

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Tuesday, April 10, 1984 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF VISITORS**

MR. RUSSELL: Mr. Speaker, seated in your gallery today are some visitors from the Northwest Territories: the Hon. Bruce McLaughlin, Minister of Health and Social Services, accompanied by his deputy, Mr. Paul Moody, and by his executive assistant, Bob Butler. I hope they're enjoying their stay in Edmonton. It's a real pleasure to introduce them to you, and I'd like our House to give them the usual warm welcome for such visitors.

head: **TABLING RETURNS AND REPORTS**

MR. YOUNG: Mr. Speaker, as required by the Gas Protection Act and by the Electrical Protection Act, this afternoon I wish to table certain regulations which have been passed during the past year.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. ZAOZIRNY: Mr. Speaker, we're surrounded, in both galleries this afternoon, by 109 grades 8 and 9 students from Holy Cross school in the constituency of Calgary Forest Lawn. They are accompanied by parent Mr. Stange and by seven energetic and courageous teachers: Irene MacDonald, Kevin de Souza, Pauline MacGillivray, George Mastromonaco, Jim McMaster, Fran Flaman, and Margurite MacGillivray. I ask that they all rise at this time and receive the cordial welcome of the Assembly.

MR. LEE: Mr. Speaker, it is my pleasure to introduce to you and to all members of the Assembly 57 bright, well-behaved grade 6 students — relatively well-behaved — from the Calgary Logos Christian school, operating in the Sunalta school in Scarborough community. They are here today as part of their social studies class and will be billeted overnight thanks to the good folks at the West Edmonton Christian school. The class is accompanied today by assistant principal Evelyn Howe, teacher Harriett Prendergast, teaching aide Laura Rosenthal, parents Goldier Sommerville, Anna Calvert, and Peter Slimm, and ably chauffeured by bus driver Cicely Kilburn.

Mr. Speaker, it is impressive to note that this visit follows an announcement two weeks ago by the Alberta Teachers' Association religious studies council, that this school has received the award of merit this year.

As this enthusiastic group is the very first school to visit their MLA for Calgary Buffalo since his taking his seat in the Assembly, I ask them all to rise and receive a special warm welcome.

MR. DIACHUK: Mr. Speaker, it is my pleasure today to introduce five young ladies from the 134th Girl Guide Company, from the constituency of Edmonton Beverly. They are accompanied by their leader Mrs. Trish Brady and by their junior leader Karen Hannah. They are working on their citizenship badges. They're seated in the public gallery, and I ask that they rise and receive the usual welcome of this Assembly.

head: **ORAL QUESTION PERIOD****Heavy Oil Development**

MR. NOTLEY: Mr. Speaker, I'd like to direct the first question to the hon. Minister of Energy and Natural Resources. It concerns government efforts to rev up the private-sector job creation engine, which seems to be stalled at the moment. My question is with respect to any follow-up the minister has taken subsequent to March 20, when the hon. Member for Lloydminster raised the question of the heavy oil upgrader.

MR. ZAOZIRNY: Mr. Speaker, as I mentioned in response to the question from the hon. Member for Lloydminster, we have been involved in a series of extensive discussions with the government of Saskatchewan, the government of Canada, and the Husky organization, which is the proponent of an oil upgrading scheme in the Lloydminster area. Those discussions have extended over a protracted period of time. The simple reason for those extended discussions involves the nature of the project and the call by the proponent for some significant involvement by the respective governments, by way of indirect government financing for the project.

Those meetings are continuing. In fact, I will be meeting next week with representatives of the Husky organization. They have also been meeting with other government officials. We are all working very hard to see if there is a way this project can come to fruition in the near term.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. Given reports of the Saskatchewan Minister of Energy and Mines indicating that there are differences in philosophy between the two governments — on the issue of the loan guarantee question, I gather — have there been any specific meetings between the minister of energy in Saskatchewan and the minister in Alberta to reconcile those differences?

MR. ZAOZIRNY: Mr. Speaker, regrettably the hon. member is again relying on media reports. The report he is referring to was brought to the attention of the minister of energy for Saskatchewan, who was most distressed with a mis-statement of his remarks and in fact contacted that media representative in that regard.

However, Mr. Speaker, as recently as last Thursday I met with my Saskatchewan counterpart to discuss the project, and I can say without hesitation that we are moving very much in tune, one with the other, in terms of this project. I should add that if in fact the government of Alberta had taken the attitude that any consideration of loan guarantees was out of the question, we would no longer be involved in negotiations on the project.

MR. NOTLEY: Fair enough, Mr. Speaker. Perhaps we could then ask the hon. minister if he could indicate to the Assembly whether there are any other impediments — the minister has indicated the loan guarantee as being one — from the standpoint

of the government of Alberta, with respect to this project going ahead?

MR. ZAOZIRNY: Mr. Speaker, there is a myriad of issues involved in a project of this nature. Its capital cost would be in the billions of dollars. When the taxpayers of Alberta are being requested to become involved in the risk-taking in respect of indirect financing, that certainly calls for very careful and close scrutiny by the province of Alberta as well as by the other governments that would be involved.

I don't think it would be fair or appropriate to delve into the precise nature of the negotiations and the intricacies of them, except to say that there are a number of issues which all the parties, including the proponent, have to address. In terms of the proponent, they are attempting to determine a private-sector partner who would work with them on the project. In order to supply the necessary feedstock for the project, a partner is required. The Husky organization, in and of itself, does not have the capacity to supply the full feedstock needs of the facility.

MR. NOTLEY: Mr. Speaker, a supplementary question. Given the precedent set by this government, of both direct and indirect financing with respect to the Syncrude project in 1975, is the minister in a position to advise the Assembly whether the proponents are asking for more, a greater exposure of risk, than the government has already apparently set as a standard as a consequence of the Syncrude project?

MR. ZAOZIRNY: Mr. Speaker, the fact of the matter is that one can't look at the two projects in an identical light. That would be overly simplistic. The basic difficulty in upgrading oil at this point in time in 1984 has to do with the very strained economics of such a facility. It's a matter of taking a look at the dollars that can be received by selling the crude bitumen in its non-upgraded state, comparing that to the dollars one would receive in selling the synthetic crude, and determining whether or not that price spread is sufficient to warrant the billions of dollars of investment required to put the upgrader in place. So it's a very complex proposal. In the first instance, it can readily be distinguished from Syncrude in terms of the overall economics. But notwithstanding those difficulties, there is a sincere and determined effort by all the parties involved to see if it can be done.

MR. NOTLEY: Mr. Speaker, a supplementary question. Given reports about Petro-Canada's interest in an oil sands venture, is the minister saying that this government places a higher priority on oil sands development than on heavy oil development?

MR. ZAOZIRNY: Not at all, Mr. Speaker. The fact of the matter is that one has to look at economics. That is the ultimate arbiter and the ultimate determinant of whether or not a project can proceed. What we're looking at is if there is a way in which, putting the financial muscle, if you will, of the respective governments behind a project of this nature, it can proceed and make good economic sense. That's what we're working at, and that's what we intend to determine.

MR. NOTLEY: Mr. Speaker, a supplementary question. Given that restatement of a position taken for some time now, could the minister give us some indication as to what time frame we are looking at? In light of the fact that the upgrader proposal has been discussed for some period of time, does the minister have any time frame he can share with the House?

MR. ZAOZIRNY: Mr. Speaker, it should be noted that it hasn't been a situation where there has been one upgrader proposal. There has been a series of proposals made by the proponent and responses by the governments. That's just the nature of the discussions.

Certainly all the parties involved would like to come to a conclusion on this matter at the earliest possible opportunity, but I think it would be wrong if we were to impose some artificial time limit. Surely it's far more important that we determine and ensure that we've exhausted every possible avenue in bringing a project of this importance on stream, if it can be done on a truly economic basis. So we're not imposing any arbitrary or artificial time frames. We'll know when the time arrives, when we get to that conclusion. But all the parties are working hard to come to a conclusion at the earliest possible and practicable date.

MR. MARTIN: Nineteen ninety-nine.

MR. NOTLEY: Nineteen ninety-nine?

Mr. Speaker, I'd like to ask a supplementary question of the minister. Given the agreement between the government of Saskatchewan and the government of Canada with respect to a five-year, \$30 million research development agreement reviewing heavy oil techniques, what consideration has been given by the government of Alberta to entering such a program?

MR. ZAOZIRNY: Mr. Speaker, we in Alberta can say with great pride that with the work that has been done in the province by such organizations as the Alberta Oil Sands Technology and Research Authority, we are world leaders in terms of research in this area. It's a proud heritage of this province. If anything, we find that people around the world are coming to Alberta to receive the information and research results we've obtained right here.

MR. NOTLEY: With respect to oil sands, I'm asking about heavy oil development.

SOME HON. MEMBERS: Same thing.

MR. NOTLEY: Specifically on the question of heavy oil development *per se*. As I understand it, the agreement between Saskatchewan and the government of Canada is a cost-sharing agreement on heavy oil. Has there been any parallel agreement between the government of Canada and the government of Alberta on this matter? We know: we spend money; we invest money; we invest money in AOSTRA, and I agree. I'm talking about a cost-shared program with the federal government.

MR. ZAOZIRNY: Mr. Speaker, if the federal government is interested in coming to the province of Alberta and endeavouring to participate, with the benefit of some Alberta technology, we'd be prepared to sit down and talk with them about it.

MR. NOTLEY: So we're going to wait for them to come, whereas Saskatchewan goes to Ottawa.

MR. JOHNSTON: Cap in hand?

MR. NOTLEY: Not cap in hand.

MR. MARTIN: We have so much money here; we don't need any.

MR. NOTLEY: Could I ask the hon. minister: given the fact that Co-op refineries is completing its upgrader by 1987, and given the agreement between Ottawa and Regina concerning heavy oil research, is the government of Alberta not recognizing the danger that the thrust of heavy oil development may in fact take place east of the Saskatchewan/Alberta border rather than in Alberta?

MR. ZAOZIRNY: Mr. Speaker, the thrust of heavy oil development will occur where the heavy oil is located, and that's right here in Alberta.

Having said that, one should of course recognize that what has happened vis-à-vis an Ottawa/Saskatchewan agreement on a proposed upgrader in Saskatchewan is that there was an agreement to determine the feasibility of such an upgrader. To my knowledge, there has been no decision taken as to an actual go-ahead.

MR. NOTLEY: Nineteen eighty-seven, John.

MR. ZAOZIRNY: If the hon. member will check his facts, I think he will find that no final decision has been taken on a go-ahead.

We're moving along very well. We're delighted to see the progress we're making in terms of our *in situ* heavy oil and oil sands recovery, and we continue to lead the nation in that regard.

DR. BUCK: You're not doing your job, John.

MR. NOTLEY: Nineteen eighty-seven, if one recognizes the significant contributions of the co-op movement.

MR. MARTIN: Bring back Merv Leitch.

Electric Power Exports

MR. NOTLEY: Mr. Speaker, I'd like to direct my second question to the hon. Minister of Utilities and Telecommunications, and ask if he's in a position today to confirm that a joint application to the National Energy Board is under way from TransAlta Utilities, Alberta Power, and Edmonton Power for the purpose of exporting electric power to the United States.

MR. BOGLE: Mr. Speaker, I'm certainly not in a position to confirm what actions may in fact be taken by the utility companies mentioned by the Leader of the Opposition. However, I would restate the opportunity that the government of Alberta has made to the companies which own and produce electricity in this province, to identify potential markets for export of surplus power so that the two plants, Sheerness and Genesee, might be positively affected by such decisions.

MR. NOTLEY: Mr. Speaker, a supplementary question. The minister has indicated the concern about natural gas markets, and I share that concern. However, my question is: in developing a policy perspective in which the three participants now, I gather, have indicated to the National Energy Board that they intend to make representation for export, what consideration was given by the government of Alberta, not to the competition with present gas markets but to the competition from other electrical generating facilities in this country: British Columbia, Quebec, Ontario, and Manitoba?

MR. BOGLE: Mr. Speaker, in trying to fully comprehend the thrust of the hon. member's question, the decision taken by

the government of Alberta is with respect to surplus electricity that could be generated within Alberta. That decision was taken as a result of the fact that we have two plants currently under construction: one at Sheerness, which is a joint venture by TransAlta Utilities and Alberta Power Limited, two investor-owned utility companies; and the second is the project at Genesee, which is an undertaking by the city of Edmonton through its Crown corporation, Edmonton Power. As both projects are in the stage of construction — I believe Sheerness is about 60 to 64 percent complete, and Genesee about 14 percent complete — it was a consideration of the government that any assistance we could provide to the owners of those projects in identifying markets outside the country would be helpful.

MR. NOTLEY: Mr. Speaker, a supplementary question. The minister has indicated assistance in identifying export markets outside the country. Given the rather competitive position of the electrical generation business — that is, that other provinces are also seeking export markets — could the minister identify what markets the government of Alberta has nailed down as potential targets?

MR. BOGLE: Mr. Speaker, if the government of Alberta were operating like one of the other governments that owns, as a Crown corporation, the company that would be seeking the export of power, then surely there may be an active role for the government to play. The government in this case has clearly opened the door so that the two investor-owned utility companies and Edmonton Power have the opportunity themselves to identify whether or not those markets exist and the terms and conditions that would be satisfactory to both their own shareholders and the government of Alberta.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. What policy considerations does the government of Alberta have in place to avoid the difficulty that has arisen in other jurisdictions, where export power has led to major developments but at a cost of higher power internally? Newfoundland is one example, vis-à-vis Quebec. Another example is the two rivers policy in British Columbia.

MR. BOGLE: Mr. Speaker, clearly the integrity of both the Energy Resources Conservation Board, on scheduling and commissioning utility plants, and of the regulatory authority, the Public Utilities Board, is to ensure that Albertans are provided with the most reasonably priced power possible. Therefore, by protecting the integrity of those two quasi-judicial bodies, we are in turn protecting the consumers of Alberta.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. Aside from the regulatory role of the Public Utilities Board and the research capability of the energy resources research, what would the government of Alberta have in place as a government policy position on export of power? The minister identified, I believe on April 4, the caveat of not competing with natural gas sales. I don't argue with that. My question is: since the minister's department has set that as a caveat, to what extent has the impact of export on local power rates, which has been a fact in other jurisdictions, been given consideration by the government from a policy standpoint?

MR. BOGLE: Mr. Speaker, clearly it would not be the intent of this government to interfere in any way with the normal regulatory process of the Public Utilities Board. The first and most important objective or principle that the Public Utilities Board operates under is to provide the consumers of Alberta

with a degree of protection so that sales of electricity abroad, at the expense of Albertans, could in no way be considered.

Westfield Centre

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Social Services and Community Health, with regard to the long-term psychiatric unit at Westfield. I was wondering if the minister could indicate the status with regard to the construction of that unit at this time.

DR. WEBBER: Mr. Speaker, as the hon. member knows, the Westfield centre is a compulsory care centre for young people who are in need of treatment of one sort or another. The department has been looking at a proposal which would involve providing, at that particular place, psychiatric treatment for individuals that would need it. The proposal, as I understand it, is unique in that it could be classified as an experimental approach, I suppose. No final decision that I am aware of has been made on the proposal at this particular time.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate whether the funds will be available for the proposal when the decision is made to proceed with the request?

DR. WEBBER: Mr. Speaker, when the decision to proceed is made, it would of course be dependent on the funding that would be made available. Before I could answer further on it, I would have to get an update on that particular proposal for the hon. member.

MR. R. SPEAKER: Mr. Speaker, a further supplementary. I understand that in the fall of 1983, moneys were made available for staffing this facility. I was wondering if the minister could indicate whether that has occurred, whether those positions are still in place, or whether there has been a withdrawal of the funds for those positions.

DR. WEBBER: I doubt very much if there has been any withdrawal of funds at the particular facility, but that is information I will be happy to get for the hon. member.

Health Care Cost Sharing

MR. MARTIN: Mr. Speaker, I would like to direct my question to the Minister of Hospitals and Medical Care. In view of the unanimous passage of the Canada Health Act through third reading in the House of Commons yesterday, a position heartily endorsed by the Conservative Party, including the Alberta caucus . . .

MR. SPEAKER: Order please. Are we having . . . [interjection] I was under some suspense as to when the question might come.

MR. MARTIN: I assure you that it's coming right away, Mr. Speaker.

My question is, what plans now are in place to end physicians extra billing in this province?

MR. RUSSELL: Mr. Speaker, as soon as the Canada Health Act was introduced in the federal House, Alberta stated its position very clearly. We're maintaining the premium system of health care insurance, so the premium system will stay in place. The hospital user fee program, as announced, will stay

in place. We propose to continue allowing our doctors to extra bill, with the unanswered question at this time as to what form, if any, of opting out should be required of extra-billing doctors. Those policies have been clearly enunciated from time to time during the course of the Bill through the House. It still has to go through the Senate and receive proclamation before it becomes law.

MR. MARTIN: A supplementary question, Mr. Speaker, for a point of clarification. At this point is the government considering that doctors should be permitted to opt out of the health care insurance scheme if they wish to extra bill?

MR. RUSSELL: Yes, Mr. Speaker. I've said on earlier occasions in the House that we're watching to see what other provinces that continue to allow their doctors to extra bill are doing, to see if there is a common position. At this time I still can't say whether or not that will happen. In any event it is certainly the position of this government that, on a question of principle, our doctors will be permitted to continue extra billing, as they have since 1969.

MR. MARTIN: A supplementary question to the minister, Mr. Speaker. Is it government policy that Albertans will pay some \$14 million a year in extra bills — the latest figure — and then be asked to pay a further \$14 million by way of taxes, in order to prop up the extra-billing system?

MR. RUSSELL: Mr. Speaker, the figures are estimates at the present time. But the position of the federal government is that if Alberta maintains its constitutional position — that is, administers our health plan according to the way the government sees best — and extra billing is continued, the government will apply economic sanctions and punish the government of Alberta by way of those sanctions.

MR. MARTIN: It seems Albertans are getting a double whammy; they'll be punished.

A supplementary question to the minister. Other than the opting-out alternative, does the government have any plan in place to reduce the amount of money lost from provincial revenues in terms of transfer payments, as a consequence of extra billing?

MR. RUSSELL: Mr. Speaker, I have difficulty answering that question, because we don't know when the Bill will be passed. Secondly, we don't know what the amount of extra billing might be. Thirdly, there is a three-year period of grace, if I can call it that, whereby if positions change, the moneys involved would be held in trust and returned to the province if appropriate conditions are met.

There are a lot of unknowns in what I have just described. Adding to the picture, I expect that very shortly there will be a different federal government in office in Ottawa.

MR. MARTIN: I would remind the minister that this was unanimous, as he well knows and that the federal Conservatives were . . .

MR. SPEAKER: Order.

MR. MARTIN: . . . [inaudible] at the provincial Conservatives on this issue.

A point of clarification, so we're crystal clear here, Mr. Minister. The minister is saying that the principles of user fees and extra billing are so important to this government that they're

willing to give up millions of dollars of transfer payments from the federal government over the next number of years to keep these two principles intact.

MR. RUSSELL: Mr. Speaker, our position is very clear, and it's in accord with the provinces and territories across Canada. We're struggling to save the quality of medical care programs in Canada. If the moves the hon. member seems so eager to adopt are put into place, I'm absolutely certain that the quality of medical care will go down, and very substantially.

Insofar as the specifics of the issues he mentioned, we believe that the user-fee program in hospitals is saving us money. It's been a terrific cost control technique. Insofar as maintaining the principle that doctors are independent professionals and have the right to set their own fees, as do other people in our society, we're willing to stand by that principle.

MR. MARTIN: The last point is certainly debatable, and we've debated it before.

Mr. Speaker, my final supplementary question to the minister is simply this. It seems to me that we're relying now on the Senate. If the government can't convince its own Conservative colleagues, some of them from Alberta, how do you expect to convince a Liberal Senate that your case at this point is just?

MR. RUSSELL: Well, Mr. Speaker, one must live in eternal hope. This government has followed the route followed by the other governments of the provinces and the territories. We've used every access available under the Canadian parliamentary system. We appeared in front of the standing committee of the House of Commons. More recently we appeared in front of the standing committee of the Senate. We still have our own legislatures to return to, and there is always the judicial system as well as the final court of the electorate.

There are a number of options open, and I think the provinces have been unanimous in their determination to follow every avenue that's open. Really, the action has just begun.

MR. McPHERSON: Mr. Speaker, I have a supplementary to the hon. Minister of Hospitals and Medical Care. In the absence of extra billing, can the minister describe what proposals exist in the proposed Canada Health Act to resolve any fee schedule disputes that may occur between provinces and the medical profession?

MR. NOTLEY: Read the Act.

MR. SPEAKER: With great respect to the hon. member, I hear someone in the Assembly saying, read the Act. I would have to second that proposal.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. The minister indicated that the next step was certainly the courts, in terms of the constitutional question of provincial or federal powers. Could the minister indicate whether the provinces have unanimously agreed that the next step would be presenting this matter to the courts, or is there no agreement on that matter at this time?

MR. RUSSELL: No, there's no agreement, Mr. Speaker. Some provinces have indicated, as is Alberta, that they're considering future alternative actions. There is a variety of ways in which legislation can be challenged through the judicial system. All I can say at this time is that I know there is more than one province considering such moves.

VIA Rail Services

DR. BUCK: Mr. Speaker, my question is to the hon. Minister of Tourism and Small Business or the Minister of Transportation. It's a follow-up to a question the hon. Member for Edmonton Belmont asked yesterday about reinstating VIA Rail. Is the Minister of Tourism and Small Business in a position to indicate what discussions took place with the minister and his western counterparts before they came together to meet at the symposium in Jasper?

