

**LEGISLATIVE ASSEMBLY OF ALBERTA**Title: **Tuesday, April 19, 1983 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

head: **READING AND RECEIVING PETITIONS**

MR. STILES: Mr. Speaker, I move that the petitions for private Bills which were presented to the Assembly yesterday be now read and received.

MR. SPEAKER: Does the Assembly wish to deal with the motion now?

HON. MEMBERS: Agreed.

MR. SPEAKER: Does the Assembly agree with the motion?

HON. MEMBERS: Agreed.

MR. SPEAKER: The motion is adopted.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. MUSGROVE: Mr. Speaker, I would like to introduce to you, and through you to the Assembly, 20 students from Jenner school. Jenner school is actually in the Chinook constituency, although several of the students live in Bow Valley. I went to Jenner school for a few short years of my life.

Mr. Speaker, with the 20 students are their teachers Mr. and Mrs. John Babiy and bus driver Mr. Melness. I would like them to stand and receive the warm welcome of the Assembly.

MR. KOWALSKI: Mr. Speaker, it's my pleasure today to introduce to you and to all members of the Legislative Assembly some 65 friendly, smiling, and energetic grade 6 students from the town of Swan Hills. They're accompanied today by two teachers, Mrs. Joyce Venables and Mr. Roger Manual; a number of dedicated mothers, Mrs. Molho, Mrs. Ward, Mrs. Ziobrowski, Mrs. Brochu, Mrs. Kosik, and Mrs. Berglund; as well as the mayor of Swan Hills, Mrs. Peggy Hanson. They are all located in the members gallery, and I now ask them to rise and receive the traditional accord from the Assembly.

MR. HARLE: Mr. Speaker, I beg leave to introduce to you and to members of the Assembly a group of 19 grades 5, 6, and 7 students from the Botha school in my constituency. They're accompanied by teacher Susan Mohn, principal Bob Erickson, and Pauline Scheerschmidt. They're in the public gallery, and I ask them to stand.

MR. CHAMBERS: Mr. Speaker, I would like to introduce to you, and through you to members of the Assem-

bly, 34 grade 8 students from Major-General Griesbach school in the constituency of Edmonton Calder. They're accompanied by their teachers, Mrs. Hostyn and Mr. Opheim, and I believe they're seated in the public gallery. I'd like you to join me in extending to them the warm welcome of the Assembly.

MR. MUSGROVE: Mr. Speaker, I would also like the privilege of introducing to you, and through you to the Assembly, some visitors and relatives from Bow Valley. I would like to introduce Mrs. Dorothy Ford. She works for the self-contained units in Brooks. With Dorothy are her sister, Nancy Shaubel, from Oakville, Ontario; her son David, who goes to university in Edmonton; and Darcy Spady, a friend of David's who also goes to university but is from Connie Osterman's constituency of Three Hills. They are seated in the members gallery, and I would like them to rise and receive the warm welcome of the Assembly.

MR. KING: Mr. Speaker, on behalf of my good friend and colleague the Hon. Horst Schmid, Member for Edmonton Avonmore, I would like to take this opportunity to introduce to you, and through you to the members of the Assembly, 28 grade 6 students from Avonmore school in the Avonmore constituency. They are accompanied this afternoon by their teacher, Mr. John Ray, and by Mr. Russ Foster. The students and teacher are seated in the public gallery, and I'd like to ask them to rise and receive the welcome of the Assembly.

head: **ORAL QUESTION PERIOD****Women's Salaries Public Service**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Minister responsible for Personnel Administration. Would the minister advise the Assembly why, in the statistics he released yesterday on the salaries of government employees, there still remains a difference of over \$10,000 between the average salary of a male and a female government employee?

MR. STEVENS: Mr. Speaker, one can do a number of things with statistics. The statistics that were compiled in response to the question raised by the member show average salaries for each division within the government, for opted-out and excluded employees, and for management personnel. The government of Alberta pays its employees on the basis of market, on the basis of negotiations, and on the basis that it will not lead or fall behind the private sector. Over the last three or four years, the figures show a growing number of women seeking employment, advancing in their employment, and attaining management rank. As that takes place, those numbers change.

The average salary for all employees is around \$24,000 per year. The average salaries for all women employees and for male employees is as indicated. But in each division, the percentage of the female salary to the male salary is changing over a period of time. In some cases, it is equal. In any situation where the male or female employee are doing the same work, they are paid the same amount.

MR. MARTIN: A supplementary question, Mr. Speaker. The 1979 study on women in Alberta public service,

commissioned by the Human Rights Commission, stated that approximately 60 per cent of the salary differential cannot be attributed to differences in qualifications and is . . .

MR. SPEAKER: Order please. Possibly the hon. member could come directly to the question. If he wants to know something, then might he come directly to the point.

MR. MARTIN: A point of order, Mr. Speaker. It has to do with the government's own commission. I wanted to state that they said that 60 per cent — my question will not make any sense otherwise. [interjections]

MR. SPEAKER: The question would make sense if the hon. member would come directly to what he wants to know. Surely he doesn't have to rely on any outside authority to indicate what he wants to know.

MR. MARTIN: A point of order, Mr. Speaker. This is the government's own study. I'm just trying to make a point that there's a 60 per cent salary differential.

MR. SPEAKER: The origin of studies has nothing to do with whether or not they qualify for being read in the question period. The purpose of the question period is to deal with information the hon. member wishes to receive, rather than information he might wish to give.

MR. MARTIN: I'll phrase the question this way, Mr. Speaker. That 60 per cent salary differential cannot be attributed to differences in qualification . . .

MR. SPEAKER: Order please. The hon. member is simply persisting in the same way. If he wishes to do that, I can't recognize it.

MR. MARTIN: Mr. Speaker, I'll ask the question. There seems to be a difference in how you get paid, depending on what sex you are. What does the government plan to do with this?

MR. STEVENS: Mr. Speaker, that inference is not correct. The government of Alberta has led in this country with the Individual's Rights Protection Act and the Alberta Bill of Rights. We as a government are an equal-opportunity employer. Every man and woman in the government of Alberta is paid on the basis of the factors I've just mentioned. If the job is the same, the salary is the same.

There are differences, of course. Differences are based upon the years of experience that employee brings to the position or has in the position. Other differences have been examined by the study four years ago that the member is having difficulty referring to. The study was conducted for the Alberta Human Rights Commission by the Women Associates Consulting company. There were 32 recommendations in that study. Of the 32 recommendations in the study, 28 or 29 were already in place at that time by the government of Alberta. The other three or four did not apply to government employment, rather to the province as a whole and observations by that study. But there are differences, and those differences are being worked on by programs to provide advancement, to provide opportunities for new careers, to provide training in how one conducts oneself in interviews, and so on.

Perhaps I could best give that in the estimates for our department.

MR. MARTIN: Supplementary question, Mr. Speaker. Since the minister replied to a motion for a return in 1980 and the motion for a return now, in comparing the two motions for returns it is clear that the government has failed.

MR. SPEAKER: Order please.

MR. MARTIN: Will the government now commit itself to looking into this serious problem and coming back with some proposals for this Legislature?

MR. STEVENS: Mr. Speaker, the inference by the Member for Edmonton Norwood is that there has been some failure by the government. The figures clearly show that the salary changes per year for women have moved rapidly. In fact, they show that in various divisions, women's salaries are now up to 95 per cent of some of their male colleagues who have been there for longer periods of time. The number of women in management has doubled; the number of women in, for example — I'm sorry the member shakes his head, Mr. Speaker, but that is a fact.

AN HON. MEMBER: It's a nervous twitch.

MR. STEVENS: It's a nervous twitch, someone has said.

The number of female employees in a number of divisions that were traditionally male-filled, such as corrections and other areas, has now significantly changed. As time progresses, as women advance, and as opportunities open for women, those salary differentials will change.

MR. MARTIN: Supplementary question. I get a nervous twitch when the answers are correct. [interjections]

In the same motion for a return, the minister says:

The dollar differential between average male and female salaries increased between 1979 and 1980 because [of] the application of across the board percentage increases . . .

Will the minister commit the government to removing across-the-board guidelines so that the lowest paid government employees, who are mainly women, do not continue to suffer from unreasonably low wages?

MR. STEVENS: First of all, Mr. Speaker, in any negotiations conducted at the bargaining table by the government of Alberta in any of the 12 divisions or any of the employers where the personnel administration office provides advice, the discussions take place at the negotiating table. Indeed, some of the negotiated settlements have resulted in changes which are not across-the-board percentage increases. They may be reported that way, but in many cases they involve special adjustments. Last year, 1982, the arbitrated settlements involved across-the-board reported adjustments; however, many of those awards provided for special adjustments. That is the normal give-and-take at a bargaining table. If the negotiating process or the arbitration process results in a different result, still within overall guidelines, I think that would be very acceptable to the government of Alberta for all its employees.

MR. MARTIN: A supplementary question to the minister. In the 1979 study referred to, it was recommended

that government implement legislation on equal pay for equal work. Will the government now commit itself to bringing in this proposal, following the private members' Bill I released earlier?

MR. STEVENS: Mr. Speaker, I think I would give an initial response and then suggest that my colleague the Minister of Labour, who has the responsibility for the Alberta Human Rights Commission, may wish to supplement my answer. Basically, the government's position is that it will pay equal money for work carried out of a substantially similar nature. The only differences would be on experience level or time of entry of that person and, as that person progresses through the range, they will reach the same level for the job.

MR. YOUNG: Mr. Speaker, just to add to the comments of the Minister responsible for Personnel Administration, I can advise the hon. member of same information he could obtain by reading the Individual's Rights Protection Act: there is equal pay for equal work, which was his question.

MR. MARTIN: Supplementary question . . .

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

MR. MARTIN: . . . to either of the ministers. Would they look into the fact that women who often perform different work than men may receive compensation to which their work actually entitles them? I'm asking about different work, appraising it differently. Would the minister look into that?

MR. YOUNG: Mr. Speaker, the question of evaluation of work is of course behind every set of collective bargaining in the province or in Canada, and it's behind all other kinds of individual evaluations one makes. It's a very subjective decision. I already stated what the Individual's Rights Protection Act states, that there is a provision requiring that equal pay should be paid for the same or similar work.

#### **Auxiliary Hospital Beds**

MR. MARTIN: Mr. Speaker, I'll direct my second question to the Minister of Hospitals and Medical Care. Could the minister outline for the Assembly the status of the proposals which were presented to him in 1980 and again in 1981 for a new auxiliary hospital for the Edmonton district?

MR. RUSSELL: Mr. Speaker, no decision has been taken with respect to that matter. I do keep in close touch with the board with respect to the need for additional auxiliary beds in the Edmonton area. As the hon. member knows, we are waiting for the very extensive report on bed needs for the metropolitan regions, the two studies that are being done to cover the long-term projections for both Calgary and Edmonton.

Just by way of interest, I did meet with district board No. 24 within the last 10 days, and we discussed the current situation. I advised them of moves we're taking, hopefully to get new extended-care beds at the auxiliary level in two private nursing homes that are reaching the construction-completion stage. If we're successful in working that out, it will help the situation considerably.

MR. MARTIN: Supplementary question, Mr. Speaker. Is the minister in a position to confirm that some 500 senior citizens are on a waiting list for auxiliary hospital beds in the Edmonton area and that due to an ever-increasing proportion of senior citizens in our society, that list is growing at a rate of about 65 a year?

MR. RUSSELL: Yes, Mr. Speaker, those figures are correct. I'm pleased that the member asked the question, because we've said before — and it is probably worth repeating — that society as a whole is going to have to find some way other than traditional institutionalization for dealing with that kind of hospital patient or that kind of person who needs health care on an extended basis. I think the member would be very interested to tour the new Youville pavilion at the General hospital in Edmonton and find out what is taking place there since it opened a year ago, by way of day care and day programs and outpatient facilities. I'm very enthusiastic and supportive of what they're doing over there.

MR. MARTIN: A supplementary question. Can the minister indicate if there are any other plans at all to deal with the burgeoning need for auxiliary beds at this time?

MR. RUSSELL: Obviously it's an issue that we will have to deal with in the very near future, Mr. Speaker. I indicated that we are awaiting the metropolitan bed-needs study, which we expect to have very shortly. I've spent considerable time outlining the cash-flow projections and fiscal planning we're trying to do with respect to capital projects in the Department of Hospitals and Medical Care. Notwithstanding the difficulties, we're still managing to do way better than any province in Canada.

