

LEGISLATIVE ASSEMBLY OF ALBERTATitle: **Tuesday, April 3, 1984 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF BILLS****Bill 206
Retail Business Holidays Act**

MR. MARTIN: Mr. Speaker, I beg leave to introduce Bill No. 206, the Retail Business Holidays Act.

The Bill is substantially similar to the Bill introduced under the same name last year by the hon. Member for Stony Plain. With some exceptions, it provides that major retail businesses shall be closed on Sundays and all statutory holidays.

[Leave granted; Bill 206 read a first time]

head: **TABLING RETURNS AND REPORTS**

MR. CRAWFORD: Mr. Speaker, I'd like to table copies of the 10th annual report of the Alberta Law Foundation.

MR. BOGLE: Mr. Speaker, I wish to table with the Legislative Assembly the 10th annual report of the Alberta Educational Communications Corporation, for the fiscal year ended March 31, 1983.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. R. MOORE: Mr. Speaker, today it's again my pleasure to introduce to you 50 grade 6 students from the J. S. McCormick school in Lacombe. They are accompanied by their teachers Norman Start and Margaret McLaughlin, and by parents Ruth Johnson, Mr. and Mrs. Darrel Neal, Sharon Dilworth, and Joyce Witherspoon. They're seated in both the members and public galleries, and I now ask them to rise and receive the warm welcome of this Legislature.

MR. OMAN: Mr. Speaker, it's my distinct privilege today to introduce a group of ladies, I think as fine a group as has ever graced our Assembly. They come, 49 strong, from the Women's Canadian Club of Calgary. I wish I could say they were all from the constituency of North Hill. With a group like that, I could be elected in perpetuity. But they're from all over the city and its environs, and I'd like them to stand and receive the warm welcome of the House.

MR. DIACHUK: Mr. Speaker, it is my pleasure today to introduce to you and to members of the Assembly some 56 grades 5 and 6 students from Sifton school in the constituency of Edmonton Beverly. They are seated in the public gallery, accompanied by teachers Miss Victoria Archer and Mr. Steve

Shamchuk. I ask them to rise and receive the welcome of the Assembly.

head: **ORAL QUESTION PERIOD****Lubicon Lake Land Claim**

MR. NOTLEY: Mr. Speaker, I'd like to direct the first question to the hon. Minister of Municipal Affairs, with respect to the gathering yesterday concerning, among other things, land tenure. Is the minister in a position to advise the Assembly whether or not the government's land tenure program has either been modified or suspended as it relates to the people of Lubicon Lake, in particular the residents of Little Buffalo?

MR. KOZIAK: Mr. Speaker, the land tenure program has provided, and is in the process of providing, lots and other services in the communities in the green zone of northern Alberta. They have completed their work in the Little Buffalo area. They're still in progress at Conklin and Sandy Lake and, I think, about to start at Janvier.

MR. NOTLEY: Mr. Speaker, a supplementary question, a follow-up to one I posed yesterday. Could the minister advise the Assembly how many of the residents of Little Buffalo have responded to the tax assessment issued by the province last fall?

MR. KOZIAK: Mr. Speaker, I don't have that information before me.

I'm sure that when framing his question, the hon. Leader of the Opposition will want to indicate what he means by the word "responded": whether he means paid their taxes, returned the notices of assessment, or something else.

MR. SPEAKER: In any event I suggest it belongs on the Order Paper.

MR. NOTLEY: We'll put it on the Order Paper. But I think the minister knows what the answer is, and the response has been by Conservative government standards.

MR. SPEAKER: Order please. That is not an appropriate comment, and the hon. leader knows it.

MR. NOTLEY: Could I pursue the question, Mr. Speaker . . .

MR. MARTIN: Touchy, touchy.

MR. NOTLEY: Surprisingly so.

Mr. Speaker, could I ask a supplementary question of the hon. Minister responsible for Native Affairs, again concerning the Lubicon question in particular, but a general question on the government's policy concerning native affairs. Can the minister advise the Assembly of the purpose for reviewing its policy on mineral rights with regard to Alberta land settlements?

MR. PAHL: Mr. Speaker, I would indicate that I think it's important for any administration to review its policies on whatever front. Certainly I would indicate to the hon. leader that the review is limited not simply to the mines and minerals issue but to the full land claims policy and the mechanical or administrative procedures, if you will, as well as the policy. So it is part of a full review, and I think it's simply a matter of reviewing one's policies from time to time. That's the general answer.

MR. NOTLEY: Interesting. Mr. Speaker, given the practice right across the country of transferring mineral rights along with lands transferred to natives pursuant to land settlements, could the minister advise the Assembly why this government has decided to look at the question of mineral rights separately from transfer of land?

MR. PAHL: Mr. Speaker, I don't believe that's the case. It's part of our interpretation of our responsibilities under the Natural Resources Transfer Agreement. It could be that other colleagues may wish to supplement the response. I don't think it's a matter of being separate; it's part of the whole land transfer under the Natural Resources Transfer Agreement. So I don't think it's separate.

MR. NOTLEY: I couldn't agree more. It's not separate; it should be part and parcel of the same thing. That's why I'm asking the minister whether, before the government decided to look at the question of separating mineral claims from land claims, he conducted a personal review of the practices in other provinces.

MR. PAHL: Mr. Speaker, I haven't conducted a personal review of the practices in other provinces. My responsibility lies with this province. I was concerned, as I am sure are all of my colleagues and Albertans, that we should take a fresh look at outstanding land claims, some of which have been outstanding for a long, long time, to see if there is something we can do to bring those forward. That is the purpose of the review.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. With respect to the separation of the matter of mineral rights, has the government examined the option of cash settlement in lieu of mineral rights transfer in its process of review?

MR. PAHL: No, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, a supplementary question. Could the minister tell the House whether or not his department has compiled any assessment of the potential revenue in the Lubicon Lake area; whether or not the Native Secretariat or any department of the government has obtained any information on the potential revenue at stake?

MR. PAHL: Mr. Speaker, I'd have to take that question as notice.

MR. NOTLEY: A supplementary question. As the minister, the busy little beaver, goes and obtains this information, perhaps we could narrow it down and ask whether or not he or the government have in their possession any information on the potential revenue in the proposed 25 square mile settlement offer made by the federal Minister of Indian and Northern Affairs.

MR. PAHL: Mr. Speaker, I have to say that I haven't taken a lot of time with that offer. Not only does it have problems in its oversimplification, it could well be that the members of the community may indeed not want that particular acreage. It hasn't been a direct personal focus of mine, with respect to that specific area, because I haven't had the communication and dialogue with band members and the federal government that I think is necessary with respect to the area. I would have included that question in the notice I have taken with respect

to any assessments of mineral resources and the value of the same across the province.

Mr. Speaker, I would add that over the course of years, the provincial government has forgone something in excess of \$60 million in resource revenues that were not collected on revenue-producing areas in lands transferred subsequent to 1930 to existing bands in the province.

MR. NOTLEY: Mr. Speaker, a supplementary question. Could the minister offer the Assembly some estimate as to the time frame the department now foresees? It's my understanding that the Lubicon Lake people are looking at the validation process. The Indian Affairs people are examining it. The province is examining it. Can the minister offer some time frame as to when the government will be able to formally respond?

MR. PAHL: Perhaps the hon. leader could be clear as to "formally respond" to whom?

MR. NOTLEY: Formally respond in terms of transferring land pursuant to a land settlement.

MR. PAHL: Mr. Speaker, I'd very much like to be able to answer that. But this is at least a three-way process, and I don't control the time clock with respect to the federal government or the Lubicon Band. So I am really not in a position to make a guess.

MR. NOTLEY: Mr. Speaker, fair enough. We are not asking about the time clocks of the two other parties, although I understand that the Lubicon Band is looking at this fall. However, my question to the minister is: at this moment does the government see any impediments as to why there would be any forestalling of a settlement, should the other parties move this fall?

MR. PAHL: Mr. Speaker, I guess I could say, not in my crystal ball.

MR. NOTLEY: Well, we'll hope the minister is right on that one. Although 40 years may still be a ...

MR. SPEAKER: Order please.

AOC Loans

MR. NOTLEY: Mr. Speaker, I'd like to direct the second question to the hon. Minister of Tourism and Small Business. In approving the \$1.25 million AOC loan for the Royal Oak hotel in Whitecourt — not the minister approving it but AOC approving it — could the minister advise what assessment was made on the impact of that new hotel duplicating services provided by existing hotels in Whitecourt, thus causing those hotels economic difficulties?

MR. ADAIR: Mr. Speaker, it should be stated that the loan was approved back in 1980 or '81, I believe. I'm not sure of the date. I would have to check that, but it can be determined.

In response to the Leader of the Opposition's question, the Alberta Opportunity Company, in assessing loans, looks at all aspects of what is called competition, future — the future growth of the community and the need of the community. Of course, those assessments are made by the management and staff of the Alberta Opportunity Company before they approve or decline a loan

MR. NOTLEY: Mr. Speaker, a supplementary question with respect to the decision not to go ahead with B.C. Forest Products, and the AOC loan to the Royal Oak hotel. Could the minister tell the House whether or not, in reviewing the impact of the loan on the competition, the AOC has examined the fact that nine of the 14 hotels in Whitecourt are now in receivership?

MR. ADAIR: Mr. Speaker, the reference to nine of the 14 being in receivership now would not have been a bearing on the decision at the time the loan was made. My understanding is that those nine were either coming on stream, were not on stream, or were in fact operating in the process of getting their funds at the time. We have to separate the nine of the 14 out of active business today, against the period when the Alberta Opportunity Company or any of the other lending institutions may have provided financing to any of the companies or businesses that were going into business at the time that loan was made.

MR. NOTLEY: Mr. Speaker, a supplementary question. As we explore this question of AOC competition to other businesses, could the minister advise the Assembly whether he made any review of the AOC loan to a free newspaper, the *Whitecourt Free Press*, which is providing competition to the *Whitecourt Star*?

MR. ADAIR: Mr. Speaker, I would have to take that as notice and check. I should also point out that most of the loans made by the Alberta Opportunity Company are not provided to me, other than by the means for all the public, by gazetting those loans as they are approved and presented. So if the hon. Leader of the Opposition would give me the name of the company he is asking for the approval of, I will check it out.

MR. NOTLEY: I just have, Mr. Minister.

In the absence of the hon. Minister of Energy and Natural Resources, could I ask a supplementary question of the hon. Premier. Given the problems in Whitecourt, with the decision of B.C. Forest Products not to proceed and the government's decision to cancel that agreement, has the government chosen to exercise its option under section 43, I believe, of the forest management agreement, whereby the \$2 million deposit put up by B.C. Forest Products would be surrendered to the government of Alberta?

MR. LOUGHEED: Mr. Speaker, I would have to take that question as notice on behalf of the Minister of Energy and Natural Resources, and ask him to respond to the hon. Leader of the Opposition when he returns to the Legislature.

Vehicle Registration Program

DR. BUCK: Mr. Speaker, my question is to the hon. Solicitor General. Several weeks ago I asked a question about licence plates, and my phone has been ringing since that time, Mr. Minister. Because of the backlog of applicants, is the minister in a position to indicate if there is going to be a further extension of the deadline to have our licence plates in force?

DR. REID: Mr. Speaker, at this time there's no intention of extending the deadline beyond April 30. When the member asked his question on the last occasion, I took the opportunity to reinforce to Albertans that they should get their applications in promptly, so there would be adequate time. By my understanding, the delays, on average, are well within the two- to three-week margin, so the ultimate deadline for doing it through

the mail is now approaching. There will still be some chance of doing it through the other offices, where the information can be put directly into the system.

DR. BUCK: Mr. Speaker, has the minister had any opportunity to speak to members of his department, to try to encourage licences going out on a regional name basis, as it was previously. If you looked at XYZ, that was possibly Hinton. Have any directions gone to the department to try to get these licence plates and numbers out on a regional basis?

DR. REID: Mr. Speaker, it's my understanding that that was not done at the beginning. Obviously, one could not introduce such a program halfway through issuing the plates. They've mostly been issued sequentially, on an alphabetical basis, and there is no regionalization of the first three letters of the number.