MR. ADAIR: Mr. Speaker, what discussions took place personally? Was that the gist of the question?

None personally, although I should point out that the Minister of Economic Development and us, through me to the federal Minister of Transport — there were a number of letters sent back and forth, actually starting some time ago, relative to requesting specifically the reinstatement of the VIA Rail service from Winnipeg to Vancouver. Then in December that first leg, the Winnipeg to Edmonton section, was reinstated. We then reaffirmed our request for reinstatement of the service from Edmonton to Vancouver as emphatically as we could.

DR. BUCK: Mr. Speaker, to the minister, on a point of clarification. Were there active discussions between this government and the other three prairie provinces to bring this matter to the attention of the federal Minister of Transport? Were there active discussions among the four provinces before the presentation was made?

MR. ADAIR: Mr. Speaker, in the sense of the group called the Canada West group, which is a group of Alberta, Saskatchewan, the Northwest Territories, and the Yukon, that point was brought up at our annual meeting in Vancouver, and we had the support of the four parties involved there to make representations on behalf of the Canada West group as well. Our officials have had some discussions with Saskatchewan and Manitoba as well.

DR. BUCK: Mr. Speaker, to the minister. The question the hon. Member for Edmonton Belmont asked was, the full reinstating of VIA Rail service. What discussion took place between the provincial and federal representative as to a limited summer service from Manitoba to the west coast?

MR. ADAIR: Mr. Speaker, our position has been all along — supported by my colleague the Minister of Economic Development, who may wish to supplement the answer — that we would like to see reinstatement of the full service with new equipment. We could then get back to the kind of service that was cross-Canada in the late '60s, early '70s. I believe the number of passengers travelling east and west on that service per day was somewhere around 400. That was when it was what I'll call up to snuff.

DR. BUCK: Mr. Speaker, to the minister. There have been no discussions or proposals on the limited summer service?

MR. ADAIR: No. As I understand and recall, it was a suggestion by the federal minister at that time, the hon. Mr. Pepin, that they might consider a "tourist train", whatever that was. We then asked if they would identify and clarify what that meant.

One of the recommendations we made, as early as August 1981, was that reinstatement of service that was then cut should take place immediately and that we should then enter into

discussions relative to the operation of that service and the possibility of a reduction in service in the wintertime, if it was warranted, but that in the interest of proper operations, full service should be immediately reinstated.

DR. BUCK: Mr. Speaker, in the discussions that took place in Jasper lately between the western and the federal representatives, is the minister in a position to indicate the cost benefits, as to the spin-off factors, of the loss that was generated by VIA Rail? Were there any figures showing what the spin-off gains as to the losses would be?

MR. ADAIR: Specifically, the numbers that would be generated as a result of the increase in tourism were not totally identified. From the standpoint of the operation of the service itself, Mr. Speaker, we identified that if they went into the full service with new equipment, double-deckers, providing the kind of service we would like to see — that's full service and a good, aggressive marketing plan — there could be savings of \$60 million annually and that \$60 million annual saving would see the repayment of the debt for that new equipment over about six years.

Wage Subsidy Program

MR. SHRAKE: I have a question for the Minister of Manpower. With the doom and gloom we've been hearing this whole last year, there's a little company in Calgary, J.D. Furniture, that's expanding and booming away. They would like to take on another 55 to 60 employees, and their intention is that they will later make these jobs permanent. My question to the minister is: can we accommodate all these and, if not, why not? [interjections]

MR. ISLEY: Mr. Speaker, I'm sure the member is referring to the Alberta wage subsidy program, which is one of the three-pronged programs we announced two weeks ago. The restrictions on the number of people you can employ under that program are as follows: if you're going to employ in excess of three people, they cannot exceed 50 percent of your staff; the maximum number of new positions that any company can take advantage of training is 30, and the reason for that is to spread around the opportunities in as many areas as possible.

I'm pleased to hear that the hon. member has aggressive people in his constituency, and I'm sure they will find ways of handling their other positions.

ORDERS OF THE DAY

MR. SPEAKER: Might the hon. Member for Calgary North Hill revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS

(reversion)

MR. OMAN: Thank you very much, Mr. Speaker. I appreciate this opportunity to introduce to you and to the Assembly some 30 members of the Logos Education Society from Calgary. The society was formed several years ago by the Calgary Board of Education to try to integrate religion in the protestant system. They are here today and have presented a petition of some 5,250 signatures to the Minister of Education to ask his help

in preserving the Logos Society and the alternative system in the Calgary system. I'd like the members in the public gallery to stand and be welcomed by the House.

MR. HORSMAN: Mr. Speaker, with respect to the questions and motions for returns, I move that Question 165 and motions for returns 160, 161, 162, and 167 stand and retain their places on the Order Paper.

[Motion carried]

head: WRITTEN QUESTIONS

159. Mr. Martin asked the government the following question:

During the Oral Question Period on Tuesday, April 3, 1984, the Premier, in reference to penalties potentially to be suffered by Alberta as a result of the anticipated operations of the Canada Health Act, observed "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."

Will the government undertake to table in this Assembly those studies or other documents upon which the estimate of between \$14 million and \$20 million per year in penalties to be suffered by Alberta is based?

Will the government undertake to table in this Assembly those studies or other documents, the conclusion of which is that 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. RUSSELL: Agreed.

head: MOTIONS FOR RETURNS

163. Mr. Martin moved that an order of the Assembly do issue for a return showing:

- (1) with regard to the program implemented by Alberta Government Telephones whereby all long distance calls originating in the area served by Edmonton Telephones are intercepted and the caller asked to state the telephone number from which the call is originating:
 - (a) the number of ACT staff transferred from other duties with the company to meet the staffing requirements of this program on a part-time basis.
 - (b) the number of ACT staff transferred from other duties with the company to meet the staffing requirements of this program on a full-time basis.
 - (c) the number of new employees hired by the company for the purpose of meeting the staffing requirements of this program on a part-time basis, and
 - (d) the number of new employees hired by the company for the purpose of meeting the staffing requirements of this program on a full-time basis:
- (2) the amount of money budgeted for this program by ACT;
- (3) the amount of money expended by ACT in the categories of employee wages, salaries, and benefits, and all other costs, attributable to the operation of this program in the period since the program's inception to March 1, 1984, and in the period since the program's inception to April 1, 1984; and
- (4) for the two periods noted in part (3) above, the number of complaints received by ACT from customers in the

Edmonton Telephones service area alleging that calls for which they have been billed were not placed by them, and the total dollar value of the calls about which such complaints have been received.

[Motion carried]

164. Mr. Martin moved that an order of the Assembly do issue for a return showing, in each of the two categories of coverage maintained by the Alberta health care insurance plan, (1) individuals and (2) families, the number of previously covered policy holders no longer covered under the plan as a result of their failure to pay out premium arrears owed to the plan, shown, in each category, as at (a) December 1, 1983, (b) January 1, 1984, (c) February 1, 1984, and (d) March 1, 1984.

[Motion carried]

166. Mr. Martin moved that an order of the Assembly do issue for a return showing, with regard to the trip to Hawaii of the Minister of Transportation for the purpose of attending the annual convention of the Western Canada Roadbuilders Association, in each case for the two periods of time, January 27 to February 11, 1984, and February 12 to February 16, 1984, details of all expenses incurred and paid for by public funds in the categories of meals, transportation, accommodation, hosting, and other expenses; and details of all expenses incurred and paid for by public funds in the same categories, as occasioned by Mr. Harvey Alton, Deputy Minister of Transportation, due to attendance at the same convention.

[Motion carried]

MR. SPEAKER: I have word from the hon. Minister of Tourism and Small Business that he has a brief statement to make.

MR. ADAIR: Mr. Speaker, when I referred to the Canada West group in my response a little earlier, I mentioned Alberta, Saskatchewan, Yukon, and the Northwest Territories; it rightly should be Alberta, British Columbia, Yukon, and the Northwest Territories, and not Saskatchewan.

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

206. Moved by Mrs. Cripps:

Be it resolved that the Assembly urge the government to encourage private pension plans to reduce vesting requirements, optimize portability, provide survivor benefits, and promote individual responsibility for retirement planning and initiative.

MRS. CRIPPS: Mr. Speaker, I am pleased to introduce this motion because it's so important today, when the life expectancy of the average Canadian is 70 years. It's anticipated that by the year 2030, the mean age of death will have increased to 78 years. Thus if the variables involved remain constant, by that year there will be nearly 400,000 people over 65 in Alberta, versus 163,000 today; 6 million senior citizens in Canada, 61 million in North America, and 1 billion in the world — that's the present population of China. Never before have civilizations had to cope with such a mass of old people. The average ancient Greek lived to 20 or 30 years, and by 1900 the average life expectancy in an industrialized North America was a mere 45 years.

The other day I heard a lady phone in because her grandfather was 100 years old. After that the wife of another gentleman a few miles down the road phoned in. She said, I live with a man who is 102 years old. They talked to him on the phone, and he said: June 11 will be my birthday, and I'll be 103 years old. For the Member for Stony Plain — it was his constituent — June 11 is a date to remember.

Twenty-five years ago it was not uncommon for a family to have half a dozen children or more. Today the average family is 3.2. This means that fewer young people will be in the work force to supply the needs and services which we have decided our senior citizens deserve and to which they have become accustomed. By the time you and I reach the age of 65, the pension obligation to eligible pensioners may be a terrible burden on all society, unless action is taken now to assure that pension plans and pension funds are adequately designed and maintained to provide security during one's pensionable years.

Where do old people go? Most men aged 65 and over — in fact 60 percent of them — live with a spouse. But only 34 [percent] of women over the age of 65 live with a spouse; 31 percent are alone. It means that there are a lot of senior citizens — women in fact — who live alone and, as I'll illustrate later, may not have any pension funds to draw on.

Mr. Speaker, the motion urges the government, private industry, and the individual to work together to develop a pension plan that is acceptable to all three and that would provide the most effective, efficient, and economic pension at retirement time. Through undertaking a private pension plan, an individual will ensure that the impact of retirement on his standard of living will be minimized.

Before I get into the principles involved in the motion, I'd like to outline the government pension funds which are available to citizens at this time. Through a variety of programs, federal and provincial governments guarantee Albertans a certain minimum level of income upon retirement. And that's not really true; it's upon reaching the age of 65. At that age all Albertans are guaranteed a level of income sufficient to maintain a minimum standard of living. I'll go through the minimum monthly benefits available as of January 1, 1984. I have a chart here. I wish I could give it to *Hansard*, because it's so easily explained by looking at the chart but rather difficult to read from.

A widow aged 55 to 64 would receive \$624 from the Alberta widows' pension plan. At age 65 a single person would receive \$263.78 from the old age security, \$265.60 from the guaranteed income supplement, and \$95 from the Alberta assured income, bringing the total to \$624.38. A couple, both over the age of 65, would receive \$527.56 from the old age security, \$409.72 from the guaranteed income supplement, and \$190 from the Alberta assured income, for a total of \$1,127.28. Mr. Speaker, that is if they do not have other income. If they have other income, the guaranteed income supplement and the Alberta assured income would be decreased according to the income they have. A couple, one over 65 and one 60 to 64, would receive a total of \$1,032.28. So there is a guaranteed income which would supply the basic needs of most Albertans.

There are three main areas which would seem to be major discussion points in a private pension plan. The vesting provision of a pension plan has long been misunderstood and has caused some concern between the employer and the employee. According to the dictionary, the definition of "vesting" is: to give to a person a legally fixed, immediate right of present or future enjoyment, or as in an estate. The pension field uses the employee's own money to buy something, i.e. future pension benefits. I hope I've got that correct. The vesting is the employ-

ee's contribution to the pension plan, which should be refundable or transferable upon termination of employment.

In 1957 the average vesting was based on 25 years of service, and by 1964 it had moved down to 10 or 15 years of service. With the introduction of the Pension Benefits Act, which became effective January 1, 1967, the vesting period was 10 years. No change or major review of the Act has really been undertaken since that time. The province of Alberta is presently in the process of reviewing the Act, as are all other provinces, along with the federal government and, I must say, business and private citizens.

The new recommendation is that [after] five years of service or plan membership, the employee should be entitled to the pension benefits for that period served, or his vesting benefits. This means full vesting of benefits earned. There is also a suggestion that the employer should pay at least some portion of the accrued vested benefits the employee would become entitled to on termination of employment or on retirement.

The problem has really not been the ability of the employee to receive his own vested interest as a refund but the portability of that pensionable time. The Pension Benefits Act allows transferability, but in most cases the transfer is the employer's option, not the employee's option. With the mobility of the current work force, it's imperative that more consideration be given to enable an employee to transfer pension benefits. A pension system that allows credits to be moved when an employee goes to a new employer will facilitate labour mobility and contribute to personal well-being. The federal government has initiated a new pension tax system which proposes to overcome this shortcoming by the creation of a registered retirement account, or RPA, which will accept employer and employee contributions and transfers from pension plans. Hopefully this will solve some of the problems where workers who move from job to job are rarely able to take with them the full pension contribution earned under any one employer.

The lack of portability of pensions is effectively illustrated by a discussion I recently had with a constituent who works in the oil industry. He worked three years for company A, moved to a new company, and received a \$350 payment of his vested pension contributions. He worked for company B for 13 years and received a \$3,300 payout of his vested interest in that pension plan. It might be interesting to note that in a volunteer savings plan with the company, he had accumulated \$9,500. But since that's voluntary, many employees probably would not have taken advantage of the plan. He has worked six years for company C, which means he has a total of 22 years in the oil industry but has no pensionable benefits, because there was no portability of the pension plans.

It would seem to me that we should encourage a joint pension fund that a number of private companies could pay into, ensuring that someone who has worked in the oil industry — or, for that matter, any other industry — for a period of 22 years would have some pensionable benefits available to him.

There are multi-employer plans in the construction industry with reciprocity agreements whereby pensionable service in any area or province can be transferred to the employee plans. This of course is a clause in a union contract and certainly is beneficial to the employees. That particular transferability should be looked at by private industry.

It would seem to me that transferability of pension service would, in the long run, be in the best interests of both the employer and the employee. If the pension funds are left with the former employer, the cost of maintaining records on someone who has left his employ but has a vested interest is very high, especially considering that the person must be located when he's 65.

I might note that the new pension reform introduced in the federal budget of February 15, 1984, will require pension plan administrators to notify Canada Pension administration if deferred pensions are not claimed within six months of the normal retirement age. The Canada Pension administration will then attempt to find the potential claimant and suggest that he or she contact the company of their former employer. This will certainly lessen the burden on the employers and possibly solve some of the major cost of locating former employees. It has been pointed out to me that one major farm machinery manufacturing company took eight years to trace 25 employees; that has to be a major cost to the company. Certainly, maintaining that number of employee or former employee records over a number of years is a time-consuming task.

Survivor benefits is another major area of pension reform. The recommendation is that married employees opt for a 50 percent joint and survivor pension in lieu of the normal form of pension. This could only be waived by an agreement signed by both spouses. I understand that the provincial government and the business community have both agreed with this recommendation by the federal task force.

It is also recommended that there should be a division of pension benefits on marriage breakdowns. Benefits should be split equally between spouses and retain their character as benefits to be locked in.

The last issue I want to discuss, Mr. Speaker, is the lack of pension coverage for women. In the three-tier system we have — i.e. private pensions, public pensions, and individual savings — only one woman in five has the opportunity to pay into a private pension plan. With the exception of government pension plans, only 20 percent of working women have access to a pension plan. Eighty percent of our part-time labour force consists of women. Since women tend to be more highly mobile in the work force, it is imperative that consideration be given to ensuring that pension plans include the special needs of women within the system.

An aside to the private pension plan is that women who have never been in the work force need to be included in the Canada Pension Plan. Pensionable credit must be considered an asset in marriage breakdown, and I believe this is an area we're moving to. I know it isn't part of the debate on private pension plans, but it is very, very important in the overall pension consideration.

If I can refer back to my earlier figures, where only 34 percent of women over 65 live with a spouse and 31 percent live alone, it's extremely important to ensure that 50 percent of the population is not excluded from pension benefits upon the age of 65. The government must encourage small business to make available some form of pension plan. They must also encourage measures which will assure portability and accessibility for the greatest number of employees. It must be remembered that any increase in pensions, either through increases in the actual amount of benefits through earlier vesting or increased portability, will result in a real increase in costs. These costs will be felt mostly by the employer, who will be required to tie up more money in pension funds. While there is no doubt that pension reform should be encouraged, the timing of the reform must take into consideration the economic impact these reforms will have, particularly on small business.

While portability is generally accepted, it must be considered with regard to the impact of the transfer of funds on the amount of unfunded liability remaining. All governments, federal and provincial, must work with the private sector to ensure more flexibility in pension plans and more encouragement to the private sector to consider the need to establish flexible, accessible pensions.

Private pension plans were originally set up as a motivation to stay with the company. The new mobility of workers has made it necessary to re-evaluate the entire private pension system. The Member for Red Deer has said to me: do you know that this is an extremely complicated matter? I guess I'll be a little simplistic; to me, it's not complicated at all. There are three principles involved: universality, accessibility, and portability. I'll leave it to the Member for Red Deer to explain the complicated aspects of this motion.

MR. McPHERSON: Mr. Speaker, with that introduction, I'm not sure. As I take to my feet to participate in Motion 206, I'm reminded of an old axiom I recall well in the insurance business and probably many other businesses that employed direct salespeople. The old saying used to go that in trying to hire people to become salesmen, if you throw enough mud against the wall, some of it will stick. I feel I've been invited into this debate for more or less the same reasons.

Mr. Speaker, I'm going to discuss perhaps some of the complexities of this issue. There certainly are some complex areas in regard to pension reform, a debate that I guess has been raging now for more than 10 years, on how society can best handle and improve the pension system across Canada.

Before I do that, though, I would like to offer my congratulations to the Member for Drayton Valley. I have had the opportunity to participate in a number of the debates she has put forth to this House. If one takes a look at the Order Paper at any given time, I think he will see that the Member for Drayton Valley has two, three, or sometimes four motions before us. She's a very, very diligent member, and I commend her for her activity in this Legislature.

Mr. Speaker, the motion before us ends by saying: "promote individual responsibility for retirement planning and initiative". I am going to commence and also conclude my remarks in that vein. I believe we must encourage individual responsibility for people to provide for their own retirement income. In my view, government's first priority with respect to active participation in the field of pension involvement should be to alleviate poverty amongst the aged. This responsibility will absorb an increasingly larger amount of government resources over time, until the private sector has an opportunity to mature its pension plan and relieve the burden on the public sector.

The second priority of government pension policy should be to ensure that Albertans appropriately allocate their incomes between their working and retired years in order that they do not become dependants of the state in the future. Mr. Speaker, with the graying of Canada, it becomes more important that governments encourage private initiative to provide adequate retirement income. It has been noted that as the people of my generation — that is, the baby boom shortly after the Second World War — mature and approach retirement, there will be a dramatic shift in the influence of voting power among retirees. The statistics I have indicate that in 1984 voters at age 65 represent 13 percent of the voting population and by the year 2016 will represent 26 percent. With this dramatic shift, it strikes me as imperative that people take charge of their retirement plans through private initiative, in order that we — that is, our generation — don't saddle our children with an onerous tax burden to provide state-funded retirement plans.

Mr. Speaker, I intended to illustrate the extent to which the security floor is now provided to Albertans; the Member for Drayton Valley has done that. However, I might quickly point out just how exhaustive is the current security floor we have in this province. In terms of statutory nonemployment-related income sources, the member pointed out things like the old age security program, the guaranteed income supplement, the

spouse's allowance, the Alberta assured income plan, and the Alberta widows' pension plan, in conjunction with further employment-related income sources such as the Canada Pension Plan, private employment-related income sources such as private pension plans, registered retirement savings plans, deferred profit sharing plans, and individual personal savings.

In addition to those many items, we're also very fortunate in the province to have such areas as government-sponsored subsidy and benefit programs in areas of health sciences. We all recognize that we have the Alberta health care insurance plan in this province. We provide Alberta Blue Cross. We provide extended health care benefits for eyeglasses, dental, and hearing aids for those over 65; the home care program, which has been in existence for some time and of course through the recent budget has been increased by 55 percent; nursing homes; day hospitals; auxiliary hospitals; and medical and nursing services.

In the province we provide for seniors renters' assistance grants, renters' assistance for mobile-home owners, property tax reductions, property tax rebates, senior citizens' home improvement grants, subsidized lodges, apartments, and homes for special care, senior citizens' home heating programs — I could go on and on.

Perhaps, Mr. Speaker, these impressive state-funded retirement income and expense reduction programs are a factor, albeit a small one in my view, in that we find that Alberta continues to have a low percentage of employed paid workers in the labour force covered by private pension plans. Indeed Alberta's percentage of employed paid workers who have private pension plans is 43 percent. This is comparatively low in relation to other provinces ostensibly because of the large makeup of small business in the economic milieu of Alberta.

Unions of course have assisted the cause to provide pension benefits for their members. But one should consider that when we exclude agriculture, only 28 percent of all employees in Alberta are represented by trade unions. Obviously, 72 percent rely on the direct employer/employee relationship. Moreover, in the public sector, over 75 percent of employees are represented by unions. Of course the vast majority of public service employees have a very rich pension program which the private sector would be hard-pressed to match, but that's a debate for another day. In any event, this leaves us with the realization that only about 15 percent of employees in the private sector are represented by unions.