MR. MARTIN: A supplementary question. Has the minister commissioned any study or any review of the efficiency of accommodating over 200 assessed auxiliary patients in active-treatment hospitals in Edmonton? Specifically, was this problem examined before user fees were announced as a method of reducing costs?

MR. RUSSELL: Well, Mr. Speaker, the issue of auxiliary-bed needs has nothing to do with user fees, and I think the member recognizes that. This matter is under review all the time, of course, and we know what the day/bed cost is to keep people in an active-classified bed for an extended period of time. That's why we're going to the pains I mentioned with respect to the bed-needs study.

MR. MARTIN: A supplementary question to the minister. Of course it has to do with the cost of hospital care. That's why I was talking about user fees. Can the minister confirm that consolidation of auxiliary beds would reduce operating costs, increase efficiency, and enhance service for the patients? If he can, what is the government waiting for?

MR. SPEAKER: That is a matter of opinion, of course. The hon. member has stated his opinion about what the result would be, and now he wants to see if the minister is going to agree with him. That's really not the purpose of the question period. As I think the hon. member knows, the purpose of the question period is to get facts, not opinions.

MR. MARTIN: I'll rephrase the question. Does the government have any studies that would indicate that the consolidation of auxiliary beds would reduce operating costs, increase efficiency, and enhance service? If so, what is the government waiting for?

MR. RUSSELL: Mr. Speaker, I'd have to check our files to see if we do have a study that specifically includes the three issues the hon. member dealt with. However, I can say that we do know that the operating cost for auxiliary beds per day is considerably less than the operating costs for active beds. We do know that there is an optimum size for units at which certain efficiencies can be realized, as well as certain advantages in programs of health care. If it were a perfect world, on each and every day the bed needs would always respond exactly to the bed numbers, but they don't do that.

MR. GOGO: Mr. Speaker, a supplementary question. Has the minister recently received any recommendations from either the medical association or the College of Physicians and Surgeons that there is a lack of rehabilitation hospital beds in the Edmonton area?

MR. RUSSELL: Mr. Speaker, I can't recall receiving such a recommendation. I don't know if the hon. member is referring to a specific communication or report. Insofar as rehabilitation beds are concerned, three years ago we did give approval to the Glenrose Provincial hospital to completely rebuild their existing facility, and their programming for that project is well under way.

#### Constitution — Property Rights

MR. R. SPEAKER: Mr. Speaker, my question to the Premier is with regard to the Prime Minister's and the Leader of the Opposition's comment in the House of Commons that there is a desire to entrench property rights in the current constitution. I wonder if the Premier has had any contact with regard to this matter. Has the position of the government of Alberta about entrenching property rights in our Canadian constitution changed?

MR. LOUGHEED: Mr. Speaker, I'll refer that question to the Minister of Federal and Intergovernmental Affairs.

MR. HORSMAN: Mr. Speaker, the answer to one part of the question, which I suspect is the most important one, as to whether or not the position of the government of Alberta has changed, is no. That matter was dealt with in debate in this Assembly at the time the constitutional accord, signed by nine provinces and the federal government, was debated and approved. At that time, the debate made clear that the government of Alberta's position is that the constitutional responsibility for property and civil rights, being that of the provinces, should properly remain there and not be entrenched in the Charter of Rights and thus become subject in any way to the control of the federal government by means of the amending formula, relative to possible future changes relative to property rights.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Federal and Intergovernmental Affairs. Has any contact been made from the Prime Minister's office to the province with regard to this matter or, to the minister's knowledge, have any discussions been contemplated?

MR. HORSMAN: Mr. Speaker, the matter was a peripheral topic under discussion at ministerial meetings prior to the most recent constitutional conference of first ministers. At that time, the subject was raised by the province of British Columbia, with a request that that be put on an agenda to deal with issues other than the aboriginal rights issue. We took the position then, as we do now, that that conference was to deal with the subject of aboriginal rights and that other subjects should not then be debated at any length, although it is fair to say that some discussion did take place at those meetings in Ottawa.

MR. LOUGHEED: Mr. Speaker, so that the record is complete on the point, perhaps it would be important to supplement the hon. minister's answer. At the meeting in Ottawa in mid-March of 1983, when, as the minister pointed out, we were primarily there on the matter of the aboriginal peoples of Canada, there was a discussion between first ministers on that subject of property rights. At that discussion of first ministers, Alberta reiterated the position that was previously taken by the Minister of Federal and Intergovernmental Affairs at ministerial meetings and in accordance with how the minister has responded to the question here in the House today.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister or the Premier. In light of the position of the government of Alberta, is there any intention of the government of Alberta proposing that an amendment be put into the Canadian constitution that would protect the provinces' right to protect property rights?

MR. HORSMAN: Mr. Speaker, that is not really necessary. Under section 92(13), the constitution makes it quite clear that property rights are the constitutional responsibility of the provinces. Thanks to the Alberta amending formula, which is now part of the constitution, rights which are now the constitutional responsibility of the provinces cannot be taken away from those provinces without the consent of the legislative assemblies of the provinces. Therefore, in the view of the government it is not necessary to introduce such an amendment which would give effect to the hon. member's intentions as stated in his question.

MR. ANDERSON: A supplementary question, Mr. Speaker. Is it the intention of the hon. Minister of Federal and Intergovernmental Affairs to contact the government and the opposition in Ottawa to make them clear as to Alberta's position is this regard?

MR. HORSMAN: Mr. Speaker, I launched an inquiry today, relative to the news reports, to ascertain with more clarity just what in fact might have been proposed by the government of Canada to the Official Opposition. It is my understanding that a proposal may have been transmitted to the Leader of the Opposition, relative to a matter which might receive only one day's debate. When I have that information as to the content of any such resolution, I will certainly review that very carefully, and then make a decision as to whether or not it is necessary to make representations to the various parties in the House of Commons in Ottawa.

MR. SPEAKER: The hon. Member for Calgary Currie, followed by the hon. Member for Calgary Buffalo.

MR. ANDERSON: Mr. Speaker, my question was anticipated precisely by the hon. leader of the Independents.

**Water Quality — Elbow River**

MR. LEE: Mr. Speaker, my question to the Minister of the Environment pertains to the dechlorinization order to the city of Calgary for the Elbow River. Can the minister indicate if he is aware of the significance of the severe financial restrictions the city of Calgary is facing with respect to the \$2.45 million clean-up that is required?

MR. BRADLEY: Mr. Speaker, I met with the mayor of the city of Calgary in December last year, and he and the commissioner who was present at that meeting provided me with a report outlining the financial situation of the city of Calgary. With regard to the specific, there is a problem in the Elbow River which results from the chlorine backwash from the Elbow water treatment plant. In order to prevent a deleterious effect on the water, specifically fish species in the water, it's necessary that this backwash be dechlorinated. The department has requested that the city of Calgary proceed with the dechlorination, and I am advised that a temporary dechlorination facility will be in place in early June so as not to affect the fall spawning.

MR. LEE: A supplementary, Mr. Speaker. Is the minister considering any long-term program to financially assist municipalities in the province, in particular the city of Calgary, given the difficult financial restraint programs that exist in most municipalities today?

MR. BRADLEY: Mr. Speaker, the Minister of Utilities and Telecommunications may wish to comment as the responsibility for granting funds to municipalities under the water and [sewage] treatment program has been transferred to that department.

MR. BOGLE: Mr. Speaker, the hon. member has raised a very important question. It really goes to the heart of the issues faced by governments at the municipal, provincial, and federal levels: struggling with budgets and trying to ensure that they're balanced so that we can live within our means.

With regard to the city of Calgary, the hon. member may be aware that at the present time assistance is being provided for a phosphorus removal program. Five million dollars was advanced by the former Minister of the Environment. Once the program was transferred from Environment to Utilities and Telecommunications, that \$17 million commitment was accepted. A further \$8 million of the total \$17 million program will be forwarded to the city within the next week or so, which leaves the remaining \$4 million to be funded before the end of this fiscal year. So a fairly substantial benefit package has been forwarded to the city of Calgary for that specific program initiated in the past fiscal year, to be carried out and completed during the present fiscal year.

MR. LEE: Mr. Speaker, a supplementary. Those words seem encouraging. I wonder if both the Minister of the Environment and the Minister of Utilities and Telecommunications would be prepared to meet with a delegation from the intergovernmental affairs committee of the Calgary city council to discuss a possible cost-sharing program on this specific project for the dechlorinization of the Elbow River.

MR. BOGLE: Mr. Speaker, I'd certainly be prepared to meet with a delegation or individual aldermen from the city of Calgary or any other municipality, in terms of their desire to learn more about the province's municipal water and sewage funding programs.

I would not want to leave the hon. member with the impression that we are in a position whereby we can develop new programs to meet the specific needs of any municipality, including the city of Calgary. We are currently dealing with some \$120 million in assistance that goes to municipalities in Alberta, and we'll get into that in more detail when we're into the estimates of this department. I might mention that it's the most extensive program to assist municipalities of any province in Canada, Mr. Speaker, but even in Alberta there are limits to the extent to which we can provide assistance to the municipalities.

**Labor Legislation — Public Hearings**

MR. R. SPEAKER: Mr. Speaker, my question relative to Bill 44 is to the hon. Member for Drumheller, chairman of the Standing Committee on Public Affairs. It's with regard to the representations that were heard last Friday and this Monday. How many organizations are eligible to come to the hearings, and has the committee decided on the final group, as to who will and who won't make presentations at the hearings next week?

MR. CRAWFORD: Mr. Speaker, on a point of order. I suggest that although there may be circumstances in which one hon. member may ask another hon. member a question in the usual sense, he cannot ask a question about committee business, that being the affair of the committee to which this Assembly referred the matters in question.

MR. R. SPEAKER: Mr. Speaker, on the point of order. Understanding precedent of the Legislature, there was a little more flexibility built in, in terms of whom we could and could not ask questions of. At one time, it was only cabinet ministers. I understood that questions could be directed to chairmen of boards or MLAs appointed to commissions. Possibly this area is a little different, and I would certainly appreciate a ruling on the matter. I don't know who else in the Legislature would have the knowledge about the substance and to whom I could direct the question at the present time.

MR. SPEAKER: Well, two things. First of all, I'd like to consider the matter a little further without making a ruling that would be taken as a precedent. But with regard to the thing that is immediately before us, I believe there is an exception — and I will try to refresh my memory on that — whereby members may address questions to other members in regard to matters relating to Assembly business or public business in which those other members are specially involved.

With regard to the question of finding out what's going on in a committee before the committee reports, with great respect to the hon. Government House Leader, I don't perceive that to be the situation here. This committee has not yet started its activities, and what we're dealing with here is preliminaries prior to the committee having started its studies. I would see no reason, at least for the moment, why a question like that could not be asked.

MR. R. SPEAKER: Mr. Speaker, in light of your ruling with regard to that matter, I will redirect my question to the hon. Member for Drumheller.

MR. CLARK: Mr. Speaker, as chairman of the Standing Committee on Public Affairs, I think it would be inappropriate at this time for me to start making any comments on the number of reports we've received and who they are, until we report to the committee on Monday.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the hon. chairman. Could the chairman indicate that the committee is still open to further submissions up to 5 p.m. on Wednesday of this week?

MR. CLARK: Mr. Speaker, we will accept written submissions till five o'clock on Friday. Notice of intent must of course be in by tomorrow night at five o'clock.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the hon. member indicate whether business organizations have requested to make presentations and, if so, have business organizations been accepted as province-wide groups?

MR. CLARK: Mr. Speaker, I believe I made it clear at the start that I didn't think it was appropriate at this time to say which organizations had submitted briefs and which had not. We will do that on Monday afternoon, when the hearing opens.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the hon. member indicate whether province-wide groups in terms of human rights organizations — specifically, was the Alberta Human Rights and Civil Liberties Association declared eligible to make a submission?

MR. CLARK: Mr. Speaker, we'll be making decisions on who is eligible and who is ineligible. Some people have been notified that we didn't believe they would qualify for the hearings but, at the same time, we asked them to submit briefs so they would become part of the record. That is all we have done until now. Our final decision has not yet been made.

MR. LOUGHEED: Mr. Speaker, I wonder if I could just rise on your ruling to make an observation so that it doesn't have to do with the matter of a precedent here. The matter was raised by the leader of the Independent members, to the effect that we had altered the rules of this question period to allow questions to be directed to chairmen of certain boards and commissions. I just wanted to bring to the Speaker's attention, as he assesses this matter of procedure, that that was done at the initiative of the government as a request in terms of the particular responsibilities they had. We didn't do that with the view that in making that offer, we were changing the basic rules of question period.

