMBERS: My colleague did agree to take the question as notice, and I will certainly be happy to confer with him at such time as he responds.

#### **Agricultural Assistance**

MR. CLARK: Mr. Speaker, my question to the hon. Minister of Agriculture has to do with the very high debt load many of our farmers in all parts of the province are carrying today. I've been getting quite a few requests, especially from my area, that we should be taking a look at a policy they had in the 1930s of a moratorium on foreclosures. Could the minister advise the Assembly if he has received any requests in this regard? If so, has he made any assessment of the value of this kind of a policy?

MR. FJORDBOTTEN: Yes, Mr. Speaker, I've had the opportunity to assess it somewhat. I don't feel we would be supportive of that type of action, because it certainly would be inappropriate at this time. To start with, we don't feel it would salvage those who are in real difficulty. In fact, it could make borrowing even more difficult for producers in this province. Agriculture is very capital

intensive today. If there's a moratorium put on by banks, it could hold up funds that might be available to producers and that might be required for such things as debt refinancing. We just feel it's very important today to have the banks very active in the lending field in agriculture. I don't believe they would be if there was a moratorium hanging over their heads.

MR. CLARK: A supplementary, Mr. Speaker. In that event, could the minister inform the Assembly if there are any programs in effect now through his department and ADC, or any new programs that he's looking at, that might help those farmers who are having difficulty with their mortgages?

MR. FJORDBOTTEN: Mr. Speaker, I'd have to say that the Agricultural Development Corporation has always been extremely favorable to the farming community. We have to recognize that the Agricultural Development Corporation came into being to fill the gap there was in financing for agriculture. They always have been, and will continue to be, very flexible in taking a number of actions that would be of assistance to agricultural producers in the province.

Mr. Speaker, the banks have also shown flexibility, in that they've come out with a number of programs that I think really show us that they do recognize the importance of agriculture. They have such areas as flexible credit programs and special review programs that they carry out with producers. So I think everything that can be done is being done, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Agriculture. Since the minister has rejected the concept of a moratorium, has there been any discussion with the directors of the Agricultural Development Corporation, with respect to placing emphasis on the consolidation of debt for those farmers who are now facing serious problems and where there seems to be a breakdown between conventional lending institutions and the farmers? What initiatives, if any, has the department or the Agricultural Development Corporation taken to initiate programs that would prevent foreclosure?

MR. FJORDBOTTEN: Mr. Speaker, I've given the Agricultural Development Corporation direction to provide every assistance they can to anyone who finds himself in financial difficulty. Some of the alternatives they are looking at now, besides an ongoing review they always have of the programs, are refinancing arrears of some producers, postponement of payments; or in some cases it would take total refinancing to take care of that. Mr. Speaker, they're also co-operating with other lenders, with the banks, and working with them to try to put together a package that might assist them. We have 64 ADC loans officers out there. There's also the agrologists who are part of Alberta Agriculture, and I believe the banks have 22 agrologists in the province. They're all working together to try to do everything they can to assist anyone finding themselves in financial difficulties.

MR. NOTLEY: Mr. Speaker, a supplementary question, if I may, to the hon. Minister of Federal and Intergovernmental Affairs. It's a two-part question. Has any representation been made to the government of Canada with respect to the private member's Bill with respect to farm foreclosures that is now before the House? And has

any representation been made to the federal government with respect to changes in the approach of Farm Credit, so that particular agency can zero in more clearly on the problems of debt consolidation for those farmers who are hard pressed by current financial problems?

MR. HORSMAN: Mr. Speaker, the answer to the first question is no. With respect to the second question posed by the Leader of the Opposition, I suggest that my colleague the Minister of Agriculture might wish to take that question under advisement, relative to the lending policies of the federal government. Of course, the Department of Federal and Intergovernmental Affairs would co-operate with the Department of Agriculture should such representations be deemed proper and appropriate.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. As of late, has the Premier had the opportunity to meet with representatives of the various lending institutions with regard to how they're handling credit and the flexibility they supposedly now have in the system?

MR. LOUGHEED: I've had some meetings along those lines — not to the same extent as I had last June, because the June meetings held with the chartered banks were across-the-board in relation to Alberta generally. I've had some recent meetings on that particular point, to continue to urge the decision-makers involved to look at the strength, in the intermediate term, of the province of Alberta and its various enterprises and to be aware of the actions we're taking as well to support the economic recovery here in the province.

MR. R. SPEAKER: Mr. Speaker, my question — I believe I'm next on the Order Paper. Is that correct?

MR. SPEAKER: Yes, but I think the hon. Member for Cypress has another supplementary to the question asked by the hon. Member for Drumheller.

MR. HYLAND: Thank you, Mr. Speaker. Has the Minister of Agriculture or his department done any study — or is he doing any study — on what it would do to the remainder of the farmers, who are having a tough time trying to deal with the private lending institutions in refinancing, if this debt moratorium became effective?

MR. FJORDBOTTEN: Yes, Mr. Speaker, we have looked at the concern there would be. About the only way we can really look at it is to look at the number of dollars that are out now through the Agricultural Development Corporation and the estimated financing of farmers and producers in this province. That's one of the reasons we came to the conclusion we did.

#### Power Rates

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Utilities and Telecommunications, and possibly the Attorney General, with regard to the Electrical Energy Marketing Agency we discussed yesterday. I wonder if the minister could confirm that the Public Utilities Board gave TransAlta Utilities a 15 per cent increase for distribution of electricity to their own customers, as well as a 50 per cent increase for the generation and transmission of power. The second part of the question is the one we didn't cover yesterday.

MR. CRAWFORD: Mr. Speaker, I would have to consult the decision made by the board on the application in question, and provide the information to the hon. member.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. As well, could the Attorney General confirm that the 50 per cent increase for the generation and transmission of electricity is what caused the increase in the wholesale price of utilities in the province of Alberta?

MR. CRAWFORD: I take that as notice, Mr. Speaker.

MR. BOGLE: Mr. Speaker, I might be able to supplement my colleague on that matter. As the matter relates to the Electrical Energy Marketing Agency, as the hon. member is aware, during the current 1982-83 fiscal year, full shielding is provided to users of TransAlta so that none of the impact of the agency will be felt by the customers in the TransAlta area. Therefore, any of the costs associated with the rates and the increased rates approved by the Public Utilities Board would be a direct result of input costs associated with the new plant which has just come on stream at Keephills and other associated costs with TransAlta.

MR. R. SPEAKER: Mr. Speaker, could the Attorney General confirm that the rate increases — both the 15 per cent and the 50 per cent rate increases — were granted on an interim basis by the PUB, and the hearings that will confirm these rates would be as of April 26 into early May of this year?

MR. CRAWFORD: Mr. Speaker, I'm operating on the assumption that there's an existing board decision, because the hon. member is asking relatively specific questions in respect of it. I would have to review that and report back.

#### **Clover Bar Landfill Site**

DR. BUCK: Mr. Speaker, my question to the hon. Minister of the Environment has to do with the proposed extension of the Clover Bar landfill site, the garbage site. Can the minister indicate if he or his department has had any consultation with the city of Edmonton as to the extension of the landfill site in the Clover Bar area?

MR. BRADLEY: Mr. Speaker, I believe the city of Edmonton has had some consultation with the Department of the Environment.

I would like to apprise the hon. member of the process for applying for sanitary landfills and the normal response mechanism by which the department fits into this. The application by the municipal authorities should first go to the local health authority. Through a referral process, the local health authority would then ask the Department of the Environment for their advice. Our role in this matter would be to provide that advice to them. We have not received requests from the local health authority to provide them with a review of any proposed application.

DR. BUCK: Mr. Speaker, a supplementary question. Mr. Minister, in 1975 there was a report done by the Alberta Research Council, recommending that no sanitary landfill sites go into the river flat area. Can the minister indicate

if that recommendation, or that policy, has been reversed by the Department of the Environment?

MR. BRADLEY: Mr. Speaker, I'm not familiar with the document to which the hon. member refers. I would have to check it.

DR. BUCK: Mr. Speaker, a supplementary question. Can the minister indicate if the Department of the Environment has had any studies or consultations with the major centres, especially Edmonton and Calgary, as to the alternative of landfill garbage disposal, and looking at incineration? Has the department done any studies, in consultation with these large municipalities, to go to incineration rather than filling landfill sites?

MR. BRADLEY: Mr. Speaker, not to my specific knowledge. I suspect such discussions have taken place. I'd have to check and report back.

DR. BUCK: Mr. Speaker, a supplementary question. Can the minister indicate if there's been any consultation between the minister and his department and the 16 Edmonton MLAs, as to the application to place an extension to the Clover Bar landfill site?

MR. BRADLEY: Mr. Speaker, there has been some representation to me by area MLAs with regard to the siting of a landfill.

DR. BUCK: Mr. Speaker, a short supplementary. Can the Minister of Municipal Affairs indicate if he has had anyone in his department looking at what happens to land values in an area when sites such as this are expanded?

MR. KOZIAK: Mr. Speaker, I imagine the question is put from the point of view of assessment. I couldn't specifically state that there's a study on that. However, I imagine that transactions that would take place in an area that would be adjacent to, or in the close vicinity of, a landfill site would, through the normal appraisal fashion, provide advice as to that very issue.

MR. SPEAKER: Yesterday, I believe there were four hon. ministers who wished to deal with questions which were taken as notice or to supplement information previously given in part. I propose now to call on those four hon. ministers, starting with the hon. Minister of Education and then the hon. Minister of Agriculture.

#### **Computer Technology in Schools**

MR. KING: Mr. Speaker, on Tuesday, I was asked by the hon. Member for Edmonton Norwood whether or not a discrepancy was indicated in the price of Bell & Howell microcomputers that had been purchased by Alberta Education. He referred to a per-unit cost of approximately \$4,000 indicated in a contract of 1981, and a per-unit cost of \$2,517 indicated in an Alberta Education news release of January 28, 1983.

The short answer is that there is no discrepancy. The unit described in the contract contained a number of components, including a hardware package, a software package, a warranty package, and an in-service package. In addition to that, Bell & Howell contracted to license and support 12 service centres located throughout the province. On the basis of experience in 1982, the De-

partment of Education decided that it would not impose that package, as such, on boards. For that reason, the so-called package was disassembled, and its hardware and software components were sold, and are being sold, separately and individually.

The selling price indicated in the news release of January 1983 represents the actual cost to the department as per the contract for a basic package that includes a microcomputer, a monitor, and a single disk drive. All 1,000 of those packages have been sold. In addition to those having been sold, the other components have been sold, and are being sold, by the school book branch at a price in addition to that of \$2,517.

MR. MARTIN: A supplementary question, Mr. Speaker. There are reports that some 300 printers, 700 disk drive units, 700 integer basic cards, and 900 clock calendar cards are sitting unused in the school book branch warehouse. Can the minister advise what plans are in place for recovering the cost of the public investment in this equipment?

MR. KING: Mr. Speaker, anything that's unsold is definitely sitting unused. That is correct. My information is that there are 714 integer cards not yet sold, 909 clock calendar cards, 752 disk drives, and 314 printers, as well as some software. Nevertheless, we have an active sales program under way. We expect to sell the vast majority of those components before the end of the school year, and I'd invite the hon. member to check with me shortly.

MR. MARTIN: A supplementary question. Can the minister indicate why the government bought into a package system with two disk drives rather than one, as well as other special features, which appears to have been too much for most schools? Was any market research done as to the extent of computing capabilities required by Alberta schools?

MR. KING: Yes, Mr. Speaker. The decision to buy the package indicated in the contract was based on the conviction of the department — and, I might add, the conviction of the minister — that the use of microcomputers in Alberta's schools lags significantly behind the use of microcomputers in the community generally and particularly in the business community. That being the case, we were interested to offer a package that would provide the opportunity for teachers to engage in self-instruction or self-learning, and also to engage in courseware development and to provide for courseware duplication. It was for that reason that we bought the configuration described in the contract.

I have the feeling that if I attempted to elaborate any more than that on the answer, you would comment. Unless there are supplementary questions, I'd be delighted to pursue this with the hon. member outside the House.

MR. SPEAKER: Might I suggest we're getting into great detail here, and I'm just afraid that we're not going to reach three more ministers and the hon. Member for Lethbridge West, who wants to ask his first question. Might I suggest that instead of letting these items which the other hon. ministers have in mind get too old — of course, the question period is to deal with matters of some immediacy — we go on with those. If there are any further supplementaries, they might be put as main questions tomorrow if they're suitable for the question period.

The hon. Minister of Agriculture, followed by the hon. Minister of Transportation.

#### **Sour Gas**

MR. FJORDBOTTEN: Thank you, Mr. Speaker. Last Tuesday the hon. Leader of the Opposition asked me a question about whether or not the Department of Agriculture was doing any studies on the impact of gas, particularly on the sensitive soils, I believe he said, of the Peace River area. The answer is that the department officials participate on a number of committees with the Department of the Environment. Through the regional offices, we keep a watchful eye on anything that is happening and suggest or recommend areas of studies that might be done through Environment.

In this particular one you asked about, we are assisting with financial and laboratory support in projects monitoring the change in soil pH that results from the cultivation and amendment of our soils, including changes in the pH levels in the areas of gas processing plants. But as the studies are commissioned by other departments, I don't have any further information than that.

MR. NOTLEY: Mr. Speaker, a supplementary.

MR. SPEAKER: Might we deal with the supplementaries tomorrow, or if there's time today. We have only five minutes left in the question period.

The hon. Minister of Transportation, followed by the hon. Minister of the Environment.

#### **PWA Boarding Passes**

MR. M. MOORE: Mr. Speaker, on Tuesday this week, the hon. Member for Clover Bar asked about the so-called PWA scratch-and-win ticket promotion. I think we've solved the mystery. The residents of Quebec are not eligible. According to Pacific Western Airlines officials, the reason is that Quebec legislation is very restrictive in running promotions, in that organizations doing so must post 3 per cent of the prizes with the Quebec lottery commission. In this instance, it would have cost PWA some \$30,000 to comply.

Since residents of Quebec form a very small percentage of PWA's traffic and they do not operate in Quebec, it was decided to exclude Quebec residents. As well, I'm advised that other organizations such as Eastern Provincial [Airways], which does operate in Quebec, have had to take the same approach in excluding Quebec residents.

MR. SPEAKER: The hon. Minister of the Environment, followed by the hon. Member for Lethbridge West.

MR. BRADLEY: Mr. Speaker, I have five questions which I would like to supplement today, if at all possible.

MR. SPEAKER: Five questions? Of course, it's impossible for the Chair to anticipate how long a minister's answer is going to be. If they are of that length, possibly the answers might be tabled. A question that requires that length of answer should be on the Order Paper, in which case the question would be tabled.

MR. NOTLEY: Put it on the Order Paper, Fred.

MR. BRADLEY: Mr. Speaker, I attempted to get on the schedule of the House yesterday. Perhaps I could proceed

with some of the ones I can deal with quickly. I could file the others when I have them in a form that I could file.

#### **Environmental Impact Assessments**

MR. BRADLEY: On Monday I was asked a question with regard to an accord between the Department of the Environment and the Energy Resources Conservation Board. The purpose of that accord was to clarify internal administrative procedures between the department and the board with respect to environmental impact assessments and hearings. The main objective is to make the environmental impact assessment a part of the application on energy projects that have a significant environmental impact, and subject to the Energy Resources Conservation Board hearing process. The accord did not diminish the primary responsibility for environment impact assessments. It clearly spells out that all environmental impact assessments will be ordered by the Minister of the Environment. There was not a shared mandate.

Some three years have elapsed since the administrative procedures were agreed to, to resolve some co-ordination problems, and during this time guidelines have been issued for filing environmental impact assessments upon the order of the Minister of the Environment. The accord has fulfilled its purpose and is no longer required.

#### **Gas Plant Monitoring**

MR. BRADLEY: I was also asked a question with regard to gas plant monitoring, in particular with regard to flaring gas. Flares at larger gas plants are by design necessary for the emergency release of sour or sweet gas. Since they handle exceptionally large gas volumes, flow or emission rates testing is very difficult. Flaring is intermittent and usually short-term. Sampling the sour gas going to flare or the sampling of the flare flame is hazardous and technically difficult.

Since flaring is a significant short-term emission source, attempts have been made to study flare emissions at numerous gas plants or fields. The department has commissioned studies of plume rise from flares. A study called Field Study of Plume Rise and Thermal Radiation from Sour Gas Flares was done in June 1981. Also, helicopter flare plume studies have been carried out in the vicinity of gas plants, and these were done by corporations. The Energy Resources Conservation Board, in its contract with the University of Windsor stack-sampling team, will attempt monitoring of flare stack emissions.

A third question I was asked, again with regard to gas plant monitoring, particularly arising from a report called the Greenhill report, was in relation to winter monitoring. The Greenhill report was on the human health effects of hydrogen sulphide and sulphur dioxide and, as such, it is not a reference document on ambient air monitoring. The report was written in 1978, and monitoring technology has advanced considerably since that time. The Greenhill report addressed the question of accidental releases and monitoring in those situations, rather than the question of normal gas plant monitoring.

The required ambient gas plant monitors are set up in heated trailers and therefore are not subject to winter temperature problems. The monitoring trailers around gas plants are subject to strict quality assurance requirements by the air quality branch division of pollution control branch, as spelled out in Air Monitoring Directive 81-1. In addition, incinerator stack emissions are continuously monitored. That deals with those three

questions.

On Tuesday, I was asked by the hon. Leader of the Opposition with regard to the Inverness gas plant.

MR. NOTLEY: Are you going to read all five of them now, Fred? What's the policy here?

MR. SPEAKER: I understood that the hon. minister was going to paraphrase his material briefly in each case. I really wasn't expecting an answer of quite that length. We have come to the end of the allotted time for the question period. If the hon. minister might deal with the matter further, perhaps tomorrow or by way of tabling the information, and if the Assembly were to agree, I should like to recognize the hon. Member for Lethbridge West for a brief question and answer.

HON. MEMBERS: Agreed.