DR. BUCK: Mr. Speaker, is the minister in a position to indicate if he knows if all the notices of registration have gone out to vehicle owners? Has that all been looked after and sent out at this time?

DR. REID: Mr. Speaker, all the notices on private vehicles went out some months ago, or more recently if a person bought a vehicle in the interim. Truck notifications for heavy trucks and special vehicles went out more recently, of course, in view of the fact that the deadline for expiry of their current licence plates is June 30.

DR. BUCK: Mr. Speaker, is the minister in a position to indicate what the reason is for the practice ... This was brought to my attention this morning. A young man had a motorcycle and went in to get his licence. They said: you have to take the old one off; we'll give you a new one with the sticker on — which had exactly the same thing as the old one — and then you will wait for your licence plate. Can the minister indicate what has caused this type of problem?

DR. REID: The description by the hon. member is a bit of a mystery. Perhaps he can give me the information subsequent to question period, and I'll be happy to put it into the system.

DR. BUCK: Mr. Speaker, a final supplementary. Has the minister had an opportunity to look at what economic impact has taken place on the small licensing outlets, in light of the fact that many of the application forms are going directly to the central office here in Edmonton and bypassing the local agent?

DR. REID: Mr. Speaker, I don't have accurate information on the number of people who have gone to the local issuing offices. I think I said before that subsequent to the end of this month, April 30, we will once more be encouraging people to use those private-sector issuing offices. In fact, all future correspondence will list that as the first option, ahead of the mail-in system.

Minimum Security Facility — Alsiike

MRS. CRIPPS: Mr. Speaker, my question is to the chairman of AADAC, in his capacity as chairman. Could the member briefly outline to the Assembly what factors prompted the abandonment of the AADAC facility at Alsiike?

MR. GOGO: Mr. Speaker, the site wasn't abandoned. I should point out that an evaluation was carried out, as with all Alcoholism and Drug Abuse Commission programs, and it was found that there were more efficient ways to deal with the

treatment programs at the place known as Alsiike. I point out to the hon. member that a major consideration was the impact on the local community of the facility no longer operating but, most importantly, the treatment services necessary to accommodate the clients and the staff at Alsiike. I'm pleased to report to the hon. member that accommodation was made for the continuance of employment of the staff at the Alsiike centre.

MRS. CRIPPS: Mr. Speaker, that facility is in the Solicitor General's department, under AADAC. Is the facility still within the Solicitor General's department?

MR. GOGO: Mr. Speaker, the facility has been run by the Alberta Alcoholism and Drug Abuse Commission. As of budget night, Tuesday the 27th, it officially came under the Department of the Solicitor General. I refer the question to him.

DR. REID: Mr. Speaker, it is the intention of the Solicitor General's department to operate the facility at Alsiike, which was operated by the Alberta Alcoholism and Drug Abuse Commission, as a minimum security facility roughly equivalent to the bush camps we have at West Castle, Medicine Lodge, and other places. It will be used very much as a minimum security facility for nonviolent offenders. In fact, many of those who will be transferred to Alsiike will be the people in our system who have rather inadequate personalities, no aggressive tendencies — in actual fact, don't have enough aggression to be able to cope with the stresses in the ordinary correction centres. These people are frequently in protective custody in ordinary protection centres.

MRS. CRIPPS: To the Solicitor General: when will offenders be moved into the facility?

DR. REID: Mr. Speaker, the intention is to have a public meeting in the Alsiike area next week. The assistant deputy minister in charge of corrections will be going there, along with some other members of the staff, to answer questions from people of the area. In the interim, we find it's going to be necessary to put perhaps five of the offenders into Alsiike to look after the farming operation. There are some animals there that need looking after, and we will be transferring approximately five offenders to the facility this week.

MRS. CRIPPS: Can the minister assure the Assembly, and this member in particular, that no further movement of offenders will be made prior to that public meeting, since a long time ago I made a commitment that a public meeting would be held?

DR. REID: Mr. Speaker, I'm delighted to give the hon. member that assurance. She had discussions with me some time ago, and I gave the assurance that we intended to have the public meeting prior to any transfer of offenders. Unfortunately, the need for looking after the animals has had to take priority over that commitment.

School Act Review

MR. ANDERSON: Mr. Speaker, my question is to the hon. Minister of Education. Further to the throne speech announcement that there would be a review of the School Act, is the minister now in a position to indicate when that will begin and what its time frame will be?

MR. KING: Mr. Speaker, I expect to be able to make a public announcement about the composition of the advisory committee

either at the end of this week or early next week. Shortly thereafter, probably in the middle of next week, I expect that we will be able to distribute to all interested members of the public a document that will describe the current School Act, raise some of the important issues, and invite a response from the public.

MR. ANDERSON: A supplementary question, Mr. Speaker. Is the minister in a position to guarantee the citizens of Calgary that included in the School Act review will be a thorough review of the structure of the Board of Education in that city, particularly taking into consideration possibilities such as a ward system?

MR. KING: Mr. Speaker, in the course of considering a new school Act, we are not going to review the Calgary Board of Education, but we are quite prepared to review the future organization, terms of reference, and composition of any and every school board in the province. I can't guarantee what the nature of that review will be. The best guarantee that any question will be considered in the course of the review is to have interested members of the public raise the question. I've made the undertaking — and would repeat it on behalf of the entire government — that in the course of this review, we will consider any and all of the questions the people of Alberta want us to consider.

MR. ANDERSON: Mr. Speaker, a final supplementary, for clarification. Is the minister indicating that if citizens make a particular case for a kind of board structure that would be most applicable to jurisdictions such as the Calgary Board of Education, which is the largest in the province, that will be considered in the School Act review?

MR. KING: Yes, Mr. Speaker. The hon. member may be alluding to the fact that at the present time the School Act provides a single system of government that applies equally to the Calgary Board of Education, which educates 80,000 students, and the Fort Vermilion Roman Catholic Separate School District, which educates just over 100 students. If there are people in the province who would like to advance the case that our government relationship should be different with the Calgary Board of Education than with the Fort Vermilion Roman Catholic Separate School District, we would certainly be open to that kind of argument.

Health Care Cost Sharing

MR. MARTIN: Mr. Speaker, my question is directed to the Premier. Last Thursday the Minister of Hospitals and Medical Care said in this Assembly, from page 214 of *Hansard*:

As far as I know, up until today all the provinces except one have accepted the invitation to appear in front of the select committee of the Senate ... We're going ahead with our meeting without Monique Bégin, but she had been invited. Then we're going to make a joint presentation to the Senate committee that afternoon.

In Calgary over the weekend, the Premier said that all the other provinces apparently "are running for the hills" and moving toward the Quebec system. Alberta is moving to opting out and allowing opting out and extra billing, and we're going to be "all alone".

Given the apparent contradiction between these two statements, can the Premier advise the Assembly which statement most closely represents the government's policy position in this regard?

MR. LOUGHEED: Mr. Speaker, it isn't a matter of which represents the government's position; it's that the circumstances are two very different ones. The Minister of Hospitals and Medical Care is en route to Ottawa. As I understand it, a presentation with regard to the Canada Health Act, which will be supported by nine provinces, will be made to a committee of the Senate. As I'm sure the hon. member is aware, the province that's not involved is Manitoba. [interjections]

The presentation is made with regard to the provisions of the Canada Health Act, and suggestions with regard to amendments. My observations were related to the circumstances with regard to what will subsequently happen if the Canada Health Act is in fact proclaimed in the current form, whether or not we'll be in the situation as we have been before in the amending formula in the Constitution or in other cases in which other provinces take a different position.

MR. MARTIN: Supplementary question. Is it the Premier's impression that all the other provinces are running for the hills with regard to the Canada Health Act?

MR. LOUGHEED: Mr. Speaker, I really did think that in the question period there isn't a great deal of difference between opinion and impression. We'll have to see how events unfold.

MR. SPEAKER: In addition to which there is a general rule, which I did not invoke. It was decided a long, long time ago that statements made by ministers outside the House are not the subject of question period cross-examination or questioning. That's not really a very paralyzing stricture, because any hon. member who wants to ask a question about the same subject matter can come directly to the question without bothering with the statement, which may or may not have been correctly reported.

MR. MARTIN: On a point of order, Mr. Speaker. You will also know from *Beauchesne* that you can refer to speeches made outside the House, but in the case of cabinet ministers it is permissible to ask the Premier whether such speech represents government policy. That's precisely what I'm trying to do.

MR. SPEAKER: Yes, but the hon. member was asking about impressions.

MR. MARTIN: Okay, we'll move on to the next.

MR. NOTLEY: Ask him about the speech.

MR. MARTIN: I know that the Premier wants to get on with this.

DR. BUCK: We believe everything the Premier tells us.

MR. NOTLEY: Now we want the speech.

MR. MARTIN: My question is: can the Premier identify the shared policy positions in the joint presentation to the Senate special committee? Specifically, are the other provinces endorsing user fees and extra billing?

MR. LOUGHEED: That's a very valid question, Mr. Speaker, but it does get into the specifics of the presentation being made, I believe tomorrow, by the Minister of Hospitals and Medical Care. I believe he's the one that should respond in this Assembly when he returns.

I should add a correction that was passed to me, appropriately, by the Minister of Federal and Intergovernmental Affairs. I did not want to imply any disparaging remarks about the province of Manitoba. They actually did make a separate presentation to the Senate committee earlier, suggesting amendments to the Act. I'm sure the hon. member wouldn't want me to leave the false impression.

MR. MARTIN: I'm very pleased that the Premier is pleased with the Manitoba government. [interjections]

Last Thursday, I believe, the member for Lethbridge West, or East — I'm not sure which — suggested that it could cost Albertans up to \$200 million if we bowed out of the Canada Health Act, and the Minister of Hospitals and Medical Care did not correct him. Is this Assembly to assume from this that \$200 million is a reasonable estimate of what Alberta taxpayers may have to pay if the government continues its present policy?

MR. LOUGHEED: Mr. Speaker, subject to review by the minister when he returns, my understanding of the situation is that the penalties probably would be in the neighbourhood of \$14 million to \$20 million a year. But in our judgment, those penalties will be offset over a period of years by about five times that amount, in terms of the effectiveness of cost awareness and cost control.

MR. NOTLEY: That's an opinion.

MR. MARTIN: A debatable point, but I'll . . .

MR. SPEAKER: The hon. member raised it.

MR. MARTIN: . . . ask this question: is the Premier saying that in this time of restraint, Alberta taxpayers can afford to lose \$14 million to \$20 million of money coming in from the federal government? Is that government policy?

MR. LOUGHEED: Mr. Speaker, the actual position is that we don't believe Canada, much less Alberta, can afford to have a medical care system go into the disrepute of the system in the United Kingdom, which is the position the hon. member favours.

MR. MARTIN: A supplementary question. Maybe I can rephrase it for the Premier. [interjection] We are going to lose a lot of money in terms of transfer payments and, to be clear, the Premier is saying that it's worth fighting Ottawa so that we can lose \$20 million. But the principles of having user fees and extra billing are so important to this government that they will lose this money. That's clearly the position of the government.

MR. LOUGHEED: Mr. Speaker, we look at an operating budget of \$1.9 billion a year to run our hospitals. We look at potential penalties of \$14 million to \$20 million on these ill-conceived federal policies. We look at the long-term position being this: the cost awareness of hospital user fees will certainly be many times greater than the \$14 million to \$20 million. In terms of the medical profession, relative to the opting-out provisions that we'll be dealing with and the question of extra billing, to the extent that that is involved in specialists that can be retained here in this province to keep high-quality professional people in these various specialist areas that we need in the province, we think that's in the best interest. I recall a representation made by the Member for Edmonton Norwood

yesterday on how important it is that we keep these top-flight medical people in our province. [interjections]

MR. MARTIN: Supplementary question. We're obviously not keeping them, so there are other ...

MR. SPEAKER: Order please.

MR. MARTIN: ... [inaudible] look into, as the Premier well knows.

Going along with the Premier's thoughts, my question is: when all the other provinces go along with the Canada Health Act, will the Alberta government reassess its position and go along with the Canada Health Act at that point?

MR. SPEAKER: Very hypothetical.