Mr. Speaker, the extent to which employees are represented by unions has a direct correlation in pension plan participation in Alberta. If one looks at the 1982-83 annual report of the pension benefits branch, we see some rather interesting statistics. I find it interesting to note that in 1983, 56.5 percent of all pension plan members in Alberta were involved in flat benefit pension plans, or uniform benefit pension plans as they are otherwise known, which most commonly result from labour negotiations.

In sharp contrast, nearly half of the number of total pension plans in Alberta, 723, are money purchase plans. The total number of members of money purchase plans in Alberta represents only 7 percent. So we see a sharp distinction between the number of plans in Alberta which are money purchase plans, most commonly used in the private sector — they represent half of all pension plans, yet only 7 percent of total members in pension plans are represented by money purchase plans. This shouldn't be too surprising, because most of these plans are in fact small-business plans.

Irrespective of the type of plan or the makeup of participation, Mr. Speaker, pension reform has been a subject of heated debate in this country for more than 10 years. As I have

pointed out, we have witnessed that a great many support mechanisms have been built into our system to provide a solid security floor. With our broad array of social programs and the legitimate need for people to have adequate retirement income, the question that comes begging is: can we expect our children or our children's children to shoulder the cost of both this generation's existing life-style and our future retirement benefits?

Mr. Speaker, that is why this motion is so important. That is why policymakers must give serious deliberation to pension policies that will encourage people to defer some of their compensation for their retirement years. It brings me to the first aspect of the motion; that is, vesting. The current situation in Alberta provides that the terms of a pension plan must contractually be that a member who has at least 10 years of service with an employer and has reached at least the age of 45 is entitled to a deferred annuity based on both his contributions and the contributions made on his behalf by his employer upon termination of employment. Naturally, pension plans can provide for earlier vesting provisions. In the work I have done in pension plans in the past, I have always recommended earlier pension provisions.

Again, back to the 1982-83 annual report of the pension benefit branch, the statistics are rather revealing. About 77 percent of all plan members in Alberta have vesting provisions that require at least 10 years of membership service. In terms of vesting, it has been my personal experience that most companies don't invoke the age 45 rule, that in fact they simply provide a 10-year rule and disregard the need to be age 45 before vesting occurs.

What would be accomplished by reducing vesting provisions? The goal of course is to provide pensions to more employees. There is still some debate whether vesting should occur in two years as suggested by the federal government, after five years, or a combination of years, service, and age. As the member has pointed out, there is a developing consensus amongst both governments and business that improvements should be made to increase pension participation by reducing vesting requirements. This is a laudable goal and one I support.

But there are a number of checks and balances that must be considered. In the first instance, it is cost. Increased vesting provisions will inevitably increase the cost to employers and employees. Mr. Speaker, it's estimated that reducing vesting requirements from 10 years to five years would increase cost by 1 percent of payroll in a defined benefit plan and by about .5 percent in a money purchase plan.

It should be clearly understood, however, that pension benefits must begin to be recognized by both employers and employees as deferred compensation, not fringe benefits. In other words, in prescribing earlier vesting provisions in pension plans, governments would not be prescribing what benefits will be paid to an employee upon retirement. Governments would in no way suggest that by reducing the vesting provisions under a pension plan, the benefits that are going to be paid under that plan would have to be prescribed. These benefits of course would be negotiated by necessity.

If all parties would consider that pension benefits are deferred compensation, then reduced vesting provisions would be considered in relation to overall pension benefits. Negotiations would consider the trade-offs of reduced vesting periods to such things as whether the benefit in a defined benefit plan would be 1 percent or 2 percent of, say, the final five years' earnings, or in a money purchase plan, whether the contribution made on behalf of the employee by his employer would be 5 percent or 6 percent of payroll. In any event, reduced vesting

would undoubtedly increase the participation of Albertans with accrued pension benefits.

Mr. Speaker, any discussion on pension vesting must be coupled with the consideration of a term known as "locking-in". In my experience, many employers view reduced vesting periods with a rather jaundiced eye if an employee can simply qualify for the employer's contribution in the shorter term and then take his money in cash if he terminates employment in the short term. Again, pension plans must be viewed as deferred compensation.

The purpose of pension plans of course is to provide for retirement income. Private pension plans should be consistent with the philosophy that individuals and their employers should be required to allocate a reasonable portion of pre-retirement income to retirement. Perhaps there should be a balance in terms of locked-in pension credits. For example, there are likely many people under the age of 25 for whom pension coverage does not seem to be a particularly important social imperative. It would be useful to know how many low earners could not be reasonably expected to participate in earnings-related pension plans. Perhaps such persons would not willingly forgo current consumption for future pension. Certainly in my view, Mr. Speaker, they should be encouraged to do so. But can they be required to do so?

Turnover rates amongst employees very much affect this whole discussion of locking-in. I understand the average time an employee stays with an employer after age 30 is five years. Frankly, I think two-year vesting, as has been proposed by the federal government, would provide limited additional real pension benefits for workers and would involve considerable additional costs to employers, especially those employers with high employee turnovers.

One of the industry recommendations that seems to strike a good balance is that pension benefits would be vested and locked in after five years of service and the attainment of age 30, or — and this is not and/or; it's or — one year of service, providing age plus service total 45 years. In order to ensure that pensions will provide for retirement income, commutation of lock-in benefits should only be allowed in certain and special considerations. An alternative, which is the Ontario model they are now recommending, would be to not require locking-in before 40 and after five years of service.

In any event, Mr. Speaker, all these positions recognize that both young and short-term employees need and want a high degree of flexibility. The responsibilities of raising a family, buying a home, and clearing up debt are sometimes more important to these employees than early accrual of pension benefits.

I'd like to make a few remarks on the subject of portability. In order to ensure that more people accomplish their retirement goals, there should be a greater portability provision in pension plans to enable employees to transfer accrued pension credits upon termination. Mr. Speaker, people today have different expectations and different employment goals. There is both willingness and economic imperative for mobility. Many people are required and indeed want to move in and out of the labour market. Many more are choosing part-time work. In my view, people want less paternalism, be it from government or privately sponsored pension plans. At the moment, portability provisions are determined by pension design, which of course in large part is determined by the employers. The Member for Drayton Valley touched on that exact point.

I strongly feel that there should be more employee choice. This could be accomplished by pension benefits that enable an employee to leave his accrued pension credits with his employer as a deferred pension, transfer accrued pension credits to a new employer's registered pension plan or to his RRSP, or transfer

these funds to a locked-in registered pension account if in fact he is fully vested. Mr. Speaker, if the employee is given the choice, the employer should be able to reserve the right to require short-service employees, even though they may be vested, to transfer the entire value of their pensions to a locked-in retirement savings vehicle or to the plan of their new employer. It would hardly be fair to expect a former employer to administer a very, very small deferred retirement pension on behalf of a former employee, which in fact may have to be administered for many, many years to come.

Mr. Speaker, one of the recurring concerns in the pension debate is the inadequacy of the pension benefits to the surviving spouse of a deceased pensioned employee. The evidence is overwhelming that many surviving spouses, particularly women, lose pension credits at the death of their pensioners. When one considers that 75 percent of those collecting the federal guaranteed income supplement are women, I believe some special changes are required to ensure fairness in pension coverage for women. Currently most pension plans offer options for a joint and last survivor benefit. Simply put, this option operates to actuarially reduce the pension benefit to the retired employee but ensures that a reduced pension would still be payable to the employee's spouse at the time of his or her death. I suppose it comes back to basic responsibility. One would think it would be automatic for an individual to exercise an option in a pension plan that would provide for his spouse. But the evidence doesn't indicate that this is so.

A great many employees are opting for a life-only annuity, which of course increases their monthly benefit but expires the moment the pensioner dies. Moreover, there are many instances — and I can assure members of the House of this from personal experience — where pensioners are selecting a life-only annuity with no guaranteed period attached to it whatsoever. Essentially that means that while the monthly income would be increased, all the benefits would be exhausted at the moment of death. By providing a guaranteed period in a pension, at least the proceeds would continue to be paid to one's spouse for a period of five or 10 years, depending on the option.

In addressing the many issues involved in pension reform, Mr. Speaker, I think policymakers should consider the requirement that all private pension plans provide for a joint and last survivor option. Either surviving spouse would receive an ongoing pension which is, say, 60 percent — some will argue 55; I guess there's room for discussion there — of the amount received when both the spouse and the retiree were living. However, an important caveat to this requirement would be that where two spouses prefer another option which does not meet the minimum joint benefits under a joint and last survivor, they should be able to opt out of that circumstance provided they both agree to this election in writing, preferably separately.

In my view, this flexibility is essential so couples who have taken steps to provide for their financial security would not necessarily have to take a joint and last survivorship. Perhaps a family has provided very well through other investments or indeed their paid-up life insurance, and it may be prudent on their part to take an annuity that maximizes their income at retirement. But that would have to be waived off by both the employee and the employee's spouse. That aside, by requiring that a retired married employee must take on a joint and last survivor option, we will greatly increase the participation of women with postretirement pension benefits over time.

The other aspect that needs consideration is pre-retirement spousal benefits. Some will argue that a surviving spouse should qualify for the full amount of the deceased's accrued vested benefits just as though the deceased had terminated rather than died. Based on my present understanding of this circumstance,

I would disagree and would come down on the side of the argument that any legislated minimum requirement should be the present value of a deemed 60 percent survivor benefit, based on pensionable service to the date of death. It doesn't seem fair to me that a surviving spouse of an employee who dies just before retirement should receive a substantially higher benefit than one whose spouse dies just after retirement.

In addition to that, there is no strong evidence for making pre-retirement survivor benefits comparable to the termination benefit. After all, termination benefits are at full value because the terminating employee is still living and needs full pension benefits for himself and his spouse during their retirement. Besides, full pre-retirement spousal benefits could operate to undermine group life insurance programs, which without any question are less costly and less expensive to fund than retirement plans.

Mr. Speaker, I would like to come back to the pressing need to encourage private initiative and responsibility to retirement planning. As a practitioner in this field off and on for some 15 years, I could go on at some length on this subject, but I want to try to restrict my comments within the scope of this motion. Suffice it to say that in my personal experience, I could recount many a discouraging sales interview I have had with prospects who have simply said to me that they are not particularly concerned about their retirement program or their family's future security because the government will look after it. What is equally discouraging is that they are partly right. Again, this is why this motion is so important.

We as policymakers must do what we can to ensure that people will take personal initiative and personal responsibility for their own lives. The government's role in pensions should really be only to alleviate poverty among the aged. For middle wage level workers, a lower portion of retirement income should come from government plans. Mr. Speaker, for high wage level workers, only a small portion of retirement income should come from government plans. In order to accommodate this goal, governments in my view have a role to encourage workers to become more aware of their responsibilities for retirement planning.

One way to accomplish this under the existing pension plan circumstances is to require a fuller disclosure of pension plan benefits to employees. Mr. Speaker, under current Alberta practice, an employer is simply required to provide a pension booklet to his employees at the time a pension plan commences. I think personal awareness and initiative in retirement planning would be considerably heightened if employees had better access to annual statements on the status of their pension plans. Employees could make more informed decisions about their own investment portfolios if they knew what benefits they had accrued to date in their defined benefit pension plans: the investment mix of the plan, the rate of return, and any unfunded liability that might exist. Full disclosure would assist in employer/employee negotiations in wage settlements. If there is an unfunded liability resulting from increased benefits, perhaps employees would think twice about asking for increased benefits.

In terms of money purchase plans, employees should know the investment mix, the investment performance, when their pension vests to the employee, total contributions to date, and the projected value of their benefits at retirement. Mr. Speaker, all this information is currently available through pension consultants, fiduciaries, or actuaries. I think it should and could be made available to employees. I think increased awareness of pension information by employees would trigger a more meaningful dialogue on the importance of retirement planning and result in more and better pension plans in the marketplace.

Mr. Speaker, I have touched on some of the areas that government could consider to encourage greater participation in private pension plans. As I read through my material and look at my notes and some of the research, it is a very, very complex area and one in which debate has been going on for many, many years.

I would simply like to conclude by congratulating the hon. Member for Drayton Valley for bringing forth this important motion, and I look forward to the comments of other members on this debate this afternoon.

MR. ZIP: Mr. Speaker, it is my pleasure today to speak to Motion 206 introduced by the Member for Drayton Valley. After listening to both her and the Member for Red Deer, I feel there is really not that much to say anymore; they've said it all. I consider this motion not only timely but also very well thought out, one that takes into account the uncertainty and complexity of the economic environment within which we all live and within which pension plans must operate.

Reflecting a little on the perspective of time, during those halcyon days of the 1960s when everything seemed attainable and possible to policymakers, we initiated social programs like the Canada and Quebec pension plans, the guaranteed income supplement, and medicare, and significantly expanded existing ones like the UIC program and so forth. The hon. Member for Red Deer outlined very well how far we have gone in looking after people. Those programs had their beginnings in a time of continuing real economic growth in Canada. They were times of stable prices and declining rates of [unemployment].

Furthermore, their long-term viability depended on a robust economy that not only grows in real terms but is also free of disruptions and inflation. The strong performance of the Canadian economy over the 1950s and 1960s unfortunately led to a general belief that such conditions were achievable. As a result, under the spell of the spirit of optimism of the time, people assumed the future would be bright and that they would spend most of their working lives with one employer with ever-improving incomes, since firms of the time grew and expanded seemingly without any limit or restriction on their growth.

Mr. Speaker, things have really changed from those idyllic times. Over the past 10 years we have experienced high inflation rates, declining productivity, economic downturn, large-scale business failures, and high unemployment. As a result, government revenues have not been able to maintain existing social programs in the face of growing demands on government services in general. This is particularly true in the area of health care, as has been so well expressed by our Minister of Hospitals and Medical Care.

The federal government and most provincial governments have resorted to heavy increases in the level of taxation and massive borrowings to try to maintain these services. Within this scenario the built-in underfunding of government pension plans became a real problem, not only in the civil service but for people getting the old age pension as well.

An additional problem, as has been very adequately discussed by the Member for Drayton Valley, has appeared with the current aging of our population, as more and more people with a growing life expectancy are becoming recipients of pensions and other social benefits at the same time as the percentage of taxpayers in the country is declining. All these factors point to the need for private responsibility on the part of citizens of this country for provision towards their old age.

With the declining financial credibility of both governments and private-sector firms, people want to maintain more control over their own financial future. They are becoming more and more reluctant to allow governments and large institutions to

determine, commit, and control their incomes and their financial future. People have developed different expectations and employment goals. They are now more mobile and more self-reliant. They move in and out of the labour force with far less commitment to their employers and a much stronger desire to be on their own. They sometimes choose part-time work and supplement their income with self-employment. This underground economy is alive and well and growing in Canada, with very strong implications towards the need for these people to provide for their old age. In my view, people are looking more and more to the freedom and flexibility personal savings allow. In the area of pensions, this means governments should adopt policies providing a balance between private pension plans, government plans, and individual savings and investments.

In order to encourage people to accept and recognize this need, a number of things need to be done. These are mentioned in the motion presented by the hon. Member for Drayton Valley and have been very ably discussed by the Member for Red Deer. For example, the motion urges private plans to "reduce vesting requirements". Vesting refers to the right of the member to (a) the contributions made by the employer on the member's behalf, or (b) the benefits provided by the contributions made by the employer on the member's behalf. At present in Alberta, according to the existing Pension Benefits Act, a member of a pension plan who has attained the age of 45 and has either completed 10 years of continuing service with the employer or has been a member of the plan for 10 years, upon ceasing to be employed by an employer is entitled to the pension benefits earned under the plan.

The pension benefits branch of Alberta Labour has made a recommendation on vesting and locking-in. They recommend an employee should have his benefits vested and locked in after either five years of service or five years of plan membership. This position is also supported by the governments of Manitoba and Ontario. However, earlier vesting may result in a real increase in costs, which must be considered. These costs will be felt mostly by the employer, who will be required to tie up more moneys in pension funds. So while pension reform should be encouraged, the timing of reform must be taken into account because of the impact it will have, especially in the area of small business. The five-year vesting does have the advantage of giving pensions to more employees, even though the individual amounts may be smaller.

Motion 206 also urges pension plans to "optimize portability". The Pension Benefits Act does not prohibit pension portability, but neither does it encourage or guarantee it. In a great many instances, there are no mechanisms that would allow the actual transfer to occur. Again, the pension benefits branch of Alberta Labour has recommended that an employee who has been vested should have the right to transfer the total value of the accrued vehicle to the extent the benefit is funded. The condition should be that the employer could require a transfer be made where the value of the accrued benefit is below a minimum amount. While portability is generally accepted, it must be considered with regard to the impact of the transfer of unfunded liability remaining. Certain groups feel the transfer of funds should be adjusted to reflect the pension plan's funded status.

In the current Pension Benefits Act, there are no specific survivor benefit clauses which would ensure that the spouse of the pension plan member would receive part or all of the accrued benefits of the plan upon the death of the pension plan member. Motion 206 urges the provision of survivor benefits, which is very good. The federal government and the government of Ontario, along with the pension benefits branch of Alberta Labour, have recommended that for postretirement a married

employee must select a joint 60 percent and survivor benefit pension in lieu of a normal form of pension. This may be waived by an agreement signed by both parties. For pre-retirement, the surviving spouse should receive a benefit equal to the value of a 60 percent joint and survivor benefit pension option based on service to date of death. All these incentives discussed by the hon. Member for Drayton Valley and the hon. Member for Red Deer are important if people working in the private sector are going to accept higher deductions from their salaries towards a pension that is a long way off in the future if they are young.

In conclusion, by encouraging changes to private pension plans, I think the government is encouraging flexibility over how people arrange their own retirement affairs. I believe there is a genuine desire by the government and private sector to achieve consensus on pension reform. As well, I believe a spirit of co-operation and willingness to compromise will lead to uniformity in pension legislation. In addition, people will be encouraged to buy RRSPs and to invest in income-producing ventures that will meet their particular life-styles and help supplement whatever shortfalls may exist in the pensions they will earn through employment. This will not only help solve the looming problem of providing for our aged but will also encourage savings and investment, which will result in wealth and job creation. I urge all members to support Motion 206.

Thank you, Mr. Speaker.

MR. MUSGREAVE: Mr. Speaker, I want to speak very briefly on this motion; most of what should be said has been said. I just want to say I know it's very noble to suggest that young workers contribute to pension plans. But when you're a young worker, you usually have a young family. You have an inexhaustible need for money, and that pension and the idea of retirement is the furthest thought from your mind. So while the idea is good, in actual fact of life it's pretty hard to put into effect.

I'm going to take a tack different from my hon. colleagues'. I'm going to suggest that what we should do is strengthen the Canada Pension Plan. Let's make it so good that the small-business man doesn't have to worry about pension plans. Let those people who want more money address themselves through a registered retirement savings plan. Let them take that route.

I'm concerned that — I know one of my hon. colleagues would disagree violently with me, but one of the difficulties faced in Canada is that we're ultraconservative. That's aided and abetted by the insurance companies. Naturally they want us to save all the money we can and take out all the insurance we can; that's why we're the most insured country in the world. That's why we have so many restrictions on what we can do in our community, because of these ultraconservative people who control such huge sums of wealth. I assure you that this country wasn't built by high savers; it was built by investors. It wasn't built by insurers; it was built by risk-takers.

This is the kind of attitude — I'm really concerned when I hear all this talk of doom and gloom. Surely we're not going to let Canadians starve to death. We have the best housing in the world. We have a young country and young people, and I deplore this constant harangue about pensions and worrying about old age and whether or not we'll have enough to survive. Mr. Speaker, I think it's a lot of nonsense. Let's get on with the fact of building the country and putting our money to work.

One last point why I think the Canada Pension Plan is an excellent thing is that it provides huge sums of money for our provinces to put to work in various things in building the country.

Mr. Speaker, I would like to adjourn debate.

MR. SPEAKER: Does the Assembly agree with the hon. member's motion?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

207. Moved by Mr. Nelson:

Be it resolved that the Assembly urge the government to develop a policy whereby the retail sale of beer, wine, and spirits in the province would be gradually turned over to the private sector.

MR. NELSON: Mr. Speaker, it is with a great deal of pleasure that I introduce Motion 207 today. To start with, some historical thoughts and my reason for bringing this motion forward. Last summer, a brewery invested a considerable amount of money in developing an outlet to sell beer. That outlet was taken over by the Liquor Control Board to sell the beer as a retail commodity. When I started examining this thing — and I haven't had any discussion other than for a brief, fleeting moment with one of the employees of the brewery — it disturbed me greatly that the private sector had gone out and made considerable investment as the risk-taker in putting together an outlet with a long-term lease, and the Alberta Liquor Control Board virtually walked in with one of their employees and took over the place to sell the commodity the private sector had produced and put up the premises to sell.

At that time I decided that possibly we should examine the area of privatizing the sale of beer, especially in outlets that were put together by the private sector, be it the breweries or someone else, as long as they were licensed under certain conditions by the Alberta Liquor Control Board. As I'll indicate further later, I believe that the Liquor Control Board should be a regulatory authority and not in the business of retail sale of beer, wine, or spirits — let alone the government being in the retail business of anything. I took the idea to the Solicitor General, and from discussions I expanded on the thought. Why should we just limit that retail sale in the private sector to beer? Why should we not expand that to include all commodities of alcoholic beverages?