#### **Natural Gas Rebates**

MR. GOGO: Mr. Speaker, I have a question to the Minister of Utilities and Telecommunications, which has some degree of urgency to several thousand senior citizens in Lethbridge. Regarding the \$100 rebate to the senior citizens under the natural gas rebate program, is the minister's department experiencing difficulties resulting in those cheques not being mailed to Lethbridge?

MR. BOGLE: Mr. Speaker, to date approximately 66,000 cheques for senior citizens under the special program have been prepared and, in most cases, distributed. I believe in excess of 3,300 cheques have been processed for residents of the city of Lethbridge who qualify.

As I understand it, Mr. Speaker, the problem has occurred in that the Department of Utilities and Telecommunications uses the Department of Municipal Affairs' lists for property home-owners' grants, which are held in consultation with the municipalities. There were some discrepancies between the names on the list and some of the checking done by the department. It's my understanding that those matters have been clarified — or are almost all clarified — between officials of the city and the Department of Municipal Affairs and the Department of Utilities and Telecommunications. We can expect that the first cheques going out to residents of the city will go early next week, and the last cheques in the total program should be going out within the next two weeks.

MR. GOGO: Mr. Speaker, in the interest of getting to the business of the House, a very short supplementary. There are several senior citizens who live in mobile homes. Could the minister advise whether the people who live in mobile homes, who would otherwise qualify, will receive these cheques?

MR. BOGLE: Mr. Speaker, under the Municipal Affairs program, senior citizens who live in their own mobile homes — but those mobile homes are located on pads within mobile-home parks, and therefore the pad is a rented piece of property — have the choice of either the renters' grant assistance or the home-owners' grant program. They can't choose both. If the individual or individuals choose the renters' assistance program — and hon. members are aware that we increased that program substantially from the 1982 to the 1983 levels; it's now \$1,000 — then they would not be eligible for the \$100

senior citizen home heating grant protection program. On the other hand, that senior citizen home heating grant program would be applicable to those seniors who have applied under the home-ownership category. So the choice is up to the senior, Mr. Speaker.

### ORDERS OF THE DAY

MR. HORSMAN: Mr. Speaker, I move that the questions and motions for returns which are on the Order Paper today be held in their places.

[Motion carried]

MR. NOTLEY: Just this once, Jim.

### head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

207. Moved by Mr. Notley:

Be it resolved that the Assembly approves of and endorses the principles enunciated in the document tabled in the Assembly on March 11, 1983, entitled Ethical Reflections on the Economic Crisis

MR NOTLEY Mr. Speaker, in my view this particular document is a very important one. It deals with the views of the Canadian Conference of Catholic Bishops. It was released on January 5, 1983. I presume that most hon. members have had an opportunity to peruse the report in the two months prior to the opening of the Legislative Assembly. But in introducing the designated motion, Mr. Speaker, I do want to take a few moments to deal with those aspects of this report which my colleague and I feel are most important.

Mr. Speaker, some would argue that the church has no place in discussing matters of economic direction, the social fall-out of economic direction; that you should render unto Caesar what is Caesar's and stay away totally from the political and economic aspects of the nation. I don't really believe that is a correct position for the church to take, Mr. Speaker, nor do I think that many of the theologians today would argue that they can divorce the church from the great moral, social, and political issues of the time. There is a very close interrelationship between moral and spiritual issues on one hand, and social and economic issues on the other hand.

[Mr. Appleby in the Chair]

So what we have before the Assembly is an important document from a highly credible group, a document which I believe this Assembly has to seriously consider. It's perhaps important that this document is before the Assembly a few hours before the budget is presented. I hope that the Ethical Reflections on the Economic Crisis were sentiments which the government took into consideration in drafting the budget. We'll know whether that's true in a few hours' time.

First of all I would argue that, for those who say the church has no business in commenting on social and economic issues, I differ strongly from that viewpoint. In the world in which we live, I do not think the mandate of the church can be so narrowly constructed that only the narrowest definition of spiritual concerns can be consid-

ered by the church. In addressing this issue, Mr. Speaker, I realize that not all members of the Catholic church would endorse the statement of the bishops. I think that has to be said as a fair commentary. Not all members of the church to which my wife and I belong, would endorse the official position of the Anglican Church of Canada, for example. But I think what is significant is that in this document you have a major submission by the Catholic bishops on perhaps the most significant economic and social issue of the day, and that is unemployment.

Mr. Speaker, there are five major observations that the Canadian Conference of Catholic Bishops make in their report, which I commend to the attention of the Assembly. For those who have had an opportunity to review the document, you'll find on page 2 that the very first observation is:

First, unemployment rather than inflation, should be recognized as the number one problem to be tackled in overcoming the present crisis. The fact that some 15 million people are jobless constitutes a serious moral as well as economic crisis in this country. While efforts should continually be made to curb wasteful spending, it is imperative that primary emphasis be placed on combatting unemployment.

The other day in the House, Mr. Speaker, my colleague raised the question of what happens to the unemployed. There's the loss of income; I suppose that can be quantified in some way. But there is that additional loss, the feeling of being somehow — if not worthless, at least not contributing because one is out of work. The despondency that creates, not only among the people who are unemployed, but the impact it has on their families, friends, and the community, cannot be ignored when one looks at the issue of unemployment.

If one examines the simple economic aspects of unemployment — we're advised that unemployment in Alberta today, even if we just took the official figures of approximately 136,000 people, would represent lost production of \$5.5 billion in goods and services in this province. But that doesn't really tell the whole story, Mr. Speaker, because we all know that for every one of those 136,000 people who are officially out of work, there are additional numbers. We don't know how many. We have estimates which vary all the way from a marginal addition to the figures in *The Globe and Mail* Report on Business, which suggest that perhaps the truer rate is more than double our national unemployment rate of 12.7. I don't know whether *The Globe and Mail* is right, Mr. Speaker, but I do know that any time you have serious unemployment, the official figures only tell part of the story. They don't tell the story about those people who have given up, who have walked the streets looking for work and have not found it, and somehow are not accounted for in the official statistics.

Mr. Speaker, the Catholic bishops make the point that we must tackle unemployment from an economic point of view and from a social and moral point of view. I know there are some people who argue that inflation is our major problem. No question, inflation is a serious problem. But it seems to me that the third observation the bishops make — and I'd like to quote that, Mr. Speaker:

... a more balanced and equitable program should be developed for reducing and stemming the rate of inflation. This requires shifting the burden for wage controls to upper income earners and introducing controls on prices and new forms of taxes on investment income (e.g., dividends, interest).

Mr. Speaker, I suppose there are two fundamental



points of view as to how we can get ourselves out of the economic mess we're in. We have the viewpoint of the supply-side economists, people who I think must be advising the Minister of Education when we buy 1,000 Bell and Howell computers at \$4 million and sell them to the school boards at \$2.5 million. Now we've got \$1.5 million worth of equipment that we're going to have to flog somehow. I would suggest that the hardware and software business is going to be great if you're on the purchasing side because of this supply-side economics that the Department of Education has practised.

You could argue that the supply-side approach will eventually even everything out; that as we create greater supplies of things, prices will drop; that as a result of greater dividends and earnings by the people who own industry, they'll be able to employ more, and everything will work itself out. That was the theory argued very persuasively two years ago in the United States by the Republican Party and by President Reagan. It was the theory that was argued in 1979 by Margaret Thatcher in Great Britain. The only problem with that theory is that trickle-down economics don't really work.

If we're going to get the economy back on the road to recovery, we have to emphasize getting dollars into the hands of ordinary men and women who consume, not in the broadest sense but especially within the jurisdiction, whether it be the province of Alberta or Canada. The Catholic bishops make the point that if you're going to fight inflation, the place to start is with your higher income people — the people who have discretionary revenue — not the person who lives in Smoky Lake, shops in the Smoky Lake grocery store, goes to a restaurant in Smoky Lake, and who may, eventually, once or twice a year get into Edmonton or Calgary. The vast majority of their purchases are within the province of Alberta.

If we want to deal with stemming inflation, we've got to zero in on the higher income people who have discretionary income, where additional purchasing power may not stimulate any additional economic activity in this province. It may mean more money to travel abroad. It may mean imported English china instead of glassware produced in Medicine Hat. It's a substitution of items which are imported for goods which can be produced locally. Mr. Speaker, what the Catholic bishops are saying is that if anybody has to bear the brunt of fighting inflation, let it be the high-income people.

Frankly, one of the things that I'm rather proud of — I don't know whether our budget's going to anticipate this tonight. The government of Manitoba has a very rigid policy. They're working out quite an amicable settlement with their public employees. The higher income people are subject, if my memory serves me correct, to a 2 per cent increase, and cabinet ministers are not getting any increase at all — the Leader of the Opposition as well, I might add — in the year 1983-84, on the basis that the higher income earners in the public service should tighten their belts, but the lower income people should have an increase commensurate with both the need to increase purchasing power as well as the fact that it should be the high- not the low-income people who meet the burden of dealing with inflation.

Mr. Speaker, another point the Catholic bishops make that I think is extremely important is that  
an industrial strategy should be developed to create permanent and meaningful jobs for people in local communities.

In 1971 this government won a good deal of support on

the basis of decentralization. No member of this House, including the urban members on either the government or opposition side, opposed the principle of decentralization. The Catholic bishops make the point that we need to develop jobs in the different areas, whether it be the Gaspé, Cape Breton Island, Newfoundland, northern Alberta, northern British Columbia, or the Yukon Territory. The emphasis should not be on megaprojects that force people to move. But as much as possible in a modern industrial society, the emphasis must be to shift our investment patterns in such a way that we can stimulate employment opportunities where people live.

Mr. Speaker, that's not a very radical suggestion, because we are dealing with the social and economic costs of exactly the reverse of that. Why do we have serious unemployment in our two major cities? I've heard hon. members from the government side stand and say: because we've got all these people who've come from other parts of the country. The point the Catholic bishops are making is that while we in Alberta will welcome people wherever they come from in Canada, the fact of the matter is that people who migrate to this province out of desperation, as opposed to choice, are not good for the region, whether it be Newfoundland or Cape Breton Island, nor is it good for Alberta.

One of the reasons that we have significant unemployment in Alberta is that we have the holdover from the mega-development approach to our economy. Because we had rapid, massive, boom-like development for a few years in the '70s, we became, if you like, the magnet that attracted Canadians from one end of the country to the other. And now we find that unemployment is growing very rapidly and we have a situation where, frankly, there aren't enough jobs.

Mr. Speaker, the point the Catholic bishops are making is that in an economic strategy for the country, surely we should be emphasizing the need to develop regionalized local job opportunities rather than shifting people to areas of boom. Some of the arguments coming in the last few months from the federal government — as well as, I'm sorry to say, the thinking of many of our colleagues in this House — are that we can somehow stimulate economic activity if we get into yet another series of megaprojects. It's not the answer. It may make it good for politicians who can go and cut a ribbon and officially open a \$2 billion or \$3 billion project. But it is not the answer for the country, nor is it the answer for a province like Alberta.

As I travel this province, I see the impact of unemployment, which has hit this province in a very interesting way. There are some parts of Alberta where unemployment is a very marginal factor. There are other areas in the province where it is devastating, where you find that businesses have closed down, where people have had to leave their homes, where real estate values have dropped dramatically, where you have very serious pockets of unemployment in this province. And I guess that's why I feel that the second proposal of the Catholic bishops is such a good one:

... an industrial strategy should be developed to create permanent and meaningful jobs for people in local communities.

Mr. Speaker, the fourth major proposal of the bishops was that

greater emphasis should be given to the goal of social responsibility in the current recession. This means that every effort must be made to curtail cut-backs in social services, maintain adequate health care and

social security benefits, and above all, guarantee special assistance for the unemployed, welfare recipients, the working poor and one-industry towns suffering from plant shut-downs.

I hope this government has taken that observation in mind in preparing the budget. I hope it has. I would hate to see this Assembly being given a budget tonight which contains higher medicare premiums and cutbacks in social services, whether it be cutting back the shelter allowance for people on social assistance — Mr. Speaker, it is morally wrong to attack the problems of this country on the backs of the poor. I think I made the observation during the Speech from the Throne debate that Roosevelt put it very well in the 1930s: we know that heedless self-interest is bad morals. We also know that it's bad economics. If we are going to fuel any kind of recovery in North America, Europe, or wherever one looks, it will be by getting money into the hands of consumers, the ordinary men and women who spend their money in their own locale. Trickle-down simply isn't going to work.

Mr. Speaker, if we find that governments, faced as they are with serious deficits, are in a situation where they say, well, we've got to cut our cloth — as the old saying goes — and we cut back on social services, health services, or welfare payments, the net result of those actions is that you not only create problems for the people who are dispossessed as a consequence; as an end result the inevitable consequence is more crime, more violence, more family breakdown, all the things my colleague alluded to the other day. Not only is that inevitable as a result of cutting back on social services but, beyond that, even if one takes an accountant's balance sheet approach, what we are doing inevitably is shrinking purchasing power in the hands of people who must have it, if we are going to have any kind of economic recovery in this country.

The fifth major proposal that the bishops bring forward is that

labour unions should be asked to play a more decisive and responsible role in developing strategies for economic recovery and employment. This requires the restoration of collective bargaining rights where they have been suspended, collaboration between unions and the unemployed and unorganized workers, and assurances that labour unions will have an effective role in developing economic policies.

Mr. Speaker, I don't think there is any doubt that when one looks at the world in which we live, no one has all the answers. And after my years of observing the ups and downs of different economies, I would be the last person to suggest that there is one magic answer, whether it's supply-side economics as practised by the new right in the United States or, for that matter, social democracy as my colleague and I envisage it on the other side of the fence. But I think there are some things we can learn from other parts of the world.

Three years ago, as a member of an Alberta delegation of members of the Legislature, I had the opportunity to go to three countries in western Europe: the Federal Republic of West Germany, Sweden, and Great Britain. In those three countries I think we saw why it is that the bishops are right when they say there should be collaboration between labor, management, and government. In the Federal Republic of Germany we had a situation where labor was not looked upon as an enemy, where labor was part of the process, I remember going to one of the large firms, the Bayer aspirin company. I think they had some 30,000 or 40,000 employees. It was a very interesting day to go through that plant. But one of the

things that was most impressive was the recognition by this great international corporation that the workers had a role — not just being patted on the head and saying, isn't it nice to see you. They had a role in work and safety matters; they had a role on the board of the international company. They were considered part of the process by which that company made fundamental corporate decisions.

Mr. Speaker, in Sweden we again found that the whole process of working with management and labor had made it possible for companies to sometimes make some very difficult decisions that required pay pauses in order to become more competitive. But because workers were part of the decision-making process, it was possible to make those decisions. That's not always a magical solution. West Germany has problems; so does Sweden. But, considering their resource base, in both cases they have fewer problems than we do, sitting on top of some of the greatest resources ever given to any people.

The other country is Great Britain. Here we had the old approach of continual confrontation between management and labor. Labor was on this side; management was on this side. The net result of that sort of approach — which, I'm sorry to say, North America has borrowed to a large extent — was that it wasn't possible to sit down as reasonable people and work out a strategy that made sense to both the people who owned the industry, whether it be the government or private owners, and the people who worked in the industry.

What the Catholic bishops are saying is that if we're going to get out of this mess, we're going to have to work together. That means that any strategy for recovery must involve the trade union movement. It may be that the trade union movement is not the most popular group of people, especially in a House of right-of-centre politicians. But the fact of the matter is that regardless of what Gallup poll ratings one may find and how popular the unions are or aren't, they have economic power which can only be utilized effectively if they are part of the process of recovery, not set aside and considered part of an eternal opposition which can never be integrated into the body of Canadian economic management.

So, Mr. Speaker, I believe that this particular document — some have criticized it; some have said it's not practical enough. Like a lot of moral documents that have been developed by people others have criticized for not being practical enough, I suspect that this document will be remembered long after some of us — whether of the right, left, or middle of the road — are forgotten. It's a document that provides people in this country with some hope.

I'd like to close, Mr. Speaker, by saying as honestly as I can to members of the Assembly that at a time when you have 140,000 people out of work and you have the enormous social dislocation and consequences of that unemployment, it is important to give people some hope, some light at the end of what is now a very dark tunnel for families where both breadwinners have lost their jobs and where the only income is either unemployment insurance, which will run out, or welfare. I suggest that in this document there is the basis for an approach that could bring together federal and provincial governments, bring together labor and management, and bring together Canadians, whatever their religious outlook, economic position, or occupational situation, wherever they live in the country: bring us together on a common program that could give some hope to Canadians. For that reason,

I commend this document to my colleagues in the Assembly this afternoon.

MR. ALEXANDER: Mr. Speaker, I would like to speak to Motion 207 and, in doing so, I would like to draw particular attention to the wording of the motion, which says:

Be it resolved that the Assembly approves of and endorses the principles enunciated in the document ... Ethical Reflections on the Economic Crisis.

I find it interesting, as a sidelight, that the hon. Leader of the Opposition didn't get to the principles; he only spoke of the policies. I'm a bit surprised at that, since the policies have been rather badly mauled in public in the last couple of months, and I would have thought there would be some attempt to draw some attention to the principles.

I think the motion presents a challenge to discuss the principles, because that's what attracts us onto the higher ground of morality, which has been mentioned here a number of times. This of course makes the matter sensitive, complex, and makes us very cautious about stepping on someone's toes. It brings to mind the Gordian knot. Gordius, the ancient king of Phrygia — whom you may remember, if you're a history buff — once tied his wagon to a post with an horrendously complex knot. Whoever could undo it, he decreed, would be the next king of Asia. No one could. However, an ancient ancestor of mine, Alexander of Macedonia, whose other title I refrain from mentioning for reasons of modesty, solved the problem. He drew his sword and slashed the knot in half. The rest is history. Since the Sergeant-at-Arms would be unlikely to loan me his sword in this Assembly, I shall thus have to attempt to unravel the knot.