MR. SPEAKER: I must say, there wasn't any change in the *Standing Orders*. Hon. members may recall that it had to do with the member who served on the board of Syncrude. I think that's how the matter arose. At that time, I declined to intervene in the asking of those questions. Although there is a right to ask questions, within certain limits, there is of course no obligation to answer

them. Whether or not the questions are answered depends on the individual minister or, in this particular case, the individual member. But it is correct that either in the Assembly or by means of a change in the *Standing Orders*, we didn't make any amendment to the parameters that apply to the question period in this regard.

#### Social Allowance

MR. MARTIN: Mr. Speaker, I'd like to direct this question to the Minister of Social Services and Community Health. Can the minister outline why the department will be establishing 16- and 17-year-olds and unwed mothers outside the home at all, if the new policy is to cut off their support after only one month?

DR. WEBBER: Mr. Speaker, the policy with regard to 16- and 17-year-olds is such that after one month, they will no longer be eligible for social allowance. Whether or not they would be eligible for that one month's allowance will be determined by the social worker. If any concerns or problems arise, particularly with unwed mothers, certainly the child welfare and Guardian allowance areas could be called upon. But the primary purpose is to have young people placed with their families as much as possible.

MR. MARTIN: A supplementary question to the minister. Will there be any flexibility in the administration; for example, where there may be incest or other dangers at home or in cases where the parents fear for their own safety if the teenager comes home?

DR. WEBBER: Mr. Speaker, of all the adjustments and changes that took place, this particular area is appealable to the appeal boards, in those cases where young people would like to do that.

MR. MARTIN: A supplementary question. In light of the new policy, is it the minister's intention to provide greater support for group homes or special schools for unwed mothers?

DR. WEBBER: Mr. Speaker, we can get into the question of financial support for these different institutions in the estimates. At that time, I'd be happy to respond to questions related to that.

MR. MARTIN: A supplementary question. I suppose I'll get the same answer, but I'll try it. Will there be any increase in staff for the child welfare branch or the Guardian social allowance program, given the added strain because of the new policy?

DR. WEBBER: Mr. Speaker, there certainly is an added strain, not necessarily because of the new policy but because of the increased case loads throughout Alberta. I've indicated before in the Assembly that steps have been taken to assist the front-line social workers in terms of providing them with badly needed clerical assistance.

MR. MARTIN: One last supplementary, Mr. Speaker. Can the minister outline why the government arrived at one month rather than three as the proper way to go?

DR. WEBBER: Mr. Speaker, after assessing the current situation, where three months was the limit, it was decided that we could improve the situation and try to get

the young people back quicker if we could reduce it, so the time frame of one month was selected.

## ORDERS OF THE DAY

### head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

201. Moved by Mr. Lee:

Be it resolved that the Assembly urge the government to review its current financial support for urban transportation and give consideration to funding two-thirds of the capital cost of any arterial roadway project, transit project, or land purchase for future transportation right of way which is to be undertaken by a municipality and which has been approved by the Minister of Transportation.

[Adjourned debate March 15: Dr. Buck]

DR. BUCK: Mr. Speaker, in the few minutes I have left on the motion, I'd like to bring one or two matters to the attention of the Legislature. Last week I had the privilege of being one of the representatives of the Assembly at a conference of Commonwealth legislators. In one of the tours laid out for us in the city of Toronto, there were one of two interesting things I took special notice of, when it came to the matter of urban transportation.

I remember the debate in Edmonton city council when there was a discussion about high-density apartments being built in the proximity of the northern leg of LRT. I will remember the discussion that took place in the debate, when they said that we have to put people where the transit lines are. But in its great wisdom, the city of Edmonton decided to put a bunch of used equipment and one of the equipment shops at the Belvedere leg. That was just exactly the opposite to what they did in Toronto. When we went about three miles on a leg of the rapid transit system, the high-density areas were in close proximity to the rail lines. Almost anybody who has any knowledge of how you move people would surely be able to understand that this is the way it should be.

When we get into discussion of the rapid movement of passengers from one part of the city to another, in the city of Edmonton it should seem quite obvious that the next leg should go to the university. There we have a population of between 23,000 and 25,000. Even if they all had automobiles, they wouldn't have anyplace to park them. So that is a natural area where we should be putting an additional leg of LRT.

At the same time I mention this fact to members of the House, I want to bring to the attention of the Legislature the fact that the city of Calgary, and especially the city of Edmonton, had better take a look at what they are doing with high-density buildings. What we seem to have in the cities of Edmonton and Calgary is that between four and five o'clock in the afternoon, the majority of people in the major high-density areas, the business section, leave the downtown core. What do we do? We leave the downtown core to the thugs, prostitutes, and pimps. It's unsafe to go into certain parts of the city after dusk.

What goes on in Montreal? At 1:30 a.m. in the downtown core of the city of Montreal, it's shoulder-to-shoulder people. It's safe to go to the downtown core. So it's just about time that the two major cities in this

province realized that we had better have a mix of residential and commercial, not just commercial.

AN HON. MEMBER: That's what they're doing. Go have a look.

DR. BUCK: Unless you have people in the downtown core of your cities, the crooks take over. Mr. Speaker, I think it's important that we remember this when we are planning our downtown cores and that we keep people down there. It's basically that simple.

Mr. Speaker, I would like to close by saying that number one, we have to look at a mix of LRT plus the automobile. The automobile will always be with us, be it in the form of internal-combustion engines or some other means of driving the automobile. The automobile is a fact of life, and it's here to stay. We should not only be planning light rapid transit, or some rapid transit system of moving people within our cities, but we also have to accommodate the motor vehicle.

Mr. Speaker, I would just like to say that the resolution we are debating this afternoon certainly has some merit. But I think that when we're looking at only two-thirds sharing by the province with the municipalities, it's not enough. It cannot do the job, because I don't believe the large municipalities have sufficient funds available to them now. So I support the resolution, but I would like to say to government members that 60 per cent is not sufficient. We have to look at an increased percentage of support for our municipalities so that we can put into place light rapid transit, rapid transit, and moving people by vehicle. Unless we give these municipalities sufficient support, we will never be able to move people from one side of the city to the other without support being available from the provincial government.

MR. MUSGREAVE: Mr. Speaker, I'd like to join in this debate. First, I would like to respond to the hon. member who just spoke. I suggest that he take a walk downtown in Calgary from about 8th Street E. to about 10th Street W. In his walk, he would see some new high-rise apartments. He would see Eau Claire, which is a very large multimillion dollar condominium. He would see the Mount Royal apartment building right behind the Palliser Hotel.

DR. BUCK: I was afraid to step out of the door of the Palliser, Eric.

MR. COOK: Those girls wouldn't attack you, Walt. [laughter]

MR. MUSGREAVE: Mr. Speaker, I think he's absolutely right. I walk on 100th Avenue and the girls don't attack me, Walter, so I think you're safe.

I would like to make a few points in this debate, though. First of all, I'd like to suggest that what we're really talking about here is money: who taxes the people, how is it spent, and can we get more. On the few items the hon. Member for Calgary Buffalo brought out, he said that 10 years ago in Calgary, you could go from one end of the city to the other in 15 minutes. I used to occupy a seat at city hall, like he did. In those days, it took me 15 minutes to go from city hall to my home in Rosemont, and Rosemont is an inner-city community. So I don't think it's quite as drastic a change as he suggests.

He also mentioned the 18 million trips per day to go to and from work. With a population of approximately

600,000 people, if you multiply that by three, you get 1.8 million. That means that every man, woman, and child in the city of Calgary has to go to work and come back twice a day. That still leaves you 600 rides left over, so I guess 300,000 Calgarians go home for lunch.

He mentioned the interchange at 14th Street and 16th Avenue N.W., which is very dear to my heart for reasons best known to me. He mentioned the fact that the interchange escalated in cost to construct by \$4 million because of inflation. What he didn't mention was the delay by city council, who couldn't make up their minds. We got all the engineering studies done. They waffled and wiggled around for about four years, and then finally they decided to build it.

The member talked of orderly planning and how it would be a good thing. I would like to suggest going back again to the time I was at city hall, which was in 1974. The provincial government at that time said that unless we came up with a 20-year plan for our transportation route, they were not going to give us moneys for public transit. As a result of that, we came up with a 20-year plan. The city of Calgary was given approximately \$12 million, and we decided to build a huge, super-deluxe bus terminal. The city of Edmonton decided to put their money into LRT.

When you look at the total value of this plan to the year 1985, it's going to cost the province approximately \$900 million, and 25 per cent of this will have gone to the two major cities. I know we can argue that 66 per cent of the people live there, and they should get more. But I think — and this will make my rural colleagues happy — there are more important things than arguing about people when we're talking about transportation facilities in the province. If we can't get our products to market with a good rural transportation system, then I think we as a province are going to be in much more difficulty than we are now.

Mr. Speaker, as a former member of the Alberta Municipal Finance Council — and I would like to note that Ross Ellis, who was a former MLA and Independent member from the High River area, who just died last week in the province of British Columbia, and who made an excellent contribution both in this House and as mayor of High River, was the executive director of the Municipal Finance Council. One of the things I learned from that endeavor, which took a four-year period and had representatives from all sides of the House, was that as a taxpayer, you're a Calgarian and you're an Albertan, but it's the same pocket and it's the same money. I think the important thing we should be looking towards with the cities is to give them the ability to tax more. Rather than talk about revenue sharing, let's talk about sharing the ability to raise taxes.

I would also like to suggest that rather than talking to local politicians in either Calgary or Edmonton, you talk to the engineers in the engineering departments of those respective cities, the engineers in the Department of Transportation for the province of Alberta, the engineers who are consultants, and people who lived in Europe after the war. They will tell you that things aren't quite as some of the local politicians would have you believe. I'm getting a little tired of listening to instant experts who go to Europe and come back and say: we've got to have what they have in Hamburg, Germany, Holland, Britain, or wherever. I'm one of those experts; I've done that too. So I know what I'm talking about.

If you go back and look at what happened right after the war, there were six years when there were no homes

built in Europe. Many of them were destroyed. There were a lot of people who wanted housing, and they wanted it right away. The waiting list in Sweden was between six and eight years. So they built high-rises, and they built them on rail lines that were already in place. As people in Europe had no money, no cars, and no housing, they were prepared to put up with conditions where you had as many as 10 people living in two rooms. But as time went on and they got richer, they did what we do in North America: they bought cars. When they got cars, they decided the apartments weren't big enough, so they decided to have houses. Some of those apartments in the downtown central core the hon. member was talking about are now sitting empty. So the solution isn't quite as simple as people would suggest.

I would also like to comment on the remark the hon. member made about 10 cities in the United States that fund mass transit. He didn't mention about Chicago being almost \$.5 billion in debt; or Boston, where the system is just about at the end of its rope; or New York, which needs hundreds of millions to upgrade it; or the BART system in San Francisco, which is a great system, designed, built, and run on space technology, which doesn't stand up to the day-to-day banging and crashing of millions of people going to and from work. The only viable system in the whole of North America that is even beginning to pay its way is the one in the city of Toronto. Not even metropolitan Montreal, with over 2 million people, is working that effectively.

Mr. Speaker, another comparison of apples and oranges, which we're all prone to get into, is that the hon. member mentioned that the city of Calgary has a rule whereby 20 per cent of the operating budget shall be the ceiling at which the retirement of debt is paid. He said we don't want our cities to get into the situation that exists in the city of New York, where 85 per cent of their revenues go to pay their debt. What I'd like to suggest is that New York was a jumping-off place for many, many groups coming to America. The Irish is one that comes to mind; right now it's Puerto Ricans. The welfare roll of that city is their responsibility. The government of the state of New York is a rural government, and they just aren't that sympathetic to New York's problems. Also the pensions of their policemen and firemen were very generous and negotiated after tough negotiations by their unions, but not a shared responsibility like we have in our pension system here in the province of Alberta.

What I'd like to urge in future debate is that we tell the citizens of Calgary and Edmonton what tax dollars have been spent as both a city and a province. When we're talking about LRT, let's tell the citizens of Calgary that we're going to include these vast parking lots on which you park your cars to ride downtown. We're going to tell you how many tax dollars are lost by taking those lots off the tax rolls. We're going to tell you the kinds of expenses you're going to anticipate from operating these deluxe systems, with drivers in the cars where in many cases you shouldn't have them but you have a union you have to be concerned about.