MR. LOUGHEED: Mr. Speaker, we have never functioned on the basis of going along with what we think are poor decisions. We take a view of what we think is right. We recall — and the hon. member wasn't here then, and I won't talk about the future — that when we were involved in the question of the amending formula of the Constitution, we were the only province in that position. In due course we convinced the other provinces.

I have a good feeling about Canadians and Canadian governments that, particularly if a large number of them are Progressive Conservative, in due course they'll understand the wisdom of the position of the government of Alberta.

MR. MARTIN: Mr. Speaker, I can well understand the Premier not wanting to talk about the future.

My question to the Premier is simply this: before making that statement in the middle of a convention, where he was feeling pretty good and had a lot of Tories around, had he had a discussion with the Minister of Hospitals and Medical Care?

MR. SPEAKER: This is the third time in less than a week that we're trying to get intracabinet communications ...

AN HON. MEMBER: He's a slow learner.

MR. SPEAKER: ... brought out onto the floor of the question period. I respectfully suggest that hon. members who have that kind of question in mind might keep in mind the difficulties it would cause the Chair if they were to be allowed.

May I also say that as I observe the questions and answers, a greater and greater conviction is coming upon me that there must be at least a dozen members in their places here who would love to get into this debate but had no notice of it and are not able to because of the ordinary practices and rules of the question period. Therefore I would suggest that the hon. member might conclude the debate with one further question.

MR. MARTIN: Then my question to the hon. Premier is simply this: I don't want to get into intergovernmental memos but, over drinks at the happy occasion over the weekend, did he mention to the Minister of Hospitals and Medical Care that he was going to make a statement?

MR. SPEAKER: The hon. member has had his fun. Let's go to the hon. Member for Calgary Millican.

Separate/Public School Sharing

MR. SHRAKE: Mr. Speaker, I have a question for the Minister of Education. In the Calgary area, we have a separate school that I guess is on the endangered list of closing. In the same geographical area, we have a public school that looks like it will be endangered and possibly closed. This area would then have no elementary school. Is there an example anywhere in this province where we have a separate and public school operating in the same building, the same structure?

MR. KING: Mr. Speaker, the answer is yes, in that there are some communities in the province where both the separate and public school boards have built facilities that are adjoining and are usually connected by common facilities such as an administration centre, library facilities, ancillary rooms, or recreational facilities. I offer as examples the Red Deer public and separate school boards, the Grande Prairie public and separate school boards, and the Edmonton public and separate school boards in terms of a new high school being constructed in Mill Woods at the present time. If, by his question, the hon. member is asking about sharing to the extent that a separate school board classroom might be operating beside a public school board classroom and they would be intermingled in a single building, then that is not happening at the present time.

MR. SHRAKE: A supplementary question, Mr. Speaker. Out of the nice big budget he has, would the minister entertain providing funding if we could talk those school boards into going into a pilot project or experimental project — whatever you want to call it — of sharing a nice big school which is going to be closed down? In that area they bus the kids all over the city. Would your department be willing to consider assisting with a little funding for a pilot or experimental project, if we could get them to do that?

MR. KING: Mr. Speaker, I don't think of my budget as a "nice big budget". I think of it as adequate to the task.

DR. BUCK: You're the only one that does.

MR. KING: It's become more adequate since the county of Strathcona is paying one fewer counsellor.

MR. MARTIN: They have the same number, Dave.

MR. KING: I'm reassured that without increasing the size of their staff, they have improved its quality.

Mr. Speaker, the short answer is that we are very, very receptive to any kind of innovation that would result in better education with the resources available to us. If the two Calgary boards would like to make to the department a presentation that they might share a single facility, they would find us very positively responsive.

MR. PAPROSKI: A supplementary, Mr. Speaker. Has the Minister of Education received any communication from either the Edmonton public or separate school systems with respect to this idea?

MR. KING: No, Mr. Speaker, I have not. But at the administration level, there may be discussions going on between senior officers of the two boards and officers of the Department of Education. Nothing has come to me from the board itself.

Health Care Cost Sharing
(continued)

MR. NELSON: Mr. Speaker, I would like to supplement the questions asked of the Premier by the Member for Edmonton Norwood, if I might. The Member for Edmonton Norwood appears to be suggesting that this government has no concern about universal medical care. Could the Premier confirm for us the policy or position of this government as it relates to seniors and people who have low incomes or are in a disadvantaged position?

MR. LOUGHEED: Mr. Speaker, I presume that the hon. member is getting at the point that the hon. Member for Edmonton Norwood would like to ignore ...

MR. MARTIN: Oh, come on.

MR. LOUGHEED: ... and that is that with regard to our programs for user fees, we're in the position that we exclude all senior citizens and people who are disadvantaged and on low income, and we have a maximum amount involved. Therefore we have a system that works out very equitably for the citizens of the province.

DR. BUCK: Your polls don't tell you that.

ORDERS OF THE DAY

MR. HORSMAN: Mr. Speaker, I move that the questions and motions for returns standing on the Order Paper today remain that way.

[Motion carried]

MR. SPEAKER: Might we revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: **INTRODUCTION OF SPECIAL GUESTS**
(reversion)

MR. STEVENS: Thank you, Mr. Speaker. At the beginning of today's sitting, the Member for Calgary North Hill introduced a number of special guests and noted that they were ladies from across the city of Calgary.

A colleague has drawn to my attention that there is in the gallery a lady who continues to serve Albertans as a valued member of the Alberta Historic Sites Board. Her husband, Clarence, served this Assembly from 1967 to 1975 as the Member for Banff-Cochrane and served all Albertans as the Minister of Transportation from 1971 to 1975. Just prior to his passing away in 1979, a statue entitled Men of Vision was unveiled in Cochrane by our Premier.

Mr. Speaker and members of the Assembly, may I introduce to you a woman of vision, Mrs. Irene Copithorne. Would she please rise. [applause]

head: **MOTIONS OTHER THAN
GOVERNMENT MOTIONS**

204. Moved by Mrs. Koper:

Be it resolved that the Assembly urge the government to review the current phenomenon of one dollar home sales and foreclosures, and undertake legislative action to eliminate this problem.

MRS. KOPER: Mr. Speaker, if you were to read this in a paper:

Help is here. Safeguard your credit. We will rid you of your ... burden. \$1 down takeover, legal fees included. Save yourself the heartache. Call [right] now.

Or how about this one: are you worried about being sued if you sell your house for \$1.00; we have a number of people wishing to purchase homes to live in with little or no down payment. There's another one that offers you the down payment in gems of fine quality.

If you're a young family, with both people working, and are suddenly found with no job and poor prospects of getting another, mounting debts, and living costs rising constantly, I think everything would look pretty grim. You've invested in your own home. You had dreams and high hopes for the future, but these responsibilities have kept piling up. You've heard about bankruptcies, but that's a thing that was unheard of in days gone by. You've heard about foreclosures, but because of the times we've been living in over the past 10 years, we felt it just couldn't happen to us. Many of us are left with a complete lack of knowledge about how to handle our financial affairs over the long term. And it appears that in increasing numbers, people are responding to the offers of the dollar-down dealers to solve their problems.

This is what happens. Homeowners can't keep up the payments on the houses they have contracted to buy. They may simply be fed up with meeting high monthly installments when the actual market value of their home has fallen well below the mortgage they have signed for and still owe. Enter the marvelous dollar dealer. He's the answer to their prayers, so he thinks. In fact one of them recently stated: we are doing a service to all mankind by lifting an intolerable financial burden from the shoulders of our fellowman. I think the dollar dealers feel they are enabling them to escape from the cruel, cruel clutches of the mortgage companies and financial institutions that were party to the agreement to purchase the home in the first place and that did put forth the money they needed in order to invest in their dream.

The dollar dealer promises to do a couple of things. First of all, he would take over the title to the property and then rent it back to the original owner at half or less of the mortgage payment. What a deal. It sounds great; it really sounds good. But how does the new owner do this, you may ask, and still make money? What's in it for them? That is simple. The new owner, having invested the dollar, simply doesn't bother to make any payments at all on the mortgage. He collects the rent for as long as possible, until the original lender catches up to the fact that the house has changed hands and the payments of the original contract have not been made. Then the foreclosure proceedings start.

The second thing the dollar dealer promises to do is protect the credit rating of the original homeowner so they can immediately start saving and perhaps move up into another home purchase from one of the dealers, perhaps for a down payment as low as the price of a secondhand car, somewhere between \$1,000 and \$3,000. Sounds like a good deal when you're in financial trouble.

The dollar dealers transfer titles — often they don't even bother to register them — over the kitchen table, and they avoid the need for anything as fancy as a lawyer. They buy under a name for a numbered company, and often there are several different companies, just in case a lender could be successful in suing for the money owing under the terms of the contract. One dollar dealer even brags: they won't get it from us; we're short on assets and long on liabilities. Well, you'd better believe it.

They appeared first in northern Alberta, and then spread to Edmonton and Calgary, where they appear to be extremely active right now. Some of these dealers control about 20 or 25 homes and could gross between \$90,000 and \$115,000 each month. Since foreclosure proceedings can take a year or more, the dealer can enjoy his own little gold mine, particularly if the mortgage lender does not realize that there's a scam involved and fails to obtain a receivership order from the courts.

Alberta is the only Canadian province in which the dollar-down buyer and the homeowner cannot be sued if a lender suffers a loss as a result of a transaction. That's because of the conditions under our Law of Property Act. In 1939 the Judicature Act was amended so that the lender can sue only to recover property. It reads that suits are:

... restricted to the land to which the mortgage or ... cancellation of the agreement for sale, as the case may be, and no action lies

- (a) on a covenant for payment contained in [any such] mortgage or agreement for sale,
- (b) on any covenant, whether express or implied, by or on the part of a person to whom the land comprised in the mortgage or agreement for sale has been ...

in other words, the defaulting homeowner cannot be sued to recover the deficiencies on a residential mortgage. Mind you, there is an exception, and I'll come back to that later.

This legislation dates from the Dirty Thirties and was originally implemented to protect farm families from being sued for deficiencies after a bank had foreclosed. A further amendment to this Act was made in 1964, Mr. Speaker, which made an exception for corporate mortgages; that is, mortgages taken out by builders to cover apartments, commercial real estate. This amendment made it possible for a homeowner to be sued if a builder had a corporate mortgage on the house bought by the homeowner. There were problems with this, since the homeowner — in fact all owners — of this particular type of mortgaged home could be sued for the deficiency as well. It didn't become evident when there were good times, but it did lead to serious problems when there was trouble in the marketplace.

This led to the introduction in the House last fall of Bill 109, which extends the original protection of the homeowner and occupant — and I underline occupant — to single-family homes even though the homeowner does hold the corporate mortgage. The Law of Property Act, then, exists here in Alberta to protect the public from total devastation that could happen when economics change and, through no fault of their own, the catastrophic circumstances that ensue could mean that a homeowner can no longer carry out his obligations under the contract. Mr. Speaker, I believe the dollar dealer abuses this protection by deliberately forcing a foreclosure while collecting rent from sometimes unsuspecting tenants.

However, it's not only the Law of Property Act that is a unique condition here in Alberta and that enables this unethical scam to continue. I've already mentioned how unemployment and economic hardship have made it difficult for homeowners to meet the terms of the contracts they sign. Thus they fall for the sales efforts of the dollar dealers instead of negotiating with

their lenders. But there's another circumstance, and I believe it's quite apparent in Calgary. House prices have depreciated so rapidly that the mortgage held on homes is equal to, or even greater than, the present market value of the homes. I believe this exists particularly in the lowest priced homes, likely the homes that were bought by young couples and people moving into their first homes and having the most difficulty. As a result, these homes cannot be sold except to a dealer.

In other cases, there are owners who can afford their monthly payments, who perhaps even have two salaries coming into their homes. But they as well sell to the dealer when this happens, solely because of the depressed housing market. Having got rid of their old home, they can now purchase a new home with a good probability of having mortgage payments less than before and the value of a home and lot perhaps much higher than the one they just unloaded with the dollar dealer. In my opinion this practice too is close to being unethical on the part of the homeowner, because the foreclosure proceedings are not because of the inability of the homeowner to pay. These people do not need the protection of the Law of Property Act; they're using it to buy a bigger and better home and take advantage of the depreciated house prices.