In tabling the bishops' paper, entitled *Ethical Reflections on the Economic Crisis*, the hon. members have confronted us with principles and policies which are based on Marxist, romantic socialism. Mr. Speaker, I will contend that this philosophy is bankrupt economically, socially, and morally. This paper is an excellent illustration of all those qualities. I am opposed to it no matter who proposes it: Catholic bishops, Anglican bishops, World Council of Churches, Baptists, the NDP, Liberals, or anyone else. Thus I want to make myself eminently clear that my remarks are made to the paper, not to Catholics.

As I've read this discussion over the last few months, it is interesting to me that it is quite possible to discredit this paper on all grounds by quoting only Catholic sources. The context of discussion was set by the Leader of the Opposition, whose challenges I repeat by reading from *Hansard*. I recall that the remarks he just made sounded very much like a rerun of what he said last week. Let me refresh your memory:

I suggest, Mr. Speaker, that long after the people of Alberta have forgotten most of us who sit in this Legislature today, this particular document is going to be a major work the people will study in the years ahead.

The irony of that statement is that it may well be true, like Galileo's being forced to recant.

"There are times when people of moral conviction," he said, "can have an impact far greater than might be apparent at the time". Let us try to see what the value of moral conviction is in economic and social considerations. He further said: no matter how we may dismiss the conclusions with sophistry, these must be assessed in provincial legislatures. Let us look for the sophistry. And

we're in the provincial Legislature. He concluded by saying: "the bishops' report has been set aside by the front and middle benches across the way". Why not? They're busy.

Let me deal with the policies first and then concentrate on the principles, which are the more crucial failing of the two, in my view. The paper does present five positions, which you've just heard. Let me deal with them as they appear. First off, as has been said a little earlier, "unemployment rather than inflation should be recognized as the number one problem to be tackled in overcoming the present crisis". This of course is a widely held objective. However, it fails to make the crucial distinction as to who does the employing. Additional government spending for job creation and unemployment insurance, for example, fuels inflation. Inflation is itself, apart from all its other bad effects, a major cause of unemployment. Inflation misdirects capital, as we have just seen. Trying to cure unemployment by adopting policies which promote inflation is like trying to put out a fire by pouring gasoline on it. Inflation ultimately leads to ruination. In the long run, in the best interests of the downtrodden, inflation must be avoided like the economic disease that it is. Inflation is a vicious attack on the aged, the poor, and on those who remain unemployed. It must be stopped. Thus it is crucial that the private sector create employment. The bishops didn't mention that.

Second,

an industrial strategy should be developed to create permanent and meaningful jobs for people in local communities ... It should include emphasis on increased production, creation of new labour intensive industries for basic needs, and measures to ensure job security for workers.

Let me repeat the heart of that: industrial strategy to create a labor-intensive economy based in local communities. I could describe that as an omnibus clause, I guess, which suggests more central planning whose thrust, in my view, would be to repeal the industrial revolution. To be sure, the bishops are correct in seeing such things as computers, microchips, and the new industry of robotics as threats to employment. What they should have said, of course, is threats to particular employment opportunities. We must never lose sight of the fact that we owe most of our jobs to just such past innovations — as airplanes, trains, automobiles, spinning mills, et cetera — and that these were also condemned, when they were first introduced, on the grounds of creating unemployment.

We must also not lose sight of the fact that technology usually benefits the poor relatively more than the rich. In many cases, the economic effect is to bring pleasures enjoyed only by the rich to the middle and lower income ranges as well. The rich don't benefit much from things like washing machines, dryers, vacuum cleaners, dishwashers, modern stoves, and television. They already had all the household servants they wanted, and entertainment. Likewise, technological changes concerning sanitation, home heating, food, clothing, and so on, have benefited the poor, relatively, far more than the rich. These benefits are not labor intensive, but they are useful.

Third, the paper says:

... a more balanced and equitable program should be developed for reducing and stemming the rate of inflation. This requires shifting the burden for wage controls to upper income earners and introducing controls on prices and new forms of taxes on investment income (e.g., dividends, interest).

What a surprise. Wage and price controls — remember

those? What was the hon. Leader of the Opposition's line, the best one in the session so far, about "turkeys voting for early Christmas"? I like that one. Inflation is, of course, caused by excessive money creation on the part of central banking authorities, and thus only a change in monetary policy, along with disciplined fiscal policy, can put an end to inflation. According to the Fraser Institute study, *The Illusion of Wage and Price Controls*:

Moreover, controls bring a host of other social and economic ills, like black markets, shortages, lineups, rationing, and general disrespect for the law.

Wages and prices are signalling and rationing devices in the market. When government controls them, they can no longer play that role. Wage and price controls are an economic form of arterial sclerosis, disabling if not fatal.

Fourth policy:

... greater emphasis should be given to the goal of social responsibility in the current recession. This means that every effort must be made to curtail cut-backs in social services, maintain adequate health care and social security benefits, and above all, guarantee special assistance for the unemployed, welfare recipients, the working poor and one-industry towns suffering from plant shut-downs.

Let's talk about social responsibility. How can one give greater emphasis to unemployment insurance, welfare, child allowances, medicare, free education, minimum wage laws, job retraining, home maintenance grants, interest shielding subsidies, and 40 other programs that I've counted? How much social responsibility can there be? My social conscience, Mr. Speaker, is completely at rest insofar as our social support system is concerned. It is articulated to help the unemployed, the poor, and the underprivileged far beyond Karl Marx's wildest dreams.

Social conscience for the working poor in one-industry towns, they say. How about the Janbar shingle mill, albeit in British Columbia, where employees have defied an International Woodworkers order and gone back to work at lower than union scale. At least, the guaranteed rate of pay is lower than union scale. The workers can earn up to union scale by increased productivity. Did you ever hear such a neanderthal idea? In discussing their reasons for approaching the mill owner with an offer to work for less, the employees indicated that their unemployment insurance benefits had run out, and they were damned if they were going to go on welfare.

Well, the happy ending to this story is that the mill, shut down in June 1981 during a strike which produced a 15 per cent pay increase, is now operating again. The ironic note on social responsibility is this: the IWA union charges that the mill is being run illegally and is filing a complaint with the labor relations board. At the same time, the former union members, now working, have applied to the same labor relations board for decertification. That's how you cope with shut-downs in one-industry towns. Personally, I like the workers' style.

Fifth policy, the paper claims:

... labour unions should be asked to play a more decisive and responsible role in developing strategies for economic recovery and employment.

Hopefully not like the illustration I just cited.

Let me rely further on quotes, because of the sensitivity of the subject. According to Lady Barbara Wooten, who is a Labour Peer in the U.K. House of Lords:

It is the business of a union to be anti-social: the members would have a just grievance if their officials and committees ceased to put sectional interests first.

The view of unions held by most Canadians is that of the

long-suffering underdog struggling valiantly against overwhelming odds to improve the wages and working conditions of all employees. The statement of Lady Wooten paints a rather different picture. To be sure, in this view, union leaders can still be counted upon to improve the employment package for their own membership. We must realize that the poor, the afflicted, the oppressed — those at the very bottom of the economic pyramid — are unlikely to be involved as union members. To put it another way:

We should take pause before entrusting the welfare of the economically downtrodden to the tender mercies of organized labour leaders.

Example two: consider the traditional opposition of union leaders to allowing prison inmates to work on jobs which would train them for life outside. Numerous studies have shown that recidivism rates could be dramatically reduced were convicts allowed meaningful work behind bars. The unions have adamantly refused this to occur and have had the political muscle to see that prisoners, in this year of Our Lord 1983, are still precluded from work which would compete with unionized labor. Again I quote:

The union argument that there is only so much work to be done, and that if prisoners do some of it there will be less left for union members, is economically non-sensible and morally unacceptable.

That's enough social responsibility. Having surveyed the five policies, let us look at the principles which, as I said, the hon. leader opposite failed to do. The first principle endorsed by the bishops speaks of the priority of labor over capital: "... labour, not capital, must be given priority in the development of an economy based on justice." The dignity of human labor must take "precedence over capital and technology".

This principle, to say the least, is fraught with difficulties. It suggests that the dignity or rights of human beings can be set off against inanimate matter: machines and capital goods. This, of course, could never be so, since capital *per se* can have no rights or dignity at all. Surely the only sensible interpretation of the principle is that the rights of employees, human beings who have not saved money and invested it, shall take precedence over capitalists, human beings who have. At this moment there are in the world struggling business owners with zero or negative profits, forced to pay high union wage scales. This is not a hypothetical situation, since in 1982 there were 30,367 Canadian bankruptcies, personal and business. How many do you think were union members? How many do you think were owners of capital?

According to the principle of the priority of labor, one should always take the part of the rich laborer in this case, even over the bankrupt capital owner. The principle of priority of labor over capital has no moral relevance except from a Marxist point of view. Marx, of course, requires the labor/capital division to be a moral one. Capital, in and of itself, necessarily exploits labor, which is to say, people who employ others necessarily exploit them. As our socialist opposition has so frequently noted in this session, there are 136,000 unemployed in Alberta. If we were to translate this into the language of the bishops' paper, we would have to read this as 136,000 unexploited in Alberta.

As the throne speech indicated, this government is trying to encourage exploiters to put these unexploited back into a condition of exploitation, to us known as work. Should this sophistry be taken literally and to its logical conclusion, capital and technology would be converted to

immediate consumption purposes, like eating your seed corn, which would tend to drive the poor and the rich as well back toward, well, the third world. One can hardly exercise a preferential option for the poor by advocating policies which lead to general impoverishment.

Lastly, someone had the temerity to ask of the bishops' paper: what of the capital intensity of the churches themselves? Should those majestic cathedrals, houses of worship, and real estate be sold off in an attempt to increase labor intensity? Heaven forbid. [interjection] Thank you. Somebody's awake.

The paper bemoans a renewed emphasis on what it calls "the survival of the fittest", which it then calls the "supreme law of economics". Now survival of the fittest is well-known social Darwinism, beloved by clerics but befuddling to economists. The phrase belongs in biology, if indeed it belongs anywhere, but when superimposed on economics, results in extinction of rational thought, especially in a mixed economy dominated by state capitalism.

For example, one could hardly call the Dome Petroleum, the Massey-Fergusons, the Maislins of this world "fittest", but they do seem to survive, courtesy of the taxpayer we are told, if necessary. As for the supreme law of economics, this is clearly a misfit linkage of the mystical and absolute with what is commonly referred to as the dismal science. This attempt to elevate social Darwinism to supremacy in economics should make even John Kenneth Galbraith shudder, although I wouldn't count on that.

The paper declares that in this survival of the fittest process, "the weak are eliminated". The anti-market bias is clear in the idea of the weak being eliminated. Yes, that's what the paper says, "eliminated". According to this charge, the free market place is like a jungle where the strong kill and eat the weak, and only the strong survive. People who advocate such an economic system are certainly in violation of first principles. It could even be described as immoral. That no one supports such a scheme, of course, is inconsequential. Marxists have a way of making their own straw men.

I have already described our elaborate system for protecting the weak, as did the throne speech. I will not restate what should be obvious. Mr. Speaker, the third principle the paper endorses is called the "equitable distribution of wealth and power among people and regions". Possibly they had in mind the model of the national energy program, though they didn't say so specifically. More likely they refer to the egalitarian ideal of wealth redistribution, which is the socialist's mechanism for evening things out. As Bill Buckley described it, it is A getting together with B to determine what they will take away from C to give to D.

As a concept and as a policy, redistribution is a dismal failure. Bertrand De Jouvenel dealt with it some 30 years ago in his book *The Ethics of Redistribution*. To summarize and oversimplify, he said redistribution never succeeds in its goal to elevate the poor but rather produces a more widespread reduction of wealth for everyone; secondly, it transfers power to the government, which acts as the transfer agent, the latter becoming in the process so costly as to negate all the deemed benefits. Mr. Speaker, I think he was right.

[Mr. Speaker in the Chair]

The bishops' paper further spies a deepening "moral disorder" in the values and priorities of our society. So do I; so do others. Many questions have arisen on the moral

authority of the paper tabled by the opposition. Ponder this as a moral question, if you will: the dialectic of Marx proceeds toward atheistic materialism as a declared goal. Now that goal is clearly in place and in sight for a great many contemporary societies. What does this suggest to hon. members about moral authority? What moral implications have hon. members observed in atheistic materialism of modern socialist states? Solzhenitsyn anyone?

Secondly, Marx claimed that religion is the opiate of the people. Given that, I'm not very much surprised that some Marxists conceal themselves as social democrats. The question occurs to me, why are there Marxist bishops? Why, indeed, are there socialist churchmen of any persuasion? It is a mystery to me. In fact, it raises the question: was Marx right in this matter?

The third moral question that I feel is raised in these principles: what in fact is the morality of perpetuating class warfare, particularly class warfare in a welfare state such as I earlier described? Keeping in mind that romantic socialism can only exist where class warfare exists, I leave that moral question with you.

These principles raise another question. Who in fact endorses these principles and policy? Well, support from high places seems to me to be distinctly thin. Five federal Liberal backbenchers, all Catholic MPs, opposed the paper, calling, in the process, on the authority of the French philosopher Jacques Maritain, of Pascal, and of Pope John Paul II. According to them, in the papal encyclical *Laborem Exercens*, on which this paper was partly based, the Pope has expressed the view that on matters of technological, economic, and political changes in the world, "it is not the Church's responsibility to make a scientific analysis of the possible impact of such changes on humanity". It seems to me that's what the paper did.

The Pope further adds: "The Church is to call to mind the dignity and rights of workers where these are violated." Does that sound to you like a call for socialist revolution? It doesn't to me. Another source points out that the encyclical quoted in this paper was aimed primarily at the restraints on free labor associations in communist countries. The question then is raised, what moral authority? Whose moral authority: that of the Pope or that of the bishops? It can't be both.

On Tuesday this week, Roman Catholic bishops decided — in fact, I think they've decided now — whether their churches would replace rhetoric with action in the fight for social and economic change. Pressure is mounting from the Canadian Labour Congress for greater church involvement. The problem, however, is that the heart of the plan will be an effort to build support for the New Democratic Party as the only viable solution to the country's woes. If the church becomes more involved, it would run afoul of the Pope, who recently reiterated a long-standing policy forbidding church officials from actively engaging in partisan politics.

It is small wonder that this paper has been discredited by economists. It has also been disowned by Cardinal Carter of Toronto. The document, an awkward blend of socialist dogma and atavistic Catholicism, was swiftly rejected by Toronto's Cardinal Carter. He said: we are not experts in economics; getting into details of economic policy is ridiculous. I've seen two quotes. The other one said: risky. To me it doesn't matter, because they're both right.

Catholic scholar Michael Novak, professor of religion at Syracuse University in the U.S., a very eloquent Catholic writer has said:

The ideal of the new socialist man is commonly materialistic, anti-religious, and totalistic. Looking merely at the concentration of authority from traditionalism to socialism is not so long a step.

He went on to add:

Clarity about what works is a religious imperative if you believe the hungry should be fed and the poor uplifted.

I suggest that this paper is afflicted by no such clarity.

The Pope, speaking to the bishops of South America two years ago and in Central America a month ago, was approached by an activist bishop of the Marxist persuasion in Nicaragua to kiss the Pope's ring. The Pope instead — I don't know whether you saw this little vignette on television — wagged his finger at the bishop and said: enough activism; get right with the church.

As to the principles which we have had enunciated and which are contained in this motion, who are we to believe: the Pope or the bishops' paper? I do not think it is possible to endorse both. The bishops undoubtedly tried to do their best, but they failed to meet the requirements of economic reality. I cannot concede them either social or moral authority on the basis of this paper. The socialist opposition has done its best to legitimize Marxist formulations in this debate by concealing its philosophical bankruptcy under a mantle of clerical authority. Well, it fails in that requirement also.

I trust the constituents of Edmonton Whitemud and members of this House will agree that in this debate I have at least tried to do what was required, to disabuse the opposition of any idea they might have had about getting away with such a dismal exercise. Since these principles and policies have already failed the world over through history, wisdom leaves us no choice but to defeat Motion 207.

[Two members rose]

MR. SPEAKER: I believe the hon. Member for Edmonton Norwood caught the Chair's eye first.

MR. MARTIN: Thank you, Mr. Speaker. I will be brief. I believe the debate ends at 4:30, so I'll have to be brief after that long, boring speech from the hon. Member for Edmonton Whitemud. I would like to point out a couple of matters, if I could. [interjections] We're dealing in economics; I think it is a very serious issue. We sat and listened when a lot of things were directed at us, and we would demand the same respect on a very important issue.

First of all, some people have felt — I believe, the Member for St. Albert — that we were trying to take advantage of the bishops' paper. I would agree with both speakers that the bishops are not doing it in a partisan political sense. What they've tried to do is to throw out ideas. For example, what they're asking is for people to consider these issues as we are today:

Furthermore, all peoples of good will in local and regional communities throughout the country must be encouraged to coordinate their efforts to develop and implement such strategies. As a step in this direction, we again call on local Christian communities to become actively involved in the six-point plan of action outlined in the message of the Canadian bishops on *Unemployment: The Human Costs*.

We recognize that these proposals run counter to some current policies or strategies advanced by both governments and corporations. We are also aware of

the limited perspectives and excessive demands of some labour unions. To be certain, the issues are complex; there are no simple or magical solutions. Yet, from the standpoint of the Church's social teachings, we firmly believe that present economic realities reveal a "moral disorder" in our society. As pastors, we have a responsibility to raise some of the fundamental social and ethical issues pertaining to the economic order. In so doing, we expect that there will be considerable discussion and debate within the Christian community itself on these issues. Indeed, we hope that the following reflections will help to explain our concerns and contribute to the current public debate about the economy.

My point, Mr. Speaker . . .

MR. SPEAKER: Order please. I realize that there has been considerable latitude in regard to reading, especially for members speaking in the Assembly for the first time. But I should perhaps repeat a principle that I think is known to all members, but sometimes perhaps we overlook it. That is, in this House the provision for debate is by members of the Assembly. When we read long, argumentative statements by people who are not members of the Assembly, that is a different kind of debate, which perhaps I should not be chairing; I'm supposed to be chairing members' debates. And it is really out of order because those people are not entitled to debate in this Assembly, howsoever valid their observations may be.