Mr. Speaker, in suggesting that we transfer the sale of liquor — and I'll use that term in relation to the sale of the three commodities in question — to the private sector, some consideration had to be given to the employees of the Alberta Liquor Control Board. I think we should have that straight up front so that those concerns may be addressed by those employees, who in the main are very loyal in their jobs to the people they work with and for. Should this motion be passed and a subsequent Bill developed, it is of course the intention to develop some strategy that these employees would have some protection from anyone that might be licensed by the government. In other words, some continuity of service agreement would have to be signed in order to alleviate any concern that the present employees of the Alberta Liquor Control Board might have.

We've just gone through some concerns that people have been given notice due to the change of hours of many of the liquor stores in the province. Hopefully, I don't think we should have the same concern of employees being bothered about their jobs any further. So primarily I want to ensure that the record shows that support of the present employees, should privatization of any existing outlets of the Liquor Control Board be the case, be savoured by anybody who might ultimately take those particular units over.

Of course one of the other reasons I've brought this forward now is the concern that many of our part-time employees in

the liquor stores have in many cases had their jobs removed because of the cutback of hours, the change of attitude towards a profit entity. It is the purpose here to allow the private sector to determine the hours in which they feel they could sell a commodity. It's also envisaged that the possibility of extending the hours of our liquor stores during the week beyond 11:30 and maybe until 2 o'clock in the morning, as is the case in some instances in Vancouver, would also create another level of jobs with the sale of this beverage.

Additionally, the private sector, who are a little more competitive than the government, would offer employment opportunities not only by extending the hours but by operating on a six-day-a-week basis unlike now, when many of the stores operate on a five-day basis. However, I would not suggest that these hours be extended to a Sunday, or beyond 11:30 on a Saturday as has been the case, due to the fact that Sunday is known as a day of rest and in many cases a day of religious belief.

Mr. Speaker, it is my thought that the distribution of these beverages would continue through warehouses operated by the Liquor Control Board. This would give the board a considerable amount of control, as it presently has, but it would also allow for the private sector to buy their beverages at a net price. Through an agreement with the government of Canada, at the present time the board purchases alcoholic beverages but doesn't pay any excess tax until such time as it actually leaves our warehouses. Should that be turned over to the private sector for distribution, it may mean a very large investment of moneys that may hurt an operation that paid that excess tax prior to the beverage being removed from a warehouse facility.

Mr. Speaker, as I indicated a few moments ago, the retail sale of alcoholic beverages would remove the Liquor Control Board from competing in that area but would allow them to remain as a regulatory body. There has been much discussion within this House of late about privatization, about removing regulations from various areas of government. Of course this is one of those that we can certainly look to the private sector to do as well or better at, as far as the sale of a product that should be out there in the private sector in any event. But at the same time, people expect and believe that government should regulate the different aspects of the sale of that product or commodity.

Mr. Speaker, regulations in many cases are not good and do not serve the public well. However, in the case of the sale of alcoholic beverages where there has always been some concern about minors drinking them and about the accessibility to people who should not necessarily have them, although these comments may be well intended, I'm sure that the private sector could operate outlets of this nature without having that concern any more than the present Alberta Liquor Control Board outlets have.

Mr. Speaker, it's intended that there would be three separate licences. In other words, an individual wishing to sell the three basic commodities of beer, wine, and spirits would have three separate licences. If he did not wish to sell spirits but wished to sell the other two, he would have the ability to do so under licence. Possibly to get some public input it may be necessary to do this in stages or steps, by allowing the sale of beer or beer and wine only, and leave the spirits in a separate area in our Liquor Control Board stores. However, I don't think that's a possible or viable alternative.

The other thing is that unless there is a future opportunity to sell beer and wine in grocery stores or any other outlet, in privatizing the Liquor Control Board stores as we know them today, be they Liquor Control Board stores or some other outlet, licences would permit the sale of spirits or beverages only. No

other commodity would be permitted, as it would be competitive to another retailer selling a similar product, with a disadvantage due to the fact he may not be able to sell beer, wine, or spirits.

Additionally of course, we would at the same time permit the sale of beer by the brewery stores. They would continue as they are now, with the exception that they would not have the hammer of the liquor board inside those stores — unless, as I have indicated before, an agreement were made for some continuity of service by the particular employees in those organizations.

[Mr. Purdy in the Chair]

Additionally, Mr. Speaker, should an Act be developed to change the aspect of selling liquor in stores, municipalities would probably have to become involved. Their planning bylaws may subsequently have to be changed to allow for either additional or a limited number of outlets in each of those jurisdictions. This matter would of course be up to the local jurisdiction in developing its zoning bylaws. Certainly there may be additional outlets brought into the community. At the same time, although some people might argue that they don't want a liquor store around the corner from them, it could be argued that rather than having \$8 million go out of one outlet, if we could spread it around and have \$2 million or \$3 million go out of three or four outlets, the impact on one community may be lessened, although it could be argued that the impact on the other community would increase the activity in a particular location. That would be an assumption, because we haven't given this a try at this time.

Historically, in Canada at least, the sale of alcoholic beverages has been a function of the provincial governments. Rightly or wrongly, that's the way it has been. You know, out in the community people always argue: why don't we do this and why don't we do that with liquor; why don't we allow the private sector to sell it; why don't you allow it in grocery stores; why don't you allow it here? Fair comments. I recently did a survey on the sale of beer and wine in stores, which we will discuss at another time.

Mr. Speaker, it's interesting to note that in comparison with other provinces under that system, Alberta ranks third in per capita sales of spirit consumption, third in wine, and seventh in beer. Some would suggest that privatizing the sale of these beverages in stores or in the private sector and increasing the number of outlets would necessarily increase the number of alcoholics, the number of people going to hospitals, and would increase the amount of money having to be expended on social programs and hospital and medical care. Those are certainly debatable points but not necessarily ones that have any total factual evidence to support them. To control the number of outlets a person may be permitted to have, legislation could be put in place so that it could be limited to one, three, or five.

I know that one of our major retailers in Alberta is certainly interested in this particular motion. However, I haven't heard from him again since I sent a letter indicating that it was not the intention of the motion for them to possibly even participate in this at all, because they got wound up when they sent me a letter indicating that in the United States they were one of the big contributors to sales of alcoholic beverages. However, it is not the intent to stifle competition, although we certainly don't want to see the market taken up and gobbled up by one individual, and create the monopoly we have there right now. We certainly want to ensure that the community is well served by the private sector but in a competitive nature, so that the

consuming public can determine where they want to buy their particular product.

There have also been suggestions that maybe we'll reduce the revenues to the government of Alberta. Mr. Speaker, the motion addresses those options, and they would have to be examined prior to a Bill being developed. But I guess the argument to that is that a considerable amount in licence fees would be collected. There would be no capital debt to the government. There would be no necessity for the government to be expending money on employees. We can certainly take our cut as it is going out of the warehouse. The private sector probably can do their own deals with the various distillers and breweries. I'm sure anybody that's been in the retail business certainly can identify with that. So that's not a concern of mine at this time, because I believe there is a manner and a mechanism there that we can continue to obtain the revenues some are so concerned we might lose.

Mr. Speaker, there are studies presently going on in British Columbia and Quebec, discussing and reviewing the area of privatizing the sale of these beverages. I hope we're not one to maybe look at legislation in other jurisdictions, but one that will take a leadership role. A leadership role means leading, taking the bull by the horns, and developing some legislation that will allow the private sector to do their thing, give the public the service they require, and probably also create a number of jobs that will certainly be welcomed by people who are not presently employed.

Mr. Speaker, I lived in a community in Australia for a number of years. The government did not control the sale of liquor, other than by licence. The grocery stores sold beer, wine, and spirits. The hotels sold the same thing in what they called "bottle departments". You didn't see drunks all over the place. In fact in liberalizing some of our drinking laws, I think you'll find that the acceptance of the whole situation will show less alcoholism than is presently the case.

We have what we call a bit of prohibition within our community right now, prohibition in the manner that the government says: you can buy this liquor at our store at this time. Even though that may be the case, and it's suggested that the private sector take over the sale of this — well, we can allow them some extended time in their hours within the community. There will still be some prohibition attributed to the thing, but let's take that first step forward.

In the United States, the people are not considered as heavy consumers of alcohol, at least by world standards. As a matter of fact, in terms of total drinks per person, they rank halfway between 31 developed countries examined. The United States has pretty liberal drinking laws in many states; I think there are some 32 states that have pretty liberal laws. Countries in Europe have pretty liberal laws. When I was over there with the Olympic committee, when we obtained the Olympic Games for Calgary, I know that there was certainly a free flow of liquor, although a lot of people in those countries drink beer — it's kind of palatable. But at the same time, they don't have the same prohibition that we have here in Canada, in particular in Alberta.

Mr. Speaker, there are a number of studies that have studied this. I guess you can read into them or read out of them anything you want, because they become very contradictory in some of the statements they make. For example, the availability of alcohol is an important factor in the general level of consumption. However, in another statement, they studied nine communities in five states and concluded that variations in availability had little effect on consumption. Very contradictory. I guess if you want to read one statement and argue with that statement, you would suggest that we need to keep the

prohibition alive. However, if you argue with the other statement — let's remove the prohibition or reduce it — you also may have an argument. So where do you go? Do you sit in the middle of the road and do nothing, or do you take the bull by the horns and become a leader?

We've heard so many discussions since the throne speech with regard to privatization and what have you. I certainly question, when I hear discussions or people's suggestions that maybe we shouldn't privatize this area: let's let the government continue to sell beer, wine, and spirits; let's let the government sell this and sell that. I heard — and I'm sure I heard right when we pounded that table when we heard the budget speech and the throne speech — that we were going to do some things to privatize a lot of these different things, deregulate, and what have you. I certainly hope I heard the members correctly.

I look back in *Hansard*, and Mr. Anderson was speaking to a particular motion which was to allow for beer in stadiums: Bill 75 in 1980.

... I do not believe the provisions of this Bill will in fact increase the abuse of alcohol in our province. Indeed, if one looks at the legislation we have had, which frankly has been some of the most restrictive in the country, and compares our problem rate and our consumption rate, that does not apply. In fact the expanded hours question leaves me a great deal to wonder. Does someone who drinks at 10 o'clock in the evening abuse alcohol less than someone who would want a drink at 1 o'clock in the morning?

He goes on:

Because we have allowed for a different hour, where another individual who has a different schedule to work on can come and have a drink, does that mean there's going to be an increased problem to our society? I suggest, Mr. Speaker, that to this date the evidence does not show that.

Again, Mr. Speaker, when I suggest we should privatize the sale of liquor in the stores, the same question can apply.

Mr. Speaker, to sum up, the spirit of the motion is to encourage the government to develop policies that will reflect in the retail sale of beer, wine, and spirits by the private sector. It is in keeping with the free-enterprise spirit and policies of this government.

As mentioned earlier, the ALCB hours in our stores have been cut back. If offered in the private sector, I believe those could be put back as they were and even expanded, subject to regulations we may be able to pass. It also appears that alcoholism rates are not greatly affected by differing methods of the sale of alcoholic beverages.

MR. OMAN: Why don't you just drink milk?

MR. NELSON: I drink milk in the morning and pop in the evening. In fact it was estimated in 1976 that 5 percent of the drinking population of the U.S.A. had a drinking problem or addiction. That does not necessarily suggest that it would increase in Canada because of a more liberal view — or should I use the term "a more conservative view"? — on the sale of these spirits, wine, and beer.

In closing, Mr. Speaker, I'd like to thank the House for its attention this afternoon. Certainly there's going to be additional discussion on this motion. I hope the community input will be such that at some future date, when we deal with this motion again, it can be passed to allow our Solicitor General and his department to review this whole aspect of privatizing the sale of this commodity in our community.

Thank you very much.

MR. HYLAND: Mr. Speaker, I'd like to take part in Motion 207. [some applause] I don't know if that's an indication of what my speech is going to be like or not; it's kind of sporadic.

Mr. Speaker, I'd like to say that I support the motion. I'd like to talk about one aspect of the motion, and that would relate to exploring the idea of having — for want of a better name — liquor board agencies in smaller centres. I think of the system they use in Saskatchewan, where in some of the smaller centres that aren't big enough to have — I guess the word "volume" isn't a good term, but however they measure the amount of liquor consumed in an area and the need for a liquor store. In many of the small towns and villages in the vast areas of the rural part of the province of Alberta, I think we could explore this idea of having agencies attached to part of a grocery store, a drugstore, or whatever, where it would be available for people to purchase liquor. They could be on a limited choice of stock. You wouldn't have as many choices of beer, wine, and spirits as would exist in a full liquor store, but you would have the choice of obtaining some of the varieties. Over time, I'm sure the proprietor of such an establishment would find out what brands his customers liked and stock those brands.

For example, I think of Hilda, which is in my constituency. The people would do a lot of their shopping in Medicine Hat, so they'd pick up any liquor they wanted in the stores in Medicine Hat and transport it out there. They would make it well worthwhile if they could buy it in their home community. If, for example, it were attached to the grocery store, it would help support a person who wanted to buy out the existing owner or it would help the existing owner to rebuild his store so that it was more than just groceries he was handling, and add to the town.

I use that for an example because there is a store that has been there for many years, run by the same person. I often wonder what will happen to that store when this gentleman decides to retire. It's a service to the community that some people use and others don't. Others do a lot of their shopping in Medicine Hat but expect the store to be there for the items they run out of, so they can run down there and buy them. The thought of attaching agencies to these sorts of businesses would truly assist these people in being able to continue in business or in being able to pass it on to another family member, or somebody who wanted to move out from the city to these areas and go into business for themselves would have a viable business.

Mr. Speaker, we well know from prohibition times that if liquor is not available, it doesn't mean people aren't going to drink it. I've heard lots of stories at home about well-known, prominent people of today and what they did during prohibition times. I hear my grandfather and father telling stories of people, some related to us, who used to drive the moonshine cars and of seeing the cars come back with bullet holes in the back. All sorts of things — if you made so many trips with the car it became yours, and the profit was yours from then on for transporting the liquor. So we know that ...

MR. ALGER: Those were good days.

AN HON. MEMBER: Let's go back to them.

MR. HYLAND: I don't think I should repeat those comments.

We well know from these examples that because the consumption of alcohol is against the law, it's still obtained and consumed. I think we could explore these ways of having these agencies attached to the stores, because it would somewhat keep off the road people that are transporting it. You wouldn't

be hauling it back and forth that far down the highway. I suppose one might say you wouldn't be tempted to take a sip, but most people would never do that.

MRS. CRIPPS: Ed's right. Milk is better.

MR. HYLAND: Mr. Speaker, it would be a way of — even the first step of proceeding with this motion would be to try these agencies. I don't know how far the liquor board went, but I understand at one time they were exploring satellite stores that would be in areas within a certain distance from a liquor store. These stores would be operated on limited hours by liquor board staff who would drive out to the town, say 15 or 20 miles or whatever from another town where there was a store. Even in this aspect I think we'd be well advised to turn that to the private sector, because we can control it. The liquor board could well make the rules on which they operate. They could set the price they would sell it for and allow them whatever a reasonable markup is, whether it is 10 percent or whatever, and allow them to make their money that way. I think it would be a very good experiment to try.

I think there are some areas, not only in my constituency but towns and villages throughout this province, where any business we can make available to them to keep them viable and alive is a good way that government can proceed with assisting them. We have many things we have done to try to keep small businesses alive, and I think this is one of the things we could do.

So, Mr. Speaker, I urge members to support this motion and even have these agency-type setups as a first step toward the privatization the motion suggests. Thank you.

MR. HIEBERT: Mr. Speaker, I don't know why I'm motivated to join the debate on Motion 207, because there's not much I know about it. Maybe it's because I'm sitting beside the member who's in charge of AADAC. That could be helpful in terms of knowing how my seat partner thinks on Motion 207.

MR. GOGO: Speak on, A1.

MR. HIEBERT: The motion proposed by the Member for Calgary McCall deals with the retail sale of beer, wine, and spirits. But I think the important thing in the motion is that it "be gradually turned over to the private sector". I think there should be an emphasis on "gradually", because it certainly would be a shift from what we've known in this province.

Mr. Speaker, there are three issues involved with regard to the motion: firstly, the privatization; secondly, the issue of the availability of outlets and the possible increase in the consumption levels; and thirdly, the control factor.

I heard the Member for Calgary McCall indicate his reason for introducing the motion. He cited the case of a brewery establishing an outlet, and then that particular outlet was taken over by ALCB. That's motivated him to turn the clock full circle and come at it the other way. Now we have ALCB outlets, and he's suggesting that the private sector take over those outlets. I suggest, Mr. Speaker, that for every person arguing on the other side, there will be a counterargument about giving up the ALCB outlets. So we should keep that in mind.

With regard to the availability of the outlets and the possible increase in consumption, I suggest that where one buys their liquor has no bearing on overconsumption or overindulgence, because a 26-ounce flu is a 26-ounce flu, whether you buy it from the ALCB store, a private retailer, a bootlegger in Vegreville, or you have an evening out with the Member for Highwood. Either way your hair will hurt the next day.

With regard to the control factor, I would not agree with the Member for Calgary McCall's generalization that regulations generally do not serve the public well. In the area of alcohol, I suggest there's good reason to have some regulatory practices, because we all know what can happen with the abuse of alcohol.

However, having said that, I generally agree with the principle of privatization. I think it's consistent with our policy and it's something we should gradually move to. But I think there are some assumptions that should be heeded when we look towards gradually having the private sector involved in the retailing of alcohol. Provincial control will still have to be maintained, and it's important that the Alberta Liquor Control Board still maintain some regulatory practices with regard to licensing, number of outlets, hours of operation, and that type of thing.

I guess the argument could be presented, Mr. Speaker, that if the Alberta Liquor Control Board is taking a regulatory capacity with regard to the retail outlets, to what extent would it really be free enterprise? If their involvement is heavy with regard to practices and regulations, to what extent would that limit the operator in acting in a real, true free-enterprise way?

I also suggest that on this particular motion, I hope privatization is not misconstrued as permitting the sale of beer and wine in small grocery stores. I think that is another issue completely. We hear many arguments about having wine and beer sold in small grocery stores, and I'm not sure that the economic plight or the viability of the small, independent grocery store versus the large food giants should be brought into this issue. That monopoly situation is quite different from introducing the sale of wine and beer in the small stores. If the small grocery store, the convenience store, is going to survive, maybe we'll have to look to other ways and means rather than trying to introduce beer and wine.

If we're going to do that, certainly there are implications with regard to the stability of some of our hotels in rural Alberta. They have to provide certain standards. They have to provide rooms and restaurant facilities. If we have stores across the street operating in beer and wine, this could certainly have an economic impact on those particular businesses that we have throughout the province. They've been established on a historical basis, and I think we would have to move very carefully if we were to allow that to happen.

There is also the question of the convenience store. When parents are sending their youngsters to the store for milk, bread, and sundries, there will always be that concern as to the availability of beer and wine to minors. What does the accessibility of those products in those stores do with regard to youngsters hanging out there, making it more available to them? I think that's a question that has to be addressed as well.

With regard to the pricing structure, liquor would be wholesale by the Alberta Liquor Control Board warehouses. I think there is an advantage in having equalized freight and transportation costs spread throughout the province with regard to the purchasing of alcohol. However, I think the private sector could certainly do something with regard to new marketing techniques, setting up competitive pricing situations, generally increasing their efficiency, so that those savings could be passed on to the consumer.

Mr. Speaker, if there were a move to change the operation of the retail outlets by the private sector, I think some consideration would have to be given to the status of the Alberta Liquor Control Board employees. Some examination would have to be looked at in terms of allowing them to option in or buy in to some of the existing outlets. Certainly one could experiment by having private outlets in new areas of our cities.

Some of the present stores could be overtaken by the private sector but, again, it should be done on a gradual basis. Certainly the present employees could look to employment with the new management, and we could see increased productivity, new ideas springing from this new way of retailing alcoholic products. With an increase in the number of outlets, we might find a greater response with workers and management in terms of providing a service to our public.

As I said before, Mr. Speaker, the motion is certainly well-intended, and it's consistent with the policy of the government with regard to privatizing in areas that need not be involved with the government. I'm hoping that the cost efficiencies we presently have with our large multioutlet chain could be overcome by other efficiencies, as I mentioned before, in terms of how we market, new approaches, and the type of morale that could be established between a private owner and the employees. I'm sure that a number of alternatives could be envisaged in a period of time.

Therefore, in responding to the motion, I would generally be supportive of it. I think there could be some problems with regard to the sale of the franchises or who would overtake the franchises. I think we'd be in a very competitive situation as to who would be bidding for the outlets. The second problem I see is that government is vitally involved. It's a revenue producing situation. From some of the statistics I've received from my hon. colleague to my left, I note that the consumption of alcohol is down in terms of the province and the dollar intake is down substantially. So that is a consideration that would have to be taken into account when we're looking at a transfer back to the private sector, with regard to the generation of revenues and could the private operator effectively operate in a profit mode. Certainly the factor of savings to the customer should be a prime one if we're looking towards the privatization of the outlets. Thirdly, the question of standards: I think all operators would have to conform to some standards so that we have a delivery system at least comparable to what we have now, and if not, hopefully an improvement.

So in balance, Mr. Speaker, I look forward to hearing the comments from other members. I would generally be supportive of the motion introduced by the Member for Calgary McCall.

MRS. EMBURY: Mr. Speaker, I'm very pleased to make a few comments this afternoon regarding the motion introduced by the Member for Calgary McCall. However, I would like to assure the member that when he stated that he was maybe one of the first people to take the initiative to introduce this motion, it's been a well-debated issue over the years, maybe not in this Assembly to the extent regarding the content of his motion today, but certainly there has previously been a lot of thought about this issue, particularly since I was elected to the Legislature in 1979 and in previous sessions of the Legislature too.