I'd also like to suggest that we're going to tell them what the costs of LRT will be if we follow the plan of funding by the province. It was a six-year program. I think we should point out the fact that one of the comments the member made — and local politicians were saying the same thing — was that the province doesn't give them the opportunity to plan. Well, it was a six-year program, running from 1979 to 1985. I suggest, Mr. Speaker, that that covered two local elections. Surely



they can plan for two elections.

I would also like to point out a thing that concerns me. I live in the inner city, in the constituency of the hon. Member for Calgary North Hill. I spend a lot of my time in the constituencies of the hon. members for Calgary Bow and Mountain View. Regrettably two members of the local city council — and one of them became famous by throwing books and papers at sitting members, the council and the mayor, and the poor mayor didn't have enough sense to get her thrown out on her ear.

MR. SHRAKE: She was NDP though.

MR. MUSGREAVE: That's right. She was NDP. After the next election, she was suddenly an alderman. We have another one like her, a chap by the name of Hawkesworth, who, at the last AUMA convention led the people in saying, let's not have any gasoline tax. These two people, along with a fellow traveller by the name of Long, opposed the idea of running an LRT line through Calgary northwest. I was on city council when Calgary northwest to Calgary south was supposed to be the line. It was the heart of the system. You wouldn't go anywhere else; you build the spine and all the other peripheral things come in after. This was going to provide access to downtown by LRT for the people on the south side of the city to go to our Jubilee Auditorium, the Southern Alberta Institute of Technology, the University of Calgary, McMahon Stadium, or the Foothills hospital. These are these large origin points of interest, where lots of people go back and forth every day.

We listened to a small group of socialists who intimidated senior citizens and local politicians. They marched on city hall. They made threats. What happened? Our mayor and council caved in; they went to the northeast.

MR. NELSON: Not all of them.

MR. MUSGREAVE: That's right, and the hon. Member for Calgary McCall was one of those who opposed them. But they now spend \$43 million of provincial money and \$218 million of city tax dollars, and what do our mayor and some of the aldermen and *The Calgary Herald* pundits say? They say that because there was nothing in the throne speech about LRT, the province doesn't care. They ignore the \$900 million that is being spent to the year ending 1985. They say the province has not endorsed LRT because we have provided no funds in the current budget. They say the province won't let them do long-range planning. Well, if they can plan past two elections, I think that's pretty good. Having survived four elections at city hall, I think two is pretty good.

[Mr. Purdy in the Chair]

But if you talk to city officials — not the politicians, but the engineers and the people who are spending the money and designing the programs — they'll give you a different story. They say there are adequate funds; there's lots of opportunity to devise their transit systems; given the population of our province, the money spent in the cities is generous compared to other provinces.

But let's hear some of the subtle blackmail we are now getting — and this is just recently. And I want you to remember that the northeast route was chosen by some members of council who could not stand up to radical people. There was no northwest line, and now they are saying that the province of Alberta is going

to be responsible for transportation difficulties similar to what was experienced at Lake Placid during the Olympics. And why? The reason they can't build the northwest line is that we don't have it in the throne speech or the current budget, and — most horrendous of all — if we let them build it, just think of all the jobs we could provide.

They say that if we had this line, they could transport people to the Jubilee Auditorium, the university; the football stadium, SAIT, and Foothills, as I mentioned before. And now, suddenly, they have also realized that the people from the northwest of Calgary are going to go to the Olympic site, to watch hockey games in our new coliseum, to watch aquatic sports events in the new aquatic centre — and these are all built downtown — and they're going to visit our arts centre, which is under construction. I'd like to ask, where were the council members when they approved the northeast to serve people that essentially are just going to and from work and ignored all these other important facilities that are not being served by LRT?

Frankly I think our city council has to face up to economic realities. If you want a northwest line, you should pay for most of it. LRT systems should be designed with a little economic sense. I'd like to point out — and I know I shouldn't do this to my rural members, but it's more ammunition for them — that right now the city of Calgary is building a \$95 million city hall, a \$75 million arts centre — I don't want to tell you how many millions of dollars the coliseum that is being built in our city is costing — a multimillion dollar aquatic centre. We have three wave-making pools in our swimming pools. There are five wave-making pools in North America; we have three in Calgary.

I would also like to point out that we have two rivers running through our city and we don't feel we should meter our water, so we have the highest consumption of water in North America. We also have to pump a lot of sewage, but that never seems to occur to the city fathers. They're going to put it on a plebiscite and ask the citizens if they approve. I can tell you what the citizens are going to say. They are going to say, no way. And I don't blame them. On top of all this, some of our cultural organizations — the Italian club and the Polish club — are \$500,000 in debt and are asking the city to bail them out.

I think we as a government, in both Edmonton and the city, have to recognize that this is an old trick. If you have problems in your own house, start attacking someone else. I think it's time we come back to our senses and realize who is taxing the people, who is spending the dollars, and can we get more. It's not quite as simple, and I suggest that we're not going to be harassed and subjected to badgering by the mayor and some of his colleagues on council. If they think this is the way to achieve getting more funds for public transit, I suggest he go to the people of Calgary, tell them what the costs and taxes are going to be, ask them if they want it, and see if he wins the next election.

MR. LEE: Mr. Speaker, on a point of information, would the previous speaker permit a question?

MR. MUSGREAVE: Yes, Mr. Speaker.

MR. LEE: Perhaps the Member for Calgary McKnight could indicate how the cost of water metering is linked to the cost of transportation, in view of the fact that water metering and the costs therein are contained in the utilities bill and have nothing to do with the local tax rate.

MR. MUSGREAVE: The point I was trying to make, Mr. Speaker, is that the citizens of Calgary and of Alberta have to accept financial responsibility so they then can afford to get all these luxurious items they want to buy.

MR. LEE: A further question, Mr. Speaker, if the representative for Calgary McKnight will permit. Is the member aware that the resolution refers to funding of balanced transportation and not LRT? There seemed to be no reference to the need for additional roadways or land acquisition programs in the city of Calgary.

MR. MUSGREAVE: Mr. Speaker, I could get into a long debate. I'm glad the member brought that up. But I can think of the land that was purchased for the Bow Trail, Sarcee Trail, Shaganappi Trail, and the widening of the Crowchild Trail. This is all land that was taken off the city tax rolls and, for one reason or another, the city decided not to go ahead with the various facilities. So I would suggest that I'm well aware of balanced transportation, and I'm well aware of his emotion. But I think it all comes back to dollars — how you spend them and how you raise them. I don't think this has been adequately explained to the people of the province of Alberta, particularly those living in the major cities.

MRS. FYFE: Mr. Speaker, I appreciate the opportunity to participate in the debate over Motion 201 that was the first motion put forward, other than a government motion, in this Assembly for this session. When this motion came up earlier, the Member for Calgary McCall mentioned in the debate that he receives a large number of comments and criticisms related to transportation. I would like to agree; representing the second largest constituency in this province, I also receive my share of transportation concerns. In fact, I suppose that if they were to be totalled, more comments and concerns have come over the four years that I've been in office in the provincial Legislature than regarding any other subject that has come to my attention.

However, I do agree that large urban centres have special problems that smaller communities do not. I agree that there has to be special consideration of the problems faced by urban transit, and there have been some significant developments related to movement of people within our two cities. But I think it has to be put into perspective that the two cities of Edmonton and Calgary are relatively small in population compared to large urban centres in North America and other parts of the world.

Residing and representing a city that is adjacent to the city of Edmonton, I'm often asked why we do not use existing rail lines to move commuters back and forth to work. It seems very logical on the part of many people driving back and forth in their automobiles that they could simply jump on a train and move in and out of the city with ease. However, the economics are the major factor in the question. It's the operating costs, not the capital costs, that provide the greatest concerns in the development of any rapid transit system. I think there's simply no doubt at all that light rail transit, both electric and diesel trains, is by far the cheapest way to travel per seat mile. In the years to come, when we again become increasingly concerned about energy requirements in our country, this will be a major factor related to cost effectiveness in the movement of people.

But in the meantime, in addition to operating costs, the biggest factor is public attitude. During the '50s and '60s,

most cities in North America were building very expensive networks of multilane highways throughout their cities. The metropolitan areas of Edmonton and Calgary were both involved in studies that were prepared regarding development of plans over a 25-year period. There was a system proposed that would provide a 25-year plan and a \$400 million system of ring roads and expressways.

During the early '70s, several factors influenced urban transportation thinking. One of the most critical and important contributing factors was the energy crisis in 1973. A second factor that influenced the thinking in urban transit was the rapid influx of people to the province of Alberta, that has continued up until this past year. In the mid-70s, Edmonton and Calgary were predicted to reach a population of 1 million people by the year 2000.

Another factor that had an influence, I believe, in our two larger urban centres within this province was the Spadina expressway controversy in metropolitan Toronto. This contributed to a rethinking of existing policies and, in the city of Edmonton, renewed concerns for the development of a proposed roadway through the MacKinnon Ravine. At the same time, Mr. Trudeau and his party in the 1974 election campaign promised \$300 million over five years to assist urban transit in Canadian cities. This promise was never fulfilled.

More recently, in the last term, the Minister of Transportation, the hon. Henry Kroeger, set up a task force that looked at urban transit throughout North America. This task force recognized the need for both road and light rail transit. Further, the task force concluded that LRT is the best way of serving high-density corridors.

Municipalities were offered the possibility of a gasoline tax, as the Member for Calgary McKnight referred to. This tax was one that could have assisted municipalities, large and small, to generate revenues that could be designated for the purpose of transportation, whether LRT or upgrading of roads. This resolution that came to the annual meeting of the Alberta urban municipalities was not supported by the majority of the elected representatives who were there. On the other hand, this could have been considered a user fee. Often there's criticism that those travelling the roads do not pay their fair share of the cost of construction and upkeep of the roadways.

I agree with the Member for Calgary McKnight, who said that we cannot compare the utilization of light rail transit in Edmonton and Calgary to European cities where, firstly, there is a far greater population density. There's also a far different public attitude toward transit. For many years, Europeans have paid a higher cost for licences and a much higher cost for gasoline than we have. There are many families that simply don't have the luxury of purchasing one car, let alone two, three, or four cars, which many North American families do. It's not until we get down to the economics of public transit that it will really become acceptable and economically viable within our province. Attitude, in my mind, is the most important factor contributing to the lack of public transit that we have within our province of Alberta.

In 1982 there was a significant increase in the budget of Alberta Transportation. I think it's important that we remember that all members of the Assembly have benefited by an increased Transportation budget. It was a substantial increase. It was increased by 22 per cent in one year, which reached \$750 million, which included an increase for urban transit of almost 38 per cent, to \$190 million. This came as a result of a task force that was initiated by certain members within our caucus that were

most concerned about a proper balance between urban and rural roads — that perhaps in the very rapid growth our province experienced in the late '70s, there were deficiencies within our road system and transportation throughout the province.

I think the increases that resulted in the budget demonstrated a strong commitment to transportation, but it's important that we retain that balance between urban and rural municipalities. As a member representing a constituency adjacent to the city of Edmonton, as I said previously, I know that the lack of good arterial roadways between these areas has led to a great number of comments and concerns from residents trying to commute or simply to travel in on an occasional basis. I'm very pleased to say that the budgets reflected in 1980 and 1981 have done marvels in improving the transportation network in northwest Edmonton and outside the city of Edmonton. It has been a marvellous improvement for the people residing within that sector.

Now, that doesn't mean that I feel we shouldn't continue, that we've resolved our transportation problems. Obviously that would be absurd. But the facts of life and the realities of 1983 are ones of declining revenues, and I think it's no longer reasonable or feasible to see the increase we have seen over the past two years. We have had to set priorities, and those priorities have included interest reduction for home-owners, small businesses, and farmers. They've included priorities such as assistance to widows, assistance to renters. These are the tough economic decisions of 1983, and they may be the tough economic decisions of 1984.

In the meantime, the cost of energy has not escalated as quickly as we thought it would. The population of our province has not increased at the rate that was anticipated a few years ago. I think it allows us a chance to review transportation policies, to take a look at the long-term economics of light rail transit. With the figures that I have looked at over the last number of years and with the small population, I think it would be a very expensive decision to proceed at the pace that we have been.