In my opinion, Mr. Speaker, the purchase of a home has been revered here in Alberta as an investment, in the sense that the whole idea of having your own home was more than just a shelter for the family. It was a haven. It was a part of your life that you worked for, struggled for, and valued, not just in dollars and cents but in terms of security and the quality of your life.

During the last 10 years, when Alberta's population doubled and the housing industry exploded into action, having a brand-new home became the norm. I remember we used to live in apartments and basement suites until we could get our own home. Many of you will remember living in one house your whole life. I should mention that housing was scarce at that time but often more available than good rental accommodation when things began to boom. People entered into contracts then to get a roof over their heads and sometimes took a second job just to meet the payments. But over the space of time, with the in-migration to our province, I think a great change has taken place in the housing industry.

Housing has changed from a home to a commodity. The idea of investment in a home being one big purchase in your life changed to the idea that you should look for a quick buck and a fast turnover in order to make it big economically. At that time I think many young couples entered into mortgage contracts and were even urged into contracts by our lending institutions, because they were eager to get the cash and the commitment.

Mr. Speaker, in my opinion these two factors are the biggest problem of all. By permitting the dollar dealers to continue their operation, I feel we are ignoring these two ideas that are pretty important to us here in Alberta: number one, that home is shelter, not just an investment you can make money on; and second, the idea of a contract between two people being a binding commitment that can only be altered by the mutual agreement to the conditions agreed upon by both. The dollar dealers are making a mockery out of this basic principle.

Mr. Speaker, if this fraudulent behaviour continues, I am concerned about the whole idea of contracts and agreements in our society, the way we deal with one another in the business world. In my whole lifetime in this province, I've always worked hard to honour commitments or obligations I've made to people, and so does every other person I know.

It seems ironic to me that a law originating from the devastation of the Dirty Thirties could be used in this way. Lenders

have been so eager to attract investors that they made the loans too close to the appraised value of the homes people were purchasing. The appraised value was often inflated too by appraisers anxious to get as much as the market could bear. I think many people conspired to get people into their own homes, even if they didn't qualify for the mortgage they were assuming. Mr. Speaker, I guess our homeowners are paying the price right now.

Of the 520,000 homes in our province occupied by their owners, there were 3,869 foreclosures in 1983. It's just 1.2 percent of the 312,000 homes in our province which still have mortgages on them. But I think it's still significant, because it's five times more than in 1981 and 240 percent more than in 1982. Each one of these deals means a loss of about \$20,000 in the marketplace.

It's difficult to know how many of these foreclosures are on dollar dealers, but it's estimated between 5 and 20 percent of them are. I guess the best statistics have been collected by Alberta Home Mortgage Corporation. In March 1984 they had 1,289 foreclosure actions in their programs, and approximately 350 to 400 of these involved the dollar dealers. It's estimated that the corporation could suffer a loss of about \$23,000 per house, and that adds up to quite a bit.

I feel that measures could be taken that will continue to protect the consumer who contracts in good faith and subsequently suffers financial disaster. That's who we try to protect under the Law of Property Act. At issue here with the problem of dollar dealers is the question of individual responsibility. I believe when an individual signs a mortgage, he is signing a contract to make payments and pay off the debt that the mortgage incurs. Therefore, Mr. Speaker, why should some people be allowed to get away with not making payments when other people keep paying their mortgage payments every month? I know there are people that are desperate and truly cannot pay the mortgage payment due to unemployment and other factors. But I believe that lenders such as Alberta Home Mortgage Corporation have indicated a real willingness to talk to these people and try to help them keep their homes. They urge homeowners to talk before they walk and to work out a reasonable scheme so that the homeowner can stay in his own house.

There's also a scheme called a quitclaim, which is a relatively new technique in which the owner and the lender agree to transfer the title to the lender in place of a foreclosure and no judicial action takes place. Quitclaims are gaining in popularity. There is a minimal cost and time delay for the lender to obtain the title, and the borrower's credit record is not affected.

The number of quitclaims is unknown, but estimates put it at about 10 to 15 percent of the properties recently acquired by lenders. It's unfortunate too that there has been a bit of reluctance by lenders. They're not always willing to take a quitclaim, because they have to devalue the property on their books and take a loss just as the homeowner did. But it's done at no risk to the credit rating of the homeowner. Anyway, this means that in addition to the 3,869 foreclosures last year, there were approximately 250 to 350 properties that changed title through the quitclaim procedure.

Mr. Speaker, I think there are a couple of other measures we can legislate or introduce to alleviate this problem. One of the first that should be considered by this House is encouraging the shortening of the foreclosure procedure. It can take as long as 450 days to foreclose on a mortgage once the default has been discovered. From the very first day the default is discovered, it takes 95 days to get an order for sale. Once you get the intention, you may appeal that. Once you appeal it and extend the redemption period, it could add up to 279 days

before the property is even advertised by the lender. At any rate, 450 days is a long time, and some of the dollar dealers are taking real advantage of the length of this process.

A second thing we can do is to put enough teeth into our laws so that we can pick off these fraudulent transactions. Many of the dollar dealers have shell corporations which empty out the assets they receive just as quickly as they get them. Corporations doing business with the public can be registered so easily in Alberta that perhaps we should look at this measure in order to remedy the problem. Therefore, if it was more difficult for them to form the corporation, perhaps when they ended up in court, there would be some money to pay for the deficiency between the mortgage and the actual value of the home.

A third thing we can do, and I think we're in the process of doing it, is to educate the public and make them know exactly what they're doing when they're entering into a contract. I commend a move by our government to do just that. Last summer the Minister of Consumer and Corporate Affairs was responsible for publishing a book called *Taking Charge of Your Money*. It is an excellent resource for the young people of Alberta when they're looking at how they spend their money, the kinds of investments they will be making over the years, so they can make some long-range plans for the future and hopefully don't get into predicaments like this.

Mr. Speaker, the dollar dealer may be just a temporary aberration in our economic climate in Alberta, but I'm concerned. There were 579 statements of claim in January of last year. In February we had 688. In January of this year, statements of claim totalled 1,019; in February, 1,054. I believe that's a shocking increase. In the month of February last year, there were 192 final orders for foreclosure. In February this year, there were 622. I think we've got a problem.

Mr. Speaker, I have tried to outline an activity permitted under our laws, yet an activity I feel is morally bankrupt. It hurts the homeowner, because sometimes they have circumstances that have changed and their home is gone. When they return to it and try to buy it back again, it's stripped of all appliances and an empty shell of what they left. It hurts us, because the lenders will no longer approve high-ratio mortgages. The legitimate moneylenders will have to place far more stringent standards of qualifications on all of us as consumers. I believe it also hurts us as consumers, because the practice makes a mockery of the contract, a basic part of our housing industry. I think it also hurts the housing industry because of the multimillions of dollars that go unclaimed.

Mr. Speaker, I therefore urge the Assembly to support this motion that legislation be introduced to stop the dollar dealers in their tracks and establish a better relationship between borrowers and lenders. I don't think the people of Alberta are prepared to jeopardize the sanctity of contracts while these unscrupulous entrepreneurs make their fortunes using legislation meant to help those who are not fortunate.

Thank you, Mr. Speaker.

MR. SHRAKE: Mr. Speaker, I want to thank the MLA for Calgary Foothills for bringing this problem to this Legislature. When she says we have a problem, yes, we have a very serious problem. I appreciate the work you've done so far in putting this together because, frankly, at this point we have companies setting up in this province to commit fraud. It's straight-out fraud; there are no ifs, ands, or buts about it. They are taking over mortgages, taking on the commitment to make payments of \$700 or \$800 a month, when they have no intention of paying these payments. They have the full intention of collecting rent from these homes which they have only put a dollar into,

fraudulently signing a mortgage agreement to assume this mortgage, yet they will keep this money and put it in their pockets. They are like vultures feeding on the weak, troubled home-building industry in this province.

Frankly, my thoughts are that rather than have this motion in front of us, we should put this through quickly and get a Bill back here to go after these people. These people are hiding behind the protection of our legislation regarding the limited liability Act, and they are getting away with it. They are costing some mortgage companies. Eventually it's not just going to be mortgage companies; this will go back on the home builders themselves. They're costing many thousands of dollars.

[Mr. Purdy in the Chair]

In Bill 109, in our attempt to protect the young families or the home buyers in this province, we have taken the liability of any loss on a home off the home buyer so it falls back on the mortgage company. Most of these mortgages have a clause that this will fall back on the home builder, and the home builder right now is in trouble in this province. Frankly I think we should have an Act, retroactive to today, April 3, that each of the directors of these limited liability companies that go in and fraudulently take over mortgages which they have no intention of ever paying — all they want to do is get their hands on that home and rent it out for \$500 or \$600 a month, whatever they can gouge. They stall the mortgage company from lawfully reclaiming their property, which adds thousands of dollars of extra expense, collect this money, and put it in their pockets. If anybody goes back to sue them, fine, they're a limited liability company. The directors can put the money in their pockets. They can let their little limited liability company go bankrupt. The mortgage company is left holding the bag. But they don't have to hold the bag. They can go back after the home builders, and our home builders are in trouble now. They need our help.

I'm sure most of you have received letters from the Housing and Urban Development Association. HUDAC is trying to tell us that they've got troubles. The problem goes a lot deeper than that when the mortgage company starts suing. If you have 100 houses that are foreclosed on and you have to pick up the liability, if it's \$10,000 each, that is a lot of money. These companies can't afford that type of money any more.

Frankly, we have a very unusual problem in this province. We always seem to have lots of unusual problems. We've got the problem in Alberta that we always raise too much grain, and we have trouble getting rid of all the food we raise. Now we've got the problem that we have too many offices, too many warehouses, too many homes. But because of what the housing industry in this province has done, we enjoy one of the best standards of housing in the whole world. We have fewer people per home, with more square feet per person, in this province than any place in the world.

If we allow our home builders to go under, five years from now we are going to look around and say: where are all those home-building companies; where is all that variety of housing; where did all those companies go that used to have lots available and that put in servicing for water and sewer? What's more, unless we act very soon, we are going to look around at all these nice mortgage companies that used to — if you have a steady job and a bit of a down payment, maybe you can get a good old Alberta Housing Corporation mortgage and buy yourself a home. Our families in this province were well served by this industry. But now we have these — I would almost call them vultures feeding on this and ripping off many thousands of dollars. It is straight fraud. I am hoping that in the very near

future we will have an Act in this Legislature that goes after these directors. That's the only way we can legally do it, but we have to go after them. I would have no compunction at all voting on a Bill that provided a \$100,000 fine or a jail term for fraud. It wouldn't bother me a bit.

I want to thank the hon. Member for Calgary Foothills again for bringing this to our attention and bringing in this Act. We are hopefully going to bring in something to correct the problems created when we corrected the previous problem. When we put in Bill 109, we took from the homeowner any liability and responsibility whatsoever on the home they bought and the mortgage they assumed. These limited liability companies have quickly picked up on this. They understand that they are protected. We can't sue them individually. They can sign 1,000 mortgages on homes that have a deficit position on them. In Calgary \$100,000 homes as of two years ago are now only worth \$80,000.

The mortgage companies are going to take this loss. With these companies going in, they are increasing this loss by thousands of dollars. They are putting an additional deficit in equal to what they started with, which can run up to \$25,000 to \$30,000 a home. If these mortgage companies use their legal options and go after our home-building industry, we will have problems. Members of this Legislature who go to the HUDAC dinner tonight will probably hear more about that. I am sure our loyal opposition will join with us and try to correct this problem.

Thank you, Mr. Speaker.

MR. GOGO: Mr. Speaker, I would like to speak to Motion 204 as well. I am always encouraged when members of this Assembly take it upon themselves to correct an injustice or a wrong. I have listened with interest to the debate. I frankly am not of the same view and would have some difficulty supporting the motion. I would like to give some reasons.