As many members know, I was instrumental in introducing a motion in the Legislature in 1981 regarding the Alberta Liquor Control Board. At that time I found it a very interesting subject to research. There was certainly a lot about this topic that I was not aware of, and I learned a lot. However, it was also interesting to review once again some of the historical implications and what has happened in our province. It does relate to the Member for Calgary McCall's comments, when he was explaining to us about his experiences in Australia and what happens over there. Historically we have developed our own tradition, and there are some factors that have happened in Alberta alone that will certainly influence our point of view and which way we go at this stage.

Members will recall a previous debate in the Legislature when we changed a lot of the liquor legislation. There was

some concern that we did not initiate the opportunity to set up freestanding pubs. Many members, myself included, believed it was really too bad that we couldn't have the concept in Alberta like the pubs as they exist in Britain. As anybody who has travelled overseas knows, one can have many enjoyable experiences in the neighbourhood pubs. It seemed such a shame that we couldn't enjoy those same benefits over here.

DR. BUCK: You haven't been to Elk Point quite obviously.

MRS. EMBURY: The extent as to how that concept can fit in, in cities, towns, small resorts, et cetera, has long been argued. I think the Member for Calgary McCall really has to consider ill his remarks what happened historically in this province.

Members are well aware of what is commonly known as the Ghitter report, which was introduced in 1973. At that time the prime issue seemed to be one that has been raised again by another colleague from Calgary Buffalo, regarding the sale of beer and wine in stores. At that time the Ghitter committee certainly recommended that that not be initiated, for a variety of reasons. I think there is still a fair degree of that sentiment existing. It certainly does in Calgary North West. In fact before I could actually vote on this motion, I would have to do a little research in my own constituency to find out the views of the members of Calgary North West, because I suspect that at this time it is probably about fifty-fifty as to what type of further liberalizing they would wish in regard to our liquor legislation.

I probably sound a little undecided in regard to the privatization of the Alberta Liquor Control Board, which probably surprises me, if not other members of this Assembly. I certainly have been a member who is always supportive of privatization. Yet for some reason — and it is more intuitive at this time than based on sound rational judgment — I have some hesitation with regard to the privatization of the Alberta Liquor Control Board.

Members who have spoken before me have certainly addressed the issue well with regard to what would happen to the employees that now work in our outlets throughout the province, although I had sort of hoped they might give a few more examples of how they see those employees being treated in this regard. So that isn't really one of the prime concerns I have, because I believe the opportunity for them to work would be there even in the private sector.

I think the prime reason for me is probably timing. Although if this motion were passed, I am sure it would take quite some time before this concept was initiated in our province. There are an awful lot of considerations that I appreciate the Solicitor General, who is busy taking notes over there, would take into consideration if he were to undertake this task.

One of the problems I find — and I haven't had sufficient justification presented to me yet — is if this wouldn't severely affect our revenues. In view of the economic climate, that is one reason why I feel the timing is bad. I certainly hope that any members that will be further debating this resolution could bring out the aspect about the amount of revenues the province would not receive from this and if they feel concerned about that particular issue.

There was some discussion, along with privatization of course, in regard to regulations and how we regulate. This is always a very interesting topic. I believe the Member for Edmonton Gold Bar suggested that some regulation is sound and something that is needed. I would also like to have a little more information presented to me regarding the amount of regulation. I suppose no one would definitely argue with the point of view that the Liquor Control Board not only regulates but also distributes and sells the product. As was suggested by

the Member for Edmonton Gold Bar, this could possibly be done in steps. It would make it a very reasonable argument to support this motion if you look at it from the point of view of separating the two major functions of the Alberta Liquor Control Board and keep them as the regulatory body. My basic concern right now with that argument is the amount of regulation that would still be there. One of the examples that was given earlier was that there would be three separate licences issued. To my mind, that conjures up a lot of further regulations.

I would be very interested to know exactly how much control there would be by the Alberta Liquor Control Board. For quite a while I have had constituents bring me what seems to be a very minor problem, and yet it is one that I can't seem to make any headway on; that is, the availability of 40-ounce bottles in the liquor store. I realize it probably isn't a big issue. [interjections] It's a big bottle. Merely for convenience; that's the only reason that some people have brought this issue to me. But it does seem unreasonable that in some parts of the province it is not possible to buy liquor in 40-ounce bottles instead of 26-ounce bottles.

I think most of the other points regarding the pros and cons of this issue have been brought out for debate here in the House. One of the issues is how many outlets there would be, how big they would be, how many jobs it really would offer in the larger cities or in the small places.

One of the other factors I wanted to refer to, when I was talking about learning about the background and the historical aspects of this proposed Bill, was to learn that there are opportunities in isolated communities for agencies to sell liquor. That was something to know. I might have started my political career a lot sooner if I had realized that many years ago — actually the member who probably brought about the changes in his area is the Member for Whitecourt. When we lived in some of the rural communities in Alberta, there were not the outlets in those towns. Number one, I can't say that I recall anybody suffering from not having the availability right at their fingertips.

AN HON. MEMBER: They had stills.

AN HON. MEMBER: Home brew.

MRS. EMBURY: I don't know what they were doing in those hills around Whitecourt, if it was stills or not. Anyway, people did not seem to suffer from not having it readily available. Certainly it was a case of driving to the next town. There is some indication, although I'm not sure how sound the statistical background is, to indicate that this does cause traffic accidents. There's probably something in that point of view too. That was an interesting point for me to learn. It shows that even with the system we have today, there are already exceptions to that system. As I mentioned, one example is the agencies in the smaller places who make it readily available for other people.

[Mr. Speaker in the Chair]

I certainly hope we will be hearing from a lot of the members of the Legislature regarding this issue. As I said, I have a mixed point of view at this time, probably because of our economic climate. One has to consider very strongly the revenues we receive.

I notice the Member for Lethbridge West is sitting in the Legislature, listening very attentively. So often we have this debate: on the one hand, here we are worried about opening up the opportunities for people to sell alcohol; yet there's a

large budget item that we pass every year looking at the Alcoholism and Drug Abuse Commission trying to help people. I know it creates a lot of problems — if we should still have that revenue and what we should be doing with it. In fact many constituents have brought the point of view to me: why don't you take the money from the revenues from selling alcohol and use that in alcohol and drug abuse? So I would ask members of the Legislature to consider how they would replace that income we derive from the sale of alcoholic substances.

I really appreciate the member bringing forth this resolution for some debate today. As I mentioned before, I hope we will have a further debate in the House from all members across this province. I would like a much stronger indication as to how much of a concern this is to our constituents. At the present time, I certainly can't speak on behalf of mine. So I will look forward to the debate of my fellow colleagues.

Thank you, Mr. Speaker.

MR. LEE: Mr. Speaker, it's a pleasure to be able to join in this debate, although somewhat belatedly. I'm going to condense everything I know on the subject into the next seven minutes. [interjections] In fact I'll condense everything I know into the next eight minutes.

Mr. Speaker, I want to begin by acknowledging the hon. Member for Calgary McCall for raising this subject. What more appropriate subject is there to consider at this time than the privatization of those functions of government that could be done by someone other than government? I particularly want to acknowledge the fact that I'm following the hon. Member for Calgary North West. I've yet been able to understand how such a gentle, kind, reasonable, understanding person could be appointed a party Whip. However, listening to her always reminds me of her good sense, and I appreciated the remarks.

Mr. Speaker, were I to address these remarks today, there are three reasons why I would address the subject favourably. I would do so for economic reasons, for social reasons, and to have an opportunity to address some of the concerns that have been raised recently by members of the public about the subject of the consumption of alcohol and that greater availability would contribute to social problems. I would very much like to address those issues. However, Mr. Speaker, we have a limited amount of time. So I'm simply going to tantalize my fellow colleagues and say that when this matter comes up fully for debate at some future opportunity in the House — I believe there is a Bill that addresses a more specific aspect of this — I intend to share some of these arguments.

Mr. Speaker, not wishing to tantalize these colleagues briefly, I'm going to simply say that the hour being 5:25, I move that we call it 5:30, and I beg leave to adjourn debate.

MR. SPEAKER: Having heard the motion by the hon. Member for Calgary Buffalo, do you all agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: I think I'll wait to put the motion. Once it's 5:30 I have to leave, and I see the Deputy Government House Leader has something in mind.

MR. HORSMAN: Mr. Speaker, just on a point of order. The hon. member made two motions in one. I suggest it would be appropriate if he restrained himself to making only one motion, just to adjourn the debate.

MR. SPEAKER: With great respect to the Deputy Government House Leader, I think he was entitled to say 5:30, in which

case he'd be automatically adjourning the debate and would be the first one up the next time the subject is called.

MR. HORSMAN: Mr. Speaker, there are certain matters that I do want to bring to the House before calling it 5:30. Perhaps the hon. member could withhold that portion of his motion and simply adjourn the debate. Then he would automatically be entitled to resume the debate when it comes up next, since he commenced his debate after 5:15.

MR. LEE: Mr. Speaker, I've withheld so much from the House today, I'm reluctant to withhold any more. But I defer to my colleague.

MR. SPEAKER: I understand the hon. member has withdrawn his motion that we call it 5:30 and is substituting for that a motion that the debate be adjourned. Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

MR. HORSMAN: Mr. Speaker, before moving to call it 5:30. I would like to advise the members of the Assembly that this evening it is proposed to deal in Committee of Supply with the estimates of the Department of Agriculture and, should that be completed, to move to the Department of Consumer and Corporate Affairs. I would move that when the members assemble this evening, they do so in Committee of Supply.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: That motion is carried. Did I hear a motion to call it 5:30? Does the Assembly agree with the motion to call it 5:30?

HON. MEMBERS: Agreed.

[The House recessed at 5:26 p.m.]

[The Committee of Supply met at 8 p.m.]

head: COMMITTEE OF SUPPLY

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Will the Committee of Supply please come to order.

Department of Agriculture

MR. CHAIRMAN: Would the hon. minister wish to make some opening remarks?

MR. FJORDBOTTEN: Mr. Chairman, before proceeding with a review of my department's estimates, I certainly appreciate this opportunity to make a few opening remarks. I think it's appropriate to note the remarks of the Provincial Treasurer in his Budget Address, when he stated:

Agriculture is basic to Alberta's renewable resource strength ... The family farm is the social and economic bedrock that stabilizes our province.

I think those two statements fairly depict the government's strong and enduring interest in Alberta's agricultural sector. It's an interest I believe is reflected in my department's estimates, and the key service and assistance programs continue to receive the resources they deserve. Indeed, I think the programs have been strengthened where possible to continue to help producers lower input costs and therefore improve their all-important level of returns, that are so vital today in the agricultural industry.

At the same time, Mr. Chairman, Alberta Agriculture is meeting the government's prime objective of reducing costs in all departments and Crown agencies. In the Speech from the Throne, there was much said about privatizing some of government's operations, and it's part of the sound fiscal management the government is certainly considering. My department has been examining that for some time, and effective April 1 the Alberta Milk Producers' Association assumed responsibility for the field services of the dairy herd improvement program. That single shift has allowed the department to reduce the current manpower requirements by nine permanent full-time positions in addition to the two contract positions and eight wage man-years.

In 1983-84 the estimated combined salary and operating costs of the dairy herd improvement program were \$657,000. To maintain this valuable service for Alberta's dairymen and help the Milk Producer's Association effect a smooth transition, this year's estimates provide for a grant of \$577,000 to the Alberta Milk Producers' Association. I might say that this assistance is substantially less than the cost to the department last year, and in future we anticipate the need for the department's support to decrease as the program begins to generate revenues, Mr. Chairman. I think this is a good example of where government can successfully transfer a commitment to the private sector and reduce the short- and mid-term expenditures while maintaining the service levels required. I'm indeed confident that this transfer will work efficiently and effectively under the control of the dairy producers in this province, because they've proven so well in the past that they could take a responsibility like this and work very well with it.

In addition to the nine permanent full-time positions through the transfer of the dairy herd improvement program, the department has eliminated another 21 positions from inessential areas. Therefore, our permanent staff level has been reduced by 30 positions or 2.1 percent from the 1983-84 expenditures. I'd like to add that there have been no layoffs required to effect any of those reductions.

Within the department we've also reallocated six positions to the new Food Processing Development Centre at Leduc. This centre is intended to help the province's food processing sector to expand and diversify. It will begin full operation sometime later on this year. This sort of reallocation is really made possible in part by reorganization and streamlining the department. Alberta Agriculture has been able to reduce its expenditures while continuing to have the prompt and effective service we've always provided to farm families, primary producers, and agribusiness.

The scheduled conclusion of some of the programs has also helped us to control expenditures. The canola crushing industry program announced in the fall of 1982 provided valuable assistance to Alberta's crushing plants at a time when their very survival was at risk and was threatened particularly by a depressed world vegetable oil market and distortions in the domestic rail freight rates. The department provided assistance

of \$10 million in each of the last two years. However, that program has now terminated as scheduled at the end of last July, allowing us to eliminate that commitment in the 1984-85 estimates.

The passage of the 1983 Western Grain Stabilization Act has also meant canola products are now moving at statutory rates in western Canada, which has been a long-term goal of the canola industry. Therefore, effective March 1, 1984, this has allowed us to eliminate the annual \$1.8 million funding of the canola oil tank car leasing program.

Mr. Chairman, the assistance the government has provided to the canola industry has been both timely and well received. I think it has reinforced the commitment we made again and again: to support not only basic agriculture but also secondary industry, in particular where there is growth potential, and to diversify production and marketing. We can do many of those things with canola. I believe we have responded where it's needed to keep the industry alive, but we've also let go when the industry reached a position where it could prosper on its own and where it could work very well without that assistance.

It is possible that some of the savings may be needed to cover some things in 1984-85. One possibility may be the contribution that will be necessary to the national stabilization program for the red meat industry. This has been an issue in the red meat sector for some time, and I believe substantial progress has been made in the last 12 months. However, as was mentioned in the Speech from the Throne, this plan is still under development. While we are committed to that idea in principle, we're not committed to any plan that doesn't have the majority support of the producers in this province. Therefore, the budget doesn't contain any funds for this program. But if a workable plan and the enabling legislation now before the House of Commons truly reflect the agreement we've made, the funding requirements will be considered at an appropriate time.

I'm pleased to say, Mr. Chairman, that the budget does contain \$800,000 to support the beef promotion campaign, which was announced as part of the beef cattle and sheep support program in late 1981. This is the third and final year of that major commitment to beef promotion. To date we believe the program has been effective in helping build consumer awareness of the quality and supply of beef products. When you consider that it comes at a time when per capita beef consumption has been dropping, I think that program has proven to be very effective. Hopefully, there will be some way found for it to continue in the future.

Needs vary, and across the province Alberta Agriculture varies significantly from one region to another. That's really no more evident than in the northern part of the province, where climate and geography can combine to create some problems that are considerably different from those that may be reflected in another part of the province.

I think the government has always recognized the potential for agriculture in the Peace block. In the past we have developed a number of programs designed to meet the particular needs of that region. I believe one such program has been the lime freight assistance program, which was available to all producers throughout Alberta. It had a slow start, but this program now has become very well accepted by farmers in the province. Of the nearly 300 applications that have been processed since this program started, the majority have been received from producers in the northern part of the province or the Peace River block. Due to the increasing use of this worthwhile program, funding for the lime freight assistance program for 1984-85 has been increased by \$500,000.

Mr. Chairman, the agricultural societies of this province have played a very significant role throughout the history of agriculture in Alberta. Today their contributions toward the development and also the stability of rural communities, both in an agricultural and a recreational sense, remain just as important as ever. But these organizations like so many others must also learn to adapt to changing times and a changing economic environment in Alberta. Their first priority must be to remain viable and in a sound financial position.

In support of these efforts, the department's 1984-85 estimates reflect the view that maintaining existing services must be a priority. Therefore, to help the province's 264 Class C and Class D farms meet increasing utility, insurance, and other operating costs, the department's 1984-85 budget for operating grants to agricultural societies has been increased by \$400,000 to a total of \$1.3 million. However, capital grants to agricultural societies have been reduced by an equivalent figure of \$400,000 to \$1.1 million. So we've had an increase in the operating side to keep those ag. societies viable and stable but also an equivalent decrease, which I think is good fiscal management in times of restraint.

Increasingly I believe emphasis is being placed on the maintenance and development of Alberta's primary agricultural resources of soil and water. I believe the importance of their proper management cannot be overemphasized when it comes to agriculture. They're our basic resource. Indeed they are probably the two most important elements in agricultural production, for without them I don't think Alberta could ever have enjoyed the prosperity it derived from high production levels and good dollar returns that benefit both producers and the economy as a whole.

Mr. Chairman, to strengthen our emphasis on both soil and water, the research and resource development sector of the department was formed in 1983. We're continuing to increase that involvement, especially in the area of on-farm management, with the creation of the conservation and development branch. This branch is in its full year of operation in 1984-85, and we anticipate it will have a substantial input into the formation of the government's water resource policies that impact on the agricultural industry.

Mr. Chairman, the purchase of the three federal inland terminals located in Alberta and their subsequent formation into Alberta Terminals Ltd. has, I think, proven to be a good purchase for the government. During the last year, they have begun to offer small grain companies in Alberta alternate delivery points that have proven popular with farmers in nearby areas. No department moneys have been budgeted for Alberta Terminals in 1984-85. During previous years Alberta Terminals has accumulated some surpluses in operating funds, and these now appear to be sufficient to see the company through the next year.

Overall, Mr. Chairman, Alberta Agriculture's estimated expenditures for 1984-85 will increase by \$14,000,912, for a total budgetary appropriation of \$80,412,000. This increase will almost totally be used to cover the operating shortfall of the Agricultural Development Corporation, which provides direct loans and guarantees to farmers and to agribusiness. As I indicated in the ministerial statement two weeks ago, the corporation's loan guidelines have been improved to remove some unnecessary long-term commitments. However, it will be some time before they will have effect, and they in no way will reduce the corporation's role to offer adequate funding to young Alberta farmers and to serve, when needed, as a lending resource for established farmers as well as those in agribusiness. I would note that to finance the corporation's lending activities for 1984-85, \$190 million has been allocated from the Alberta Heritage Savings Trust Fund.

Mr. Chairman, that concludes my opening remarks. I look forward to the members' comments, and I will do my best to answer the questions.

MR. HYLAND: Mr. Chairman, first I would like to pay tribute to the job the Minister of Agriculture has done in the last year, since he was before this Legislature asking for estimates for the operation of his department and in the activity he has taken through his involvement with the agricultural sector, and also to the department people who are in the gallery this evening — the minister's executive assistant, who has worked hard, the deputy minister, assistant deputies, and others — who have really done a tremendous job in agriculture and in promoting agriculture in Alberta, I would like to pay tribute especially to those that we often forget, the DAs — the guys who are out in the field day to day answering questions — and to the tremendous job they do, working in agriculture, in the department, and especially in the activities they create during Agriculture Week in Alberta.

Mr. Chairman, I think I should say a few things. If I got up to talk about agriculture and said nothing about irrigation, people would be disappointed. I would like to ask the minister where he sees the review on the 86/14 cost-shared formula and on the rehabilitation of the districts — I think we can well prove that there is a percentage benefit gained from the money invested in rehabilitation — and how he sees it related to that cost-sharing formula.

I well remember the minister's words — I think it was maybe during Agriculture Week last year, when he read the ministerial statement — if you eat, you are involved in agriculture. By the looks of many of the members in this Assembly, we all eat well. So we are involved in agriculture. Regardless of what city or town we are in, agriculture is part of that area.

I noticed the minister made reference to the beef advertising the Cattle Commission has carried on through co-operation with the government. He is right when he says they've done a tremendous job in that advertising. I think that's where we as government and industry can work together as a catalyst and a doer in something and not have government pushing their promotions where industry pushes their own product.

Another question for the minister: where are we, when does he think we'll take action, and what action does he see being taken on production credit associations? My motion was passed in the Legislature last fall relating to the exploration and possible move towards production credit associations in the province. Where does he see them?

Mr. Chairman, I guess when you write your notes quickly you have to slow down once in awhile, because the writing gets a little tough to read. So that's what I'm doing — trying to understand what I've got written here.

Where does the minister see the department's involvement in new crops grown, some of them on dry land and some on irrigation, any new crop that may be unique, that has a market in the world? Where does he see his role and the department's role in development and providing information to farmers so that they are able to find these sorts of crops? I can think of a couple: grain corn and beans. We have trouble stabilizing our acreage in beans, partly because of markets. When we do have a market, or when we send people along with the Minister of International Trade or with some of his people looking for markets, we appear to find them to get rid of a product. But it isn't a continuous supply, because we seem to rely on putting the commodity on the telex and expecting somebody to pick it up, whereas other countries have salesmen there. Our product is better, but they're there and they sell theirs. Does the minister

sec any new products on the horizon or any change in where we can improve the selling of the ones that we have?

He related to Alberta Terminals Ltd. I was listening, but I don't remember him saying where he sees Alberta Terminals Ltd. going from here. He made note of the space for other grain companies in the terminals. I think of the one in Lethbridge, where United Grain Growers was the first grain company in the terminal. Does he see that happening in others, and what sort of action can we take to encourage this sort of thing happening?

The beef assurance plan — let's forget calling it the other name and call it the beef assurance plan or the beef insurance plan. What stage are we at with that? Being an industry developed program, how is industry accepting it? How is the tinkering that other provinces are doing at the present time going to affect the acceptability of that program?