I think we have time to slow down, look at the priorities, and ensure that the growth really is going to take place. If we envision the two larger cities growing at a much smaller rate, a much smaller number of people utilizing the rail transit, and the operating costs continuing, these could become huge economic millstones around these large municipalities that are already facing some economic difficulties and some tough financial decisions of their own.

I would like to conclude by simply saying that I think it's important that we have a balance between urban and rural. We must remember that the residents of our large urban centres also demand and request good rural highways to travel on the weekends to get to their recreation properties or to visit the lakes and forests that we're so endowed with in this province. They benefit not just the people who reside in the country but also the urban, the same as transportation within the cities is a benefit to rural folks who come into the city and an enticement for the businesses that rely on a large trading area to support the business community.

So transportation is a very important part of a developing and growing province, but it has to be set within the priorities that we as the government must make. Until we have a change in public acceptance, until the economic factors meet the point where residents within the metro areas are forced within their own families to look at public transportation as a more economical way of get-

ting around, we are going to continue facing very high operating costs with a relatively small number of people still relying on their own automobiles.

There was a car show within the last six weeks demonstrating a commuter car that would get 300 miles per gallon. If such a car becomes accepted and is mass-produced — a vehicle like that, that offers the ease of getting back and forth to a place of work, certainly provides the individual an alternative that is highly acceptable. I feel it's important that we continue to study rail transit, but I would be most concerned that we put massive amounts of dollars into future systems until they could be economically proven viable and acceptable for long-range planning.

MR. LYSONS: Mr. Speaker, I enjoy the opportunity this afternoon to get into this debate. I would like to congratulate the member for bringing in Motion 201. I'd like to repeat the motion for the record:

Be it resolved that the Assembly urge the government to review its current financial support for urban transportation and give consideration to funding two-thirds of the capital cost of any arterial roadway project, transit project, or land purchase for future transportation right of way which is to be undertaken by a municipality and which has been approved by the Minister of Transportation.

I'd like to suggest that that's a very generous suggestion and probably one that deserves a great deal of merit. But when we look at suggestions for the province of Alberta, we must look at what the municipality wants and their priorities. Sometimes we from the country question priorities of our larger urban centres. I'm not here to moralize or to question their decisions, even though I quite often wonder about them and naturally appreciate that a great deal of thought and effort have gone into their entire transportation system. Although when you're watching it on the TV news, you wonder if that much thought or consideration has gone into it. It doesn't look that way from viewing it after the cameras have been poking at them. I suppose city aldermen feel the same way about us when they see what we're doing here.

But assuming that the cities have their priorities straight and they say, okay, we want this system; at what cost do they want it? I believe the Member for St. Albert really put her finger on the problem. The cost of building these things is one thing, the cost of operating is completely another. One of the great equalizers in costing out something is: if it's needed and it's serviceable, then why isn't private industry doing it rather than the city?

I don't really know the city of Edmonton that well, but I had a quick look at the maps and all the tracks and infrastructure for railways. Someone mentioned buses bringing people to the LRT and then they're whisked downtown or across town; that's a great idea. I don't think you could have one without the other. On the other hand, I understand that when it was proposed that the LRT cross the river to the university, there were some restrictions brought on by the university board of governors, or whoever, saying that it should be all underground and not overland.

Well, having a little experience in municipal politics and realizing what's under the streets and roadways — pipelines, telephone lines, and all those other things that a subway system would have to dig through and work around, the replacement and the changing — I think that once the basic downtown system is in place, the underground that's downtown should be the last we see of the

underground. The rest should be overland. I simply cannot believe that we should be looking at any sort of underground system once we get across the river. I often criticized my dad for criticizing the railways and politicians, because I didn't think he knew anything about it. I suppose he's somewhere, watching me now and saying: aha, you're doing the same thing there, son.

I've talked to a few people who live in the city of Edmonton who use the LRT when the Eskimos are playing and when the Oilers are playing. They use it mainly for sports events. I suppose it's because it's only a fraction of what is needed to make a total system.

I believe I could go along with the member for two-thirds funding, provided that I was absolutely convinced that the city or cities desiring light rail transit knew what they wanted, where they were going, and had the population behind them. Quite frankly, I don't think that Edmonton really knows at the moment in what direction it's going. I'm not suggesting that this wouldn't be possible, but right now I don't think they have their priorities straight. Until they have their priorities straight, I don't see how we as a government could possibly say, yes, this would be a reasonable suggestion.

From what I could gather, people who use the transit system that's in place now are very, very pleased with it, as far as it goes. I wasn't very pleased with it the other night when I went to the hockey game. I didn't realize that you had to have two packages of 85 cents. I couldn't get in; I had to do some fast talking to get through there because dollar bills won't work. If you don't have the right change, you don't get your little ticket. So I suppose I learned a little bit, but you have to keep your . . .

DR. BUCK: You can ride and put it in later.

MR. LYSONS: Like \$50 more; maybe be thrown out on your head someplace in downtown Edmonton. It's dangerous down there at night, someone was saying.

What I suggest I would like to see first, while aldermen are making up their minds as to what they want, is that we look at developing a rail system that takes some of these services that plug the downtown core, particularly government services, and put them in Fort Saskatchewan, Leduc, Vegreville, Barrhead, and perhaps move some to Viking, Tofield, and places like that. I think we would solve an awful lot of their downtown transportation problems.

I don't think we really have a transportation problem in downtown Edmonton. Perhaps they have one in Calgary, where the hon. member is from, but in downtown Edmonton, I don't see that we have a traffic problem other than when it snows or something like that.

In most large cities, if you're going to take your car downtown — Toronto is always regarded as one place where the transit system works fine; Montreal is another. People get downtown there, and if they live in the suburbs at all, they expect it's going to take an hour to an hour and a half to get home. I don't think anyone could leave any point on Jasper Avenue and get to St. Albert in less than half an hour, even in rush hour, or from Jasper Avenue, downtown Edmonton, to Nisku in half an hour. I can leave the Legislature and comfortably drive to Vermilion, which is 110 miles, in two hours. I'm not really hurrying, and I can stop at Vegreville and have a milkshake.

I would like to see the government use what influence we have to move our services out of Edmonton, and tell the city fathers that that's what we intend to do, until

they really have what they want in place. I'm just so thrilled when the Minister of Advanced Education wanted a place to build a new tech school and he picked a little place west of Edmonton. That made a few people angry, but it didn't make me angry at all. I think what we need is to stretch out the major transportation systems that we have. Perhaps we could encourage the CNR to run a transit system out there.

What disappoints me in the whole LRT system situation is that when the CNR or VIA Rail can't operate a transit system and make any money on it, how can the city of Edmonton or Calgary? If we're going to fund capital projects that will eventually break a city — we could give it to them. It's like buying a truck. If you are given a truck and haven't got a job for it, it can break you. I wouldn't want to see taxpayers try for years and years to pay for something that they could never afford.

Mr. Speaker, that's about all I have to say on it, other than that I appreciate the opportunity to speak to this resolution this afternoon. I told the member not to be encouraged or discouraged by anything I said, because I wasn't in any way wanting to be personal on it. But the fact remains that to ask the province or the citizens of Alberta as a whole to pay two-thirds of the cost of city transportation at their option — subject to the minister's approval, of course — is an awful lot to ask of the rest of Albertans.

Thank you.

MR. COOK: Mr. Speaker, I enjoyed the remarks of the Member for Vermilion. Sometimes in caucus or in the Assembly, I scratch my head and wonder if I always agree with the hon. gentleman's viewpoint. I heard a lot of good sense today; I was really impressed. I also want to make the observation that the hon. gentleman from Vermilion offering insight on urban design and transportation just reinforces my position that I can have just as much input on rural agricultural issues. With that aside. I want to get into my remarks.

Mr. Speaker. I don't support this motion. I think I should say that straightforwardly. I think this motion would largely provide for more handouts, more grants to city councils that would not have to account for the money and would be able to spend it freely. I think we have to start moving to a user-pay approach to funding general services. I'd like to make the analogy to hospital costs and user fees there. With hospital user fees, we're arguing that people have to be a little more aware of the costs associated with the service and become a little more disciplined in their use.

I think the way to go in funding Urban transportation is not more grants but rather having the province vacate certain fields of taxation and providing the taxation resources for municipalities to go out and pay for those costs. The hon. gentleman from Calgary McKnight and the Member for St. Albert made reference in particular to licensing fees for cars and to gasoline taxes. That is the way a lot of American communities approach the problem. I think we would provide accountability to city or country councils that wanted to raise money for a specific project and would make them a little more realistic in their demands on the system.

Mr. Speaker, there are some other ways we can approach this problem. I think we can change our level of expectation and urban design. Certainly the central core has to be revitalized. I think the Member for Clover Bar made this point, and others have as well. We have to encourage people to live in the downtown. The city of

Edmonton is making real strides toward that, and I commend them. But we have to try to get people to live and work downtown instead of moving back and forth around the city.

May I make an observation. I would like to disagree with the Member for Vermilion-Viking on the location of the institute of technology at Stony Plain. I've had numerous complaints from young constituents who are going to have to bus to Stony Plain. There is no transportation network there. Frankly, Mr. Speaker, it's just incredible that a youngster from the Mill Woods or Dickinsonfield communities in Edmonton is going to be facing an hour or hour and a half round trip, if buses are available.

MRS. CRIPPS: Our kids do that every day.

MR. COOK: I think there is some doubt about whether those buses will be available and what they're going to cost.

Mr. Speaker, I'd also like to make the point that our city council certainly should be trying to locate population along the northeast rail line. I think it was the Member for Calgary McKnight who pointed out that we have central services stores and a truck depot near the Belvedere station, which really doesn't make any sense to me at all. We should be trying to provide some attractive housing and creating a destination for people travelling there and people who use the system to travel to work.

Mr. Speaker, I'd also like to talk about LRT design. I'll go over to the Edmonton south side — be a bit parochial and talk about Edmonton, because that's the community I know best. We need to think of the LRT in exactly the same way it was designed. In Europe it's used as a light rail, glorified bus or streetcar; it's not designed as a subway system. For our engineers in the city of Edmonton who seem committed to trying to bury our streetcar 20 feet underground, it's too expensive and makes no sense. It's light, makes little or no noise, has very little impact on the urban environment, and is quite attractive.

When I have seen them in operation in Europe, there is no real problem with LRT vehicles moving right on the city streets. The rail lines are just part of the asphalt or cobble of the road. I think Calgary has to be given some credit because that's exactly what they're doing downtown. To their credit, they're doing a good job of stretching those dollars and, by comparison, our council is not. I'd like to use that as an illustration of engineering mentality; that's what I call it.

Another one might be the MacKinnon Ravine freeway that was proposed for the west end. Mr. Speaker, thank God we starved the city of Edmonton and they could not afford that thing. As a student at the university, I can remember working with Speaker Amerongen, lining up petitions and going door-to-door in west Edmonton, fighting the MacKinnon Ravine freeway. And we stopped it.

Freeways tend to carve up communities. They rip the guts out of the city; they sterilize a city. Big, monstrous freeways are the last things we need in urban design. I was a student in Quebec City, where a big freeway — six lanes with a big median in the middle — just ripped the guts out of the downtown of that community. You cannot physically walk across that thing; it's a barrier to free movement of people and goods. It's an example of an engineering mentality, and a very expensive one at that.

I think we should reconsider the proposal for a ring road around the city of Edmonton or the city of Calgary, the RDA concept. Mr. Speaker, we've poured billions of

dollars into land assembly, and we would spend billions of dollars more completing construction of a ring road around the city of Edmonton. I daresay the same is true of Calgary. This engineering mentality, that we can only solve our problems with huge projects that are very expensive both to put together and to maintain, just makes no sense. I think that in the next few years we have to look for a sustainable society, something we can afford to maintain and operate over the next few years when our oil and gas revenues start to run down.

Mr. Speaker, just to make my points again: we have to look, not at handouts and grants to municipalities but at vacating taxation resources like gasoline taxes and licence fees to municipalities so we adopt a user-pay philosophy, so that taxpayers and consumers of these kinds of services appreciate just how expensive they are and, on a day-to-day basis, when they roll up to the gas pump, they can see how much it's costing to maintain the system. That's the way to go. We're running into the same problems with hospital boards when they come to us for grants, and there seems to be a never-ending demand and cry for more services. We need to develop a sustainable society, something we can afford, and that involves different urban design and perhaps rethinking of the approach of the provincial government and municipalities to urban design. Specifically, I'm looking at freeways and ring roads.