First of all, the motion by the Member for Calgary Foothills mentioned the word "phenomenon" and that the government be urged to review the current phenomenon dealing with one dollar home dealers. Mr. Speaker, I have some degree of difficulty supporting it. I'd like to try to explain the scenario that has prompted the remarks I've heard to date. I just heard comments such as "vulture", "fraud", "retroactivity" — those are certainly not synonymous with this government — and that people be sent to jail. I don't know how many lawyers fall into that category. For those who wish, surely we have the phenomenon called numbered companies in this province. Perhaps somebody should be over at Land Titles or some central registry to find out who these principals are. The language I hear from the Member for Calgary Millican — I have some difficulty understanding the ethical committee of the Law Society of Alberta, if these are members of the Law Society. But maybe we should start there. If those are the people we are talking about, we would solve the problem overnight, in terms of ethical conduct and the terminology, adjectives like "vultures", "fraud", et cetera.

Mr. Speaker, I am a little surprised that we are asked to support a motion to protect an industry, called the lending industry, that controls three-quarters or more of the world. Now if we had changed a law last fall and we had a detrimental impact and people were all up in arms saying, you're ruining me, then I could understand some concern about changing the law. But we have heard the sponsor of the motion saying that the legislation, the Law of Property Act, is an Act that has been around since the '30s. What has prompted the sudden decision, the sudden urgency, to change? Is the Alberta Home Mortgage Corporation going broke? No, because this doesn't

affect them. As you know, we are not bound by the laws. The Crown is not bound by the laws — maybe in one or two isolated instances. So it doesn't affect the Alberta Home Mortgage Corporation. Who does it affect? It obviously affects people in the business of taking your deposits in one door and lending them out the other.

If we look at the policies of this government over the years, through three election campaigns, Mr. Speaker, it seems to me that we have encouraged Albertans to become involved in the ownership of their homes. We have said: have your own piece of land; get it while you can afford it, but get it; put a home on it and you are going to live that idyllic life. I think many people did. Many people took out mortgages. And when they took out the mortgage, to protect the lender, they had to buy insurance called mortgage insurance — 1.5 to 2 percent of the mortgaged amount amortized over 25 years, even though the mortgage was only for one, two, three, or five years. I would submit that on a \$70,000 mortgage, which would seem to be average, we've just jumped the price \$2,500 to \$3,500 to buy an insurance fee, because that is paid over the life of the mortgage. A 25-year mortgage meant 300 payments. Now that's not good enough for some people.

I fail to understand why I have not heard anybody put forward the argument that the mortgage insurance fund that must exist — heaven knows how much — is going broke. I haven't heard that. Is the mortgage insurance fund going broke? I have some trouble accepting that.

I hear comments made, a deal is a deal. Certainly a deal is a deal. With the high-priced help mortgage lenders have in this province, no one can tell me that lenders don't know the rules they're going in under. Who is responsible? Who drove up the price of land? Who drove up the price of housing? This government reached an oil agreement in September 1981 that talked about the price of oil at \$60 a barrel. Everybody was in euphoria. So the lenders are trapped too. So what. Does that mean they should be bailed out? If the law recognizes — and it seems to me that the law does recognize that a person could not be held liable for the personal covenant he signed. That's why it was passed many, many years ago by people equally as bright as us. The lenders knew all that. Why are we trying to slam the door now?

I heard the argument from the Member for Calgary Millican about the housing industry. What has it got to do with the housing industry and the builders? We're talking about lenders. Builders don't lend; builders build — used to build. I don't see how it is going to have any disastrous effect with regard to the surplus housing if we don't act on this. We are talking about appraisals. When we talk about the Pocklingtons and the Skalbanias, we talk about flippers, and that's all right. We have people who have been doing the same thing with housing, many of them in the real estate business, not owner occupied. That has been great.

We talk about great old Alberta and mushrooming real estate values, a sign of prosperity. A lot in Calgary costs more than a total house in New Brunswick or Montreal. We've been very proud of that, but suddenly the worm has turned. Suddenly we're no longer on cloud nine, and people are in a great rush to rush forward and buoy up this massive and I think over-appraised system of real estate values. And then there are members — Calgary McKnight will probably get up and argue the opposite way in a moment, and so be it. Those who tend to hurt tend to speak.

Mr. Speaker, I think we should spend a moment and look back to see what has happened. I can only talk with any authority about my own constituency. We had land on the west side of Lethbridge in October '74 at \$2,500 an acre. Through the

Planning Act, perhaps through some statutes of government, certainly through developers, and certainly through lenders, in 16 months they drove that to \$25,000 an acre. We're not talking about farmers and cattle subsidies; that's for another day. People with their eyes open buying things and then getting bailed out — that's another subject.

We're talking about professional people who are in the business of lending money, who started on this system of appraisals, hiring two or more appraisals. How do they appraise? They appraise on replacement cost — I don't know how you would replace 10-year-old pipes, but they have a way figured out — current building costs per square foot, and then on the basis of what has been sold today or yesterday.

So we found that constant spiral going up, and people got trapped in it. Did they get trapped in it of their own choosing? I submit, Mr. Speaker, that they got trapped in it for a variety of things. Own your own home; it's the thing to do. They went in thinking government — not this government; the government that determines monetary policy and interest rates, which is the federal government — could with some degree of assurance stabilize interest rates. Did they? They only went up 200 or 300 percent since I bought my first house. People went in and paid 18 or 19 percent for a mortgage like there was no tomorrow. People in this Assembly did that.

Who pushed it? Somebody pushed it. Lenders lent on that basis. Now when the lenders are getting in trouble, what do they do? They come to the highest court in this province and try to urge people through so many ways: we'd like you to pass a law like yesterday so we can do something today. That's what we're being asked to do.

I'm not that old. I'm certainly older than the Deputy Government House Leader. His memory is as good as mine. It's not many years ago when the visual image of a mortgage lender was the guy with the black hat and the mustache and the black suit, somebody you didn't want to talk about and certainly didn't want to see around you. But we put him in a three-piece pinstripe. We said: if you ain't got a mortgage, man are you stupid. We said that collectively as a society. The least amount down — the Americans call it the lay awake plan, the Britons call it the never never plan, but we call it good business. If you haven't got a big mortgage, man, you're just not with it, because tomorrow the value is going to be up and up and up.

The chickens have come home to roost. We have a situation today where because of the law, people are doing what the law really says. You can walk away and buy again for another day. Is that so bad? All the banks have sticker insurance through the CDIC, so you're protected on your deposits. The people who take out a mortgage today, in addition to paying a 1 or 2 percent mortgage cost — whatever it is — and legal fees, are captive people.

I think I raised this at some time a couple of years ago. We talk about affordable housing. We don't allow Albertans to buy Alberta Home Mortgage Corporation housing from an existing owner without floating a new mortgage and all the legal costs and the mortgage insurance fee and all that again. The chickens have come home to roost, and I for one don't feel particularly sorry for anybody. Mind you, I'm not a lender — a slumlord maybe, but not a lender.

Mr. Speaker, I know there are other people who are very anxious to get into this and may have many more important things to say than I have.

SOME HON. MEMBERS: Agreed.

MR. GOGO: With some degree of enthusiasm I see Calgary McCall, and I feel sorry for the ...

I'll conclude on this note, if I may. Mr. Speaker, many, many businessmen in this province have operated and paid many high fees in terms of legal costs to hire the legal beagles to interpret laws, to make recommendations. You make an application for a mortgage, go through six different ways to make sure it's safe, and pay a mortgage insurance fee to ensure that if you default the lender gets his money. That's all done. One would think it's all looked after. But obviously it's not, because somebody got hurt here. They said: government MLAs, will you please plug a hole to see that we don't get hurt any longer; instead of making 100 percent profit, we're only getting 20 or 30 or whatever. I don't want to sound facetious. I know lenders are hurting terribly.

I would just say, and conclude on this note, that I am not convinced that we in this Legislature can change business cycles in our province or our nation or the world by making laws. I think this is a cyclical thing, and I think it will probably disappear if we keep our noses out of it. So on that basis, I can't support the motion, and I would encourage others to think twice before they do.

Thank you.

MR. OMAN: I thought the hon. Member for St. Albert was going to speak, and she's welcome to.

AN HON. MEMBER: Let her roll.

MR. OMAN: Mr. Speaker, I remember when I was a boy. We lived in a farming community in Manitoba, and all the farmers were always watching what the other farmers were doing and how their crops were coming. I recall that one day we watched our neighbour, who had been out cultivating his field. He'd gone over it very nicely. The next day he went over and did the same field twice. As a matter of fact, the day after that he did the same field a third time. Finally, out of curiosity my dad asked him, why did you do that field for the third time? He said: I didn't have anything else to do today, and I wanted to make sure the ground was covered. Sometimes I have a kinship here, with the Legislature and the farmer.

It's a current subject, and it is a problem. I think the Member for Calgary Foothills is to be commended for bringing the issue before us. Of course the people we're concerned about, or I guess that we get angry about, are the dollar dealers themselves. I'm not particularly concerned about the lenders. I am concerned about the mortgagor. I get these terms "mortgagor" and "mortgagee" mixed up — where's the Minister of Consumer and Corporate Affairs to help me out here?

AN HON. MEMBER: The borrower and the lender.

MR. OMAN: The borrower and the lender — that's not bad.

The fellow who borrows has a problem today. We've encouraged — in fact I think it's a good idea — the matter of private home ownership rather than renting. By and large I think our government, basically our society, has encouraged private ownership for good reason. People who own tend to take pride in their property and their community. Oftentimes a person who is an absentee landowner will have no concern about the community, will go in and take out what he can, and get out as fast as he can. I suppose that's what you have in these dollar dealers to the extreme. There are some very responsible absentee landowners, who recognize that they are in there for the long pull. They keep their properties up. They're concerned about the communities which they're in, because they are there in some sense to make a continuing living. That's their way of life.

I admit I don't have a lot of sympathy for the fast-buck artist who comes in. I think he's unscrupulous and dishonest. He is getting around a law in Alberta; he's making use of the law. If that continues for too long, there will be pressure, as there already is, on politicians to change the law that has served the province very well. I would hate to see the property Act changed so that lenders could come back on the original borrower who, through hardship, economic times, or one way or another, is going to thereby suffer. I think we have to be careful that we don't overreact to the point where we hurt the person who has borrowed in good faith, and would have fulfilled his obligation if he'd been able to.

Certainly there is the necessity to protect contracts, because our society is based on trust that a man's spoken or written word is good and that he will live up to it. In that sense, I suppose none of us should be too anxious to allow the borrower to escape his obligation. All of us have got into deals which didn't work out the way we thought they would; nevertheless we felt an obligation to fulfill the contract that was made, even though it meant a loss. There is some of that here that we have to be aware of.

I agree with the previous speaker that we do have in some sense a temporary phenomenon. Therefore the danger of over-reacting may be as harmful as the present situation we are in. I certainly agree that we do not need to protect the lender inasmuch as he has a lot going for him now. However, the only thing that is happening is that the lender isn't going to be the loser. What he's going to do is pull back. If he sees the risk is too great, he's either not going to lend or else he's going to lend at a very, very small percentage of appraised value or he's going to put his interest rates up. We live in a competitive market. He's got money, and he's got to get it out, recognized.

It was mentioned with regard to the insurance factor. Certainly the Mortgage Insurance Company of Canada has pulled way back. They are indeed suffering, because they have taken it on the chin, perhaps much more than the original lenders have done. So there is a dislocation of the economy. Part of that has been built up because of the unrealistic expectations inflation has brought us, particularly in trading and making land and homes a commodity for enrichment rather than a necessity for a place to live.

So what do we do? We've got a phenomenon. It's there; it's hurting some people. It's distorting the marketplace at the moment. It's been mentioned with regard to shorter foreclosures, and I think this is certainly one area which ought to be looked at. My understanding is that the courts are now shortening that procedure where there is a dollar dealer involved. Where it's a homeowner, they are trying and always have tried to bend over backwards to be fair. I understand that where there's a dollar dealer involved, the courts are not giving any extensions. They're simply saying, let's get this thing over with as quickly as possible. So the court procedure has been shortened to perhaps an average of four months in the cases where a dollar dealer is involved. I think that's good.

I would have difficulty if we were to stipulate that the lender would have the final say as to whether or not a property could be sold and a mortgage transferred to a new owner. I think that's giving the lender too much power in the deal, so I would not favour that kind of a solution. I would be afraid to change the Act whereby the lender could go after the borrower, even if his property was below the amount lent, because I think we are now in a temporary situation that will straighten itself out. As I said before, they're pulling back on the money that is being lent on new properties; it's a 75 percent rather than a 90 percent factor. Furthermore the mortgage insurance companies are pulling back and allowing that to happen. Perhaps out of

all this will come a more realistic financial approach, where people aren't going to be taking risks and leveraging themselves quite so far.