The problem that I guess plagues a lot of people involved in agriculture is cash flow. How serious is our cash flow problem involved with farming? We're going into high cash flow time now in the spring. How does he see that on the horizon? In the discussions he's had with bankers throughout the province and with the head people in the banks, how does he see that problem, say, till fall or beyond?

Lastly, the dairy industry: I think we made a good move in having the dairy herd improvement program taken over by the dairy association, or whatever the proper name for the association is. Are we going to be able to do that with other programs in that industry, let the people who really know the industry attempt to run some of the programs? I think of trucking of milk and others.

I well remember a reply, the word I got back not in writing but verbally, when I was asking about dairy herd improvement for the area I represent: it was a geographically undesirable dairy area for the province. Mr. Chairman, we can grow corn; we can grow alfalfa. We can sure as shooting grow the cows; we know that. Why is it geographically undesirable just because a certain industry doesn't want to build a plant there? Does the minister see any more of these things, such as the herd improvement, being given to the association to run?

I think that covers most of my concerns, Mr. Chairman.

MR. CHAIRMAN: Before we proceed, would the committee agree that the hon. Member for Edmonton Kingsway could make an introduction of visitors?

HON. MEMBERS: Agreed.

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

MR. PAPROSKI: Thank you, Mr. Chairman. I'm pleased to introduce to you, and through you to members of the committee. 17 interesting, young, active, intelligent Boy Scouts from the 26th Edmonton Scout Troop situated in the Edmonton Kingsway constituency. I was honoured just a few weeks ago to be invited to one of their meetings. Believe me, they are very interested in politics, and I welcome them here this evening. They are accompanied by their leader John Greene and their assistant scout leader Brent Davies. They are seated in the public gallery, and I would ask them to please rise and receive the warm welcome of all members.

head: **COMMITTEE OF SUPPLY**

Department of Agriculture (*continued*)

MR. LYSONS: It's certainly timely to bring in the agricultural estimates when we have weather like this. It makes one feel that we should be out on the land.

I would like to follow up on a bit of what the hon. Member for Cypress was referring to, on some of the people who work for the department. He missed one very important component, and that's home economists. They do a great job for us in the country and everywhere, and I'd just like to ask the minister perhaps to pass that along, along with these other good wishes he has had.

While I'm thinking of the Member for Cypress, he mentioned that he had trouble reading his notes when he wrote so fast. We thought he wrote that way just so Harry couldn't read what he was writing.

Mr. Chairman, one of the things we've often heard in agriculture is that farmers don't like to be subsidized; perhaps that's true. But we're all subsidized in one way or another in this province, whether we're in agriculture or business or whether we're homeowners, senior citizens, or politicians. We are subsidized in the fact that we live in one of the richest countries in the world. Our province has very substantial mineral resources that we sometimes tend to take for granted, but in my view it's a subsidy compared to other parts of the world.

There are some industries in agriculture that get a little better break than others. One is dairy; they have the Public Utilities Board telling them what they can get paid. We have the ranchers in shortgrass country — down in Harry's country — that get pasture for proportionately less than we do. And the hon. Member for Cypress has his irrigation; we see no benefit from that substantial program this government has initiated.

But we have a problem up in the green belt, and the most serious problem is too much moisture at the wrong times. I would like the minister to ask his officials to come up with a program for grain driers in the next few months, similar to our REA program or natural gas program. We have Canada's largest grain drier manufacturer in Alberta, and I believe it's a reputable drier.

AN HON. MEMBER: Where's it at?

MR. LYSONS: Yes, it just happens to be in our area. That's true.

In order for a farmer to get into a grain drier properly, it will cost him anywhere from \$25,000 to \$50,000 but generally \$25,000 to \$30,000. This is a pretty heavy outlay, but the rewards are substantial. Other than in the last couple of years when it was rather dry, our particular area has had pretty good harvests in the last few years. Some of our farmers that shouldn't be hurting are hurting; one reason is not being able to get their crop off and some of the other weather problems we've had. So I'd certainly like the minister to look at that. It may be a program that costs a few dollars, but I think it would be well worth it. If you like, we could call it a green belt program. Some of the things that go along with the drier would be the hopper bins, the infrastructure for the augers, cleaners, and so on.

Another problem that's going to be hitting us on the farms this year will be the grasshoppers and other pests. I hope the department — I'm sure you, Mr. Minister, through your officials are working on a program to combat this serious threat. Although I don't think it's going to be as bad as we had first

imagined because of the substantial extra moisture we've had through the winter in our particular area, it's out there. I'm sure it's going to be a real problem for us, so we should be gearing up for it.

There are just so many things we could compliment the department on, in the work they have done. Before I finish tonight I'd just like to list for the record some of the shared things we in rural Alberta, and our whole Alberta economy of course, all benefit from: our hopper cars — that's helping; it's given us a new thread out there — our fuel transportation allowance, the most generous interest shielding program, and of course the roads, natural gas, and REAs. We know we have to do some work with the REAs because they have a problem. I know your officials are helping where they can, and we must just continue to keep the emphasis on that out front.

I'd just like to touch on a couple of other things. I know the lime program has helped. We haven't gotten into it too much in our area because we haven't really seen the alkali, but we're starting to see that now. I understand that in some parts of our province alkali is gobbling up a lot of valuable farm land. From the media coverage on it in just the last few days, we can see it more and more around our sloughs and so on, so it's becoming a serious problem. I think we have to get some more information out to the farmers so that we don't really get into it too seriously. Of course for the long term, we need the continued vigilance of a really good Minister of Agriculture, as we've become accustomed to for the last decade, and I wish you all the best.

Thank you very much.

MR. MARTIN: Mr. Chairman, from inner-city Edmonton, I am now the acting agriculture critic for the evening. I would like to suggest a few things, make some general comments, and perhaps ask some questions later. The minister and I have talked before. Believe it or not, while I do represent inner-city Edmonton, my father was a farmer and I grew up as a village slicker in Delia, Alberta. As the Member for Cypress says, we all have a vested interest in agriculture.

I have expressed my concerns many times to the minister, and I know he shares the concerns about what is happening to a way of life. I use the area that I know well, east-central Alberta, and see that all those villages in that area obviously rely on agriculture as the thing that keeps them alive, although there is some oil in that particular area now. But when I see what's happening, when I go to Delia, I see that basically the citizenry and the farmers are much older. And I see towns, places like Craigmyle and Michichi, that I used to play ball and hockey against, that are basically ghost towns. The hon. Minister of Social Services and Community Health is from Craigmyle. Basically, there is nothing left.

I know this is a North American trend, and some of it has to do with mechanization and all the rest of it. But when I look at some of the figures — I'd like to carefully go over these with the minister and see if they are correct or not. If they are, I'd throw out a few suggestions that he might take back. He will probably reject them, but it's the nature of this Legislature that we debate ideas.

I was looking at a report, I believe from your department, that I'm sure you're well aware of — the statistics branch of Alberta Agriculture, October 28, 1983. When you go through it, they said some very startling things. First of all, they say producers are facing the greatest cost/price squeeze since 1933. I recognize that there is a subsequent issue and they have upgraded some of the figures, but it's still serious.

The report estimates that farm cash receipts in 1983 in Alberta were \$3.66 billion, and I believe that was down 4

percent from 1982. Further, despite a 2 percent decline in farm operating expenses, it is estimated that the net cash income fell 8 percent. The bottom line, though — and I think this is the most startling figure there, because net income is what we all operate on — is that the net income to farm operators fell, I believe, from \$.574 billion to \$.507 billion. If we check the figures, I believe that's something like 11 percent decline in total net income. I take that very seriously, because it's another year that is going to affect those communities we've been talking about. Again, I know the minister is concerned about this. I say an 11.6 percent decline in net income from what I still consider Alberta's most important industry, or at least one of the two most important, is surely very serious for all of us in terms of the recession. According to Statistics Canada figures — and the minister may want to comment on this — net farm income has not been this low in Alberta since 1976.

The 11.6 percent decline in income in 1983 falls hard on the heels of a massive — I know it was an exceptional year — 30 percent decline in net income between 1981 and '82. If we take this as correct — and I do because it came from the minister's department — then the agriculture community is in some difficulty.

When we look again at your statistics, there are 4,400 fewer farms in this province in 1982 than there were in 1972. I know we can get into a discussion of what a farm is, but what I mean is people making their livelihood primarily from farming rather than a hobby farm. I believe those figures of 1972 — there were 62,000 farmers and now there are some 57,600, a 7 percent decline in a major industry. Of course we know what happens with the spin-off; I don't need to tell the minister that.

According to the federal Department of Consumer and Corporate Affairs, there were exactly twice as many farm bankruptcies in Alberta at the end of November '83 — I believe the number was 44 — as there were at the end of November 1982, when there were 22. I hope that we are somehow turning those figures around. I hope that's not an indication that next year it will be even worse. I know the minister is aware of the recent Canadian Agricultural Outlook Conference that was held, I believe, in November or December. It says that while net farm income is expected to rise some 6 to 7 percent in Canada as a whole in 1984 — I don't know why this is, but they forecast a 16 percent increase in Saskatchewan this year — they're predicting that farmers in Alberta can look forward to a further 4 percent drop. I ask the minister: generally, does he accept what they are saying and, if that's the case, why would Saskatchewan be doing so much better in terms of income than Alberta?

I know that there are many complex reasons; it's not an easy answer to turn this around. There is certainly the one-two punch of falling receipts and very high expenses. I know it's an age-old problem of farming. We know input costs have been going up; I know the minister is well aware of this.

Then of course the products have simply not been matching the cost, despite improvements in efficiency of production. There are a number of reasons, and some of these are not in the minister's department. Real estate taxes are steadily increasing and, frankly, because of the municipal taxes and zero percent grants, an increase is going to affect rural Alberta and certainly farmers. The boards can't grapple with this and that has to deal with input costs.

Interest rates are down, but unfortunately we're starting to see a spiral again. Again, the minister is well aware of the disastrous effect this has on the farm community, so we'll have to watch that. It is my understanding that total machinery expenses are projected to have increased 4.4 percent in Alberta in 1983, mainly because of a 67 percent increase in fuel costs.

I might indicate that fertilizer and feed expenses have gone down; that's been a positive sign. But when we look at the projected farm inventories, there's a \$15 million decrease between 1981 and 1982. The point I'm trying to make is that these are all input costs. Farmers and the farm community have no control over these. At the same time, the products aren't going out.

The other thing, and we've debated this in the House many times, is that the whole concept of abolishing the Crow is going to have an impact at least on grain farmers. We could probably argue what that impact is going to be. I have heard from time to time, that with the passage of Bill C-155, there could be an increase of as much as five times by the end of the decade. That won't happen immediately but by the end of the decade. If that's correct that would reduce farm income by another 23 percent. All in all I'm throwing out the problems, seeing if the minister agrees with my figures or not. I hope he does, because we got them from his department.

The other thing I would say, in terms of a question, has to do with beef. The minister and I have had some discussion with unions, as has the Minister of Labour. I believe the minister made a comment last summer dealing with a red meat market agency that the provinces were trying to work together. It's my understanding that Ontario has now set up their own red meat marketing agency and that they'll be pumping in another \$62 million for their producers. I'm sure the minister is aware that if we don't match it, the effect of this will of course be disastrous for our producers. I'd ask where that sits at this particular time.

The other point I would make is that while farm income is going down — it's an argument we've made in many areas, just a general economic argument. Farmers are some of the biggest consumers in the province. When they have income, we all know they generally tend to spend it; and of course when they don't have income, they're not spending it. The ripple effect, and the effect that has on the city of Edmonton with 15.1 percent, is severe. So we have a very serious problem.

I have other questions for perhaps later — to let other people in. But I'd like to throw out six ideas, if I could, and let the minister react to them.

Number one: I know he can't do much about this, but I ask him if he would talk to his colleagues about adequately funding education in rural areas. I know as I go across the province — a city can move a little bit easier with a zero percent grant, the bigger it is. But in some rural areas this is disastrous. One of the options they're looking at is increasing property taxes, which directly affects the community we're talking about.

The second one would be to introduce — going through the figures I went through and your people saying it's the worst cash squeeze problem we've had since 1933, I think times are severe enough — a moratorium on farm bankruptcies and create a debtors' assistance board which would mediate between lenders and farmers to ensure farm survival. The last thing we need for the family farm is for the banks to own them all. I know that seems like a drastic measure, but I think perhaps the times might dictate taking a look at something like this.

The third: just to review the adequacy of the farm fuel distribution allowance to ensure that farm fuel price increases are not exorbitant. The minister may argue that they're not exorbitant now but with all the other input costs, any saving is valuable at this time.

The fourth thing I would like to suggest, and again it would take consultation with other ministers in the government, is to extend the farm lending programs and make sure that they're lower than commercial rates. I know the ministers went the other way. I know when the minister is talking to people, Mr.

Chairman, that a lot of people are going under with the banks right now.

If the banks can't do the job for us, then perhaps it's time for our own treasury branches. I suggest that this is not giving money away. We're not giving out subsidies, relief, or whatever. We're donating money to help our own people be successful. Again, the ripple effect is that those people would spend this money in Alberta. I think it would be helpful. But perhaps we should not look at it through another government bureaucracy. We've always suggested, what's wrong with our treasury branches? They know how to lend money, not give it away. They have to make sure there's a reasonable income on it. But give our farmers, as one group, a break.

The fifth suggestion has to do with red meats. I think we're going to have to move in this area. I know the government is philosophically against stabilization. I think it's true in Quebec. The minister has talked to me about this. We see Ontario going into market stabilization. If there isn't an overall Canadian plan, I suggest that pushing for the national program is good. In the meantime we can't wait, if Ontario has gone in. We should look at that.

My sixth is to start now; it will take some time. I think we have to put pressure on the railways — as my colleague asked in question period — to make sure they live up to their bargain in Bill C-155. But I think we should start work now on an offset plan to compensate producers for increases in grain freight rates. If those figures are right — the minister and I may squabble about them, but there is going to be some increase — that may just be the last straw for a lot of farmers. As I have tried to say, Mr. Chairman, I think many farmers — and I talk to them as I go around the country; I will be in Ponoka tomorrow — are not whining. They are telling me the truth, that they are really under pressure, as many of us are.

If more and more farmers go out of farm communities and we have more ghost towns, that is not only bad economics but I don't want everybody to live in Edmonton and Calgary. I don't think that makes any sense. Frankly, I don't think corporation farms and agribusiness are as efficient as the family farm. The minister and I would maybe disagree on the means to get there, but I think he would agree with me that the family farm is well worth preserving and is under a great deal of pressure right now. I see farms where there used to be living made on three-quarters of a section. I am told in the area that I talk about — my second home, if you like, other than Norwood — that they are now looking at three sections to become viable. You can see what is happening. It is going to take some bold government to perhaps try to turn some of those around.

I have laid out the problems that I see and ask the minister, when he gets around to it, to take a serious look at the five suggestions. If there is time later on, there are some very specific things in the votes that I would ask. But I will let other people in now.

MR. PAPROSKI: Mr. Chairman, agriculture in Alberta is of prime importance to all Albertans, including Edmontonians and those constituents residing in Edmonton Kingsway. I would like to add my congratulations to the Minister of Agriculture and his staff for their continued diligence in providing Albertans the best in agricultural products. Indeed, Mr. Chairman, I would like to take the opportunity to thank the hundreds and thousands of farmers in this province who have worked so hard on behalf of all Albertans.

As an urban member, I am receiving extensive communication from constituents specifically about a couple of areas: agricultural research and agricultural production of new plant products that are being produced now and possibly in the future

as well. Would the minister please highlight some examples of what tangible results have occurred from the \$2.5 million-plus that was expended in the area of horticultural research? To the minister; examples I am looking for are new products, new strains, fruit farming in Alberta, all-year growing in Alberta, and also the whole concept of storage facilities and the development of storage facilities in this province.

Mr. Chairman, a few months ago I was fortunate to represent the provincial government at the annual national convention of Flowers Canada, an association representing a very large industry in Alberta and throughout Canada. A number of suggestions came from that particular conference, and I would like to share these with the minister and perhaps receive his comments about them. First of all, the entire area of the greenhouse industry in Alberta: over and over again, I heard from members of this association that more assistance is required in this particular area, especially when one looks at the future of this province.

Secondly, our government should attempt to grow more products in Alberta, and indeed throughout all of Canada, cutting down on the imports of certain commodities. I'd like to give a couple of examples of products that perhaps we shouldn't be importing so much of. One that is close to my heart, perhaps it's because of my Polish and Ukrainian heritage, is garlic. In Canada last year, \$4 million worth of garlic was imported. Surely, Mr. Minister, if each province produced their requirements, Canada would not have to import \$4 million worth of this particular product.

A second example is saskatoon berries. Saskatoons, as the minister knows, are indeed relished by Albertans. Would the minister give some thought to advertising to Albertans that these berries are available for planting in their own backyards, frontyards, and indeed in their own gardens? The bush is native to western Canada. Let's let Albertans know that indeed these exist and are available to them.

Crabapples, Mr. Minister, are not sold extensively in supermarkets. In 1982 some \$52 million of red apples were imported into this country, and millions of dollars dealt with crabapples. Surely a small study could be done to see the size of the Alberta markets and the possibility of perhaps exporting crabapples to, for example, the western United States. The trees could be produced in Alberta nurseries to ensure winter hardiness.

As well, Mr. Chairman, perhaps a study could be done on the feasibility of commercially growing such things as highbush cranberries, pin cherries, et cetera — a fruit that indeed is wanted by many Albertans but is difficult to obtain.

Mr. Chairman, that's all I have, and I hope the minister will comment. Thank you.

MR. BATIUK: Mr. Chairman, it's a pleasure to get into the debate on these estimates. Unlike other times that I have complained of a beef, there are some good things that I like too.

First of all I would like to commend Alberta Agriculture, not only for a year but for the many years they have provided an unexcelled service to the people of Alberta. When you look at their small budget — much lower than hospitals, education, or social services — they do an extremely good job in the basic industry in this province.

I somewhat regret that the opposition is absent, or at least most of them are absent. They always seem to be so concerned about agriculture when the estimates come in. I realize the Leader of the Opposition is in Vegreville this evening, I'm sure telling the people how tough things are.

MR. MARTIN: Just telling them the truth.

MR. BATIUK: It's too bad I didn't know earlier that he was going to Vegreville. I would have told him to announce that there will be sod turning ceremonies for our new hospital in Berwyn — I mean in Two Hills — a week from today.

I think one of the very successful functions is the Ag. Development Corporation. When we look back about 15 years ago, the average age of the farmer in Alberta was about 55 to 56. I think the Ag. Development Corporation has played a very important role in lowering that age into the mid-30s. When we look at the success, many times we'll see the odd individual who does not prove successful. But when we look, those lending money from the Ag. Development Corporation are lenders of last resort. They have no place else to turn and with such a small number of them not successful, many times I wonder what they would be doing if it wasn't for this provision. Even some of those who have taken assistance from the Ag. Development Corporation have failed because of their management purposes. When somebody starts farming and he wants a 2,000-square-foot home, two cars behind the house, and an air-conditioned tractor — well, you just can't make ends meet that way.

Another area I'm very glad the minister took upon himself is to relax the regulations for off-farm employment for beginning farmers. We look at many of our farmers who have been well established but just to improve the quality of life on the farm do take employment. I think it's only fair for those who want to work 12 or 16 hours per day to do their farm work and be able to earn enough to help pay their debts and provide themselves with a good living. I think that was a step in the right direction. I don't know whether the minister listened to me, but I've said many times that there should be provisions for that.

The ag. societies have also played a very important role in improving the quality of life in rural Alberta. I have six facilities in the constituency that have gone on this program. The communities notice that vandalism and crime decrease during the time, mostly during the winter, that our young people have something to do because of these arenas. They have a lot of energy in them, and they have to burn it off some way. I think this was a good step with the ag. societies and the support they're getting now. I hope we come up with a program to provide such recreation for the summer.

Another very important role is played in the constituency and throughout the province by the nutritive processing program. In my constituency there are three very successful functions. The one in Ryley is the blending of fertilizer, which is very successful and provides employment for a number. In Two Hills the 12-inch long egg the chickens lay is another very important function. To some of you members who were here, a while ago I think I presented an egg to each of the members of the Legislature. They have 13 people working continuously there. So here again, it plays an important role. Last of all I guess I have to mention my hometown. It's been known as the sausage capital of Canada. I guess many of you know about it. I was sort of surprised when the Member for Edmonton Kingsway was talking about the 4,000 pounds of garlic that Canada imports. I bet you the fellow in Mundare uses 4,000 pounds a year for his sausage alone.

MR. PAPROSKI: Four million dollars worth, John, not 4,000 pounds.

MR. BATIUK: Oh, I thought you said 4,000 pounds.

Anyway, they provide employment for 12 people. They put out 4,000 pounds of sausage regularly. Before the holidays

they have two shifts, which doubles that amount. So as I say, I think this has played a very important role.

I wonder where the Member for Edmonton Norwood got his information when he referred to the Agricultural Outlook Conference. I attended that conference, and no place was it mentioned that Saskatchewan income had increased by 16 percent. It was estimated that it would increase by approximately 10 percent, but we could see it. That was the time when the Conservative government took office in Saskatchewan. They took the tax off gasoline and something else, so naturally their income would increase. There was no sign that Alberta's was going to decrease, but it said that chances are it wouldn't increase, or very slightly. But the income by agriculture in the province of Alberta was much higher than any other place, and even without an increase it would still be higher. When you look at the transportation allowance on fuel, taxation on farms — which is only about half what it is in Saskatchewan — and the other things involved, the income of the Alberta farmer is still much higher than that in the other provinces.