In the good old days when we were cheap with the cities, I think they were innovative and able to solve problems in a creative way. I'd like to point out Project UNI in the city of Edmonton. We're able to move large volumes of traffic using existing roadway systems. We're now using reversible lanes in the city of Edmonton. Those are examples of innovative ways to maximize transportation resources and minimize costs. That, Mr. Speaker, is the way I think we should be going.

Thank you.

MR. ZIP: Mr. Speaker, I appreciate the opportunity to speak on this very important subject. I feel it is almost superfluous to bring into question the importance of urban transportation. It goes without saying that a modern urban centre which has grown to the size of Edmonton or Calgary cannot function properly without efficient transportation. Urban economics demand this as a vital prerequisite. It is not just a matter of quick delivery of goods within the city and lower trucking tariffs which result in lower shelf prices in the city.

As an interesting aside on the whole problem of urban transportation, there are 20 times more goods than people moved in a city every day. As much as LRT and concern with moving people merits the greatest amount of attention, we have to balance this with the understanding that goods and services have to be moved as well, and there is a much greater volume of those that have to be moved within the modern city.

It is also not just a matter of people getting around the city without unreasonable delays and at lower cost. It is often a matter of life and death for a seriously ill or injured person to be brought quickly to a hospital. Time is also of the essence for police to get to the scene of a serious crime or a fire truck to a major fire. There is no doubt that lessened congestion on urban streets brought about by LRT and urban expressways makes eminent sense. However, present economic realities must be seriously faced. There are many things we would like government to provide, more things than there's money for. That is true in prosperous times; more than true in

times like we are faced with now.

Another key point, very applicable to both Edmonton and Calgary, is that with the rapid population growth these centres experienced in recent times, there is compulsion to provide services and build roads, schools, and all the other facilities that go along with population growth. Calgary and Edmonton are very new cities and do not have the heritage of handed down facilities and amenities that were built and paid for by previous generations of taxpayers. Rome was not built in a day; neither can Edmonton nor Calgary reasonably expect to have everything in the space of a few short years that it took European cities hundreds of years to put in place.

Vast financial demands, based not only on those created by need but also those created by high expectations, have resulted in very heavy financial burdens being placed on Edmonton and Calgary taxpayers. The point is now being reached where the taxpayers of both cities cannot afford higher property taxes. In Calgary these taxes will go up 10 per cent this year, at a time when a large percentage of the taxpayers have not had any increase in their own incomes and in many cases have experienced a decrease. If this keeps up, people will have to leave Calgary because they can no longer afford to live there, especially when you consider that utilities are going up by leaps and bounds as well. Under this scenario, people in Calgary are very seriously questioning the whole matter of capital programs initiated by city hall and the added tax burdens they impose.

This brings us around to provincial resources. With the unusual circumstances the province found itself in, with rapid oil and gas development coupled with escalating prices, there was provincial money to spare for fiscal help to municipalities. However, with resource prices on the decline and the heavy demands currently being placed on the province by hospital and medical care costs, education, social services, and other acute needs, the same problem unfortunately exists with the province. Until times improve, it would be dangerous to proceed with large-scale transportation programs, worthy though they are. As much as I personally would like LRT to proceed as originally planned in Edmonton and Calgary and to see the urban road and expressway improvements made in both cities, I have to take a responsible attitude and say: can we really afford it?

However, I remain very optimistic about the future of this province and this province's two major cities. I still firmly believe that both major centres will achieve populations of a million and a quarter each within the first decade of the 21st century. With this in mind, as soon as prosperity returns to Alberta, I personally feel it would be wise and prudent to proceed with LRT and major road building as planned by the transportation people of both centres.

Thank you, Mr. Speaker.

MR. JONSON: Mr. Speaker, in addressing this motion I know that some of the things I'm going to say have been stated before, but I'll try to keep my remarks brief and perhaps just summarize some of the things as I see them having been said. I'd like to start by saying that I think we've reached the point where we are raising many of the worries and concerns that might come out of implementation of the direction of the proposed motion. I think we should return to some of the benefits that are inherent in what it's directing.

Certainly there is a need for futuristic planning, a more balanced transportation system in our urban areas, and a

shift away from roads to the use of rapid transit and light rail transit. And I think there might be some other alternatives implicit in the motion. I note that in one of the documents I was looking over, there is a rather exciting offshoot of this whole development, in that Alberta might very well be a manufacturing and exporting area for the technological expertise that will arise through our leadership in light rail transit.

Mr. Speaker, much of the debate seems to revolve around the matter of looking at priorities, particularly in view of a slowdown in growth and consequently a lessening in population growth. At present, I must say that I think traffic moves rather well in Edmonton and Calgary, compared to cities of equivalent size throughout Canada, North America, and the world. I know that the Calgary or Edmonton commuter, isolated or stopped somewhere for an hour or two because of an accident or some construction, would take great issue with that particular statement. Generally speaking, I do not think we are at a crisis point in the movement of traffic in these two cities. However, I would acknowledge, as I think the motion indicates, that now, at a point when we are not in a crisis situation, would be a good time to put some effort into planning and perhaps, if we can afford it, some money to follow.

There are some questions, though, that I think we've got to be reminded of, Mr. Speaker. First of all, there's the whole question of the efficiency of existing transportation systems. Are we utilizing our roads, our transit bus systems, and so forth, as well as they could be? There is also the question surrounding the efficiency of light rail transit, which has been focused on in much of this debate. Will it pay its own operational costs? I doubt if anyone expects that the initial capital costs are going to be repaid by the revenue from LRT, but certainly it should ultimately come near or hopefully realize a profit on its day-to-day operations.

When we talk about efficiency, there is also the question: will we see a consequent reduction in the need for requests for road aid for the urban centres? Is the LRT cost just going to be layered upon the requests for additional roads that are continually coming in from all over the province? Will there be any lessening in the requests for provincial aid for other projects, some of which were referred to by a previous speaker?

Perhaps, Mr. Speaker, the really big question surrounding requests of this type is the whole matter of trying to address the need for a change in public attitude in terms of the way they use our transportation systems. One thing that bothers me about looking at additional systems is: is this going to mean that we now have three choices instead of two as to what we decide to use when we go to work in the morning in an urban or rural centre? Do we use the bus, our car, or the LRT? It might be decided on the basis of our mood, the weather, or how the family budget is sitting at that time of the month. I think we have to get people to focus on one or, if need be, two systems of transport within a city and use them. I'm not saying, though, that all attitudes in the urban centres need to change.

I was listening to the debate on the school bus system which operates in the province, picks up children at practically every doorway and, on many days of the week, operates at about 50 per cent capacity. Around most of the high schools and, to some degree, the junior high schools, you have perhaps 200 or 300 privately owned vehicles transporting students to school purely as a matter of convenience. It's something that both rural and

urban areas have to look at in terms of more efficiently using our transportation systems.

Mr. Speaker, there are some additional changes that might help the whole transportation situation. Perhaps we should be looking at things such as staggering the work hours of our various offices and businesses so the population doesn't hit the street at that key time in the afternoon, around 4:30 to 6:30, and at the same period in the morning. I won't go through all the other alternatives, some of which have been mentioned, concerning better urban planning, the location of densely populated areas in cities, and so forth.

I'd like to conclude my remarks by saying that if there has to be a priority — and there certainly does — in the area of transportation in the province, I think it has to go into the roadways and other transportation support services needed for the industrial traffic of the province. It seems to me that that area is lacking. Whether we're talking about the farming, forestry, oil, or manufacturing industries of the province, we have to look at reducing costs, saving time, and reducing wear and tear on equipment. As far as I'm concerned, that is the priority area. There have been suggestions of ring roads, improved industrial access in cities, and roads throughout the rural communities and industrialized parts of the province. If we put our priority on that and have the best possible transportation system for that sector of our province, I think we'll have a healthier economy and be better able to pay for the LRT and various other systems that might come forth in the future.

Thank you.

MR. ANDERSON: Mr. Speaker, I'm glad to participate briefly in this debate. First, I'd like to congratulate the Member for Calgary Buffalo for raising this important topic. Over the past four years, it's been discussed in this Legislature from time to time. I think we have to continue discussing it, because it is an important priority for the city of Calgary and, indeed, the city of Edmonton.

Recently I had an experience in the city of Cairo, Egypt, which led me to understand that our traffic congestion problems in Edmonton and Calgary are minuscule compared to other places in the world. When you've been sitting in a traffic jam for three and a half hours — camels, donkeys, and cars — you realize there's a long way to go before we're at a crisis point in this province. However, having said that, I believe light rail transit in particular — though this resolution doesn't deal only with that — is a priority which needs to have a high place in our spending programs in future years. It's my belief that we never want to become a Cairo. Indeed we want to plan for the fast movement of our people through the two large urban centres in this province. And that planning should take place at an early stage.

I appreciate the remarks brought forward in this debate — a very good debate — with respect to the need for enhanced transportation systems in other parts of our province, as well as the excellent remarks just made by the Member for Ponoka, who stated that we need to make sure that if you're providing a system like light rail transit, it's not just one of three choices you have in the morning but indeed an efficient system moving people quickly through the core of a city.

I also appreciate the funding difficulty this province is in now, comparable with many parts of the world. But a difficulty we have at this time — and the position of the Provincial Treasurer and the Minister of Transportation — is that further provincial funding, on top of what has

been very significant funding in the past, is not possible for this year. As a Calgary MLA, even though my constituency would not be affected in the immediate future by the expansion of LRT, I believe it is a high priority and one we have to consider seriously not just for individuals in the two large urban centres but for all the province. It is in all our best interests if people and goods move efficiently and effectively through those two centres of commerce in the province.

In coming years, when considering priorities for the province, I think we will need to consider that again in light of what our economic circumstances will be. I think we had an excellent debate today and on the previous day this was discussed. I'd like to see us assess priorities over the next year and see what happens with next year's budget with respect to such possibilities. I know there are other members who would also like to participate in this debate in the future. Mr. Speaker, I move that this debate adjourn until a future day.

MR. ACTING DEPUTY SPEAKER: Having heard the motion to adjourn the debate, are you agreed?

HON. MEMBERS: Agreed.

MR. ACTING DEPUTY SPEAKER: It is so ordered.

202. Moved by Mr. Hyland:

Be it resolved that the Assembly urge the government to explore and work towards the development of improved private sector short-run and intermediate agriculture credit instruments for Alberta farmers.

[Adjourned debate March 17: Mrs. Cripps]

MRS. CRIPPS: I'd like to briefly recap the debate, Mr. Speaker. One of the highest costs of agriculture today, as in any small business, is the cost of credit. Maybe the motion should be addressed to all small businesses, instead of just agriculture. The motion is specifically directed to the production credit association concept. The principle of that is a self-help type of credit, whereby bonds are made available to investors willing to invest in agriculture. As I said, maybe small business should be included in the motion.

Returns on the bonds may not be as high as more risky investments, so it would be loaned at a lower rate. Agricultural loans have had an excellent record of repayment. In order to have the mechanism production credit effective in providing medium- and long-term loans at low interest rates, changes would have to be made to the federal Income Tax Act. The proposal is to enable farmers to invest in production credit associations and defer capital gains tax until the money is withdrawn. The lender would appear to accept a lower return, but he does not pay the up-front capital gains tax and so would benefit in the long term. The borrower would also benefit, because he could borrow at lower rates. That's just a brief recap of the debate thus far. I urge members to read it, as there are many points about the cost of agricultural financing which I did not touch upon.

As I said, Mr. Speaker, the most important factor in the success of a business operation today is financing, and agriculture is no exception. A major expense of farming is not only the cost of money but the uncertainty of what that cost may be. When money was borrowed at a fixed rate of interest for the term of a loan — and thank heavens, we started then — a farmer could make a

judgment decision on whether or not he could afford it. But when interest rates began fluctuating and jumped from 7, 8, 10, 14, and even 24 per cent, no business could make a decision based on the cost of money. There simply is not the cash flow in agriculture to compensate for interest rates over 12 per cent. Quite frankly, Mr. Speaker, there isn't a business in Alberta that can make judgment decisions based on fluctuating interest rates.

I have some grave concerns about the amount of outstanding debt in agriculture. The total short-term debt is \$622.8 million, the total long-term debt is \$1.79 billion dollars, and the total intermediate-term credit is \$883.3 million, for a total debt of \$3.4 billion. The cost of servicing this debt comprises about 20 per cent of farm operating costs.