MR. NOTLEY: Mr. Speaker, I'd like to raise one brief point of order. Basically I think that observation is correct, but I think that when one is dealing with a resolution that applies specifically to a document, it is certainly reasonable to cite that document in order to make one's arguments. I would agree that if it were a case of just reading the document verbatim, then the Speaker would be perfectly correct. But I would think that all hon. members on either side of the House would have to be able to refer to the document from time to time because the motion before the House is specifically with respect to that document and whether or not the Legislature concurs.

I simply say to you, sir, that my colleague, as did the other member who spoke before and I, for that matter, when I introduced the debate, referred to the document. I think that unless we do that, if we aren't able to refer to the document in question, there really isn't much point in having a debate on an issue such as this.

MR. SPEAKER: I didn't recognize the quotation as coming from the document. If it came from the document, then obviously as the hon. Leader of Opposition says, if we're debating the document, it would seem to be quite appropriate that occasionally the document that is being debated might be quoted. I suppose if we really carried that to its ultimate, we'd be reading the whole document, and that would give me more difficulty.

MR. MARTIN: Thank you, Mr. Speaker. I was just reading a paragraph from it, and my point was that the bishops have asked — they know there's going to be debate about this — that it be brought out and people talk about it. The reason we brought it here is not because I agree totally — it's not an NDP paper — but they wanted it debated. And we thought, where better than the Legislative Assembly of Alberta to talk about

some of the moral problems as they see them in this particular thing. So I would point out to the Member for St. Albert that that's the way we are approaching it.

I don't have much time, I guess — three or four minutes — but it was interesting to hear from the new right in Alberta. I'm not sure that name-calling about Marxists and all the rest of it was appropriate, and I will not go into that. I disagree totally with his economics, as he well knows. I think we could debate how you get out of a depression. Certainly, if you look at *Hansard* at the time when people were talking about getting out of a depression, people of his ilk were talking in the House of Commons. They were called the Liberals and Conservatives of the day. R.B. Bennett and Herbert Hoover were saying exactly the same things. I could almost quote them verbatim from the Member for Whitemud.

But rather than debating this particular issue because economics in this House will come up in the budget, the point we want to make and what I think the bishops were trying to do — they admitted they don't have all the answers; we admit we don't have all the answers. I can honestly tell you that the Member for Edmonton Whitemud has very few answers. We're trying to say that we have a moral problem in these days.

I pointed out what happens when you lay off people and you don't do anything about it and sit back and say, well, the private sector is going to look after us if we just wait long enough. We've had examples of that across the world. We've had examples in this country, Mr. Speaker, where this has happened. It's not an economic theory we're talking about here; we're talking about people's lives. We're talking about what happens to people when they are laid off.

The Member for Edmonton Whitemud does not seem to understand that. Instead of fancy theories and calling people Marxists, I think maybe he should come into my riding and see what actually happens to people when they're laid off. What we're trying to do in this House is bring about a debate to try to help people. That's what we're elected [to do] as legislators. We may honestly disagree on policies, and I'm sure we will from time to time. That's what democracy is all about. But I think the previous member brought it down to a new low in terms of name-calling. I'm not going to refer back. We could use right-wing slogans back at him, but I doubt that would solve anything.

I go back to what I was talking about. I'll conclude with the key point. For those people who weren't at my maiden speech the other night, I said that research has shown — I'd like to put this into the record, sir. It's just a quick quote:

for every 1 per cent rise in unemployment, 4.3 per cent more men and 2.3 per cent more women are admitted to state mental hospitals for the first time; 4.1 per cent more people commit suicide; 4 per cent more people are put in prison; 5.7 per cent more people are murdered; 19 per cent more people die from stress-related chronic ailments . . .

My point is simply this: we do not have time to sit around and wait while people's lives are being affected. It is the mark of a government to do something for the people. When you're dealing with people's lives now, it's not good enough to wait around for some right-wing theory that may come about 10 years from now. That's the position we will be taking in this Legislature.

Thank you, Mr. Speaker.

MR. OMAN: I move that we adjourn debate, Mr. Speaker.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: I should mention some concern that I have with this motion. As far as I can recall, it's the first time we have discussed the validity of a large document. I don't know whether I've ever read anything in any parliamentary lore on that topic. It seems to me that possibly that kind of motion may not be in order, especially since to identify the document, it may be necessary to quote from it at some length.

Now I'm not suggesting — I see the frown on the hon. Leader of the Opposition, but it doesn't appall me one whit. There are all sorts of documents. We might — admittedly to put it to an extreme — discuss the validity of the *Encyclopaedia Britannica*. It would seem to me that [interjections] I should have some regard for the time of the Assembly in a matter of this kind and especially when, in order to deal with the document effectively, it may be necessary to quote from it very extensively.

Now I'm not saying that the motion is out of order. I'm expressing a concern about it. One of the reasons I'm expressing a concern is that conceivably there may be some ideas in the future for this Assembly to debate a variety of documents. Of course in such a case, the present example might be taken as a precedent. As I say, that causes me some difficulty.

It may be that on some occasion there may be an opportunity for the House leaders and myself or other members to discuss the thing, but I mention this only as a matter of record. Because if, on further consideration, it were found or even agreed that such a debate was not in order, then I would not want to be in a position of being bound by the present example as a precedent.

MR. NOTLEY: Mr. Speaker, on a point of order. The Speaker suggested that I looked amazed, and I must confess I am flabbergasted with the concern expressed. Let me just outline, first of all, Mr. Speaker, to you, in case it missed your observation in your busy work, that this was a comprehensive document. It was tabled in the House. The reason it was tabled in the House was a matter of courtesy to the members of the House, so that members would then be able to obtain the document before the debate proceeded. It wasn't a case of referring to a document that wasn't tabled in the Legislature before the debate. The tabling took place a few days ago; as a matter of fact, the second day of the House, if my memory serves me correctly.

Secondly, Mr. Speaker, we are not talking about a resolution here in the abstract. It is saying:

Be it resolved that the Assembly approves of and endorses the principles enunciated . . .

Mr. Speaker, it seems to me that there should be no doubt that a motion of this kind would be in order. The Legislature may well decide that it doesn't agree with it. That's a decision of the Legislature. That is not your decision, sir, as the chairman of this Assembly. It is the decision of the Legislature, whether they like or don't like the principles.

I would say to you, with the greatest respect, that considering the importance of a document which is being discussed throughout this country, the mere suggestion that this would not be in order, I find, with great respect,

is simply an error on your part. I would say to you in my position as Leader of the Opposition, but I suspect shared by other colleagues in the House, that resolutions of this kind, whether they come from the government or the opposition, should be considered on their merits by the members, providing the courtesy of proper tabling is given so the people have access to the information. This sort of thing should be determined not by the Speaker at any time but by the members, on the merits debated in the House.

If we were talking about endorsing the information contained in the *Encyclopaedia Britannica*, that might be a different matter. But we are talking about the principles contained in a major document. Mr. Speaker, if that sort of proposition is not in order in this Legislative Assembly, then I suggest to you that *Beauchesne*, as I understand it, especially that privilege in *Beauchesne* that says, if there's any doubt at all in the Speaker's mind, it must be decided in favor of freedom of debate and discussion — Mr. Speaker, I don't think we should get into a long wrangle at this time. It seems to me straightforward and self-evident that a motion like this is clearly in order.

[interjection]

MR. SPEAKER: Possibly interrupting the hon. Deputy Government House Leader, with respect, the hon. Leader of the Opposition is very, very seriously confusing the substance of what I have said. I have not purported to deal in any way with the validity of the document or of its principles. Whether a document is tabled or not has not the slightest bearing on whether or not it may be debatable. Sure, it's a courtesy to give members copies; that's fine. But that's not an issue in any way at all. I am looking at the document merely from a procedural point of view. While the hon. member is now citing for the second time in two days the question of freedom of speech and that doubts have to be resolved in favor of extended freedom, we have to remember that this House has a limited time to spend on its business, and a very extensive freedom of . . .

AN HON. MEMBER: I beg your pardon, sir.

MR. SPEAKER: Order please. A very extensive use of the freedom of speech by any member obviously limits that of other members, and it must be taken in context because of the limited time. Furthermore there is no precedent, either in *Beauchesne* or anywhere else, that prevents a Speaker from expressing a doubt about something.

Now the hon. Leader of the Opposition may not value that doubt in any way. He may think it should be dismissed with contempt or with any other kind of consideration. But there is nothing wrong with that doubt being expressed. And that is all I did. I expressed a doubt as to whether this might be in order for the simple reason that I was concerned about where such a practice might lead, and whether or not I might find myself caught in an unwelcome precedent. That's simply a matter of caution, of prudence. It doesn't deal in any way with the substance of the motion or the statement.

MR. HORSMAN: Mr. Speaker, replying briefly on behalf of the government to the point just raised, I must say that the government will take under consideration the concern expressed by the Speaker, not only with respect to motions which might be brought forward by members of the opposition but indeed members of the government,

who place a number of motions on the Order Paper. The point that has been raised by you, Mr. Speaker, is certainly worth considering further. Of course, we take note of the fact that in your comments you did not rule the motion out of order in any way and that in fact the comments you raised will lead to further reflection on the part of all members of the Assembly as to just how matters might be properly introduced for debate. With respect to the hon. Leader of the Opposition being flabbergasted, I think he flabbergasts much too easily.  
[interjections]

DR. BUCK: Mr. Speaker, on the point of order. I take great difference with what you have just stated about the use of the House's time. Mr. Speaker, I would like to remind you that this House sat just once last year, which left nine months that we could have used if it was required that the business of the House take that long. The motion that's been presented — members of the Assembly on the opposition side have the opportunity to designate a motion. We're not really arguing about that; it deals with problems that relate to Albertans and it's fully debatable.

But, Mr. Speaker, to prejudge — we have been in session a little over two weeks, and already worrying about how much time we're going to take I think is highly presumptuous. There is one hour allowed for this debate every week, and it blows my mind, to be quite honest with you, Mr. Speaker, to say that we're going to be using too much time. Your ruling just flabbergasts me.

MR. NOTLEY: Mr. Speaker, on a point of order if I may.

MR. SPEAKER: There should be a limited debate on a point of order and, in fairness to the hon. Member for Edmonton Norwood, he has a Bill coming up for discussion which we might have started on 10 minutes ago. I confess to having used up some of that time myself. First of all, I don't propose to debate this extensively. I'm simply expressing some concerns. It's not for the Speaker to say when the House sits, but the Speaker has obvious duties with regard to the time of the House when it is sitting. For example, in dealing in a preliminary way with some questions of privilege, with emergency debate, and a number of other examples like that, the Speaker is given a preliminary jurisdiction for the precise purpose of ensuring that the House's time, when it does sit, is not wasted.

There is an added feature to this doubt that I have and that's all I'm expressing at the moment. I'm not even suggesting that when this comes up on the Order Paper again — the debate having started — I would propose to interfere. What I'm saying should not be taken one bit beyond the actual words I am expressing, and that's what I'm afraid is being done here to a rather large extent. It's conceivable that a constituent or someone else might write a long letter of complaint, of debate, of argument, to an hon. member in the Assembly. So the hon. member introduces a motion saying he wants to have that letter debated. Okay, that means that the person who wrote the letter is debating in the Assembly, because the whole thing can be read, you could take the allotted time for a speech — the hon. Leader of the Opposition has 90 minutes — and read a document in order that it might be debated.

It is my respectful opinion that possibly — and I say this only by way of concern, not by way of a ruling — I



have a concern as to whether that is the kind of thing the House should spend its time on. It may be that there should be a point of order raised on it, and it should be dealt with on that basis: I'm simply mentioning that concern. I hope that we can now get on with debate on Bill No. 204.

MR. NOTLEY: Before we do that, this refers directly to your comment when you brought this to the attention of members. You suggested that it might be appropriate to meet, I think you mentioned, [with] the Government House Leader, myself, and others. I want to make it clear, however, so that there be no precedent, that on behalf of myself and my colleague — the hon. Member for Clover Bar would have to discuss it with his colleague — we in no way would be able to participate in that sort of discussion. It is our view that . . .

MR. SPEAKER: Order please. There's no need now to extend this rather extensive dealing with this matter. If the hon. leader, on whatever future occasion, wants to refuse to discuss a matter with the Speaker, that's his privilege. He doesn't need to announce it in the House.

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

**Bill 204  
An Act to Amend the  
Legislative Assembly Act**

MR. MARTIN: Mr. Speaker, I'd like to rise to bring in Bill 204, and believe it or not, we believe it is a non-partisan Bill and shouldn't create too much acrimony.

As you know, we went through a recent — you went through especially, Mr. Speaker, a very difficult time trying to decide who should be the official opposition when a group and a party, two parties, or whatever are tied. It seemed that the Act at the particular time did not satisfy who should be in this. As a result, Mr. Speaker, you were put in a very untenable position. I know the hon. Member for Edmonton Clover Bar might disagree, but we think you made the right decision. We hope that by bringing this in as a private member's Bill, the government will take a look at this. Even if they want to redo it and bring in a new Act, pride of authorship is not important here. I think the government would also be looking at a Bill like this, Mr. Speaker.

[Mr. Purdy in the Chair]

The other point I would make before I look at the major parts of the Bill: the reason we think this is important is that in our parliamentary democracy, just as surely as people elect the government, and as we know in Alberta they did overwhelmingly this last election . . . [interjections] I thought I would get a pounding for that, thank you.

As you are well aware, it is also just as important in our system that they elect Her Majesty's Loyal Opposition and the leader of that opposition. Both the government and the opposition are crucial parts of our British parliamentary democracy. This Bill is an attempt to determine what goes into the Official Opposition, and I would refer you to 36.1(3). I'll just run through the major

points quickly; it won't take a long time.

(3) For the purposes of subsection (2), the Speaker shall recognize

- (a) the largest party or group sitting in opposition to the Government as the Official Opposition, and
- (b) the member recognized by that party or group as being their leader, as the Leader of Her Majesty's Loyal Opposition

I think the key, though, is (4) that we're talking about

If 2 or more parties or groups sitting in opposition to the Government have an equal number of members, and no other opposition party or group has a greater number of members, the Speaker shall recognize . . .

This is exactly where we came in with this problem that Mr. Speaker had to go through before. What we're suggesting is:

- (a) the party or group which received the largest percentage of the popular vote in the immediately preceding provincial general election as the Official Opposition . . .

It seems to us that this, is the logical way to go, that just as the group or party that receives the largest percentage becomes the government, the party or group that has the second largest percentage of the popular vote should become the Official Opposition. For that matter, remember that the seats would determine it. I recognize that the percentage of the popular vote doesn't always indicate how many seats you're going to get. But if there is a difference in number of seats, if it had been three to two in this case, then it is obvious who would have been the Official Opposition. But in cases where there is a tie, we think the popular vote — because it is the most democratic procedure we have in determining support for parties or groups across the province. And of course, going along with that is:

- (b) the member recognized by that party or group as being their leader as the Leader of Her Majesty's Loyal Opposition.

Popular vote is defined in

- (a) in the case of a party, the total of all votes cast in the provincial general election for all candidates endorsed by that party as official candidates of that party, and
- (b) in the case of a group, the total of all votes cast in the provincial general election for the members elected to the Legislative Assembly and declaring themselves to be members of that group.

And then we went through the section. Obviously in Alberta we've had problems with overwhelming victories; formerly, of course, the Social Credit government, and now the Conservative government. We've had fairly low numbers of opposition members, so we've lowered the number here, if you notice, to

"recognized opposition party" means . . .

- (i) holds more than 1 seat in the Legislative Assembly, and
- (ii) received at least 5% . . .

which is the same as it was before

. . . of the popular vote in the election immediately preceding the year in which the allowance . . . is to be paid.

Mr. Speaker, I think the key that we moved there — the number is four seats. Because of Alberta politics, we're suggesting that it be one seat in the Legislative Assembly.

I think that basically the Bill is simple and straightforward. I think this would clarify the position. It would not put Mr. Speaker in the difficult position he was in in the past. I mentioned before that pride of ownership is not important. If the government thinks it could come back with its own Bill and look at this matter — because we do think it is a serious matter — I think all members would agree. I make the point again that the Official Opposition is just as much a part of government as the government. If we're having trouble with the Act, as we did this last time, I think it would be incumbent upon the government to take a look at what it could do to change it.

I conclude by saying that it might be to their benefit to do this, because they might be shooting for the Official Opposition after the next election. Thank you, Mr. Speaker.

MR. COOK: Mr. Speaker, I am going to really enjoy participating in the debate today on this little Bill. It's seemingly innocuous, but I think all hon. members should oppose it, and I'd like to outline why.

First of all, I think it's fairly evident that this Bill is self-serving, that this is just an attempt to try to make sure that the position the NDP now have had conferred upon them is more or less sanctified by the Legislature. I don't think that's necessary. The Speaker of our Assembly has a great deal of respect both in this Legislature and outside, and he has provided us with a ruling that I think is eminently fair and workable.

I want to get back to the concept that members in the New Democratic Party are recodifying a tradition of the British parliamentary system. That works against the whole concept of the British parliamentary system, which works on a case-by-case basis, builds up, if you like, case law, tradition, and precedence, and on that basis provides guidance to us in a difficult or unusual circumstance. We do not want to go to a more rigid process, perhaps like our cousins to the south in the United States who have codified everything and occasionally find themselves in difficult circumstances, between a rock and a hard place.

Mr. Speaker, I think this Bill has two deficiencies. It's rigid. For example, it does not allow the concept of coalitions of independent members to work, because it would provide for basically two forms: more than one seat in the Assembly — it requires two seats — and a registered political party. What would happen in the case of three Independent members being elected, none of whom represents a political party, or two members, one representing a political party and one representing his constituents, and that's all? Mr. Speaker, this Bill is deficient because it doesn't give us any guidance in that case. The fallback procedure, for the hon. Member for Edmonton Norwood, is to look at percentage of vote. And that's interesting.