Mr. Chairman, I think that I should mention a function I've been a member of for a few years, the Alberta Grain Commission. It was initiated in 1972 by the then Deputy Premier of this province and Minister of Agriculture. I would just like to say a few words. I'm sure that some of our newer members maybe don't even know what functions the Alberta Grain Commission has. Dr. Horner initiated this commission solely to find ways and means of increasing the net income to the farmer and to make recommendations to the minister. For a number of years, it has provided a 24-hour grain price information tape, The Grain Commission put out weekly letters. Leasing of hopper cars in the mid-1970s played a very important role in this province. The development of a film, *Grain West*, which I know was viewed by many, was very well appreciated. An Alberta grain cash market, which had gone far away, was developed. It was because of this that a Calgary barley futures was initiated on the Winnipeg Commodity Exchange. Even though this may not be as successful as was anticipated, I think the trend is right and we should not think of abolishing it.

There were over 300 recommendations made to the ministers of agriculture since the Grain Commission was initiated, and many of them have formed policy. I just think back to 1977. The chairman at that time, Mr. Channon, was chosen to go with the Premier on a trade mission to Europe and the Middle East. There may have been a lot of criticism about that trade mission costing \$300,000. But it was shortly after that that Dr. Moeisy, a cerealist from Iran, came to Alberta for two months to learn bread-baking techniques. There would have been a real opportunity for Alberta to get rid of all its soft white wheat and even to encourage its growth, because in Iran they don't say the bread must rise that high. I guess all they look for is to have enough to fill their hungry stomachs. Because of the things that happened in Iran, I guess sales were abolished. But this winter Dr. Moeisy was in Canada to purchase some of that grain.

We were involved also in a number of areas. It may be interesting to note that just a few months ago the manager of Palliser Grain growers came to the Grain Commission for advice to help them carry on their business. It was the same with the manager of Cen Alta Grain company, who worked for Alberta Transportation, who went on his own and spent several hours trying to get information from the Grain Commission. So I really think that the Grain Commission had its use and served a very useful purpose.

I think one area did very well over the years. I'm sure the rural members realize that hedging plays a very important role in agriculture. Farmers did have a problem many a time. They

could hedge their grain for a much higher price two or three months down the road, but they had no money to carry them on. The banks never favoured them, because they just didn't know how the system worked. They could never accept that a hedge was the best collateral they had. I know the Alberta Grain Commission initiated two seminars with bankers in southern and northern Alberta so they would get the knowledge, and it worked well. But I think they got overeducated by these seminars, because many of them left very shortly and went into their own consulting.

We played a very close liaison with a number of farm organizations: the Western Barley Growers, the Palliser Wheat Growers, the Canola Growers, the Canadian Wheat Board, and the Canadian Grain Commission. Without taking any more time, Mr. Chairman, I would like to pay tribute to Mr. John Channon, who served for 13 years plus. He retired late in 1983, and Alberta Agriculture with many others paid tribute to him at the end of January.

With this, Mr. Chairman, I would like to say I appreciate the work Alberta Agriculture has been doing. They have done a good job. I know it's tough, but with their dedication I'm sure we'll be on top as we have been in the past.

Thank you, Mr. Chairman.

MR. THOMPSON: Mr. Chairman, I'd just like to start out by reiterating something the Member for Vegreville said. I suspect that in years to come we'll look back on the period from 1974 to 1984, when the Department of Agriculture and the government were able to decrease the average age of farmers from 58 to 48. I don't think it's going to go much lower than that. That's a remarkable achievement. It's probably the biggest thing the department and the government have done in the last 10 years as far as the industry itself is concerned. So I really do think that we in Alberta ought to be very, very proud that we've been able to achieve it. I doubt if any other province has come anywhere close to doing that.

Another thing I'd like to say is that I honestly think that agriculture is in a transitional period, from being an occupation or a way of life to a business. Whether we like it or not, it's coming and I think it's something we ought to be aware of.

After saying that, Mr. Chairman, I would like to bring to the minister's attention a matter of real concern to the people in my constituency. That has to do with predator control. I'd like to give a little background on this subject. About 40 percent of the sheep population of Alberta is situated in my area. In Montana a really big Indian reserve borders on Alberta. We have the Waterton Lakes National Park on the western side, and then on the other side we have the Blood Indian Reserve. So there's a neck down in there where there's no real coyote control, and we have had a problem there over the years.

The department has looked after it very well in the past, but at present they have changed the way they administer the predator control Act. In the past the predator control officers went out and actively eliminated the coyote problem. Now in their wisdom they have decided they're going to teach the farmers how to go out and shoot coyotes. That may be good, but in the first place you can't shoot a coyote legally unless it's on your own land. It makes it pretty ineffective to control the coyote population anymore, and it's exploding down there. I hope the minister will take a look at the way the department is administering the predator control Act, put those predator control officers back in the field, and let them do the job they've done in the past.

Another area I'd like to talk about here is 1080 poison. It's very effective on coyotes. Our constituency MD No. 6 is the only area in Alberta where it's allowed to be used, and I would

hope that the department would take a look at 1080. It's got a very bad name, but actually it's effective against coyotes. It's not dangerous against people. If they would do a little research, they would find out that 1080 is a very effective way of eliminating coyotes. In fact much of the rat poison in Europe has a 1080 base. It's used in homes. People have to ingest quite a bit of it before it will affect them. So I hope that in the future the department would relax the regulations on the use of 1080 and allow it to be used more prevalently, at least in my part of the province. If other people don't want to use it, that's fine. But take a look at it, do a little research to find out that it has a bad name but actually is a very good poison to use on coyotes.

Thank you.

MR. DROBOT: Mr. Chairman, in rising to speak on the subject of agriculture tonight, I am pleased that agriculture in our province has been given the recognition it so richly deserves and needs. The hon. Minister of Agriculture has touched on many phases of the agriculture industry, and certainly agriculture has been given specific attention in the Budget Address. Our Premier's trip to China and the Pacific Rim countries is another role played by the government to establish markets for our farm products.

Our native people are involved in agriculture. Our Metis settlements are involved in agriculture. One of our native leaders from Saddle Lake, the Hon. Ralph Steinhauer, was inducted into the Alberta Hall of Fame this year because of his involvement in agriculture, his contribution to agriculture on the Saddle Lake Reserve, and his husbandry in his own farming operation.

Production credit, the beginning farmers' program, interest shielding, and many of the agricultural programs are a part of our government's involvement in agriculture. However, these programs should be made available to our Metis settlements, and I hope our minister will take a close look at the situation relating to these concerns and to their concerns about our agricultural program.

Today also marked a great occasion for the St. Paul farming and business community. Approximately 500 people from St. Paul travelled to Edmonton to take part in a great occasion. They were guests of the Alberta government and the city of Edmonton. Exactly 75 years ago, on April 10, 1909, some 500 people from St. Paul stood in line for over 40 hours to qualify for homesteads which were made available at that time. Today that was relived by several hundred people who travelled from St. Paul to take part in a re-enactment of that historic day after a dinner at the Edmonton Convention Centre. The Edmonton Chamber of Commerce, our Department of Culture, and the St. Paul Chamber of Commerce were sponsoring that. What a fitting tribute. We are a very multicultural community, and we were eloquently addressed by our Minister of Culture, the Hon. Mary LeMessurier, on this historic event.

Then the scene shifted, and everyone went to the old land titles building. The entire homesteading scene was re-enacted, including the issuing of certificates to the hundreds of people lined up to receive a copy of these homestead titles. I didn't see any \$10 bills, which were the fee for a homestead at that time.

The roots of the community can of course be traced back to Father Lacombe's establishment of St. Paul des Metis in 1896. However, I do suspect that much of the heart of St. Paul came into being outside the old land titles building here in Edmonton as the former colony was opened for general settlement. It is my understanding that at approximately 4 o'clock on the afternoon of April 10, 1909, some 500 people from the St. Paul region arrived in the Dominion Crown Land Timber & Registry office to post claims for land, in what was to be a

40-hour wait. During that lineup those who came prepared for a long wait and shared blankets and food with others. At this time, it is important that we consider what the line symbolized and the feelings that the participants must have had. All these people possessed a spirit of adventure, determination, hope, and co-operation that opened the Canadian west and established St. Paul. My father homesteaded in 1910, and we still farm and ranch in that area.

Mr. Chairman, I would again like to take this opportunity to congratulate the minister. Certainly the agricultural industry will surge forward with our determination and fresh outlook at the importance of agriculture in Alberta.

Thank you.

MR. R. SPEAKER: Mr. Chairman, I just found out that the hockey game was 2-2 and going into overtime. Maybe we should cut it all short and go watch the game.

MR. KOWALSKI: Agriculture is more important than the hockey game.

MR. R. SPEAKER: Right, I'm sure that's very true.

Mr. Chairman, I'm sure a number of things have been said to the minister this evening, and I'd certainly like to say first of all that I think that one of the characteristics he has brought to his portfolio is some good rural common sense. As just basic advice at this time, I hope that the stay in this Legislature or in the urban setting of Edmonton doesn't change that good common rural sense, because I find that's one of the ways we can solve a lot of problems.

Farmers in this province may face some difficulties in the rest of 1984; there are some that are worried now. I'd have to say in a general sense, though, that in terms of the farmers of my constituency, there are less than six that are really in a major difficult situation where they could face bankruptcy during the year. But in terms of the other large numbers that have huge operating loans and capital loans, they're facing their responsibilities. It's a little tighter, it's tougher, and they're managing better. But I think they're going to come through the year.

One of the very great unknowns at this time certainly is the future of marketing in agriculture. The price of wheat, hogs, cattle — that is one of the features of agriculture that is an unknown and certainly is going to be the factor that determines whether our agricultural community stays successful or stays stable at the present time.

I think the statistic from the city of Lethbridge, where there's a very low unemployment rate relative to the rest of Alberta, relative to Canada, indicates how stable our agriculture is in southern Alberta, how good our cash flow has been. Just by that fact, people in the industry have continued to work, our farmers have continued to buy required equipment — maybe not at the same rate as two years ago, but equipment is still moving. So there are some good things happening in that sense. I just hope it stays stable, and I'm sure the hon. minister does. But we don't know what's going to happen.

I missed the earlier part of the minister's remarks, but possibly there are some projections as to what market prices look like in terms of wheat, cattle, and hogs. I'd appreciate the minister's comment with regard to that. How does he see it ahead? He's travelled outside the boundaries of Canada to other parts of the world, and I'm sure there are signals there that may be saying to us in Alberta that we should be doing certain things in agriculture. Possibly as farmers we should be looking at our cash flow or our capital obligations in a certain

way, and I'm sure the farmers would like to hear that from the minister.

All in all, things are not bad when you compare it to the construction industry or the oil and gas industry. It's one of the stable features of our communities in Alberta. But I urge the minister to continue with the format that he has been using in his responsibilities. The farmers appreciate the fact that he has been open to them, accessible, and willing to try as hard as possible to solve whatever the problems are. There is no minister and certainly no government that ever has all the answer or the final best answer. But if there's an answer that has been arrived at with the best effort, that's usually acceptable to the residents of this province. I've found in my 21 years of experience that they would accept that. They say: you've given it a try; I guess that's the best that can be done; we'll go from there. The minister has demonstrated that to this point in time, and certainly I hope he continues.

If we have an economic tumdown, that position is going to become even more trying and more challenging. If we have difficulties on the farm and people cannot meet their obligations at the various lending institutions, whether public or private, the minister will have to listen to some very difficult and unsolvable stories. But that will take patience and determination to do his best, and I urge the minister to carry on as he has in the early days of his portfolio.

In specifics, I've raised the first point with regard to markets. I hope that in the Department of Agriculture, marketing becomes the number one priority. I don't know whether the marketing division of the Department of Agriculture has worked adequately or maybe has been as successful as the minister wishes, but I would think that that's the division of the department that should now receive number one emphasis. If we can get out and market the products that we've got in Alberta — the various number one quality products — we can keep a cash flow moving in Alberta.

If there are some new products that we can introduce into the irrigated areas, those farmers will diversify and try new things when we're under some economic duress. I'm hoping that through the marketing division every possibility is explored and, if we have to put pressure on the Wheat Board or on some market in the world, that the Alberta Department of Agriculture is the leading front in that area.

Of the other two items I want to comment on, one is in terms of irrigation rehabilitation grants to the various irrigation districts across the province. In 1983 the minister indicated to the various districts that there may be a reduction in the grants for irrigation rehabilitation. Off the top of my head, I thought it was 25 percent, but the minister may be able to correct that. I'd appreciate an update with regard to those grants. Does the minister see those grants being terminated, reduced significantly, or will we follow the pattern we have in the last few years?

Those grants have done some good things in the various irrigation districts in southern Alberta. We've rehabilitated many acres that were out of production. We have made a number of quarters of land that were cut up by various laterals available to pivot irrigation systems, to the more modern types of systems, and that's been a great bonus for many of our farmers in southern Alberta. Certainly that bonus is felt in turn by all people across Alberta, because it goes into the food cost, into the availability of food for us as residents of Alberta. We all benefit by those very grants. So I urge the minister to certainly continue that program and be a strong supporter of it, as I know he is, and to fight for that part of the general revenue of the province for the farmers of Alberta.

In terms of irrigation, the other area is certainly the 86/14 formula. I heard a group of farmers from the constituency of the hon. Member for Cypress talking about it on the airplane just this week. That was one of the items at the top of their mind. They said: I wonder what the government's going to do with the 86/14 formula? We're hearing rumours that in this time of economic tumdown and economic pressures and the government trying to hold the line, the formula may go to 75/25. As irrigation districts, we just can't afford that extra payment in terms of the matching program. I'd certainly appreciate the minister clarifying the position of government at this time. If the position is going to be 86/14, and it will be that way for the next four or five years, then we might as well put it on the record and lay that item to rest at this time.

The other item I had in my notes was with regard to fuel prices and fertilizer, but I only raise those on the agenda of my discussion. The minister might have some comment with regard to that as a concern this spring. The question that gets raised by a number of farmers — and this is not specifically to the Minister of Agriculture but to government generally — is: here we have the natural gas, the feedstock for our very fertilizer, or the fuel to run our irrigation systems, and it's costing us a lot of money; why is it so expensive right here in Alberta where we have the basic raw material to produce these very items? A number of farmers raise that, and they say: maybe if those costs were less, we could compete better, we would have a better margin in terms of our operation and, through cheaper fuel and cheaper fertilizer, we could do a better job in our farming operation. Certainly there are some concerns there. That's the attitude of many farmers at the present time, and I'd appreciate the minister's comment on that. I'm sure he's heard the very same comments over and over again.

Mr. Chairman, those are the few items I had at this time. Thank you.

MR. KOWALSKI: It's a pleasure once again, as it is every spring, to participate in the estimates for the Minister of Agriculture. At the outset, I'd like to echo some of the pleasant comments some of my colleagues have made with respect to the character and personality of the Member for Macleod, our Minister of Agriculture. I've found him to be very empathetic to the concerns of farmers in all parts of Alberta, very outgoing, and very receptive to new ideas.

I think it's very important, and it's also very incumbent upon all members of the Legislative Assembly, to bring forth concerns issued by their various constituents in this very, very important area of agriculture. I think the minister would be disappointed if I did not do that this evening.

First of all, I want to highlight the relative importance of agriculture in the province of Alberta, how it really affects the area of Alberta that I happen to be one of several MLAs representing — the administrative area of Alberta Agriculture known as the northwestern region. Essentially, it covers the area represented by the MLAs for St. Albert, Stony Plain, Whitecourt, Drayton Valley, Edson, Sherwood Park, Wetaskiwin, and Leduc. Within that area, the region has 11,898 farms with an average size of 438 acres, and a farm population of 40,249 people. As the Minister of Agriculture knows very well, of the six agriculture regions in the province of Alberta, the region that surrounds the capital city contains basically the largest number of farms, the smallest average farm size, and the largest farm population. To put it another way, our region contains 20.5 percent of Alberta's farms and 20.6 percent of Alberta's farm population.

It's really in that context that I want to raise my first question to the Minister of Agriculture. It deals with one of his estimates.

namely the one dealing with Vote 4, field services. Mr. Chairman, I know we'll have an opportunity to come back a little later. But I wanted to give warning to the Minister of Agriculture that I would like an explanation with respect to Vote 4.2, that essentially deals with Advisory Services. When you take a look at the amount of funding that we're being asked to vote on this year with respect to that which is to be allocated to the Barrhead region, I note in the estimates book a figure of \$2,042,074. Having already said that this is the one administrative region in the province of Alberta that contains the largest number of farms and the largest farm population, I find it a little difficult to provide an adequate explanation at this time — I'm sure I'll be able to do that after I get the explanation from the Minister of Agriculture — of how then the Lethbridge region, which contains significantly fewer farms, in fact almost 30 percent fewer farms and 30 percent less population than is contained in the northwest region, can in fact get a larger number of dollars by way of administrative and support services.

I'm sure that there is a logical explanation, and I would give warning to the minister that I would be looking forward to that. I simply don't know. Does that mean we're more efficient up here in the northwest region? We're more self-sufficient in terms of what we anticipate and do for ourselves? Or has there been a shift in recent years in terms of the attention being provided to some areas of the province at the expense of other areas of the province? I hardly think that that is the reason, and I look forward to the Minister of Agriculture providing an adequate explanation of that matter when he does have an opportunity a little later.

The second item I want to make mention of deals with one of the most important institutions we have ever established in our province, an institution that was created by our government in 1972. It was an institution known as the local agricultural development committees. Those committees are made up of local people, outstanding leaders in the field of agriculture, men and women who have demonstrated their leadership ability at their local levels. Some 12 years ago, they were asked to participate as advisors to us, to the people of Alberta, on a whole segment of concerns with respect to agriculture. I'm really proud of what they've been able to do over the last 12 years.

In fact, in the constituency I represent, I have a little agricultural development committee in the Fort Assiniboine area that periodically writes to the President of the United States and provides him with advice. Surprisingly, and to their credit, the President of the United States even responds back to them. They tried to write to the Queen a couple of years ago, but somebody in Canada Post intercepted their letter and said you couldn't write to the Queen, and in fact they then got a response from the Governor General of Canada.

My concern is with respect to some strategies that appear to be developing within the Department of Agriculture to in fact limit the role of the local agricultural development committees. I repeat their importance from a policy point of view, from an advisory point of view, and in fact from an administrative point of view, to assist a whole variety of segments of our overtures to agriculture in our province. To put it quite bluntly and frankly, I am a little annoyed and a little disturbed with what appears to be some overt decisions made by some people in Alberta Agriculture to in fact limit their usefulness and take away some of their initiative.

That's a matter I believe I've raised in previous estimates in previous years. To date I do not believe I've received a satisfactory explanation in that matter. It's a matter I think is extremely crucial, extremely important. It's a reflection of the

grass roots support our government has always believed is to be of primary importance in terms of how we deal with people. Quite frankly, the best advice I've ever been able to receive in agriculture comes from those who are actively and daily involved in the pursuit of agriculture, rather than those who function from an administrative point of view in a professional capacity.

The third item I would like to highlight today deals with an extremely important endeavour in the northwest region. I indicated the number of farmers we had and the size of the farms. But in terms of the six agricultural regions in Alberta, we are first in terms of the production of dairy products. In fact in the last year, we produced some \$70 million, or about 30.1 percent of the provincial total of agricultural production.

A number of remarkable things have happened to the dairy industry over the last decade in this province. When we hit the mid-1970s, I think there was a concern that was shared by all, that in fact the level of dairy production we had arrived at in this province really did not even meet the demand we had. We then proceeded to encourage people to get into dairy production. They got into dairy production in the last four or five years of the 1970s and the first couple of years of the 1980s. They got involved in dairy production at a time when land costs were very high, when interest rates escalated fairly dramatically.

We then reached a point where in essence we were producing a bit of a surplus in terms of what our basic provincial needs and demands were for dairy products. As a result some of them were caught in a tight squeeze. Quite frankly, there was a considerable amount of annoyance among the dairy producers who live in the northwest region of Alberta, whom I have talked to in the last 18 months, with respect to some of the administrative practices of the Dairy Control Board. I would like the Minister of Agriculture to bring us up to date as to what he sees the short-term future of the dairy industry in this province to be, particularly in the next couple of years.

I would also like him to suggest to us what steps he might be taking with respect to the membership of the Dairy Control Board. I very decidedly mentioned what had happened in the last seven or eight years with the dairy industry. If the minister were to take a look at the years of appointment for the various members of the Dairy Control Board, I think he might find they were appointed well over a decade ago.

I think situations have changed. I think it's important that the people who sit on the Dairy Control Board recognize the changing circumstances of the dairy industry in this province. I don't think it's suitable that in 1984 an individual sits on the Dairy Control Board and goes back in his decision-making to the days of the 1960s or the early 1970s. The economic circumstances of today are very, very important when it comes to decision-making and policy advice provided to the minister. I ask him for an explanation with respect to what he might be doing in terms of appointments to the Dairy Control Board.

In his opening remarks, the minister basically said he provided support to a national beef stabilization program. Then he added the phraseology: provided the vast majority of beef producers in the province of Alberta are in support of that program. I'm not sure if the word "vast" was in there, but certainly the remainder of the phrase is correct.