Mr. Speaker, there is more pressure on the government to increase the upper loan limit of ADC, which is \$200,000. Farm Credit loans are \$350,000 for a single farmer and \$600,000 for two farmers. It's time that all businesses, including agriculture, realize they cannot borrow themselves out of debt. Just take a look at the cost: \$200,000 at 12 per cent interest is \$24,000 a year. Even at 6 per cent interest, it's \$12,000. Mr. Speaker, if we sold our entire farm, with the herd included, we couldn't pay \$24,000 interest on that debt and come out. The \$350,000 Farm Credit loan at [13.25] per cent is \$46,375 in interest per year. Many farms in Alberta don't make that gross, let alone net, to pay the interest.

I'd like to talk about the cost of debt. I did some research on amortization. If you borrow \$200,000 at 12 per cent and pay it back over five years, the repayments are \$53,376. If you amortize that same \$200,000 over 10 years, the repayments are \$34,440. You save \$19,000 by amortizing it over a five-year period. But let's go to 15 years: the amortization is \$28,800, for a saving of \$6,600. You pay for five extra years. If you go to the 20-year repayment, your annual payment is \$26,424, and you save \$2,400. So for a saving of \$2,400, you can pay an extra \$26,424 for five years.

I think it's time we took a look at the cost of credit. If you look at the \$350,000 Farm Credit loan at 13.25 per cent interest, and you borrow it over five years, the amortized repayments are \$96,096. Over 10 years, they are \$63,336. So you save \$33,000 by going an extra five years. That's a good saving, and the economics seem to be around the 10-year level. Go to the 15-year level: the payments are \$53,844. You save \$10,000 per year for an extra five years. Go to 20 years and the payments are \$49,932, \$4,000 less for an extra five years of making payments. If you go to 30 years, you save \$2,600 and pay for an extra 10 years. The interest on a \$350,000 loan, amortized over 30 years, is \$1,068,760. Mr. Speaker, I'm trying to illustrate that there appears to be an optimum time to repay a loan. I would just love to go into the information I found on housing loans.

I have a leaflet from a bank that I got in my office the other day. It says that the banks believe in agriculture, so they are going to offer fixed payments with variable interest rates. This will offer the farmer an opportunity to pay a fixed payment over three years. But if you read down a little further, Mr. Speaker:

If interest rates go up, the . . . Bank will get less of its principal paid back during that period. In extreme cases, your mortgage balance could actually end up higher than it was. That's after the three years of payments on the mortgage. The cost of money really scares me. I simply don't know how a young person can go into agriculture today and make the payments

they are purported to be able to make.

Mr. Speaker, I've just outlined the magnitude of the problem in agricultural credit as I see it. I won't go into the mechanics of the production credit association again, as I've already recapped it. But I would like to endorse the principle of agriculture supporting agriculture and urge the government to make whatever changes are necessary to assist the implementation of such a program.

I believe it is in the interests of Alberta agriculture for this government to make representation to the federal government to make the necessary changes which would make it possible for agriculture to develop its own credit lines, thus assisting the farmer by making low-interest loans available, assisting the supply and machinery people because of increased purchasing power, and assisting the consumer by keeping a plentiful supply of low-cost food available — I always like to get that in.

There is one other source of self-help revenue which would benefit farmers and the government alike. The cattlemen have suggested an income-averaging trust account. The principle would be to allow cattlemen to put money into the trust account in good years without paying income tax on it in the year of deposit, and withdraw those funds in low-income years, paying tax in the year of withdrawal. This would require a change in the federal tax Act also. It would also have the effect of stabilizing the market near the end of the year, because farmers would use this method of reducing income rather than buying cattle. It would also be self-supporting and self-sufficient. The real benefit would be that since the trust account withdrawals are added in as income in the low years, this would level out the drastic slumps and would result in a more stable agricultural income level. Hopefully, we would have less pressure for subsidy programs.

Mr. Speaker, I entered the debate because of the magnitude of the problem. I know how important credit is. Almost every farm in Alberta operates using some credit. In 1979 the average debt was \$40,000. At 6 per cent, that was feasible. Today the average debt is \$60,000. At anything over 10 per cent, the borrower needs to have a high income in order to be able to pay the interest alone. I believe we should be seriously considering the alternatives of five-, 10-, 20-, and 30-year mortgages, and the lender should make that information abundantly clear.

Mr. Speaker, as I said, quite frankly the amount of indebtedness of these young farmers scares me. In agriculture there is simply no guarantee of return whatsoever. Recently that's probably been true of all small businesses. I would urge the government to support any initiative which will improve financing stability for all small businesses, especially self-help proposals which will provide agricultural financing for agricultural sectors.

Thank you.

MR. FISCHER: Mr. Speaker, I'm pleased to participate in the debate on Motion 202. I'm not going to be quite as full of numbers as the hon. Member for Drayton Valley.

This motion asks us to explore and work towards improved private-sector short- and intermediate-term credit for Alberta farmers. I'd like to congratulate the Member for Cypress for placing this motion on the Order Paper. The agricultural industry is looking for alternative methods of credit financing, because in the last 10 years farm interest expenses have increased 600 per cent and farm input has only increased 260 per cent. The hon. Member for Barrhead pointed out that interest costs as a



percentage of total farm expense increased from 7 per cent in 1960 to 23 per cent in '81. This was a result of higher interest rates and the increased credit used by farmers as they substitute labor for capital.

Mr. Speaker, Alberta producers are competing in a difficult and changing world market. To be successful in the '80s, farmers will have to increase their efficiency and be flexible enough to implement new technology as it becomes available. This requires access to increasing volumes of credit at competitive rates.

One reason I strongly support this resolution is that it encourages the private sector to become more active in agricultural credit. I think we can all agree that the private sector should be looked into as the best-suited supplier of short- and intermediate-term credit. A fresh shot of competitive private alternatives are needed; not more government regulation but a loosening of regulation, less taxation, and encouragement of private funds into the industry. The federal and provincial governments both have some very good long-term farm credit programs. But they do not and cannot be expected to meet the wide variety of credit demands shared by the industry.

Mr. Speaker, our government has been aware of these agricultural credit concerns for some time. In November of 1981, a subcommittee of the beef and sheep commission was established to look at ways and means of providing agricultural credit. This subcommittee saw several criteria for a successful commercial credit system. They included: one, the availability of funds based on a producer's projected net income, repayment capacity, and security and credit record; two, flexibility in the timing of repayment — farmers have had a history of being good credit risks and should be given every chance to pay back their loans when their net income is highest; three, predictability in the level of the interest rates; four, innovation in service and efficiency in terms of transaction costs; and five, a high degree of farming knowledge by both borrower and lender. With these criteria in mind, the subcommittee looked worldwide at alternative agricultural financing methods and found that the American system of production credit associations had the greatest potential for Alberta producers.

Other members in previous debates have outlined how production credit associations operate. Mr. Speaker, as I see it, the main advantages of PCAs are, one, competitive or lower interest rates. Two, interest rates are pooled by the central finance portion of the production credit association and consequently are less subject to rapid fluctuation. Three, farmers are serviced by an organization whose only business is loaning to farmers.

The hon. members for Barrhead and Cypress outlined the potential advantages which changes in tax laws could present to this system, both in areas of attracting investment and in channelling capital gains back into agriculture. However, it is my understanding that an Alberta production credit association could function quite effectively without tax concessions. In my mind, changes in tax laws are a luxury option to what is a very efficient and reliable credit vehicle.

I believe previous speakers have clearly indicated the need for more agricultural credit alternatives in Alberta. I'm equally certain that the production credit system we have outlined could play an important part in filling this need. The adoption of the Alberta production credit association could be a viable way to supply credit to farmers. I think more work should be done looking into costs and the application of this system in Alberta. I think the farm support is there. We'd also need a full

government commitment and some changes in legislation to allow the legal right to let these groups accept securities, issue bonds, and generally supply all forms of credit to agricultural industries. There would also be some need for seed money to help each credit association build some capital reserves.

Mr. Speaker, Motion 202 has brought many interesting private-sector innovations for ag. credit. More study into these proposals is required. I think we can all agree to that. They all seem to have merit and deserve a closer look. Agriculture is the key industry for Alberta. It directly and indirectly employs more Albertans than any other sector of the economy, and anything we can do to secure the industry, especially through stimulating the private sector, is a good step.

The operation of improved private-sector credit systems is important in light of two recent developments in particular that affect the Alberta agricultural industry. First, as you know, the Alberta government is committed to the pay-the-farmer solution to the Pepin proposal. With the successful implementation of this proposal, Alberta agriculture will diversify and experience growth of secondary process industries. This will require substantial amounts of capital from lending institutions that are capable of understanding the changing environment. The second issue, which is of concern to cattlemen, is the number of stabilization programs in other provinces to help their cattle industries.

Mr. Speaker, I feel we've introduced a means by which producers can stabilize their incomes without the use of government programs. The increased availability of capital, with greater agricultural knowledge that would result if production credit associations were set up, would go far in stabilizing producer incomes without government intervention. I strongly endorse this resolution, and I hope a closer look is given to the credit innovations that have been proposed in this debate.

MR. PENGELLY: Mr. Speaker, it's a pleasure for me to join in debate on Motion 202, proposed by the hon. Member for Cypress. My speech is gleaned from a meeting I had with the subcommittee of the Cattle Commission and a report issued by the finance committee of the Alberta Cattle Commission and the farm business management branch. Because of the vagaries of weather, prices, markets and, lately, interest rates facing farmers, there appears to be a need for private-sector lending production credit for agriculture. This non-traditional credit system would add a needed stability.

Historically, our cattlemen have enjoyed comparative advantages over most beef-producing areas in Canada. We've got all the natural advantages. We have the land base, high-quality grasses and feed grains, an ample supply of good water and, in some parts of the province, a weather advantage. The weather advantage includes such things as a dry atmosphere, dry feedlot conditions, and extended winter grazing. As a result of all these natural advantages, Alberta has assembled hardy breeding stocks. Most important of all, we have a choice group of cattlemen, unequalled anywhere in Canada.

Mr. Speaker, the North American demand for beef has decreased over the past years, and this trend may not be over yet. Inflation has been a major contributing factor, but vegetarianism, meat substitutes, and diets are also important and perhaps growing contributors. As a result, there are those who caution against an aggressive expansion of the cattle industry that could be stimulated by cheaper and more available credit. Nevertheless, Mr.

Speaker, private-sector credit is needed now to help the industry. Government credit systems have been accused of inflating land prices. Government programs tend to specialize in long-term credit, which limits the security available for short- or intermediate-term financing. It is also said that these government credit programs tend to support the lower half of the spectrum.

Mr. Speaker, there are other reasons for considering private-sector credit. A recent survey conducted by the Farm Credit Corporation indicated that the average farmer equity in his total farm assets was 90 per cent. This indicates that farmers as a group have a great deal of security available for additional borrowing. The demand for credit in agriculture has continued to rise in the last 10 years, despite a substantial increase in the cost of credit. But the variation in interest rates within a year has had tremendous impact on farmers' budgets, especially in 1980 when the variation was over 50 per cent. There's also a multiplier effect on interest costs when both borrowed operating funds and interest rates increase, especially in 1980 when the variation was over 50 per cent. For example, for [\$50,000] borrowed at 12 per cent for one year, the interest payments are \$6,000. For \$100,000 borrowed at [24] per cent, the interest is \$24,000, which gives a quadrupling effect.

The effect of increases on farm input costs — they increased 26 per cent from 1971 to 1980 — along with high interest rates, has produced a 600 per cent increase in interest payments from 1971 to 1980. This is a further indication of a need for production credit with lower, stable interest rates. In 1970, interest costs ranked fourth in farmers' major cash expenses, and were 40 per cent of farm machine costs. By 1980, interest costs were second only to machine costs and 80 per cent of the prairie farmer's machine costs. It points out again, Mr. Speaker, that farmers, who have to take what they get for their products — they call them price-takers — and face a long production cycle, are extremely vulnerable to the combined impact of increased borrowing along with high, fluctuating interest rates.

To overcome this, Mr. Speaker, a farm credit system in the United States could, with some changes, be adopted by Alberta. The highlights of the United States system, as applied to Alberta, include ultimate farmer ownership and control; funding through the money market and through the public sale of farm credit bonds; provision for short-, intermediate-, and long-term credit; decentralizing the lending function and separating lending from funding; lending organized on an enterprise or geographic basis; objectives designed to serve the credit interests of farmers, with profits returned to the farmers; and a government support requirement only until the system becomes established and self-sustaining.