Can I make one wry observation? I would make it only in jest. I think the hon. member and his colleague are really trying to protect their position for the next provincial election when the hon. members of the Independent coalition may have three members and they still have only two, or one.

MR. MARTIN: Not Glengarry, though.

MR. COOK: Certainly not Glengarry. We're going to work hard and make sure that seat remains firmly on the Tory side.

Mr. Speaker, this Bill has the deficiency of being very, very rigid. What the hon. member is trying to do is

provide us with some guidance in a difficult or unusual circumstance, yet he has failed to do that in some other difficult and unusual circumstances which are not provided for in the Bill. So what he has really done is create some rigid new rules which we'll find difficult to apply in equally difficult circumstances. I think it's better to leave the system as it is now, to leave it to the judgment of a distinguished parliamentarian like our Speaker, who has the ability to gather evidence and advice from a variety of sources inside the House and out and make a decision, and that decision, Mr. Speaker, is going to be referred to the House. And if it is so unfair as to be unacceptable, this Legislature has the ability to provide further guidance to the Speaker.

In reading over the decision of our distinguished Speaker from Edmonton Meadowlark, it's very clear that the hon. gentleman has put a great deal of thought into the decision he provided for us on March 11. He reviewed precedents in a variety of other difficult circumstances, and went back to review the circumstances in the Westminster Parliament. He reviewed the problems with some of our legislation. Mr. Speaker, I'd like to make one more observation. Part 2, section 5(2) of the Election Finances and Contributions Disclosures Act says that any political party that holds "a minimum of 3 seats in the Legislative Assembly" may be registered as a political party. In our Legislative Assembly Act, we say that a recognized opposition party means a party that "holds at least 4 seats in the Legislative Assembly". In the proposed Bill, we have the concept that we should have two members as being sufficient to designate a political party as a registered opposition party. We're playing with numbers. I think we should find some common number that goes through this. If we're looking at amending the Legislative Assembly Act, I think we should consider finding some standard.

Then, Mr. Speaker, the question becomes: should the standard be two, three, or four? — those being the numbers before us; two in the NDP Bill, three in the Election Finances and Contributions Disclosure Act, and four in the Legislative Assembly Act. Frankly, all three are arbitrary, and I think we should consider them as such. I guess the case I'm trying to make is that this Bill is arbitrary; it's rigid.

It's also important to make the case that in other parliamentary systems, they're having difficult circumstances. I hate to use this example, but the National Socialists in Germany — we had in the Weimar Republic a difficult time of economic unrest, a difficulty where a huge number of third parties arose. It prevented the functioning of the parliamentary system in Germany in the 1930s. Mr. Speaker, the president of the Weimar Republic chose a Mr. Adolf Hitler to be chancellor of the government, of the Parliament, and did it on a very narrow basis.

I would like to think that we would not be bound by some rigid rules that are being proposed in the opposition's attempt to serve their own selfish interests right now, and that might put us in a difficult situation 30, 40, or 50 years down the road when some small, narrow group that represents an extreme point of view may be in this Assembly and may be with a variety of other small groups, all competing for some sort of status.

I would like to think that good judgment and reason would prevail in that kind of circumstance, not the narrow application of a rigid rule adopted in 1983 because the Member for Edmonton Norwood wants to sanctify a decision by our Speaker, who, I think, has

already presented us with a very good decision that will serve as a precedent, a guide, in future situations like this. But I don't think we want to start codifying an informal constitution that we have inherited from the British parliamentary system.

I conclude, Mr. Speaker, by saying that this Bill should be rejected by the Assembly and that it is partisan in the sense that it tries to sanctify and serve selfishly the interests of one small group in this Assembly whose position was given some status in the Assembly. But next time, I think we will find that with this kind of attitude, even the minimum number of two seats will be difficult to muster by that political party. I urge all hon. members to reject this Bill.

MR. STROMBERG: Good afternoon, Mr. Speaker. In addressing Bill 204 and going through its contents, I believe the intent of the Bill is basically a concern that the present legislation to be recognized as an opposition party from four MLAs to two. That is the intent of the Bill. But I guess you have to look at what has happened in the past. Going through some material that was supplied to me, I find that the designation of an official opposition party has been on some pretty shaky ground and, at times, very controversial.

I'll give you an example. There's a term we use down on the farm — the first time the fertilizer hit the fan was back in 1944, when three Independent members were elected to this Legislature. They were duly recognized as the Official Opposition. They in turn — Independent members — elected a leader from amongst themselves as Her Majesty's Loyal Opposition.

The second time there was a controversy was in 1959, when four opposition members were elected: one a lone Progressive Conservative, one a poor Liberal, one Independent, and one Coalition member. Now if that isn't a sack full of wildcats! To try to get those four to agree on anything apparently was an impossibility. The Speaker got so frustrated and fed up with this so-called opposition that he didn't recognize any opposition. He left them as they were.

I would like to point out to you, Mr. Speaker, that the recognition of an official opposition and the Leader of Her Majesty's Loyal Opposition falls on the shoulders of the Speaker. As president of the Assembly, it is his duty alone to choose, and has always been so in the past parliamentary system.

Tradition has been mentioned by the Member for Edmonton Glengarry, and I certainly agree with him. We have something to fall back on. But may I offer a suggestion? We could ask our colleagues in the Commonwealth Parliamentary Association or our own Canadian Parliamentary Association to give us an opinion on how we handle the roll of the official opposition, especially when a tie is involved.

However, Mr. Speaker, there are two aspects to this Bill that bear a little merit. One, if this Bill were passed it would certainly be clear to everyone who in the heck the Official Opposition is; and when there was a tie, any confusion as to the opposition would be cleared up right now. Number two: in the groups of parties that form the opposition, it would be known immediately after the election who the opposition is.

Mr. Speaker, I have some reservations to the section of this Bill that lowers the seats required for recognized opposition party status from four to two. I would like to point out to you, sir, that opposition parties that are so ineffective and inept in Alberta that they cannot manage

to elect even four members, then it has to follow them because ...

MR. MARTIN: Forty per cent of the vote.

MR. STROMBERG: Mr. Speaker, there was a comment on 40 per cent of the vote. There might have been 40 per cent of the vote, but on this hand there are only two members. It has to follow then, that because these parties cannot come up with the prescribed standard, the standard should be lowered.

Thank you.

MR. MUSGROVE: Mr. Speaker, I'd like to speak to Bill 204 and express some concerns. First, I ran across some history that I thought members may be interested in; that is, of the original time of the opposition.

It appears that Sir John A. Macdonald, when the Canadian parliament first opened, was known as the first minister. But there was, at that time, an Official Opposition in the government of Canada. Even in the United Kingdom, it was not until 1878 that the title of prime minister was first officially used. Previous to that, the title was first lord or His Majesty's treasurer.

On the other hand, those who sit to Mr. Speaker's left enjoy much stronger tradition under our present name. For the designation "His Majesty's opposition" was first used at Westminster as long ago as 1826. The tradition of the opposition — it came about in a way that seems typically British. No one planned it; no one sat down and figured it out. Debate was in progress, and the government spokesman remarked that it would be hard for His Majesty's ministers to raise objections to a certain course of action. He went on to say, however, that for his part, he thought it would be even harder for His Majesty's opposition to compel His Majesty's ministers to take the course being proposed.

The title was hailed immediately as "happy", and within minutes an opposition member rose and said: a better phrase could not have been invented to designate us, for we are certainly, to all intents and purposes, a branch of His Majesty's government. That way of putting it had to be qualified: the opposition is not part of the government as such. But it is the genesis of our parliamentary system that the opposition does play a part in the government process, the importance of which is beyond question. That says that the opposition was first discovered by accident.

The Speaker is the president of the Assembly. His decisions are not government decisions, even though the Speaker is a government member. What the Speaker deems to be the correct approach on a situation may not be applicable to another.

There are many problems with the clause in Bill 204 which dictates that, in the event of a tie in the number of seats held by each opposition group, the popular vote obtained by each group or party should be the deciding factor in the selection of the Official Opposition. Basing this selection solely on the popular vote is not sound. Alberta has a single-member plurality electoral system which elects members to the Legislative Assembly to represent their constituents. Our political system does not encompass proportional representation, and many could argue that it should not be implemented in any instance. If the popular vote argument passes in this case, the people in Alberta may feel that their MLAs do not represent them in cases where they did not vote for them.

It is not a government matter or a party matter. It is true that in Alberta, prior to 1970, once or possibly twice the government seems to have become involved when there was a question of amending the Legislative Assembly Act to divide or change the amount of the opposition leader's special honorarium. Apart from those very rare exceptions, it appears that whenever the question has arisen, it has been a matter for the Speaker to deal with.

It is a question of status within a parliament. Hence, if at all possible, the determination should be based on circumstances within the Assembly. No precedent or rule has been discovered or given to me where the designation of an Official Opposition has been based on circumstances outside the parliament. While the province has the power to amend the constitution of Alberta by a simple statute, it is questionable whether an amendment which seriously derogates from the principles in the United Kingdom constitution would be upheld by the courts. It is arguable that the Legislature could not pass a statute empowering the Speaker to not appoint a leader of His Majesty's opposition.

As to the number of seats one party must obtain to become a recognized opposition party, the number has been four since 1972 when the Legislative Assembly Act was amended. As the Speaker pointed out on March 11, 1983, however:

... a recognized party is a second opposition group, over and above an Official Opposition.

Thus it applies to third parties only and does not have any bearing on the selection of an Official Opposition.

It has been said by one of our former colleagues that there is no Speaker in Canada who can match our present Speaker for scrupulous fairness and infallibility. He rules strictly by the book, as any good chairman should, and has never been partisan. His book is the time-honored bible of *Beauchesne*, hallowed through the ages as the respected ground rules and precedents of the political game. Only in the last session did the opposition begin to chafe against his strict but fair interpretation of the rules. Our present Speaker says that there is a time for debate and a time for questions. The question period is for the obtaining of information from the executive, and not for stating an opinion. Every elected member, including the opposition, has the right to ask questions on behalf of his constituents.

Mr. Speaker, to me, the alternative to Bill 204 is that the decision regarding the designation of the Official Opposition can be safely left to the discretion of the Speaker. It is well established through convention that it is up to the Speaker to decide which group or party will form the Official Opposition in the event of a tie in seats. This lends the Assembly some flexibility, as a range of different factors can be brought to bear as the situation warrants.

MR. R. SPEAKER: I'd like to speak to the subject matter at hand. I've had a fair amount of experience in the last short period of time with regard to this matter. First of all, I want to say that I totally discount any case made by a member in the Legislature that says there should be flexibility of the Speaker to make the decision. I would have to say that we were in the situation that arose because of the way this government has inadequately handled the legislation of the past with regard to the Legislative Assembly Act, the Election Act, and some other Acts.

[Mr. Speaker in the Chair]

I can remember the former leader of the Socred party, Bob Clark, asking that this government look at the Legislative Assembly Act and address a number of questions. It was never done — put off until tomorrow — until we finally arrived at a point where we created a crisis for the Speaker that shouldn't have been. He shouldn't have been put in the position to make a very difficult decision.

On this side of the House, we said earlier — in November, December, January — that we recognized the difficulty of the decision. We would make submissions to the best of our ability with regard to the question, and when the decision came down, we would live with that decision. We have. We are now taking our responsibilities in this Legislature on that basis. But that doesn't make the process that occurred during that period of time right. The way that it was left dangling and unclear was unfair and it shouldn't happen again. We should deal with it in this Legislature. I hope that in this spring Legislature the government takes the initiative to bring in some kind of legislation and does not ignore the question any further.

We need other amendments in this Legislature, besides this one, with regard to how the opposition is chosen, the rights and privileges, and what can and cannot be done by members of the Legislature. The government has left us as members here in a very precarious position with regard to a number of government programs. I think that should stop. It should be clear as to what a member can and can't do. It shouldn't be left in this unclear position so that some people can bend the law according to their needs at various times. We have seen that happen in the last two or three years of this Legislature — wrong and unfair, and it shouldn't have happened.

Let's look at the Minister of Federal and Intergovernmental Affairs. I'm sure glad that he's listening, because there was unfairness with regard to some of the questions relative to cattle and hog subsidies. Some members took it, some did not, because the law was unclear. It shouldn't be that way. There are other pieces of legislation, other subsidies occurring at the present time, that leave members of this Legislature in a very difficult position. What do I say should happen with regard to this Act?

I think the province of Saskatchewan handle it in a very easy way. They look at a member of the Legislature as an elected member with rights equal to each and every other member of the Legislature. Whether I'm an Independent, whether we sit as an NDP or a Conservative or a Liberal, once elected to this Legislature, we each have equal privileges and equal rights, and we should be protected by the law as such. We should be handled by the law as such in an equal way, and that's how the law must be made.

What do they suggest? I think this is what we should look at in this Legislature. They talk about groups of individuals. The hon. Member for Clover Bar and myself consider ourselves a group of two people sitting with common objectives and some common aims. We certainly haven't got a party registered under the Election Finances and Contributions Disclosure Act. We have our constituencies registered as Independent persons, as MLAs, but we're not registered as a party.

But that should not exclude us from having equal opportunity to be the Official Opposition. If we believe in the basic premise that a member is a member once elected to this Legislature, then party status is not a matter of consideration. It is a matter of being classed as a group. You may be a group as a party, but you don't necessarily

need to be. That should be the first premise of the legislation.

I think it should read something like this: that after an election, the persons declaring themselves as the largest group of members in coalition, or in agreement, will form the opposition. That group will then become the Official Opposition because they have reached informal or formal agreement to act in that role in the Legislature. Now that's nothing new. There are coalition governments in the world. There are coalition oppositions. That basic alignment can happen.

People who come into the Legislature with party status should have no priority over that alignment. Let's say, for example, there were two Independents and, by chance, a Liberal got into this Assembly, and the three people aligned themselves as the Official Opposition. With two NDP, that group of three would become the Official Opposition and the three persons would decide who is the official leader of that group. That settles the matter.

Let's take the instance where there are equal numbers, and not an unequal situation. Let's look at the situation as it is today: two NDP members, two Independent members, with equal rights in the Legislature, elected to represent people. We have two groups of two; that is a tie. Under those circumstances, the rights and privileges of the two groups, as the total opposition, are shared amongst the two groups. There would not necessarily need to be the appointment of an Official Leader of the Opposition. I feel that person does not necessarily need to exist in the Legislature.

In my research and examination of many laws and statutes of Alberta and other provinces, I found no evidence to reach that conclusion. There does not need to be an official Leader of the Opposition in the Legislature. That is not necessary. When you have a tie, the two groups can share the responsibility. Each group would designate a leader of that respective group who would either have first question on certain days — for example, in this House the Leader of the Official Opposition has the right to have the first two questions.

Upon agreement of the two groups, we could arrive at a situation where on Monday and Tuesday of one week the one leader gets the first two questions, on Wednesday and Thursday the other person, and Friday the other one. We could change it in the following week. There's no reason why with some co-operation and common sense that couldn't work. Other rights and privileges in the Legislature could be divided accordingly with some mature common sense. It can work.

To me, that's the way it should happen. I hope the government has a look at that type of concept, brings in some legislation to that effect, and we'd deal with the matter so the matter isn't set on the shoulders of the Speaker. Because I think that places the Speaker of a legislature in an unfair and very difficult position. It should be clear: steps one, two, three, four, and that's the way it is done and can be done.

I feel that my suggestion here would solve the problem under future circumstances, and we would not have any delay after the election. The opposition could be appointed, could go to work and be ready for the opening session. I certainly urge the members of this Legislature to think in terms of that concept. I have some disagreements with some of the suggestions in this particular Bill, but in principle I'm glad it's raised with us here in this Legislature.

MRS. KOPER: Mr. Speaker, in view of the hour and the importance of the discussions tonight, perhaps I should ask to adjourn debate.

MR. SPEAKER: Does the Assembly agree with the motion to adjourn debate?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

MR. HORSMAN: Mr. Speaker, all members of the House will be aware that this evening at eight o'clock we will assemble to hear the budget speech of the hon. Provincial Treasurer. I therefore move we call it 5:30.

MR. SPEAKER: Is the Assembly agreed?

HON. MEMBERS: Agreed.

[The House recessed at 5:24 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, 1984, and recommends the same to the Legislative Assembly.

His Honour the Lieutenant-Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1983, and recommends the same to the Legislative Assembly.

His Honour the Lieutenant-Governor transmits a schedule of certain sums required in the interim for the service of the province for the 12 months ending March 31, 1984, and recommends the same to the Legislative Assembly.

Please be seated.

MR. HYNDMAN: Mr. Speaker, I wish to table a copy of the 1983-84 government estimates of expenditure and interim supply estimates of the Legislative Assembly.

#### head: **GOVERNMENT MOTIONS**

##### 8. Moved by Mr. Hyndman:

Be it resolved that the messages of His Honour the Honourable the Lieutenant-Governor, the Estimates, and all matters connected therewith, be referred to the Committee of Supply.

[Motion carried]

##### 9. Moved by Mr. Hyndman:

Be it resolved that the Assembly approve in general the fiscal policies of the government.

head: **BUDGET ADDRESS**

MR. HYNDMAN: Mr. Speaker, this is a resurgence budget of cautious confidence, based on a step-by-step economic recovery leading to durable growth for Alberta in the '80s.

It sustains the Alberta economic resurgence plan and supplements that initiative by assisting our private sector to market oil, natural gas, grains, red meats, forest products, and manufactured goods in Canada and throughout the world.

This budget stresses a prudent, responsible approach to public-sector financing with a dramatic reduction in the rate of growth of government costs so that we can continue to respond to Alberta's longer term needs.

It maintains high-quality health, education, social, recreational, and cultural services with no increases in personal or corporate taxes and no gasoline tax. Even with a restraint approach, there are no cutbacks in the support for these services.

The budget reinforces the increasing number of positive economic signals emerging in the United States, other parts of Canada, and Alberta.

It supports job training and retraining, especially to assist young Albertans to upgrade their abilities and skills in preparation for a return to the work force.