I don't think either that the lenders should be immune to recession, because all of us have suffered in one way or another. It's coming at us from different directions, and the borrower is suffering. His property has depreciated. Why should the lender be assured and be given a no-risk situation? I think that would not be the way to go.

As difficult as it is, it seems to me that somehow, if we're going to get at the situation in some legislative way, we've got to get to the dollar dealer. Already we've been doing that in some sense with the Alberta Home Mortgage Corporation and, I believe, CMHC, who are exempt from certain restrictions within the law. If a way can be devised to get at the dollar dealer, I would be much in support of the motion. I think that's the challenge that faces us as a government.

Thank you very much, Mr. Speaker.

MR. ZIP: Mr. Speaker, I wish to speak to Motion 204, the subject of which has received considerable attention within the last few months.

Looking at gaining a perspective on this problem, it is rather an unusual one which arose because of the unusual situation that developed with respect to housing in Alberta following the spectacular price spiral that took place in this province after 1973 and ended in 1981. There are several important events we have to recall from this period. First of all, we have to recall Edgar Benson and the introduction of the capital gains tax in January 1972, which exempted owner-occupied housing from the capital gains tax and gave a real incentive for owners to speculate in housing, since it was costly to speculate in other things.

Early in 1973, the federal government did another thing. If you recall, they lowered the down payment requirements for housing to 5 percent from 10 percent, and at the same time eased the qualification for mortgages, in line with their traditional policy of using the housing industry as a means of priming the economy. This is a very important point, and I remember well the impact this had. Housing prices started to rise almost immediately, since at the time the average house price in Calgary was under \$24,000 and at 5 percent it only took \$1,200 down to buy a house. At that time people were making good money in real terms. The affordability of housing, if you want to use that term, was very high.

In retrospect, I have always felt that it was a serious policy error that has hurt rather than helped potential home buyers. Supposedly they were helping people buy houses, and in the long run it has had the opposite effect. Ten percent down was too low; that should have been raised to at least 15 percent to head off the rush to buy housing.

As I mentioned earlier, fuelled by the capital gains tax exempt status of profits gained from owner-occupied home sales, a real incentive was created for speculators to move in and drive housing prices higher than normally would have been the case. By approving mortgages over this brief period between 1973 and 1981, with their eyes wide open when average house prices in Calgary rose from under \$24,000 to close to \$110,000, the lenders themselves contributed in a very significant way to the situation that exists today. I don't feel one bit sorry for them.

Qualification of buyers became loose and owner equity was kept at a minimum by low down payment approvals. Worst of all, by remortgaging a property for the owner as soon as rising prices built up some equity for him, they put him back into the same pickle as the last guy that bought the house. The fact of

house affordability was virtually ignored by lenders. It was very apparent — I saw the graphs myself — that the affordability of housing was going down precipitously, especially after 1977. The warning signals were there. Did they pay attention to them? No.

It was this factor, along with spiralling interest rates since mid-1979, quickly followed by the downturn in the economy, which first of all stabilized housing prices in 1981, then started to bring them down in 1982. Of course it continued in 1983 and into the present time. Owner equity and overfinanced housing literally disappeared. Financially overextended owners, especially if they were out of work or lost their businesses, became desperate.

While I do not commend the action of dollar dealers stepping into this situation, we'd better remember the perspective of the housing situation, which I just outlined. The lenders bear a heavy weight of responsibility in this situation. Since they helped to bring it on, we should leave it up to them to sort it out and leave alone a situation which has worked very well in Alberta in the past. Leave it up to them to figure out, without asking the government to get involved with even more laws and regulations to correct a situation which, in my humble opinion, is unusual and temporary.

Thank you, Mr. Speaker.

MR. HORSMAN: Mr. Speaker, I had not really intended to enter this debate today and not in any great length. But I wanted to speak to the motion because of the very important implications that the adoption of such a motion might have with respect to our constitutional responsibilities granted to this Legislative Assembly under the Constitution Act of Canada, formerly known as the British North America Act; to emphasize the very great importance that must be placed upon any motion, Bill, or law which has an impact upon the law of property within Alberta; to put clearly on the record our position which we have taken as a government; then to explain why I have a concern about rushing forward with the passage of motions of this nature, and to urge that hon. members think very carefully before passing a motion of this kind.

The Alberta government has taken, and continues to take, the position that the property rights Canadians have enjoyed in the past and continue to enjoy are fully protected by our common-law system and in Alberta by the Alberta Bill of Rights and other pieces of legislation, including, amongst others, the Land Titles Act and the Law of Property Act, which have been passed by previous legislatures.

Under section 92.13 of the Constitution Act, formerly the British North America Act of 1867, which outlines the constitutional responsibilities of the provinces, "Property and Civil Rights in the Province" is an area of exclusive provincial jurisdiction and constitutional responsibility. In conjunction with other areas of provincial jurisdiction, section 92.13 assigns the provinces the responsibility to legislate in response to the needs and concerns of provincial residents in relation to property. Provincial jurisdiction has allowed the various provinces of Canada to enact different legislation in response to different conditions and circumstances within a particular province. Alberta is of the view that the provinces are in the best position to respond to public issues relating to property.

Mr. Speaker, that is, and has been, clearly the view of this government, and has been expressed throughout Alberta and in other parts of Canada, particularly in response to those who would see property rights entrenched in the Canadian Charter of Rights. In opposing the entrenchment of property rights in the Charter of Rights, we are maintaining that we can continue in this province to properly and adequately care for and legislate

the property rights of Albertans, and that indeed in this province we should be able to enact legislation in response to the different conditions that exist within Alberta with respect to property matters.

That being the case, I won't go into further arguments on the constitutional issue, except to say this. We have resisted entrenchment because we are very much concerned that adopting property rights in the Constitution, in the Charter of Rights, would eventually, by a system of court interpretations, bring about a uniform law of property across Canada. I have my suspicions, Mr. Speaker, that it would not be the property laws which exist in Alberta which would end up being the uniform laws which apply to the property rights of Albertans.

So we have today a matter of serious concern, no doubt, to those who own property in this province and to those who lend money to those who own property. The motion, as it has been expressed, is that we

review the current phenomenon of one dollar home sales and foreclosures and undertake legislative action to eliminate this problem.

Mr. Speaker, in order to be well understood and consistent, property laws should be trifled with very, very lightly. I suggest that the current phenomenon which is referred to is not a new phenomenon in Alberta. The upward and downward fluctuation of property values has taken place in cyclical fashions over the years, and I do not believe we should tamper with our property laws just because we are in the midst of one of those cycles. To do so, I think we would, if you will, play into the hands of those who would try to bring about a standardization of property laws across the country.

I don't buy the argument that because other provinces don't have this particular section in the Law of Property Act, Albertans should abandon it. I practised law in this province for a number of years, Mr. Speaker, and during that time became relatively familiar with the property laws of this province and certainly very familiar with the fact that for the general commercial lender, personal covenants against individual homeowners cannot be enforced. I also became well aware of the fact that every lender in a commercial sense in this province was fully aware of the existence of that law before they lent a nickel. They were fully aware of that. Now that circumstances have changed somewhat, I suggest that it would be very inadvisable for us to leap into legislative change to correct something which I believe to be cyclical in nature, as has already been pointed out by other members who have spoken on this motion.

Without going further into the merits of the issue, I just want to remind members of this Assembly that we have been given the constitutional responsibilities as legislators in this Assembly under section 92.13, and to re-emphasize the point that before we undertake to trifle with the law of property, we give it the most careful and considered consideration. Mr. Speaker, I don't think the motion, well intended as it may be, should be passed today, because I do not believe that this matter has been given that careful consideration on all sides of the issue which would have the impact of reflecting upon the way in which property is held in this province. Furthermore I firmly believe that one of the things Albertans feel extremely strongly about is the right to hold their property and to deal with it in their way.

Quite frankly, I don't buy the argument either that the average homeowner is so naive, so gullible, so foolish, so uneducated, so unaware, or so incapable of taking sound legal advice that they don't know what they're getting into when they sign legal documents relative to borrowing or to the transfer of land. I believe indeed that the average Albertan is well

aware of their property rights. Furthermore I am convinced beyond all question of a doubt that the lenders are certainly aware of the existence of the property laws in this province and that when they lend money, they do so knowing full well that there is a special clause in the province of Alberta which prohibits the individual homeowner from having to make good on the personal covenant in a mortgage.

At the same time, Mr. Speaker, I recognize that some people may have adopted rather unscrupulous methods of acquiring property, in the hope of doing one of two things: either taking advantage of the long period of time which the mortgage foreclosure proceedings take, in order to take the rent from whoever may be on the property, perhaps the original homeowner, and pocketing that without making any payments on the mortgage. I think that type of development is not what was intended by any Legislature and that the courts should — and, I believe, can and will — do everything possible to ensure that that does not take place if it is brought properly to the attention of the courts. They have the power to do so under the foreclosure proceedings that exist in this province, and I suggest that is the appropriate remedy that should be utilized.

The other potential is that the one dollar home purchaser will buy the home for a dollar in order to relieve the individual of further payments, and then make the payments himself or herself with the idea that in due course, as property values once again appreciate in this province, the property may be sold. In that case, what possible argument can there be against that in a private enterprise society? As long as the payments are made by the individual under the terms of the mortgage, nobody would really object to that. I don't think that is the real concern that has been expressed or raised in the motion before the Assembly today.

Mr. Speaker, having said what I have, I urge members not to support the motion. I do not believe it has been given the careful consideration necessary so that we might properly and carefully, with utmost and due consideration, exercise the constitutional responsibilities that have been given to this Legislative Assembly pursuant to the Constitution of Canada. Regretfully I urge members not to support the motion, not because it is not well intended but because it has not in fact been given the appropriate consideration that is necessary before we deal in any way with the law of property as it exists for the protection of Albertans and their property today.

MR. ANDERSON: Mr. Speaker, in rising to participate briefly in debate on this particular motion, I note that the discussion this afternoon has been most eloquent, most impassioned, most fundamental in terms of the beliefs of members in this Assembly for justice and for a proper assessment of the situation as it exists with respect to the unique situation citizens find themselves in, in the province of Alberta today.

I would like to add my congratulations to the Member for Calgary Foothills, who raised the motion and who very eloquently defended the motion as it stands before us on the Order Paper. I would like to say that I personally am of the opinion that there is no question that there is dishonesty taking place with respect to this dollar mortgage situation, no question that there are individuals in our society at this point who are purchasing homes for a dollar, or some other variation which would not be great, without having any intention to own or pay for that home or in any way live up to the obligations that are there. Inasmuch as that is fact, I believe it is incumbent upon us to look at all possibilities that exist to do away with that situation.

Having said that, the points made today with respect to the difficulty that exists with both our property laws and the poten-

tial effect on the individual who has, in many cases through no fault of their own, got into a situation where their housing has been devalued in terms of equity and where their own personal situation has put them in a position where they cannot meet their obligations — I believe we must do all possible to ensure that we don't further encumber that individual or family at a time which is without question one of the most difficult times they're likely to face in their lifetimes.

Mr. Speaker, the conclusion I reach therefore is that we need to look further at this issue. We need to investigate what possibilities exist before we urge the government to move emphatically in this direction. For that reason, to give me time to discuss options that might exist with the author of this motion and with members of the government, I move that we adjourn the debate.

MR. ACTING DEPUTY SPEAKER: Is it agreed that the debate be adjourned?

HON. MEMBERS: Agreed.

205. Moved by Mrs. Cripps:

Be it resolved that the Assembly urge the government to adopt a feed grain policy which will allow and encourage free movement of feed grains between producers and feeders and that representation be made to the federal government to implement a national feed grain policy that frees the feed grain industry from regulatory and pricing restraints.

MRS. CRIPPS: Mr. Speaker, it's my pleasure to introduce Motion 205 this afternoon. But before I do, I want to say how much I enjoyed the debate that just took place in this House. I think it's one of the best debates we've had in this Assembly in a long time. It was excellent.