Mr. Speaker, I think this is a unique opportunity for farmers to have some control over agricultural input, operated in their interests as opposed to the interests of non-farm institutions. I urge all members to support this motion, and urge the government to set up a task force to look into the feasibility of production credit.

Thank you.

MR. MUSGROVE: Mr. Speaker, first, I would like to congratulate the Member for Cypress for introducing such an important motion. Agriculture is fast becoming the number one industry, and I think in the very near future it will be the number one industry. As I have said many times, we've barely scratched the surface of our ability to produce food in Alberta, providing the markets

are there at a price that's something above the cost of production. Price is dictated by the world market, so we have to look at the cost of production.

In the past few years interest rates have fluctuated, but in 1981-82 they were the highest since 1935 and took up 20 per cent plus of farm production costs in Alberta. The farmers in Alberta have made substantial gains in their efforts to improve their efficiency. For example, less than 5 per cent of Canadians actually produce all the food requirements of Canada, compared to many times that a few decades ago. At one time, our farm land investments averaged \$19,000 per farmer. That was in 1961. Presently they're over \$200,000 per farmer.

Total farm operating expenses have increased 480 per cent since 1971, while the prices of products have not increased substantially. For example, in 1974 a bushel of barley was worth \$2.20, and in 1982 it was worth \$2.35. Considering the increase in input costs, that's a very minimal increase. Even with the farm fuel benefits from the Alberta government, operating a 100-horsepower tractor for a 10-hour day in 1972, less the cost of the operator, cost the equivalent of 28 bushels of barley. In 1982, operating a 100-horsepower tractor for a 10-hour day, less the cost of the operator, cost 53 bushels of barley. That's a 90 per cent increase in the operating costs of that tractor.

I have heard some concerns from the bulk-fuel dealers along the United States-Canadian border, and I did some research on them. I find that although we are competing with United States agriculture, our input costs are significantly different. Even though we have the farm fuel benefits from the Alberta government, the bulk dealers are saying that Canadian farmers are going into the United States and buying farm fuel at a considerable saving. My research shows that if you take a 500-gallon farm-truck slip tank into the United States and bring it back full of diesel fuel, you will save close to \$100. Of course that verifies the bulk dealers' concern.

[Mr. Speaker in the Chair]

In the same research, we have some concern over the cost of fertilizer. I would like to read you an excerpt. As of November 1981, there was a worldwide glut of phosphate fertilizer, due partly to high cost to the farmer. That means that the dollars and cents in applying fertilizer didn't counteract the goods you got out of it, so the farmers weren't buying it. Oversupply created a highly competitive market and forced prices down in the United States. Canadian producers lowered their prices to the U.S. consumer in the hope of retaining their market share. Alberta farmers became aware of this situation and local salesmen began selling U.S. fertilizer, which was produced in Canada, to southern Alberta farmers at approximately the U.S. price. However, it is illegal to deliver fertilizer in Alberta if the customs declaration says it is designed for the United States.

The problem thus remains: it is cheaper for Alberta farmers to buy Alberta-produced phosphate fertilizer in the U.S., pay the difference in currency, pay the dealer markup, and pay the truck to haul the fertilizer back to Canada, than it is to buy the same product in Alberta. The price differential between the Canadian- and U.S.-sold products is noted as high as 40 per cent. On the average, however, Canadian phosphate fertilizer is 15 to 20 per cent less expensive to buy in the U.S. than in Canada. I'd like to point out, Mr. Speaker, that the Alberta or Canadian farmer is competing on the world

market with the U.S. farmer for the product he sells from the use of that fertilizer.

The thing we have to do is stabilize our production costs, and credit is one way of stabilizing production costs. We have some provincial and federal loaning agencies for long-term credit in Alberta, as was pointed out by other speakers. But we don't have anybody, outside of the banks, that looks after operating credit. They're subject to the banks.

In the United States we have a form of credit. If I could be allowed to read an excerpt out of a United States paper, it says: production credit associations are a viable method of assuring short and intermediate credit to farmers in the U.S. The success of these institutions has been due to total dedication by government and the agriculture industry to farm-owned co-operative credit systems. The development of this intricate system took roughly 35 years of natural evolution into the present system of autonomous productive credit associations with controls over the federal international banks.

Mr. Speaker, this is the way production credit works in the United States. In Canada production credit could have a lot of possibilities, such as financial input by the private sector, especially if some tax concessions were to be arranged. It was pointed out to me by the Alberta Cattle Commission — and through experience, I can accept this — that there is a problem with people who want to bury some tax money at the end of every taxation year. They go to the market place and buy some breeding stock they don't really want, but only to use up some tax money over to the next year. By doing that, they distort the market. They probably keep these cattle until February, and then they put them back on the market and distort the market again.

If these people were allowed to buy an agricultural bond and get the same tax benefit as they do by buying the cattle, and if they were to be paid a minimal amount of interest on this, that money could be available to loan back to the industry at minimal interest. The administrative costs should be fairly low, because the chartered banks hire high-priced people to administer credit, and this would be handled by a board or directors that comes right out of the farm industry.

Retiring farmers could provide funds for retirement through the agriculture development bonds, which could be the taxable portion of their capital gains. In other words, we're saying that if a person decides to retire, without proper planning up to 80 per cent of his total assets could go into the federal Treasury. There have been ways through the ages, and one of them was the basic herd in the cattle industry, which was discontinued in the early 1970s. Then they had the possibility of a person spreading his retirement tax five years forward and five years backward. That was discontinued. What is suggested by the credit system is that he be able to buy an agricultural bond, spread it over many years, and pay the tax on it as he takes the money out for his retirement benefits.

The machine and fertilizer companies would also benefit because of the additional buying power that would be formed by production credit. I see a parallel in the feeders' associations that were established in the '60s. There were no tax concessions but, by borrowing money in large amounts, they got it at a preferred interest rate and then were allowed to lend it back at something less than the current interest to people wanting to buy feeder cattle for a feedlots.

Mr. Speaker, farmers are generally free-enterprise peo-

ple. They're always looking for a way to improve their efficiency. Here's a way they can decrease their farm input costs. I think we should support this motion. In closing, I believe we should commend the Cattle Commission and the Western Stock Growers' Association for the amount of work and research they did on it.

Thank you.

MR. ALGER: Mr. Speaker, I'm pleased to rise in this debate this afternoon and speak to Motion 202 from an affirmative point of view. At a meeting I was invited to in Brooks one Sunday afternoon not long ago, I was awakened to the fact that the ability to form a production credit association is actually the case in some areas of the northern United States. I was more than pleased to discover that these ranchers who invited us were extremely well informed on the subject of production credit, and disclosed to us in no uncertain terms how beneficial one of these associations could be, especially to the cattlemen and farmers of southern Alberta. I was also delighted to discover that by their very upbringing, farmers and ranchers are strongly inclined to pay their bills, be they bank bills or otherwise. In short, the industry is very aggressive in handling its affairs in a businesslike and workmanlike manner.

The percentage of farm loans lost to the banks is so low in comparison to the money they have expended that it hardly needs mentioning. But bankers have really been making it tough in recent years, as interest rates in their institutions have risen to phenomenal heights. In almost all businesses, let alone farming and ranching, servicing the debt load takes more money than the business, the farm, or the ranch can provide, and bankruptcy rears its ugly head a lot more often than it used to.

Mr. Speaker, farming and ranching is a pretty tough racket. It always was and always will be. In this day and age it's actually tougher than ever, and let me tell you why. In the first place, to get into agriculture one must either be a millionaire to buy the necessary land, or one must inherit it. Land values in this province, while not completely out of context, are so high that the value of the product less the cost of operating would take 100 years to pay for the place. I won't go into statistics; you've heard them all already. But let's say you've made arrangements to go farming and everything you own is in the pot. Come spring, you go in to arrange for your operating loan. Dandy. Now the farmer can buy his seed grain, pay to clean it, get his land ready, seed the land, watch it start, spray it for weeds, insure the crops against hail and drought, build fences, poison the predators, pay the help and the fuel bills and, generally speaking, take it easy till fall. Nothing to it, Mr. Speaker. At this point, not one dime of income has come in.

Finally, fall rolls around. Get out the combines and the swathers; get the grain augers, the granaries, and the grain trucks ready; hire more people; buy more fuel; hope for good weather; and get after it. In about six weeks, weather notwithstanding, the product from the sweat of his brow should be in the bin. And, Mr. Speaker, for the next six months that's exactly where it will stay. The allowable grain sales he makes can barely pay for his groceries, clothing, and other ordinary bills around the farm. Spring is coming again; he's had his operating loan for over a year, and he needs another one. That's where interest on your money makes your head swim. You can't, for the moment at least, pay the banker until at least late July, and interest on interest gets tougher than ever.

I've spoken long enough, Mr. Speaker. Needless to say, production credit associations as outlined by my colleagues would be more than acceptable and fashionable in the agricultural world. I, for one, heartily endorse the idea and hope our government will too.

Thank you very much for your time, Mr. Speaker.

MR. GOGO: Mr. Speaker, as one of those members who doesn't either profess to know much about agriculture or live in an agricultural area, I'm extremely pleased to hear the Member for Highwood give a free-enterprise speech.

I often wonder who makes people pay the price they do for land. I don't know why it is, but it seems to me that if one compares practices in other parts of Canada with those in Alberta — for example, Nova Scotia assesses farmland at market value and they're still farming — we in Alberta, depending on who you talk to, seem to quite complacently accept the principle that those in cities pay from \$25,000 to \$75,000 for a building lot and all the services, and then pay someone \$2,000 or \$3,000 a year in property taxes. That's okay. But when we see our rural friends — who, I submit, are very important to the economy — paying next to nothing in carrying costs through the process of taxation on the land and still are able to pay three, four, and five times the selling price in what the land produces, turn right around and insist that government of some kind, either through the Farm Credit Corporation or the Alberta Agricultural Development Corporation, come up with money to increase the cost of land even more, then I naturally have some questions as to where the pragmatic economic approach to farming is.

Again, I agree with the Member for Highlands, who sponsored this motion, on many aspects of his discussion. It just seems to me that ...

AN HON. MEMBER: The Member for Cypress.

MR. GOGO: The Member for Cypress. I appreciate that correction. Who knows? This is the year of redistribution; it could be the constituency of Highlands. Stranger things have happened.

Yet after all is said and done, Mr. Speaker, one only has to try to get on one of the trips to Hawaii to find that, in fairness, the agricultural society is well represented aboard those aircraft.

AN HON. MEMBER: It's us old fellows, John.

MR. GOGO: Well, it may be.

But it seems to me that until we adopt some of the policies — for example, California assesses farmland at

its sale price. We don't do that in this province. It seems to me that we continue to encourage the very practices that tend to drive up the price of farmland. And once that's up, we say the young farmer can't afford to farm. Mr. Speaker, I think reality tells us that credit costs are significant costs. It's coming to the point where one is either going to have to make a decision to buy land and lease equipment, or lease land and buy equipment. It's just not possible to do both.

I feel extremely sorry for those members who have farmed all their lives and are land poor. There comes that day of reckoning when they sell out for substantial sums of money and then of course have to share that with the government of Canada in the form of a capital gains tax. [interjection] I hear members say it's not fair. It's never fair. Today in question period, in response to a question from the Member for Edmonton Norwood, we heard that the average pay for government employees is \$24,000. It would be a nice time to have MLAs' salaries up to the same level. But all things are not possible all the time, and we have to take the time to see that perhaps some of these things are addressed.

Again, I would like to commend the Member for Cypress, who is well in tune with farmers in Alberta, for bringing forward the resolution to somehow make some provision for lower credit costs to farmers. I simply point out, Mr. Speaker, that when you go into a bank and intend to get a return on your money in the form of rent to pay for your expenses in the future, you want the maximum return. In turn, the bank has to mark that up 2 or 3 per cent and rent it out to somebody else, or they can't do it. I submit that unless the depositor is prepared to take a lower rate of return, it's just not practical to expect lower rates to be charged to farmers.

Thank you.

MR. R. MOORE: Mr. Speaker, I take note of the time. I beg leave to adjourn.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. HORSMAN: Mr. Speaker, by way of information, it is not proposed that the Assembly sit this evening. Following Orders of the Day tomorrow, in Committee of Supply we would deal with the Department of Education, perhaps followed by the Department of Culture.

[At 5:29 p.m., on motion, the House adjourned to Wednesday at 2:30 p.m.]