Although the start of the economic recovery in Alberta has been delayed, and although the worrisome unemployment trend may continue, with reasonable stability in world energy prices there is justification for balanced optimism and realistic confidence.

After a decade of unprecedented economic growth and prosperity, 1982 was a disappointing year for many Albertans. Last year's budget speech warned that Alberta would not be immune to the national and international economic downturn. Our citizens now know that this province is not an economic island; we are a trading province that relies on healthy Canadian and world markets for prosperity. Decisions made outside our country affect Albertans more than any other Canadians. The current instability in world oil markets is clear evidence of this fact.

To protect Albertans from the full force of the global economic downturn, we introduced last March a stimulative budget containing a dramatic increase in capital construction spending and no tax increases.

Further leadership, one month later, saw the introduction of the Alberta economic resurgence plan with the oil and gas activity program. Then, in early September 1982, the Alberta Heritage Savings Trust Fund interest reduction programs were introduced to assist Alberta homeowners, small business men, and farmers. In this way, over the past year, the Alberta government has put in place a workable economic recovery plan that has helped Albertans to cope and has set the stage for sustained recovery. The economic resurgence plan is unique in Canada.

Budgetary expenditure has risen dramatically over the last five years as the government responded to the demands of a fast-growing population for improved services at a time of significant surplus revenue. But budgetary revenue has not kept pace with expenditure. The global recession has reduced the demand for oil and natural gas, and energy prices are softening. The result is an imbalance between budgetary revenue and budgetary expenditure, which has led to a record budgetary deficit in 1982-83, the drawing down of accumulated surpluses, and the need to borrow for the first time in 10 years.

The uncertainty surrounding the world energy scene is troubling. It has made budget planning and forecasting very difficult. Alberta's economy and finances are vulnerable to a fall in world energy prices. Significant economic diversification has occurred in Alberta since 1972. Much of it has been energy related. Realistically, this will continue. However, even in the long term, tax revenue from diversification will not entirely replace provincial resource revenue.

A key thrust of the 1983 budget is expenditure restraint by government — a hold-the-line approach. Expenditure must be brought more in line with revenue, or we will all face the prospect of much higher taxes in future. Government cannot be out of step with the economic realities being faced by individual households and small businesses forced to curtail their expenditures. This adjustment must start now; it is not fiscally responsible to pay for day-to-day needs out of savings or borrowings.

Government spending restraint in 1983 will be tempered by our ongoing commitment to continue to provide among the best public services in Canada and to care about those Albertans who require special assistance.

The beginning of economic recovery is difficult to pinpoint. There are signs that the Alberta economy is on the mend, although a number of weak areas remain. Many enterprises are now lean, trim, and ready to take on new marketing and productivity challenges in Alberta and the world. The recovery will depend to a significant degree on the extent to which there is confidence in the energy industry and a rejuvenation of consumer demand. If interest rates continue at lower levels and if the energy situation stabilizes, we can look ahead with measured optimism.

In almost every part of the world there was economic decline in 1982. Slower growth resulted in lost jobs and increased unemployment. Declining sales of consumer good and commodities meant reduced cash flow, lower profits, and the resulting deferral or outright cancellation of investment plans for expansion of plant and equipment. This world economic downturn sharply curtailed the demand for such basic Alberta products as oil, natural gas, grains, red meats, petrochemicals, and forest products.

If in 1981 any Albertans doubted that their economy was dependent on American and world trends, they realized with a jolt in 1982 that jobs, wages, profits, and economic prospects here were directly affected by a sluggish United States economy and by virtually no growth in most of the rest of the world.

As 1982 progressed, the timing of the economic recovery was pushed back. The much-awaited American recovery of late 1982 did not materialize. Now, however, there are positive signs. U.S. interest rates have fallen. Inflation has returned to more acceptable levels. Stock markets have hit record levels, mirroring a new and growing confidence.

Economic recovery in the United States and the developed world is essential for a sustained recovery in Canada. The key to a recovery in the United States is the release of pent-up consumer demand, and there are signs that consumer demand is strengthening. However, there is continuing concern about the size of the American budgetary deficit, which could push up interest rates and delay recovery.

Leading indicators point to a United States upturn in 1983, with real growth there of about 3 per cent and with most of that growth occurring during the second half of the year. This is a lower growth rate than in other

post-war recoveries but, for sustained economic growth in the '80s, a measured pace of recovery should result in a more stable economic scene.

The world economic recession had an even more serious impact on Canada. The Ottawa energy program had been inflicted on the country prior to the international economic downturn. It seriously weakened Canada's crucial energy industry and made foreign, job-creating investment capital unwelcome here.

Last year Canadian economic performance was the worst of the seven largest western industrialized countries. Real gross national expenditure declined by 4.8 per cent. By the end of 1982, Canada's economic activity had fallen for six consecutive quarters, the worst performance since quarterly data were first collected in 1947.

The heaviest and most visible toll of the recession was on jobs. The national unemployment rate averaged 11 per cent in 1982 and had reached 12.8 per cent by year end.

Although both interest rates and inflation dropped significantly during 1982, Ottawa's artificial propping up of the Canadian dollar kept Canadian interest rates higher than necessary.

Low demand caused a fall in business activity. Combined with high interest rates, this led to a sharp drop in corporate profits. Real private business investment declined by 11.5 per cent during the year.

The June 1982 federal budget reversed some of the harmful anti-investment measures proposed in November 1981. This encouraging sign needs to be reinforced in a new federal budget that stresses confidence, stability, and reassurance for risk-takers, consumers, investors, and businessmen.

Alberta has played a lead role in promoting coherent national economic policies. At the August 1982 annual premiers' conference, Alberta released recommendations in a document entitled *The Road to Recovery: Restoring Investor Confidence*. The policy recommendations in that document are still timely. They focused on: restoring investor confidence through tax incentives, returning stability and predictability to federal fiscal and monetary policies, easing the restrictions on foreign investment, increasing federal/provincial co-operation, restraining operating expenditure by all governments, and streamlining regulatory processes.

In 1982 Alberta was hit simultaneously by the full aftershock of the Ottawa energy program, record high interest rates, a Canadian and world recession, falling energy demand, and softening oil prices.

Albertans now realize that our economy was flying artificially high in recent years. There was excessive growth in some areas. Credit was very easy to obtain. A few may have felt that Alberta had somehow become insulated from world business cycles.

The Alberta government anticipated the slowdown in early 1982. It was apparent that our outward-looking economy could not escape the grip of the worldwide recession. A unique plan was formulated to assist Albertans and to respond to the economic problem. It included: major capital spending to help retain many jobs, particularly in construction; royalty reductions to stimulate more job activity in the oil and gas sector; protection for home-owners from high interest rates, to encourage consumer spending and retail trade and to sustain jobs in the service sector; shielding of small businesses from high interest rates, again to help sustain jobs; and interest expense reductions for farmers to help offset the fall in net farm income.

In the March 1982 budget, capital spending was in-

creased by more than 30 per cent to over \$2 billion, and there were no tax increases. The Alberta economic resurgence plan was put into effect in April 1982, with the knowledge that the deficit could rise to over \$2 billion in the 1982-83 fiscal year. A key component is the Alberta oil and gas activity program, targeted to increase the industry's cash flow by approximately \$5.4 billion over five years. It includes royalty reductions for conventional crude oil and natural gas, the 1982 well servicing and drilling incentive grant, and a substantial enrichment of the royalty tax credit primarily for small producers. Almost one-half of the total benefit flows to the industry in 1982 and 1983.

These measures, Mr. Speaker, set the framework for sustained jobs in the oil and gas sector, which is vital to Alberta's economic health. Already there are positive signs of recovery, with increases in industry cash flow. Virtually the entire province has a direct or indirect stake in employment in the energy sector.

Also as part of the first phase of the economic resurgence plan, the farm fuel distribution allowance was more than doubled to help protect farmers from our high fuel prices, a major farm input cost. To assist our primary agricultural producers, their natural gas rebates were doubled. Noting problems being faced by the trucking industry, licence fees were reduced by 50 per cent for 1982-83.

Over the summer of 1982, the provincial economy and federal monetary policy were closely monitored. In early September, when home-owners were facing mortgage rates of 17.5 per cent and higher, and with businessmen and farmers having to borrow at similarly high interest rates, the heritage fund mortgage interest reduction program and the small business and farm interest shielding program were announced. Both programs run for 24 months. They provide stability and certainty, and help to stabilize consumer confidence and assist retail trade. The programs reduce the interest expense paid by our farm operators and help to sustain small businesses through these difficult times.

Last fall, with the prospect of a difficult winter facing small Alberta contractors, the government implemented the special highway winter works program. With attendance rising dramatically at our postsecondary institutions, due to the economic downturn, we provided special additional enrolment funding.

No other government has undertaken such a major economic program, either in size or scope, to assist its citizens to fight the economic downturn.

Overall, the level of economic activity in Alberta was down in 1982 over 1981. The real gross domestic product decreased by 3 per cent to 4 per cent. Some decline was probably inevitable because the extraordinary growth of 1979 and 1980 could not be sustained. However, the downturn was compounded by the coinciding of misguided federal policies on energy and investment, weak markets for Alberta's exports, and high interest rates.

Real private-sector investment, which has in the past represented over a third of Alberta's overall economic activity, was down by about 9 per cent in 1982.

Early last fall, most economic forecasts held out the promise of imminent recovery in North America. Alberta's economy was expected to be the strongest of any province in 1983. The government's assessment of the economy in September 1982 noted the unemployment stresses arising out of the years of high in-migration, over-building in certain sectors and, on the positive side, a start to recovery in the oil and gas industry.

Three energy-related events came to a head in the past few months and have delayed Alberta's economic recovery: the world and United States demand for energy, especially oil, declined sharply; the inability in January of OPEC to reach agreement on production quotas and prices set in motion a downward trend in world oil prices; and low-priced residual fuel oil in the United States captured a significant portion of Alberta's industrial market for natural gas. These developments have adversely affected our basic oil and gas industry. Economic recovery has been delayed. The forecast for Alberta is for modest real growth in 1983.

In 1983 a priority will be to continue economic policies that assist the private sector in achieving economic recovery while recognizing that a return to the surging growth of 1979 and 1980 is neither likely nor particularly desirable if a durable recovery is to be achieved. The focus will be on developing a sustainable, positive economic climate. Confidence by consumers, investors, and businessmen is the vital ingredient to recovery.

During most of the last decade, Alberta enjoyed the lowest rate of unemployment of any province despite very large in-migration from other provinces and other countries. Many observers consider a 3 to 4 per cent unemployment rate as virtually full employment. That was certainly the view of many Alberta businessmen who experienced great difficulty in finding tradesmen and skilled personnel over the past few years.

In-migration to this province accelerated in the late '70s in response to an incredible average increase in employment of over 5 per cent per year, more than double the Canadian average. Policy planners in Alberta became concerned about the proportion of newcomers working in sectors such as construction, which were not likely to be sustained as the inevitable cooling-off and adjustment period occurred. It was just unrealistic to believe that a small province like Alberta could continue to provide the major growth outlet for most of Canada's expanding labor force.

Therefore, there is bound to be a large overhang of unemployment for some time as certain sectors adjust to the new realities. Only private-sector economic recovery, primarily in areas such as oil and gas, will significantly reduce this unemployment carry-over. In any event, there will be a time period during which Alberta must absorb the effects of overbuilt and overheated economic sectors.

Within our financial limitations, the Alberta government will be helping to minimize the problem in a variety of ways: funding for more enrolment at postsecondary institutions, a large capital construction program, the priority employment program, the summer temporary employment program, the highway winter works program, and joint Alberta/federal job-creating programs. The key to jobs, though, will be private-sector activity supported by current provincial government incentives to improve cash flow and marketing support in the conventional oil and gas industry.

Alberta will continue to lead the nation with more jobs in proportion to the total working age population than any other province.

Inflation as measured by the Calgary and Edmonton consumer price indices was 11.4 per cent in 1982, down from 12.9 per cent in 1981. During the last six months of 1982, the combined Calgary and Edmonton consumer price indices grew at an annual rate of only 4.1 per cent. The indices actually declined in January 1983 over December 1982, a good sign for rebuilding confidence.

The government has little influence over inflation in the

short term, except in relation to public-sector wages and salaries. Recent arbitration awards are a matter of serious concern, given today's economic realities. Alberta's wage and salary guidelines for 1983 will help to inject reality into this aspect of the public sector. Current trends in private-sector wage settlements are encouraging.

Oil and gas drilling activity in 1982 returned to the levels experienced in 1977 and 1978. The start of the \$5.4 billion oil and gas activity program in 1982 was a positive development. It offers ongoing improvements to producer netbacks and cash flows. In 1983 Alberta's energy sector is well placed to pursue a more normal path of development. Having reduced its debt, the industry is in a better position to take advantage of further activity as markets improve.

The volume of natural gas production in 1982 increased by 3 per cent to 2.35 trillion cubic feet, primarily a result of the flow of gas through the new prebuilt section of the Alaska pipeline.

Largely as a result of price increases under the energy agreement, the total value of natural gas production increased by 18 per cent to \$6.5 billion. Shut-in gas reserves remain a problem to producers and a challenge to our marketing skills. Realistically, total production of natural gas is expected to remain stable in 1983.

Production of conventional crude oil decreased in 1982 by about 4 per cent. But due to price increases under the energy agreement, the value of conventional crude oil production increased by 26 per cent to \$8.4 billion. Shut-in oil averaged 71,000 barrels per day in 1982 and remains a major area of concern. The National Energy Board decision to allow light and medium oil exports is a step in the right direction, but more action is needed to solve the shut-in oil problem. Conventional crude oil production is forecast to remain stable in 1983.

Despite the temporary oversupply, oil today is being consumed faster than it is being discovered. In a world where energy demand will inevitably grow and where supplies are inevitably depleting, the medium-term future is promising. Given unstable Middle East sources, Canada remains a promising future source of oil supply. Energy will always be in demand; Alberta has it in abundance.

Coal production in 1982 was up 6.5 per cent over the previous year, with the total production value holding steady at about one-third of a billion dollars.

Although forest product industries in the province operated at below capacity levels in 1982, the total value of this important industry's production is estimated at approximately half a billion dollars in 1982. About 60 per cent of the value is accounted for by pulp mills, 30 per cent by sawmills, and 10 per cent by plywood mills. Recent events have improved significantly the prospects for Alberta's forest products industries.

In recent years about 20 per cent of Canada's new housing has been built in Alberta. It is unrealistic to expect that this pace can continue in an adjustment year. About 20,000 to 25,000 housing starts are expected in 1983. Remarkably, with only 9 per cent of Canada's population, this figure will still represent about 15 per cent of the national total. Given the current high vacancy rates, the stock of unsold new units, and the expected reduction in the rate of population growth, Albertans should have a healthy supply of housing this year.

Commercial construction continued unabated in 1982, mainly due to a carry-over of private-sector projects initiated in 1981. There is now excess commercial space, which must be absorbed prior to significant new activity.



As noted, government construction spending was up dramatically last year. The total value of all public and private construction and engineering activity reached \$13.4 billion in Alberta in 1982.

The current pace of industrial construction activity will continue through 1983. Petrochemical projects and refineries worth an estimated \$3.2 billion are under construction now, the highest level of activity ever. Natural gas processing plants valued at \$489 million are currently under construction. Utilities construction in 1983 should add a further \$2 billion in new plant and equipment.

Agriculture continues to be a strong base sector. Sales of Alberta's agricultural products outside the province have an annual export value of \$3.5 billion. They are marketed in more than 60 countries.

While farm cash receipts totalled a healthy \$3.85 billion in 1982, rising expenses led to softening in net farm income to about \$760 million for the year.

The situation for livestock producers improved during 1982, partly due to the Alberta beef cattle and sheep support program. Cattle slaughters increased slightly and were accompanied by higher average prices. Hog prices were sharply higher. As a result, cash receipts from cattle, calves, and hogs improved. Cash receipts from dairy products also rose significantly. Overall, cash receipts from livestock and livestock products were 8 per cent higher in 1982.

Cash receipts from crops receded somewhat from 1981 record levels but were still much higher than the levels of the late '70s. A real problem for our farmers is the large surplus of grain supplies in United States bins.

Manufacturing and processing shipments, after two years of very strong growth of about 20 per cent per year, declined in 1982 but remained over the \$12 billion mark. On average over the last five years, Alberta significantly outperformed Canada as a whole in terms of growth in manufacturing shipments. Agricultural processing accounts for slightly over one-quarter of Alberta's manufacturing industry. Long-term progress partly depends on the satisfactory resolution of the Crow rate issue in a way that strengthens prospects for Alberta products.

Progress on economic diversification continues, and recent activity in high technology is a promising new development.

In 1982, gross tourism revenue increased by 6 per cent over the previous year. It is expected to increase further in the year ahead.

#### **The New Budget Realities**

The transition from an overheated economy to one of more measured, sustained growth involves new budget realities for Albertans.

Over the last five years, Alberta's population grew by 21.5 per cent, nearly four times faster than the national population increase. This brought demands for more and better services and facilities of all kinds. A massive hospital construction program was initiated. To meet the need for more affordable shelter, the heritage fund provided over \$3.1 billion in housing assistance. Property tax payers were aided through the unique \$1 billion municipal debt reduction program. Three hundred and twenty-nine million dollars of hospital debt was retired. To reduce bottlenecks and provide the foundation for continued growth, the fastest growing capital spending program in Canada was initiated in Alberta. Capital construction rose from about \$400 million in '77-78 to over \$2 billion in 1982-83, a fivefold increase. As a result of

these pressures, budgetary expenditure rose at an average annual rate of 23 per cent over the last five years.

On the other hand, ordinary budgetary revenue over the same five-year period grew by only 8 per cent per year. Unlike expenditure, revenue depends primarily on external factors beyond our control. Alberta's non-renewable resource revenue was seriously affected by the ill-conceived Ottawa energy program and by weak demand for oil and natural gas as a result of the world recession.