MR. KOWALSKI: Don't put yourself down.

MRS. CRIPPS: Oh, there's better to come.

Mr. Speaker, what I'm going to do is give a brief overview or historical outline of the situation. I know that the Member for Vegreville and the Member for Cardston have some very pertinent firsthand knowledge of the feed grain industry from a producer point of view, so I'll leave that aspect of the debate for them.

The present feed grain policy has its roots in the feed freight assistance policy introduced in 1941. To say it's antiquated is, I suppose, an understatement. It was initiated as a means of increasing livestock production to increase the war effort. The feed freight assistance program subsidized the cost of transportation of feed grains, screenings, and mill feeds from Thunder Bay to eastern Canada and from the prairies to British Columbia. In 1949 the Canadian Wheat Board was given jurisdiction over the marketing of oats and barley. Until that time the Winnipeg grain exchange had been the instrument through which feed grains were sold.

In 1954 the Canadian Wheat Board decided to sell independently, outside the board, and this created a substantial differential between prairie prices and the prices for the rest of Canada. The differential in prices was of great concern to nonprairie users of feed grains, and this concern contributed to the formation of the Canadian Livestock Feed Board in 1966. This board became responsible for the administration of the feed freight assistance program and for the monitoring and supply of domestic feed grains outside the prairie provinces.

The federal government then introduced the interim feed grain policy in 1973. The three factors in that policy were: one,

feed grain users outside the prairie regions were enabled to purchase feed grains at prairie prices plus marketing costs minus the feed freight assistance; two, the restrictions on grain movement between prairie provinces were removed — that's only within the prairies; three, provision was made for a minimum price on off-board sales of feed grains.

Unfortunately the interim policy forgot that export prices influence the price of grain and that the U.S. corn prices influence the price of feed grains. In fact in 1982, when corn-competitive prices fell below export prices, prairie farmers were forced to sell our barley to eastern Canada at corn-competitive prices, while eastern barley producers were allowed to sell their grain for export at a much higher price.

AN HON. MEMBER: Shame.

MRS. CRIPPS: For shame is right.

In August 1974 the interim policy was replaced by the domestic feed grain policy. This new feed grain policy stated explicitly what its objectives were to be. They were: one, to provide fair and equitable base price for feed grains across Canada; two, to provide relief to the producer against depressed feed grain prices; and three, to encourage the growth of livestock across Canada in accordance with the natural factors and the natural potential of the various regions of Canada.

Some other factors entered into it after this. The switching of off-board grain was allowed so that transportation of grain amounts was reduced. In 1976 major modifications were made which reduced the feed freight assistance program but allowed for payment of storage construction in eastern Canada.

Over the next two years, additional storage assistance grants were introduced to further secure a supply for eastern grain users. In 1979 quotas on deliveries of domestic grain were initiated on producers, and restrictions and charges on switching between primary elevators was introduced. In 1982 a major policy review was undertaken by Agriculture Canada to review such areas as the corn-competitive pricing formula, the problem of deliveries, delivery quotas, and the Canadian Wheat Board control of imports as well as exports of wheat, oats, and barley.

The above historical summary illustrates that the federal government has manipulated the feed grain policy for the past 43 years but has not come to grips with the real issue of the free flow of grain according to supply and demand.

The government of Alberta supports the objectives of feed grain policy as established in 1982. These objectives include: ensuring that feed grain supplies will be available to domestic feed grain users throughout the crop year; two, efficiency pricing of Canadian feed grains; three, the encouragement of growth and development of livestock and feed grain production across Canada according to comparative advantages.

The real intent of the policy has been to guarantee a supply of feed grains to eastern Canadians, with a ceiling price. This makes such terms as "pricing efficiency" and "comparative advantage" useless and ineffective. In western Canada the policy as it operates — not as its stated objective, Mr. Speaker, but as it operates — is in the long-term best interests of neither the grain producers nor the livestock producers. While a ceiling price is established for eastern Canadian users, no reciprocal floor price is provided for western grain producers.

Western Canadian farmers need direct and unimpeded interface between the grain grower and the livestock feeder. They need to be able to establish their own conditions of sale. The western feeders must also be able to buy grain at competitive prices free from artificial transportation subsidies or corn-based comparisons. Feed grains must be designated as a priority for movement over the railway system. Presently, feed grains are

only allocated 5 percent of the car fleet. Quotas on domestic feed grains should be removed. Supply and demand would take care of that problem. The policy must offer pricing efficiency, security of supply, and a sense of fairness. Lastly, and I'm repeating the last recommendation from the supposed policy of 1982: the encouragement of the growth and development of livestock and feed grain production across Canada according to comparative advantage.

Alberta has natural advantages of land, climate, environment, and people. We cannot afford to lose these because of our distance from tidewater or central Canada. I ask the members to support this motion.

Thank you.

MR. BATIUK: Mr. Speaker, it's a real pleasure for me to participate in this very important motion. As a member of the Alberta Grain Commission, we have done a considerable amount of work in this area. But before I do, I would like to move an amendment by deleting the word "adopt" and substituting the word "reconfirm". The purpose of this is that at present, there is a feed grain policy in the province. However, I'm sure this motion was intended to have it beyond the scope of the province. So I would wish that all members vote for this amendment.

MR. ACTING DEPUTY SPEAKER: Are you ready for the question on the amendment?

[Motion on amendment carried]

MR. BATIUK: Mr. Speaker, at this critical time in our economic history, I welcome the occasion to speak on this resolution. I find it to be unusually well worded, because it calls for the adoption of a government feed grain market policy that is not restrictive and actually encourages our farming community to grasp every opportunity possible to trade Alberta feed grain.

Mr. Speaker, I would like to remind you that the Alberta Grain Commission has been aiming at the freedom of choice policy for some time. That underlay the formation of the Alberta cash grain market and the eventual opening of the trading in Alberta barley futures contract on the Winnipeg Commodity Exchange. For reasons well beyond their control, these enterprises have not been as successful as anticipated. However, their aim was accurate and I do not think this should be abandoned.

As all rural members of the Legislature know, Mr. Speaker, the federal government has usurped our jurisdiction over all but the local markets for feed grain. Their administration of feed grain policy leaves a lot to be desired. It is restrictive in both the volume that can be moved and the price that can be obtained. I am not at all interested in engaging in an all-out battle against the federal government in the matter of feed grain policy. Until the time when jurisdiction is returned to the provincial governments, I believe there is plenty of room for discussion, perhaps negotiation, between the federal government and ourselves. This is what the resolution really calls for, and I am pleased to support it.

Over the past many years, the feed grain policy has been much like a bull riding event in the rodeo. The farmers who grew the feed, as well as the users, were subjected to hard jolts from the sudden starts and stops and the bucking in between, none of which were in the best interests of those being taken for a ride. Indeed, not all of them were able to stay on.

A couple of years ago, it looked as if the federal government was ready to make some improvements in the feed grain policy.

They actually sent a team of officials, a task force, across the country to discuss and even listen to their provincial counterparts. At that time the Alberta Grain Commission, among several other groups, met with federal officials in Calgary. We agreed fully with the western grains council and their presentation to the task force. At that time our Alberta Grain Commission called for the removal of feed grains from the regulatory control of the Canadian Wheat Board. I can assure you that this was not a fed bashing exercise. Rather it was based on the knowledge that the numerous restrictions placed on the farmers in their attempts to market their grain in their own best interests served to reduce the marketing opportunities available to them. To make things even worse, the Wheat Board's inclination to refuse timely information as far as the sales volumes, selling prices, and final payments tended to disrupt whatever feed grain pricing mechanism there was. Consequently farmers were unable to make intelligent marketing decisions based on accurate price signals.

I hope, Mr. Speaker, that hon. members do not think I am trying to condemn the Canadian Wheat Board. That is not the case. The Canadian Wheat Board has done a reasonably good job. However, I believe that the Wheat Board should only play a role in the handling of hard spring wheat, both for domestic and for export for milling purposes. Members will remember my introducing a private member's motion urging the government to negotiate with the federal government to withdraw Alberta from the designated area of the Canadian Wheat Board. Some individuals and groups even construed that I wanted to do away with the Canadian Wheat Board. This was not the case. At that time the Canadian Wheat Board anticipated and contemplated a market assurance plan. Its ultimate goal at that time was that grain producers commit all their grain to the Canadian Wheat Board. This plan would prohibit one farmer from selling grain to another. All grain would have to go through the elevators, and any person wanting to buy any of that grain would have to pay a tariff. Even though I do not condemn the Canadian Wheat Board, I do not feel it is infallible. I believe that the private sector is much more capable of handling the grain.

One must realize that prior to 1928, Russia was the world's third largest exporter of wheat. In 1928 the Kremlin orderly marketing plan was put into place, and then five years thence, from 1931 for 51 years thereafter, Russia has been importing grain. One may say that a crop failure was the cause, and probably so, but not for 51 years consecutively. Canada has had crop failures, but not 51 years in a row. The United States, Australia, and other wheat producing countries have crop failures, but not for 51 years consecutively. When one considers — and I'm going to make reference to the Fairview area, which has fine, fertile, good producing soil. It is on the same parallel as Moscow. The topography of the soil in that area is comparable to that in Moscow. The climatic conditions in the Fairview area are comparable to those in Moscow. I do not think I would be too far out of place if I said that the representation in that area is comparable to that in Moscow. I hope this is an indication that government and state control is not the most efficient.

That was one of the basic facts that led the Alberta Grain Commission to seek a made-in-Alberta price that would be established publicly and that was based on day-to-day supply and demand conditions. In other words, Mr. Speaker, what was called for was an efficient marketing system for both the growers and the users. This is still needed and is in fact the substance of the resolution now before this Legislature.

The Grain Commission also suggested that corn-competitive prices be abolished. This is the formula that is still being used

to set the board's price for western feed grains sold in eastern Canada. It is based on the lay-down price of corn in Montreal, adjusted to a small extent by the price of soybean meal. They're to take account of corn's deficiency of protein compared to western grain. Therefore it is almost an involvement of the supply and demand for Alberta feed grains. The use of that formula is a classic example of a tail wagging a dog. The formula is still being used, and the dog is still being wagged.

Perhaps the most important of all changes that should be made, and that our resolution is calling for, is the complete opening up of all markets to Alberta feed grain growers. In other words, get rid of the restrictive delivery quotas that often prevent the growers from cashing in on a good price, and get rid of the embargo against farmers' sales to users across the line in the United States, where prices for feed grain are very often higher than here. When I speak of embargo, one would have to notice that when the word "embargo" is turned backwards, it spells "ograbme".

As part of a new feed grains policy, Mr. Speaker, there has to be a reassessment of the role of the Canadian Livestock Feed Board and the completion of the abolishment of the feed freight assistance policy. Each feeds on the other. This federal subsidy to certain eastern buyers is a direct contradiction to what the federal government and the western provincial governments all agree should be the objective of a free grain policy. I am talking about the encouragement of growth in the livestock feeding industry across Canada according to the natural factors and to the potential of various regions of this broad land. I see the feed freight subsidy as an unnecessary one that increases the inefficiency and the price distortions that exist in Canadian agriculture.

Replacing the freight subsidy with a federally subsidized storage program, as has been done in some years, has done little to help the eastern users of western feed grains and has done nothing good for our feeding industry either. In fact there is evidence of harm having been done to our feeders through this subsidy. By eliminating both subsidies, livestock feeding would be encouraged to locate near sources of feed supply, where they belong. The result would be an efficient marketing system as well as a saving of taxpayers' money, that they can't afford to have spent for them in the present economic climate.

Mr. Speaker, in summary I wholeheartedly support the resolution. I am gratified to have the chance to suggest some of the things that I believe could be done to achieve what the resolution actually calls for. Changes are surely necessary in order to build an agricultural industry that is based not on government handouts but on efficient, healthy economic policies. Freedom of choice is paramount.

I have not mentioned one other area, Mr. Speaker, and maybe you should be thankful that I haven't; that is, the Crow. We have talked about it for the last couple of years, and I'd hate to talk about it again.

In conclusion, I would ask all hon. members to vote and support this motion.