Roughly one-half of revenue is directly tied to the production and sale of our non-renewable resources. As was so graphically evidenced in 1982, market conditions largely beyond our control can cause unpredictable changes in our revenue. While we are closer to receiving fair market value for our resources, our revenue situation is more volatile than ever before. Fiscal planning and forecasting is therefore more difficult.

In the 1976 Budget Address, the hon. Merv Leitch made the following comment regarding Alberta's dependence on non-renewable resource revenue:

Alberta's current prosperity, its high level of government services, and its low tax rates all stem from the large sums of revenue flowing from the sale of non-renewable resources. These resources are finite, and we must plan and prepare for the day when revenue from the sale of non-renewable resources will form a smaller percentage of provincial government revenues.

That message and the actions taken since 1976 accurately anticipated the problems which Alberta would face in the future. In last year's budget speech, I noted:

Future revenues depend heavily on international oil prices and the United States market, both of which are factors beyond our control.

One of the other major reasons why revenue has not kept pace with expenditure is because there have been no increases in personal or corporate income taxes or consumption taxes and because Alberta does not have a gasoline tax or sales tax.

The updated financial plan for 1982-83 for the province, released last month, presented clearly the impact of the new budgetary realities facing Alberta. From a surplus of \$41 million in '81-82, a deficit of over \$2 billion is forecast for '82-83.

Why is the 1982-83 budgetary deficit so large? First, we implemented a highly stimulative job-retention budget last spring. Then we initiated the Alberta economic resurgence plan, which involves over \$1 billion in expenditure and revenue reduction programs in 1982-83, not including the major royalty reductions. In addition, oil and gas revenue was lower than expected as a result of continuing shut-in oil problems and soft demand caused by the global recession.

A new financing strategy was devised. Investment income earned by the heritage fund will be transferred to the General Revenue Fund effective September 1, 1982, for 24 months. The transfer of \$860 million in estimated investment income between September 1, 1982, and March 31 of this year reduces the forecast 1982-83 deficit to about \$2.4 billion.

As a result, the heritage fund will grow by the reduced amount of approximately \$1.9 billion in 1982-83. This amount is not available to reduce the projected \$2.4 billion deficit because it will all be committed to the fund's capital projects and to the Crown corporations that provide financing for agriculture, small business, and shelter programs. In fact, in the near future, external borrowing

may well be needed to meet the capital needs of these Crown corporations. The heritage fund is tied up in mortgages; it is committed to loans for years ahead until repayments by home-owners and other borrowers become available in significant amounts.

Actions have already been taken to secure other capital funds for needed programs. Some money market securities and bonds were sold. A successful new Alberta treasury bill program was initiated. A revolving line of bank credit was established. In addition, the Alberta Municipal Financing Corporation went to the public market twice in recent months.

These are the new realities that have to be taken into account in preparing the 1983-84 budget. Adding to the complexity is the uncertainty of the world energy scene, which directly affects our principal revenue source. We are at a turning point in Alberta's financial planning, a turning point which will affect revenue and expenditure decisions for years to come.

The fiscal strategy for 1983-84 has four interrelated objectives: sound financial management; economic recovery; the maintenance of quality educational, health, and social services; and a reduction in the size of the public service.

Given the large budgetary deficit in '82-83 and the prospect of slower resource revenue growth in a changing energy world, a central objective of the 1983 budget is to safeguard the province's finances and thereby preserve Alberta's fiscal credibility.

To reach this goal, the growth of government expenditure will be restrained in 1983-84. As well, additional revenue will be raised through selective tax increases. Also, changes in heritage fund policy will be made to reduce the budgetary deficit and minimize borrowing requirements for budgetary purposes.

The central pillar of Alberta's financial management strategy is the Alberta Heritage Savings Trust Fund. It was set up in 1976 to smooth the transition from a situation in which government revenue was derived largely from depleting natural resources to one where services must be financed by more conventional revenue sources like taxation. Implicit in the design of the heritage fund was the notion that it would be available for a rainy day.

To increase the moneys available to the General Revenue Fund and thereby reduce Alberta's borrowing requirements for budgetary purposes in the Canadian and international capital markets, the investment earnings from the heritage fund assets, similar to the interest earned on a personal savings account, will be transferred to the General Revenue Fund over the period September 1, 1982, to August 31, 1984. Albertans understand that it would not be prudent to use savings to finance daily operating expenditure on a permanent basis.

Another policy change will see the previous 30 per cent annual transfer of non-renewable resource revenue to the heritage fund reduced to 15 per cent for the two fiscal years beginning April 1, 1983.

Albertans can be assured that their unique heritage fund will be maintained in concept and practice. It will simply grow at a slower rate. The fiscal prudence and foresight of establishing the Alberta Heritage Savings Trust Fund to assist Albertans in changing times is now clear.

The second fiscal strategy objective is to continue to promote economic resurgence and private-sector job stability and training.

A key element of the strategy, the Alberta economic resurgence plan, will continue through 1983 into 1984 and

is targeted to assist home-owners, small business men, farmers, truckers, students, retailers, and the job-producing oil and gas sector at an estimated cost of nearly \$850 million in 1983-84.

In 1983-84 the government will devote priority time and attention to the marketing of Alberta's agricultural and energy products in Canada and the world.

We will continue solid support for private-sector risk-takers, the driving force in the economy, by maintaining a consistent economic strategy and the most favorable tax environment in Canada.

Significant extra funds were provided recently to post-secondary institutions to reflect the increased enrolment of students not in the work force. The Alberta employment picture in 1983-84 will be assisted by the continuing high level of capital project activity contained in this budget and by other initiatives such as the priority employment program and the joint Alberta/federal new employment expansion and development program. But in the final analysis, it is private-sector investment and activity that will create and retain jobs in Alberta. Costly, one-shot government make-work projects provide only short-term and illusory assistance, unfairly raise expectations, and ignore the structural changes that must occur in this economy if we are to be competitive in the years ahead.

The third objective is to continue to maintain high-quality health, social, educational, and other facilities and services for all Albertans. At this time of budgetary restraint, further new initiatives or more enriched services cannot be justified. They would place an unacceptably high tax load on future Albertans.

The fourth objective of the 1983-84 fiscal strategy is to reduce the number of permanent, full-time public service positions. Manpower costs are a major expense of government. Over the years, Alberta has had a consistent policy of holding the growth in permanent, full-time public service positions to the rate of increase, on average, of the labor force. For 1983-84 the number of permanent, full-time positions will be reduced by 237, the first reduction in decades.

In keeping with today's budgetary realities, expenditure in 1983-84 will be kept to the minimum necessary to support the economic resurgence plan, essential ongoing operating programs, and the needed capital construction projects. This is a hold-the-line budget. There are very few new programs or enrichments, and those few have been approved only where offsetting reductions have been put into effect.

Total budgetary expenditure by government in 1983-84 will be held to less than \$9.7 billion, a 7.5 per cent increase over the 1982-83 comparable estimate. This 7.5 per cent contrasts with an increase of nearly 35 per cent last year, relative to the previous fiscal year, and marks a very significant reduction in the rate of total expenditure growth by government.

The province's very large expenditure base grows significantly in dollar terms every year just to maintain current standards of health, education, social, and other services. In 1983-84 the increase in spending just to maintain these current programs is \$678 million, about \$286 for each and every Albertan. Over one-half of this amount is required to provide for the public-sector wage and salary increase component.

Even though the rate of budget increase is being limited, Albertans will continue to enjoy a wide range of programs of unparalleled quality. Alberta's expenditure per person is more than 30 per cent above the national

average. It is doubtful, Mr. Speaker, whether that high a percentage above the national average can be maintained.

The total '83-84 operating budget for government departments will increase by 14.7 per cent over the '82-83 comparable estimate. This percentage is less than one-half the 31 per cent increase last year. Virtually all of this year's increase is necessary just to meet the current funding requirements of existing programs.

Wages and salaries represent about one-half of the provincial operating budget. Budgetary expenditure, therefore, depends critically on the size of wage increases for the public sector. As announced in January, the government expects that wage and salary increases for the public sector will be funded within an overall 5 per cent increase in basic grants for hospitals, schools, postsecondary institutions, and other funded agencies. Contracts and arbitration awards in place will be honored.

Public-sector wage restraint is fundamental to economic recovery and to responsible management of Alberta's finances. If public sector settlements are reasonable, then a hold-the-line budget will be possible without the need for a reduction in education, health, and social services.

Most of the economic resurgence plan will continue through 1983. To protect farmers from high energy input costs, the farm fuel distribution allowance was more than doubled to an estimated total cost of \$75 million in '83-84. Natural gas rebates will be doubled under the new primary agricultural producers' natural gas price protection plan, which will run from January 1, 1982, to the end of 1984 at an estimated cost of \$4.5 million a year. Truckers will benefit from the 25 per cent reduction in truck licence fees at a cost of \$8 million in '83-84.

To date, about 120,000 Alberta householders have received cheques under the Alberta heritage fund mortgage interest reduction program, which reduces mortgage rates to 12.5 per cent for two years ending August 31, 1984. Almost \$100 million has already been approved. In '83-84, \$198 million is budgeted. Many Albertans tied into high rate mortgages will continue to benefit, and all home-owners can plan ahead with certainty and confidence. Recent initiatives will encourage the renegotiation of mortgages at today's lower interest rates.

The heritage fund small business and farm interest shielding program provides a stable 24-month borrowing benefit at a rate of 14.5 per cent. Over 32,000 applicants have received assistance under the program. Nearly \$76 million is forecast to be spent in '82-83. Given lower interest rates, I estimate that the program will cost \$31 million next year. Hundreds of small businesses have benefited, and the program has provided very real support for farm operators by reducing agricultural input costs.

To help postsecondary education institutions cope with the many extra students preparing for a return to the work place, an extra \$10.4 million will be made available in '83-84. Recently \$6.5 million in extra funds was provided to these institutions.

Alberta provides a comprehensive package of programs for senior citizens in recognition of their remarkable pioneering contribution. For the first time, a pension will be available to widows and widowers of limited means who are in the 55- to 64-year-old age group, many of whom have lost a wage-earning spouse. They will be eligible for the programs and benefits previously limited to those 65 years and over. Alberta is the only province to extend such major benefits to this special group in need.

To better protect senior citizens from rising shelter costs, the minimum property tax rebate benefit will be

raised from \$600 to \$1,000 in '83-84, and the senior citizen renter grant will increase from \$1,000 to \$1,200 per year. The total program cost will be about \$110 million, an increase of over 58 per cent.

The new seniors home improvement program will provide even more assistance than its predecessor, the popular pioneer repair program. Grants of up to \$3,000 will be available. Approximately 51,000 senior citizens are expected to benefit at an estimated cost of \$31 million in 1983-84.

Our pioneers will also be assisted with home fuel costs under the new senior citizen home heating grants program, which will provide grants of \$100 for an estimated 75,000 Alberta senior citizen home-owners.

The budget for the Social Services and Community Health Department will be close to \$1.2 billion in 1983-84. Department staff will be reduced by 154 permanent, full-time positions through attrition, cancellation of vacant positions, and other moves.

Funding for the child welfare program will increase to over \$131 million. The unique extended health benefits program and the generous aids to daily living program will increase by over 21 per cent to almost \$27 million in '83-84.

Due to the large increase in the numbers of unemployed becoming eligible for support, the social allowance program will increase by almost 70 per cent to over \$472 million. Local health units will receive in excess of \$81 million in 1983-84.

In recent years the government has given a very high priority to programs that bridged the affordability gap faced by home-owners and renters. Albertans receive unparalleled shelter assistance, have more shelter choices, and are, on average, better accommodated than virtually all other Canadians.

Direct subsidies to lower and middle income families under the Alberta family home purchase program will increase by over 43 per cent to \$66 million in '83-84. Indirect subsidies to renters under the core housing incentive program are budgeted at \$61 million, up almost 77 per cent. The heritage fund mortgage interest reduction program benefits thousands of home-owners. The enriched renter assistance tax credit, effective January 1, 1983, will provide annual benefits of about \$85 million.

Albertans have access to a wide range of first-rate health care services. In '83-84 the operating budget for active care and auxiliary hospitals and nursing homes will reach a record \$1.4 billion, an increase of almost one-quarter of a billion dollars over the 1982-83 comparable estimate. This includes more than \$32 million for the operating cost of new and renovated hospitals.

Wage and salary settlements are a major component of escalating health care costs. To provide for the arbitration awards handed down in 1982 to nurses and other health care workers, supplementary funding of \$72 million had to be provided. Almost one-half of the total increase in '83-84 health care operating costs is attributable to wage and salary increases.

Since 1973 the government has accepted responsibility for deficits incurred by hospital boards. This year over \$19 million in supplementary funding was necessary to eliminate the '81-82 hospital deficits. Added cost efficiency must be built into the system to protect provincial taxpayers. As announced recently by the Minister of Hospitals and Medical Care, the province has discontinued its policy of automatically covering hospital deficits. New revenue sources for hospital boards are being considered.

On a per capita basis, Alberta continues to be among the top contributors to basic and advanced education. The budget this year is almost \$1.75 billion, up from \$1.5 billion in 1982-83.

Given the high quality of basic and advanced education services currently being provided, the new budget realities, and the need for restraint, grants to school boards and all self-governing postsecondary institutions will be increased by 5 per cent in 1983-84. This will add more than \$86 million to those systems this year. There are no cutbacks.

To focus on employment issues, the new Department of Manpower will receive a budget of almost \$54 million in '83-84. This budget includes an initial appropriation of \$13 million for special job retention, employment creation, training, and retraining programs including the new employment and expansion development program, the priority employment program, and the summer temporary employment program. The government's capital budget this year will provide as many man-days of work as did the record capital budget of 1982-83.

To maintain the quality and efficiency of our judicial system, more than \$51 million will be spent on court services in 1983-84. Financial support for legal aid will increase by almost 53 per cent to over \$10 million.

Municipal police assistance grants will amount to over \$30 million in '83-84, an average increase of 5 per cent. Funding for services of the Royal Canadian Mounted Police under the federal/provincial agreement will rise to almost \$51 million.

Edmonton will be the proud host to the World University Games in July. The province will provide operating assistance totalling over \$7 million. A \$1 million operating grant will support preparations for the 1988 Winter Olympics to be held in Calgary.

Funding will be provided to maintain Alberta's uniquely creative cultural programs supporting the fine and performing arts, libraries, and historical preservation.

The Native Venture Capital Corporation has been launched, 1983-84 is the second year of a five-year development program to provide industrial, recreational, and water/sewer projects to eight Metis settlements at a cost of \$1.4 million.

Residents in Alberta's municipalities enjoy among the lowest property taxes in Canada, due in large measure to special provincial funding and the continuing benefits of the \$1 billion municipal debt reduction program of 1979-80. Unconditional assistance grants to municipalities will increase by 5 per cent in '83-84 to a total of \$92 million.

The only-in-Alberta municipal debenture interest rebate program is forecast to increase by over 36 per cent to a record \$118 million in '83-84. Municipal taxpayers benefit in a major way from the shielding of interest costs on the eligible debt of the cities, towns, villages, counties, and municipal districts in which they live. No other province provides this reduction in property taxes. The total provincial subsidy committed to assist our municipalities during the years ahead is about \$1.4 billion.

Alberta's stable and efficient agriculture industry is an anchor of Alberta's economic and social life. Our twin goals are to sustain net farm income and to promote the family farm. The economic resurgence plan provides unmatched protection for farmers from high input costs and stabilizes interest rates for them to an extent unique in Canada.

The Department of Agriculture's budget for '83-84 will be over \$191 million, an increase of more than 15 per cent over the '82-83 comparable estimate.

The operating grant for the Agricultural Development Corporation will increase by almost 12 per cent to more than \$65 million. It provides attractive interest rebates which shield beginning farmers and other agricultural operators.

The feed freight assistance program will be extended to May 30, 1983, at a cost of \$1.1 million. In '82-83, supplementary funding of \$6 million was approved to assist drought-stricken livestock producers.

The beef promotional campaign will receive \$1 million. The one-time beef cattle and sheep support program provided more than \$137 million to the industry.

Funding of the high-risk subsidy provided to agricultural producers in northern Alberta who are part of the all-risk crop insurance program will increase nearly three-fold to \$5.5 million in '83-84. This enhancement complements the northern drought disaster crop assurance program, implemented in '82-83 through supplementary funding of more than \$26 million.

In 1983-84 a further \$10 million in temporary assistance will be available to Alberta canola crushers.

Alberta's successful economic strategy has been to build on our natural and human resource strengths and to provide a climate which will enable the private-sector economy to diversify in a balanced way. Although significant progress has been made over the past decade, the goal will take time. Realistically, much of the diversification has been and will be energy related. Economic diversification will not fully replace depleting resources as a source of government revenue.

In September 1982 the province announced its intention to establish a new venture capital corporation which would provide financing to entrepreneurs seeking to develop innovative or high-technology businesses. The newly created corporation, Vencap Equities Alberta Ltd., will aid job creation and further diversification of our economic base. To finance the corporation, \$200 million will be invested by the Alberta Heritage Savings Trust Fund. To be operated at arm's length from the government, the corporation will also secure financing in the form of debentures and shares to be sold to the public.

The budget of the Economic Development Department will rise by more than \$37 million to almost \$95 million in '83-84. A large part of the increase involves Alberta's \$65.5 million share of the ongoing construction costs of the Prince Rupert grain terminal facility, which will benefit Alberta grain farmers for decades to come. As part of the province's ongoing diversification effort, supplementary funding of \$5.6 million was provided in '82-83 to finance special projects in the medical, pharmaceutical and energy sectors.

The Department of Tourism and Small Business will receive funding to continue assistance to our significant tourist industry, which is expected to generate about \$1.5 billion in gross revenue this year. The Alberta Opportunity Company has helped to sustain businesses during these times, in addition to pursuing its traditionally successful role.

To assist further lumber and sawmill operators, \$1 million is provided in Energy and Natural Resources' budget for the completion of the timber salvage incentive program.

Albertans pay the lowest energy prices in Canada. The natural gas price protection plan reduces the price of natural gas to 65 per cent of what other Canadians pay for our gas at the Alberta border. In '83-84 an estimated \$164 million in rebates for citizens will be paid out under the plan.

The Alberta Electric Energy Marketing Agency, which started operations last fall, has a mandate to implement fair energy pricing across the province. Through the provision of annually diminishing grants, temporary shielding is provided to assist consumers. For 1983-84, provision is made for a maximum of \$78.2 million in grants.

#### Capital Expenditure

Over the past five years especially, Alberta has had record increases in capital construction for hospitals, roads, schools, and other needed facilities.

Albertans now have in place or under way most of the capital projects needed to provide quality services. Though the 1983-84 capital budget will decrease by 11 per cent over last year, lower costs and increased productivity mean that this year's \$1.9 billion capital budget will produce at least the same man-years of work and activity as last year's capital budget.

Once again, Alberta will have one of the largest per capita capital construction programs in Canada, providing and retaining thousands of jobs. At approximately \$1.9 billion, the '83-84 capital budget is more than double that of only four years ago.

Albertans have access to health care facilities that are second to none, and even further improvements are being made. Currently under way are hospital construction and renovation projects valued at over \$2 billion. In '83-84 capital funding will reach a record level of close to \$400 million, an increase of almost 24 per cent over last year's comparable estimate. This ongoing hospitals construction facility program, which includes new equipment, is unmatched in Canada.

The Heritage Savings Trust Fund will continue its major support of health programs in Alberta. One hundred and two million dollars will be provided in 1983-84 for the construction and equipping of specialized hospitals in Edmonton and Calgary. A further \$5.4 million will be committed to applied cancer research.

Capital spending on the province's transportation network reached record levels in 1982-83. Over 2,400 kilometres of primary and secondary highways were upgraded.

The capital budget for transportation for 1983-84 will exceed two-thirds of a billion dollars.

Ten million dollars will be provided for construction of the highway south from Grande Prairie. A further \$10 million is budgeted for the economic stabilization program, and almost \$45 million will fund the continued twinning of trans-Alberta highways nos. 1 and 16.

Capital spending for universities, colleges, and technical institutions will amount to over \$151 million in '83-84 compared to almost \$180 million in the last budget. All previously approved capital projects are continuing on schedule with close to \$45 million provided to complete or continue major construction projects at the University of Alberta, Athabasca University, Lakeland College, and Mount Royal College. Planning will commence for a new central core at Lethbridge Community College, and upgrading will be carried out at Olds, Fairview, and Lakeland agricultural colleges.

Nearly \$26 million of capital construction spending on cultural and recreational facilities is approved for 1983-84. Work on the Tyrrell museum in Drumheller, the Ukrainian village near Elk Island park, and the Buffalo Jump visitors' centre near Fort Macleod will be continued. Construction will begin on an oil sands interpretive centre in Fort McMurray. Capital construction relat-

ing to provincial parks will total nearly \$9 million in '83-84. Five million dollars in planning support will be provided for the '88 Winter Olympics in Calgary.

To assist the city of Edmonton to finance the Edmonton Convention Centre, the province provided a capital grant of \$20 million through supplementary funding in '82-83. The Citadel Theatre received \$5 million for a children's theatre, to be financed as well by significant volunteer efforts.

Funding for the Alberta municipal water supply and sewage treatment grant program in 1983-84 will be \$70 million. This program is reduced from last year and will be more modest in the years ahead. The regional utility program will receive a 25 per cent budget increase to \$50 million in '83-84.

Alberta Government Telephones is expected to invest \$315 million in capital construction in 1983.

In recent years, Alberta's overheated economy and the large in-migration contributed to an undersupply of affordable homes and apartments. Massive financing for the Alberta Home Mortgage Corporation and the Alberta Housing Corporation was provided by the heritage fund. By the end of the 1982-83 fiscal year, these corporations will have committed over \$4.3 billion to homes, apartments, condominiums, duplexes, senior citizen housing, and nursing homes for Albertans. Given the adjustment in Alberta's economic growth, the current budget realities, and dropping in-migration, it is now appropriate that the government reduce its support and look to the private sector for a larger role, especially since interest rates have declined.

During 1983-84, about 8,200 units of accommodation will be financed, compared to over 11,000 in 1982-83. New housing commitments in '83-84 will require \$645 million. A commitment of \$270 million will enable construction of about 4,000 single-family homes under the family home purchase plan. Approximately 1,000 rental units will be financed under the core housing incentive program and the modest apartment program at a cost of \$55 million. Approximately 2,100 new senior citizen self-contained and lodge units will be financed at a cost of approximately \$126 million.

As a result of the reduction in the non-renewable resource revenue transfer to the heritage fund and the transfer of all its investment income to the General Revenue Fund, significantly less heritage fund support will be available in '83-84 than has been available in recent years to meet the financing requirements of our Crown corporations. Even with the application of all the heritage fund's new '83-84 growth dollars, the total capital needs of the capital projects division of the fund and of Crown corporations cannot be met from that source.

The Alberta Home Mortgage Corporation will require new financing of \$400 million, and the Alberta Housing Corporation is expected to require \$353 million. The farm and agribusiness loan programs of the Alberta Agricultural Development Corporation will require \$224 million, and the Alberta Opportunity Company will borrow about \$60 million. Continuing investments in the capital projects division will commit \$405 million, and the proposed financing of the venture capital corporation involves \$200 million. In addition, \$75 million is needed for the Prince Rupert grain terminal.

Mr. Speaker, these requirements total over \$1.7 billion. To the extent that they cannot be provided in total by the heritage fund, the province will be obliged to seek alternative sources of funds in order to continue to deliver these programs and to ensure other existing capital proj-

ect commitments are met.

The Alberta Municipal Financing Corporation and Alberta Government Telephones, which had previously been financed by the heritage fund, will now be obliged to meet their requirements by borrowing from other sources as is the case in other provinces. The Alberta Municipal Financing Corporation's expected financing requirements of \$775 million will be met through borrowing from the Canada Pension Plan and public markets. Commencing early in '83-84, Alberta Government Telephones' financing requirements, which total \$280 million, will also be met by borrowing in the public market. This will be the financing strategy for these two corporations for the foreseeable future.

It is the intention of the government to reduce the capital requirements of all six of these Crown corporations over the next number of years.

In 1983-84 over \$400 million of new financing to ongoing capital projects of the heritage fund will help provide jobs as well as bring lasting social and economic benefits to Albertans. Irrigation expansion, rehabilitation, and improvement will receive almost \$125 million. Continuing work totalling \$102 million will be undertaken on hospitals and specialized health centres. Close to \$70 million will be invested in oil sands and enhanced oil recovery programs. Urban parks now under development in smaller cities and continued work at Kananaskis Country park will be supported by more than \$50 million. Other projects include the new food processing development centre, reforestation activities, grazing reserve work, and land reclamation.

### Taxation

Given the new budget realities faced by Alberta, the unavoidable option of increasing tax revenue to reduce the size of the deficit was carefully weighed. There will be no increase in personal income taxes and no increase in corporate income taxes in 1983. There will continue to be no sales tax and no gasoline tax in Alberta. However, there are other areas where increased revenue must be secured.

Alberta's tax on tobacco products has not changed since 1969. After allowing for inflation, this tax has in fact fallen substantially. It has dropped significantly relative to tobacco tax rates in other provinces. In 1982 Alberta's tobacco tax rate was 20 per cent of that in British Columbia and Saskatchewan and only 17 per cent of the tax in Ontario and Quebec. Newfoundland's tobacco tax is 10 times higher than the Alberta rate.

Effective midnight tonight, the tax on cigarettes will be increased from .32 cents a cigarette to 1.48 cents a cigarette. The tax on other tobacco products will be increased similarly. This measure will raise an additional \$97 million in 1983-84.

In February the Alberta Liquor Control Board announced increases in the prices of liquor, wine, and beer, which should boost revenue to the government by an estimated \$35 million in 1983-84.

While health care costs have been rising dramatically, premiums have not increased since mid-1981. It has been this government's long-standing view that Albertans should pay directly a portion of the costs of their comprehensive hospital and health care insurance programs. The premium system increases our citizens' awareness of health costs and underscores the crucial need to reduce the rate of increase of these costs.

Accordingly, effective July 1, 1983, Alberta health care

premiums will rise from \$9.50 per month for single persons to \$14 per month. The rate for families will rise from \$19 per month to \$28. All senior citizens and low-income Albertans will continue to be exempt from paying premiums. Even with this increase, Albertans will pay only about 33 per cent of the real cost of their medical care. This increase will generate an extra \$58 million in 1983-84.

Albertans still enjoy, by a wide margin, the lowest tax rates in the country. Alberta's personal income tax rate of 38.5 per cent of basic federal tax is the lowest in Canada and contrasts to 44 per cent in British Columbia, 48 per cent in Ontario, and 51 per cent in Saskatchewan. Albertans pay no retail sales tax, while residents of other provinces face rates that range from 5 per cent to 12 per cent. Alberta is one of only two provinces that levies no gasoline tax. Most other Canadians pay gasoline taxes of 20 per cent or more of the price of fuel.

Based on these lower tax rates, a family of four with a \$30,000 income in Alberta would pay only \$1,800 in provincial taxes. A similar family unit in British Columbia would pay over \$2,700, and an Ontario family would pay \$3,300.

The reason that Albertans enjoy the lowest taxes in Canada is, of course, the revenue from depleting natural resources. Alberta's revenue structure stands out in very real contrast to that of other provinces. In Alberta about 50 per cent of total revenue is derived directly from non-renewable resources whereas in the other provinces, on average, less than 4 per cent of their revenue is derived from non-renewable resources. Personal and corporate tax revenue accounts for about 22 per cent of Alberta's total revenue. In the other provinces personal, corporate, sales, and gasoline taxes account for an average of nearly 60 per cent of total revenue.

The message is unmistakable: Alberta's high quality of services are being financed largely from non-renewable resources, not from personal and business taxes. In the past this situation has fuelled public demands for more and even higher quality services.

We must recognize that there has been a major structural change in the world demand for oil over the past two years. The result will be a much lower oil price in the world market place over the next few years than previously forecast. This reality will have two consequences for Alberta's revenue: first, the rate of increase of revenue from oil will be much less than previous years; and second, increases in the price and volume of natural gas sales will be constrained in the near term.

Therefore the government and Alberta's citizens will be obliged to respond to these new circumstances with more realistic expectations as to the capacity of the provincial government to continue to provide high-cost services without major tax increases.

The sensitivity of Alberta's oil and gas revenue to global energy developments makes current revenue forecasting very difficult. Decisions by OPEC, the United States, and the federal government have a direct bearing on Alberta's resource revenue. We will continue to devote priority efforts to convincing the federal government of the urgent need to resolve outstanding energy marketing problems and issues.

Given the state of flux in the world energy situation, resource revenue is likely to be highly unpredictable and erratic. This makes budget planning very difficult, since most expenditure programs grow more steadily; they cannot easily be turned off and on. Therefore we must now respond to a lower rate of economic growth and

lower revenue with a lower rate of expenditure increase. This approach must continue for a number of years, because serious revenue shortfalls in the future would have to be made up by undesirably large tax increases.

In preparing the budget estimates of oil and gas revenue, we have assumed a Saudi market price of \$29 U.S. per barrel. The price Alberta receives for oil discovered after January 1981 depends directly on world levels. Alberta's old oil is assumed to remain at its current price of \$29.75 per barrel. Oil production in '83-84 should be at roughly the same level as over the past year. Based on these assumptions, conventional crude oil royalties are estimated at \$2.55 billion in 1983-84, an increase of 11 per cent over the 1982-83 revised forecast.

Natural gas sales within Canada are expected to be up slightly over '82-83 levels. Domestic prices are, by agreement, to rise by 25 cents per thousand cubic feet in August and next February. Exports, however, are likely to be no higher than the level of the past 12 months, due to continued weak demand and stiff competition from other fuels and the United States gas producers. We estimate natural gas and by-products royalties at \$2.24 billion, up 9.5 per cent over 1982-83.

Bonuses and sales of Crown leases have always been difficult to forecast and have shown wide swings from one year to the next. The estimate for 1983-84 is \$400 million as compared to a forecast of \$360 million this year. Petroleum incentives program payments, a deduction from resource revenue, are forecast at \$500 million in 1983-84.

Net non-renewable resource revenue flowing to the province in 1983-84, including the transfer to the heritage fund, is estimated at \$4.8 billion. In '82-83 the comparable forecast was \$4.4 billion.

World oil prices and markets may well continue to be volatile in 1983. Our revenue predictions may have to be revised.

Provincial net personal income tax revenue is estimated at \$1.5 billion in 1983-84. It is lower than the 1982-83 revised forecast because Alberta received in January about \$179 million in prior year adjustment payments from the federal government due to their underestimation of Alberta's share of the national tax base.

Corporate income tax revenue, net of most deductions, is forecast at \$506 million in '83-84. The revised '82-83 forecast is \$503 million. The royalty tax credit, primarily for smaller producers, is estimated at \$657 million in '83-84 and will decline in following years.

Overall, total net taxes are projected to increase by 13 per cent in '83-84 to \$1.7 billion.

Payments from the federal government are expected to be \$964 million in 1983-84, up slightly from the '82-83 revised forecast. Our estimate assumes no change in the current federal/provincial system of financing health care and postsecondary education, although the federal government has threatened reductions if the provinces do not accept federal conditions in these provincial areas of jurisdiction. The provinces are already having a difficult enough time meeting rising costs. Reductions in health care and postsecondary education funding would make the problem worse. In these difficult economic times, governments should jointly pursue stability and co-operation.

In 1983-84, total ordinary budgetary revenue is estimated at \$6.6 billion, an increase of 6 per cent over the revised '82-83 forecast.

The reduction in the allocation of non-renewable resource revenue to the heritage fund from 30 per cent to 15

per cent will add an estimated \$743 million to budgetary revenue in '83-84. The use of a full year's heritage fund investment income to finance the economic resurgence plan will add a further \$1.5 billion to budgetary revenue. In total, then, the two special changes to the heritage fund policy will raise budgetary revenue in '83-84 by \$2.2 billion to an estimated total of \$8.8 billion.

### The Financial Plan

A budgetary deficit of \$845 million is estimated in 1983-84. If it were not for the two special changes to heritage fund policy, the deficit would be \$3.1 billion.

The financial plan set forth tonight will require borrowing in capital markets in '83-84. The capital requirements for the Alberta Municipal Financing Corporation and for Alberta Government Telephones will be met by market borrowing as is the practice in other provinces. This will be a continuing policy of the Alberta government. The borrowing program for the Municipal Financing Corporation was initiated in December '82 with a very successful \$250 million debenture issue in the Canadian market. A subsequent \$200 million issue was completed last month.

The heritage fund may not have sufficient funds to meet the total capital requirements of the Alberta Agricultural Development Corporation, the Alberta Home Mortgage Corporation, the Alberta Housing Corporation, and the Alberta Opportunity Company. To support the important programs offered through these corporations, some borrowing may be required. In future these four Crown corporations will be obliged to reduce the extent to which they use heritage fund financing.

Depending on market conditions, a portion of the overall requirements may be met by selling financial assets from the General Revenue Fund and from the heritage fund. The Canadian market is expected to be able to provide a large part of the financing requirements. But depending on the availability of funds and relative interest rates, part of the borrowing may be done in other markets.

Alberta's triple-A credit rating will allow us to borrow at interest rates among the lowest available to any government borrower in the world. However, this access to markets on very attractive terms relative to other borrowers is critically dependent on our ability to maintain Alberta's premium credit standing. In turn this means a continuing commitment to responsible financial management.

In the face of the significant budgetary deficit for '83-84, a reasonable question is: why did the government not cancel the resource revenue transfer to the heritage fund entirely, instead of just cutting it in half to 15 per cent? There are three main reasons:

- The new dollars going to the heritage fund are needed to finance both the capital projects division investments and the programs of some provincial Crown corporations. The existing dollars in the heritage fund are fully invested and committed.

In that connection, Mr. Speaker, I'd draw the attention of members specifically to the chart on the top of page [31] of the Budget Address. It shows, in a graphic and dramatic way, that the sources of moneys for the heritage fund this year will not cover the requirements for funds by the capital projects; for example, agriculture, Home Mortgage, Opportunity Company, and venture capital corporation commitments.

- Current high budgetary deficits are not expected to

persist. It is therefore more appropriate to finance these deficits with shorter term borrowings rather than a permanent withholding of the transfer to the heritage fund.

- The 15 per cent transfer maintains the savings concept of the heritage fund, even in the current difficult economic times.

However, if there are unexpected changes to oil and gas revenue, the 15 per cent allocation may have to be reassessed.

The rate of government expenditure growth must be steadily reduced over a number of years to close the gap between revenue and expenditure. To delay this exercise in discipline would mean even more difficult decisions in the years ahead. If our non-renewable resource revenue forecasts change materially in the months ahead, this financial plan may be revised accordingly.

#### **Summary and Highlights**

In summary, the budget highlights are: a major reduction to 7.5 per cent in the rate of growth of total budgetary expenditure, compared to nearly 35 per cent last year; a significant drop in the budgetary deficit from over \$2 billion last year to \$845 million in 1983-84; a reduction in the size of the public service; an increase in tobacco taxes and health care premiums; a \$1.9 billion capital works budget creating as much job activity as last year's record public works budget; programs to sustain jobs and to

reinforce confidence in the private sector; and no cut-backs in the dollar funding of people programs and services.

Mr. Speaker, in the adjustment year of 1983, this budget provides support for private-sector economic resurgence with a background of confidence, and with the knowledge that our underlying strength will enable Alberta to move steadily towards sustained economic growth in the '80s.

MR. NOTLEY: Mr. Speaker, I beg leave to adjourn debate.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

MR. CRAWFORD: Mr. Speaker, I indicated earlier to the Assembly that it's the intention to call the budget debate as the first item of business tomorrow in order that the hon. leader can make his remarks. After that, the business tomorrow will be Committee of Supply and committee study of Bills on the Order Paper.

[At 9:23 p.m., on motion, the House adjourned to Friday at 10 a.m.]