MR. DROBOT: Mr. Speaker, I welcome this opportunity to participate in the feed grains debate. Certainly I am not going to be as eloquent or humorous as the hon. Member for Vegreville. However, I will try to be factual.

The feed grains policy originated in 1941 to help increase livestock production during the war years. Under the freight rate assistance program of that time, assistance was provided through federal subsidy to aid in the cost of moving feed grains and screenings to Thunder Bay and points in eastern Canada, and from the prairies to British Columbia. Such a subsidy was advantageous to all regions at the time, as there was a large

supply of feed grains, and the use of idle livestock production plants was encouraged. Of course there were other policies introduced. The policies were withdrawn after the war, but the feed freight assistance continued.

Mr. Speaker, further changes in feed grain policy through the years placed at a disadvantage some prairie farmers who wished to finish their livestock. The wide differentials continued to exist until 1971. A study was conducted by the Canada Grains Council that came out with several recommendations; so a formula pricing, raising the limit of cash advances and removal of restrictions as regarding movement of feed grain in a designated area. It's interesting to note that the Canadian Federation of Agriculture also made a study at the time and was unable to reach a consensus.

In recognition of the pricing problem, the federal government introduced an interim feed grains policy. The policy had three major elements. Purchasers of domestic feed grains outside the prairies were enabled to buy feed grain at prevailing prices plus marketing but less the feed freight assistance. This restriction on grain movement was challenged. This policy proved to have a major weakness, mainly the lack of a mechanism to adjust to the price of feed grain on the export market, mainly the price of U.S. corn. So inefficiency continued, and the policy was replaced by a domestic feed grain policy. This policy was to provide an equitable base price for feed grain across Canada and to provide a growth of the livestock industry throughout Canada.

Under this plan the prices for wheat, oats, and barley for use as a domestic feed were established on the Winnipeg grain exchange. The Canadian Wheat Board remained responsible for export and other domestic sales. A reserve stock of grain was to be maintained for users outside the prairie provinces. Modifications were again made, and in 1976 an adjustment was also made in feed freight assistance. Other changes were made in 1977 and 1978.

Mr. Speaker, it is not my intention to get historical. Rather, as a livestock producer, I get a bit hysterical over the unfairness of the program to western Canadians. More recently, after export prices of domestic feed grain exceeded the price of corn, government payments were made to feed users in eastern Canada to provide corn at a competitive price. But the winds of discontent were blowing, and the real weakness in the policy led to a major review. The comments on the policy compelled Agriculture Canada in 1982 to have hearings covering a wide spectrum. I won't go into the details of the hearings, which were varied, depending on the various geographical areas. However, more support was made for the removal of the existing restrictions.

It is imperative that we give some thought to changes to the present feed grain policy which will cover and redress the inherent problems for the grain and livestock industries on the prairies. It is apparent that while a base price is established by the grain exchange, there is no guarantee that it is equitable to all market participants. Feed grain prices should be the same in Thunder Bay and Chicago, since shipments are made to the same export market. This way prairie feed grains will be priced competitively with U.S. corn at Montreal, since transportation reflects real cost. So, Mr. Speaker, the price of feed grain at Calgary, assuming compensatory freight rates, will approximate that at Great Falls, the Calgary price being based on Thunder Bay and Great Falls on Chicago. At the present time the production of red meat in eastern Canada is encouraged by our present feed grain policy.

Mr. Speaker, we must encourage livestock and feed grain production in Canada according to comparative advantages. The needs of feed grain producers and users, regardless of their

part in Canada, and which part, will only be served by a policy which allows buyers and sellers to get together and establish their own conditions of sale. The problems of the present system seem to occur when the Canadian Wheat Board becomes involved and especially when eastern feeders rely on the Canadian Wheat Board for cash grain supplies. The Canadian Wheat Board is not designed nor is its purpose to be an effective supplier of on-the-spot feed grain, a Canadian Wheat Board service.

Mr. Speaker, we need a feed grain policy which will encourage free movement of grain between producers and feeders. I support this motion.

MR. THOMPSON: Mr. Speaker, I too support this important motion. Basically it is important to the farmers of Alberta; it may not be to the urban people. We have been playing around with a national feed grain policy for years and years in this province.

When we are talking about feed grain policy, I think you have to look at three factors. One of them of course is the freight rates. Until now it has been the Crow rate. Second is the fact that in the last 10 years Ontario has become almost self-sufficient in feed grain. They have got into corn to the degree that they don't really need as much western feed grain as they did in the past, unless of course they have a bad year or something like that. So they have become a diminishing factor in the picture. Third of course you have Quebec and the maritimes, which do rely on western feed grain. As long as you have that part of Canada deficient in feed grain, you are always going to have a national feed grain policy, but I suspect it will be more of a token policy than an actual policy. Over the years the real heat in this picture has come from Ontario and its livestock industry. They really wanted to have a base of feed grain to work from. So those are three of the factors to deal with; there are many more of course.

Now let's get down to the players who are in this scenario. First of course, you have the federal cabinet, and I distinguish the federal cabinet from the federal government. Then you have the Canadian Wheat Board. Then you have the grain companies, the railways, the producers, and of course the final consumers. I can see a couple of black hats in this group; I also see a bunch of gray hats. I don't see any white hats out there, because I think everybody I named is involved in this thing in a negative-type way to some degree.

I'll start with the federal cabinet. The federal cabinet, under a section of the BNA Act that allows it, declared the grain handling system in western Canada — not Canada, but western Canada — a work for the general advantage of Canada. When they did that, they completely took control over the grain handling system of western Canada, and they still have it; it's still there. They still impact on the grain system in western Canada. What they have done, of course, is that all the final and ultimate decisions are made by the federal cabinet. They have the Wheat Board sitting out there basically as a smoke screen. But when it comes right down to it, the final decisions on pricing and disposal of feed grain ultimately rest with the federal cabinet. Of course as a western producer, I am not that happy about that situation.

Then we have the Wheat Board. From my point of view at least, it also wears a very, very, black hat in this scenario. As far as the Wheat Board is concerned, they have sat there — I'm just thinking back. I've farmed for over 31 years and, in my own mind, every year the Wheat Board cost me about \$5,000, and sometimes it went higher than that. Basically the Wheat Board has controlled the system. The Wheat Board has been responsible to the federal cabinet.

I'd like to give you one example, Mr. Speaker, of what I'm talking about. For years the Wheat Board did not even bother putting out an annual report. Finally, through the clamour of farmers — I won't say they forced them, but the Wheat Board finally did start putting out annual reports. But they're inaccurate. They're basically inaccurate for the simple reason that, like an accordion, they can move the crop year in and out any way they want to. They can sit there and have a period of one year. They can have a period of 13 months. They can have a period of 14 months. So really they can set their annual reports to any set of figures they want to. I really think that when you look at it, they do have a real black hat.

I think the grain companies play a part in this too. They're not black; maybe we'll call them gray. But the grain companies, including the pools, have played a very big part in the system. The pools have adapted very well to the system. The Alberta Wheat Pool at the present time handles two out of three bushels of grain — I guess "tonnes" of grain is what we'd say today — that are sold in Alberta. They've eliminated competition in at least 120 points in Alberta, and their profits have increased each year that I've been aware of since I've been in this Legislature. So I don't think the Wheat Pool would want to change the status quo.

The other day the Member for Bow Valley talked on the throne speech and mentioned the increased costs in agriculture. I haven't checked it out the last couple of years, but two or three years ago all the farmers were excited about the increases in prices of fertilizer. At that time at least, the increase in handling charges at the elevator went up as quickly or more quickly than the price of fertilizer. Nobody said anything about it. Basically, if people check back on the handling charges in the grain system, they would find they've gone up just as quickly as the other costs in agriculture. Although maybe they are not quite as spectacular, they have kept pace. So I would say that they have a real part to play in this too.

Now we'll go to the railroads. I think they've been a reluctant player in this game since the 60s. Before that they used to make money on grain. Since that time, since the rate of inflation has climbed — and that was in the late 60s and 70s — it's been a real losing proposition for them. Basically they have put grain on a low priority on their shipping list. I'd do it too if I were a railroad. They have also forced governments and the Wheat Board to go out and subsidize their rolling stock. So I think they've been a factor in the thing too.

The producer: well, I guess where I would point my finger at the producer is the fact that he has clung to an outmoded marketing system. You know, if you want to look at it, we spend millions of dollars a year in this country on research, on finding better and better ways to produce grain, but we have spent very little time researching new and better and different ways of marketing that product once it's produced. We have stayed with the status quo. The Member for Vegreville mentioned it, We have the Calgary feed grain exchange. We have Alberta Terminals, which is based in Alberta. I have to frankly admit that the producers have been very lukewarm to the use of these facilities.

And the consumer: well, he probably has the whitest hat of all. He's pretty honest; he wants the product at the cheapest price he can get it. If it takes political clout to get it, that's what he will do, and he's done a very good job of it. So be it; that's the way it is.

But when you look at Quebec which has used unrealistic subsidies to encourage livestock production down there based on cheap western grain, when you see the changes that are coming up in freight rates because the Crow rate has been abolished — I don't like to speculate in this House, but there

is a good chance that five years from now the Quebec livestock industry could have real problems. As far as I'm concerned, they have built something up that I don't think they can sustain.

[Mr. Speaker in the Chair]

I guess you could say I've been a little negative here. I'd like to compare the Canadian national feed grain policy to Alberta's. The Canadian policy has five points. I don't think there are very many of us here who can disagree with any of them, because they're basically motherhood. To ensure that policies and programs that effect the feed grain and livestock sectors are consistent with national objectives and national agricultural objectives — well, possibly I could argue with that a little bit because it puts national objectives above the producers, but in general I suppose that has to be one of their points. Secondly, to ensure that feed grain supplies will be available throughout the crop year to domestic feed grain users — we all agree with that one. Thirdly, to provide for the efficient pricing of Canadian feed grain — I don't really know what efficient pricing means; I guess what is sufficient depends where you're standing. Fourthly, to encourage the growth of livestock and feed grain production across Canada according to comparative advantage — that one has me puzzled to some degree too. Fifth, to move towards utilization of adjustment and assistance programs that do not affect the efficiency of the pricing system when public intervention is deemed necessary to influence the equity structure within the Canadian livestock feed grain sector — that one really baffles me, because I don't know what it is; therefore, Mr. Speaker, I'm not particularly in favour of it.

Let's get back to Alberta. We have seven points as a provincial feed grain policy. The first one: directing the Canadian Grain Commission to remove restrictions and give priorities to the movement of domestic grain by producer cars. From my point of view, that could work pretty well. Second: removing the Canadian Wheat Board quota restrictions on non-Board feed grains within the designated area; each grain company could administer their own quotas if they deemed them necessary.

That is starting to put a little flexibility into a really rigid system. Third: removing authority for issuing of import permits from the Canadian Wheat Board. Seeing as I'm not a Wheat Board addict, I really do believe that that would be good. Fourth: retaining switching procedures between Board and non-Board feed grain. I think that's good too, because it does cause problems for the grain companies out there if they don't have the ability and flexibility to move the grain back and forth from one designation to another. Fifth: gradually removing feed freight assistance programs to B.C. and eastern Canada. I think this also is good. Basically we would be standing on our own feet and would at least not be pushed around by the political winds of the country. As the Member for Vegreville said a little bit ago, it's like riding a steer. Restricting Canadian Wheat Board domestic sales of feed grains to declared emergency situations; emergencies would be declared by the Governor General in Council. Modifying the method of payment included in the Western Grain Transportation Act to remove distortion.

Those are basically Alberta's positions. I think they're clear; I think they're pointed in the right direction. I honestly think it is something we should push, Mr. Speaker, so I really do support this motion today.

I would like to conclude by saying that the farmers in western Canada, at least, have been going down the wrong road for 30, 40, 50 years. I don't think you can tinker with an inadequate system. Basically we should retrace our steps, get back to the free market with all its dangers, with all its advantages, and try to get back on our feet again.

Thank you for your attention, Mr. Speaker.

MR. SPEAKER: Are you ready for the question?

[Motion carried]

MR. HORSMAN: Mr. Speaker, it is not proposed that the Assembly sit this evening.

[At 5:22 p.m., on motion, the House adjourned to Wednesday at 2:30 p.m.]