I would like the minister to kindly identify to the House how he might determine what the level of support is among the various beef producers in the province of Alberta. Is the Minister of Agriculture quite prepared to see a plebiscite called for, held, and perhaps sponsored through the offices of the Alberta Cattle Commission, that would provide one vote per cattle producer in the province of Alberta and quite definitively ask them the question, are you in favour or are you against?

Certainly the tradition in our parliamentary democracy has always been one vote, one person. I'm wondering what the views of the minister are quite specifically with respect to that question.

In recent months there has been a bit of debate among the various pork producers in our province with respect to the short-medium, and long-term response of our government to the concerns of pork producers. I ask the Minister of Agriculture to bring us up to date as to how he views the role of Fletchers as an asset to both the pork producers in the province of Alberta and in fact to the consumers in the province of Alberta.

Mr. Chairman, the final point I want to raise deals with perhaps the one area that Canadians both at the national and provincial level might want to take a look at to assist our farmers, and that deals with the question of input costs. Agricultural products that are produced in this province essentially are sold on world commodity markets and have to get the prices they can in an open competitive market. However, for years there has been a rivalry among various provincial treasuries in this country with respect to both top-loading and bottom-loading programs that affect the basic input costs for a particular commodity across the country. Provinces have almost willingly become caught in a game of competition, one province versus the other province. It's to see who can provide more by way of subsidy, an artificial stimulus, an artificial stimulation for a particular commodity.

The input costs have been dealt with rather adequately by our government here in the province of Alberta. But I would ask the minister to take a very spirited attack and debate with our federal government to work toward the removal of unnecessary taxes on farm fuels and natural gas, particularly since they have an impact on the rising cost of fertilizers in our country.

I think it's redundant and almost immoral that in fact the most precious commodity that we have as a people is food and we have a government in Ottawa that artificially creates an additional cost to the production of food by adding and adding more taxes. Undoubtedly the approach that has to be taken is that there should be a reduction in some of those taxes. I would ask the minister to identify for all members of the Assembly and reamplify once again his determination to wage an all-out war on these unnecessary input costs that are inflicted upon the innocent people of Canada by an uncaring government in Ottawa.

Thank you.

MR. CLARK: Mr. Chairman, to the minister: I guess I usually speak when I have something to complain about; tonight I really haven't got that much to complain about, so I thought maybe I'd talk anyway.

I would feel remiss though, Mr. Minister, if I didn't say that the people of Drumheller are right behind you. They really appreciate your feel for agriculture. I think you're probably very popular in my constituency, and it's a pride we have that you're kind of a southern boy who realizes the problems we have down there and are working very hard and very diligently in your post.

I guess one of the things you'd have to do to make it better down there is to make a little more rain. I'd just like to talk about that for a little bit under Vote 5.2.3, weather modification. It's one of the programs that is very popular in our area. It's something I would like to see increase, and I would hope that you can see your way fit in another year not to decrease the program but to extend the program over a larger area so that people like the hon. Member for Wainwright will be able to share in it also.

MR. FISCHER: Keep your hail.

MR. CLARK: Well, we'll stop the hail.

If you look in Vote 7.0.1, the Hail and Crop Insurance, it has gone down. You've lowered the budget for that 11.4 percent. I think that would be because there hasn't been as much hail, so maybe there's something between the two that you should look at. Maybe if we could increase the weather modification we could again decrease that hail and crop insurance, because there has been a 15 percent decrease in the insurance where this program is in effect.

I'd like to talk a little bit also about something the hon. Member for Cardston said. I guess I have a different view of the matter of 1080 than he does. I would like to say that from the experience I've had with 1080, Mr. Minister, it's got a bad name and it deserves a bad name. I hope you would look at it very carefully before you ever allow too much 1080 into the province.

I know we've had some problems with coyotes in our area, and we started using 1080. Anytime you have to handle a piece of horse meat with tongs and rubber gloves, it's not really what you'd call safe. The last time we put some out, coyotes were supposed to be bothering a herd of antelope. Fish and wildlife came out and injected an antelope with a broken leg with 1080. It got one coyote, three or four hawks, a couple of crows, and one eagle. That's about all it did all winter.

As far as I'm concerned, it should be banned. It is bad. It's got a bad name and it really deserves it. I don't like to say that against what my colleague is saying, but I've just got to stick up for what we believe in, in our constituency.

MR. THOMPSON: You're misinformed.

MR. CLARK: Well, I may be misinformed, but I'd say to the member that he will have to see a coyote die with 1080 — I have — if he wants to see something really painful.

I'd also like to go into the input costs just a little bit. Like the hon. Member for ...

MR. KOWALSKI: Barrhead.

MR. CLARK: Barrhead. Is that where it is? Is that where they don't get enough advisory money? I notice we even get a lot less. You need more advice up there I guess than we do.

MR. KOWALSKI: You have fewer farmers. Stick to the facts.

MR. CLARK: Anyway, I just had a phone call today. I guess one of the biggest input costs that we have in agriculture today is fertilizer. I had occasion to sit down with a Cominco fertilizer plant in Carseland and talk about fertilizer costs. They told me that night that they could compete anywhere, as far into the States as they could haul. But again it seems that we are stuck with a little problem, if what this fellow says is true. He said they can go down there and buy it \$60 a ton cheaper in the States than we can now in Canada. I think that's something that we should look into.

I admit that these people are paying taxes to our counties, municipalities, and the government, but they are getting gas at a cheaper rate. They said one of the reasons they could compete so well was their input cost in natural gas. If there is something to this, I would like the minister to look into it. We went through this last year, I believe, when there was some sale of fertilizer cheaper in the United States, and they were hauling it back. He tells me this is starting to happen again this spring. That is one thing I would like to bring in.

I would also like to mention the irrigation programs. I have the entire Western Irrigation District and part of the Eastern Irrigation District in my constituency. The Eastern Irrigation District is building quite a large dam in Crawling Valley, and it is going to be a big benefit to the irrigation users downstream from there. We will also finally have a place where there will be a little water and maybe a little fishing and boating. We are all looking forward to that. It has a lot of spin-off benefits. Even though we don't have irrigation right in that area ourselves, we will get some benefit from it.

I guess that is about all I have to say tonight, Mr. Chairman. The hon. Member for Edmonton Norwood, while he was up, mentioned that he came from Delia. That happens to be in my constituency. He said he went back there and the people are all getting old. I don't know when he was back there, but I was back just a few days ago and instead of the old friends that he used to know, all their sons are there now. The Marshalls he used to know have all retired and, thanks to your ADC programs, the young fellows have now taken over the farms. I think it's a really progressive community. Outside of that, I would just like to say we appreciate your hard work and your dedication. Keep up the good work.

Thank you very much, Mr. Chairman.

MR. MUSGROVE: Mr. Chairman, having been involved in the agricultural industry most of my life and representing basically an agricultural constituency, I would be remiss if I didn't make a few remarks about the agriculture budget.

First off, I would like to commend the minister on the budget. I think it's a terrific budget and, with his hard work and sincerity, I am sure he will carry it through. I would like to make a few remarks about the amount of dollars in the budget. In comparing it to some other budgets in our expenditures, it shows that even the Department of Agriculture is a free-enterprise industry.

I would like to make some comments about production costs, as did the Member for Barrhead and the Member for Drumheller. Fuel prices, even with our farm fuel reduction program, are still a major cost to farmers. According to the Palliser Wheat Growers survey, almost 50 percent of the cost of diesel fuel goes to the federal government in taxes of one kind or another. If I were to make some recommendations on that, I think we should be lobbying the federal government to reduce or abolish those taxes.

Fertilizer prices are another thing. I understand that this spring some kinds of fertilizers have increased up to \$40 a ton over last year. I am told there will be a substantial reduction in the initial payment for wheat this year, which is going to put a further squeeze on farm people.

One of the ways that we can help them in production costs is by introducing production credit. I hope we get that on the Order Paper in this spring's legislation. Better than that, if it were possible, if we were to get the federal agribond concept initiated, it could have some benefits to the lender in the way of tax incentives.

Although red meat stabilization will not increase the price of red meat as we have instigated it in our ag. caucus, it could be a stabilization program and reduce the risk. We all know we have people in the farm commodity groups that are way out on both sides of the proposed red meat program, and I am not sure we can draw them together. However, the program our government is now proposing is split right down the middle between those commodity groups. Maybe that's the best way to handle it.

Mr. Chairman, I see that there is a 20.7 percent increase in production economics. That is one of the major increases in

our agriculture estimates, and I am sure people will be looking at that. Computer services has over a 30 percent increase. Hopefully, that will bring some information to the agricultural world, perhaps through our district agriculturists, that's not available to them now.

4-H has a modest increase of 4.2 percent, which I think is probably in line. But I have to say that 4-H is one of the better programs in our agriculture budget, in that it brings to the youth some interest in agriculture in Alberta. The leaders of most of these 4-H groups are parents and are leaders on a voluntary basis. Home economics has a 9.3 percent increase, which again is one of the benefits to rural Alberta. Home economics generally is a benefit in programs offered in homemaking, book-keeping, and farm encouragement.

A few words about irrigation. The Crawling Valley project which was just mentioned is in my constituency. Although I know that it is not funded by Agriculture, it is certainly close to the agricultural world. The program is certainly going to be a benefit to a lot of my constituents. A person might ask, why should we benefit agriculturists through programs such as the Crawling Valley. It has been brought to my attention by statistics that the benefactors of an irrigation program are the two senior levels of government. The irrigated farmer is third in line for benefits from an irrigation project.

A few words about compensatory rates. It was a benefit not only to the grain producer but to the people in alfalfa processing. Although we had some problems in my constituency convincing the railroads that alfalfa cubes should benefit from compensatory rates, that problem was solved. Then the demand was so high that for a while they couldn't get the containers to ship alfalfa cubes.

I noticed that the Member for Lloydminster was concerned about the grasshopper program. I would just like to relate to you that the other day on a phone-in show on the radio, they were interviewing a person from Saskatchewan who had an idea to import sea gulls from Toronto to kill grasshoppers. It was quite interesting, because Toronto would like to get rid of their sea gulls. They are native to the prairie provinces, so they could survive quite easily. They don't damage crops. So if there was an abundance of grasshoppers, that's what they would live on. It sounded like a good program, as we heard it on the radio. So I would ask the minister if he has heard of this and if he would be looking into it.

The Member for Edmonton Norwood was asking about a moratorium on farm bankruptcies. In my opinion, this would be a disaster to the agricultural world. It's a known fact in free enterprise that you have a right to make money but you also have a right to go broke. A moratorium on farm bankruptcies would cripple us from our lending institutions, and we would be at a standstill as far as agriculture is concerned.

I was quite interested in the private member's Bill about including agriculture in education in our schools. I certainly support that. I think a basic knowledge of agriculture, even in our urban schools, would certainly bring about some knowledge of what is happening in rural communities.

Mr. Chairman, I would like again to commend the minister on his budget. As members of the ag. caucus, we know how sincerely and how hard he works in his portfolio. I would just like to say to him to keep up the good work.

Thank you very much, Mr. Chairman.

MRS. CRIPPS: Mr. Chairman, just a few comments. I'd like to compliment the minister on the job he's doing. I know that the members of the agricultural community in my constituency appreciate his hard work and the credibility he's gained within the area.

I hope we can generate as much enthusiasm today and on other days for agriculture as we have for liquor sales, and I'd certainly like to see milk as important as liquor. I was astounded when the chairman of AADAC told me that we have a postage stamp rate on liquor, and you can buy a bottle of beer in High Level cheaper than you can buy a glass of milk. [interjections] It's true. I had to chuckle, in fact, when members were requesting 40-ounce containers, because milk consumption dropped 10 percent in the province when we changed from the quart to the litre. It took the better part of a year to get that consumption back.

I must say to the Member for Drumheller that I'm not particularly fond of weather modification. We do like to get our hay up without getting two inches of rain dumped on it in 10 minutes. So I'm not at all in favour of the weather modification program unless you assess the damage you do as well as the benefits.

I want to mention the need to establish an equitable and fair feed grain policy, because I think that's paramount. Certainly it's important to be able to maximize our natural advantages such as land, climate, production, and the industriousness of our farming community. One of the major problems of course is transportation, and being a landlocked province makes us vulnerable. When the Premier was in China on his trade mission, he was told in no uncertain terms what the Chinese think of our ability to deliver our exports. We're restricted in sales of products by our transportation system to tidewater. And while this isn't the sole responsibility of the Minister of Agriculture, I'm sure he's making every effort to ensure that the transportation system is improved.

In fact, all our exports are limited by our ability to guarantee delivery. We've had other export opportunities where the importers from other countries have said to us, we like your product, we like the price, but quite frankly we don't think you can deliver. I know the Minister of Economic Development is working on this, and I don't think the importance of this can be emphasized too much.

One of my major concerns when I was first elected was the marketing of agricultural products; that is, receiving a fair return for the product. Quite frankly it's one of the problems I feel the most helpless in resolving. I know that we have to support any initiative by the Minister of Agriculture, the Minister of Economic Development, the Minister of International Trade, and the Premier in their efforts to develop and expand our agricultural markets. I don't think too much can be said about the importance of expanding and developing those markets. I support, and I'm sure the government supports, any initiative in this area.

Thank you.

MR. JONSON: Mr. Chairman, I'd like to make a few comments on agriculture, which is very, very important to my constituency. I'd like to start by reinforcing some of the previous remarks about the performance of our minister. I think he is doing an excellent job, and I think the various adjectives that have been used to describe his work are all relevant. Certainly his candor with the agriculture community and the credibility he's gained there have been very, very much appreciated. I'd also like to acknowledge, by way of introduction, the work of the chairman of the caucus committee on agriculture, the Member for Rocky Mountain House, and some of the initiatives that have been taken there, particularly by way of meetings and looking for areas of joint effort with the other provinces and possibly with some of our neighbouring northern states in the U.S.

I do have some questions and some issues I'd like to briefly go over, Mr. Chairman, and I hope I will not be too repetitious, because I know a few of these have been touched upon by previous speakers. One of the areas that's always of concern to our agriculture community is of course the area of transportation and the cost thereof. In particular, I'd like to pose to the minister the question of just where development is in the province with respect to possible use of containers in the transportation of agricultural produce. I note in the media some references to some proposals, some considerations being made by CNR and CPR towards the development of this type of transport, but I really wonder where that overall situation is at the present time, whether any initiatives are being planned within the province, and what benefits we might look for in the future from that method of transportation.

Along with that, Mr. Chairman, I would like to have an update on the status of the Prince Rupert terminal and its construction. I expect that that's rather a good news item, but we have not had a report on that very recently in the Legislature. It being such a major and important project, I'd like to have an update on that particular matter.

Mr. Chairman, I guess it's no secret that I have some concerns in the area of education, particularly as it relates to the agricultural community. The first question there: I wonder what the status will be of the funding for 4-H programs in the budget. Are any funds at all available for their proposed centre at Battle Lake? What provisions are being made for the coming year with respect to 4-H?

I note along with that, if you ferret the material out of the appropriate budget line, that there is still a considerable commitment through the offices of our district agriculturists and home economists to the continuing excellent program of agriculture extension education in the province. I think the department and the minister are to be commended on that. It's certainly much used and much appreciated by the agriculture community.

I won't elaborate on the concern, because I think the Member for Barrhead went into this in some detail, but in our constituency we still have a concern over the handling of dairy quotas and dairy overproduction, if that's the right term. I would like to know what provisions are in place for the coming year to perhaps smooth out or overcome some of the difficulties that developed last year.

The developments re the red meat stabilization plan or insurance plan are being watched with tremendous interest in our constituency. However, one of the curious concerns that has come up, with respect to those negotiations, is a comparison that's being made in the minds of many farmers with the very unsatisfactory developments as far as the federal grain stabilization plan is concerned. Perhaps in his remarks the minister could elaborate on the provisions, at least in Alberta's stance on red meat stabilization, which will guard against that lack of response and that lack of payout of any funds that might be accumulated down the road from such an arrangement.

One of the other developments that is perhaps not always directly associated with the Department of Agriculture but has gained a great deal of interest in our area is the current ongoing series of land-use forums. Certainly the future of our agricultural land is of prime concern to our people. Perhaps I would ask that the minister in his remarks elaborate on the time line that is in place for the work of Mr. Stewart's committee and when we might expect some preliminary recommendations and a report from that particular study.

The previous speakers have questioned the status of the production credit negotiations and discussions. I think that in this debate the status of that particular ongoing series of dis-

cussions should be elaborated on. I believe it was the first speaker who mentioned that we should be supporting and working with the rural electrification associations to stabilize their operations where they're still viable in the province. In my constituency, particularly in the west end, the Rimbey area, there are still two very viable organizations. And any time we can support a community-based service as far as public utilities are concerned, I think it's a very good idea, particularly when we look at the rather dominant place in the market that two or three big utility companies in Alberta currently have. I think they offer a service which in some ways is superior. It's certainly closer to the communities they serve, and it's a good balance, a good check on, and a good measuring stick for the performance of the larger companies.

Another question that I had — I realize it's been raised and there's been some exchange over it already. But I would like a report on the plans as far as the weather modification research project is concerned for 1984-85.

Mr. Chairman, those are some of the concerns I wanted to raise questions on. I would have raised many of the others that previous speakers have touched upon, and I'll listen with interest to the responses.

I'd like to conclude my remarks, Mr. Chairman and Mr. Minister, by also saying, keep up the good work. I think that, as our number one industry, agriculture is getting good support from your department.

MR. R. MOORE: Mr. Chairman, I'll make my remarks short. That's the benefit of speaking this late in the speaking order; all your points have been made. I agree with all of them. I should say, all of them with the exception of weather modification, and I hope the minister is listening. Unfortunately the Member for Drumheller isn't here. In our area they aren't too happy with it. In fact I would say it's a good fifty-fifty split; they're very strong one way and very strong the other, and there's no in-between. I notice that you have cut down your research budget. That may be good news that you aren't going to expand weather modification.

Anyway, I would like to see you carry on the research that's going on until its conclusion, Mr. Minister. It has a few more months to go until you conclude it and come out with the findings before there's any decision made to expand or increase any other funding for it. I think we'd better prove what it can do through the research process before we start going out farther in the province. There are so many things said out there that excite people, and they think they should have it every time a hailstorm comes along.

Mr. Minister, I want to commend you on a very responsible budget. It comes right in the area we talk about, that area of constraint. It's responsible in this way: that the services you're delivering are received very positively out there. I don't think I've heard anyone in my constituency say anything but good about your personnel out there and the programs you're delivering; they're right on. They're with you all the way, and that's a compliment to you and to all your staff. I certainly concur in what the other speakers said regarding you and your staff.

Now, I think I should touch on farmers' markets. That's one of your best smaller programs. It's gone well. I hope your people are watching that and don't overregulate it. It seems that every time we get a good program, somebody in the system says, well, we'd better look at that and we'd better protect somebody from a good program. Let's hope we don't regulate it out of business. So watch it closely, Mr. Minister.

The other thing is that I notice you put a slight increase into rural services. I also noticed in the book it said rural services

provides technical services to increase farm operation efficiency and for the development of land, buildings, and farmsteads.

Hopefully, that increase and as much of the resources as you put into the rural services division will go towards helping farmers control their input costs, because that is a major issue out there today. Hopefully, your personnel are directing their energy there and will continue to do that.

The other one I have: I noticed also in your estimates that you put an increase of 6.3 percent in the Farmers' Advocate. I'm glad to see that. My only hope, with the Farmers' Advocate division, is that you would expand his terms of reference. I think his services are needed far more to work for the farmers to be able to handle all the regulations that come through the planning commissions and that. The farmers are having a real struggle out there coping with all the government regulations that hit them when they want to do something with their farming operations, their land, their buildings, and so on. I feel that the regulations aren't applied with the intent with which they were set out; they don't come out that way when they hit the farmstead. They need somebody like the Farmers' Advocate to step in and say, straighten this out.

I have heard farmers say, we have only two rights left in Alberta: the right to buy land and the right to pay taxes; after that, the government tells us what to do. From what I hear from farmers in my constituency, I'm beginning to think that's right. I think we could use the services of the Farmers' Advocate's office to go out there and work with farmers on these problems related to the planning division within the farming community. So hopefully you will consider expanding the terms of reference of the Farmers' Advocate's office to look at this area. You've increased his money, so hopefully that will go in that way.

There's just one other point. You didn't put any money in for Alberta Terminals. That's fine, but where is the concept of inland grain terminals going? I'd like you to let us know if we've dropped that idea. I thought it was a good idea. A lot of people out there think it is a good idea, where we have 100-car unit trains moving grain, that it was a real plus in moving our grain to the coast. But lately we haven't heard anything of it. Are we considering it? Are we doing any studies on it? Where is the inland terminal concept going, as far as the Alberta agricultural scene is concerned?

Those are the few points I wanted covered. I appreciate what you have done for agriculture, and I can only say what others have said: carry on; we're right with you.

MR. FISCHER: Mr. Chairman, agriculture is of course the backbone of the economy in Alberta. It seems that when times get a little bit tough, agriculture always ends up being the stabilizer.

I would like to compliment the minister for the hard work, integrity, and patience he has had in the past year and a half I have been here, especially with some of the tougher issues he has had to deal with, like the Crow rate or another one we've got going now, the red meat stabilization project. It just seems that it's very difficult for a minister or any man to be undecided for such a long period of time while waiting for the industry to show us the direction they would like to move. The minister's patience has also been tested many times within the agriculture caucus. We've had a big group there and a lot of different opinions. I know it takes a lot of patience to put up with us, LeRoy. I would also like you to know that I have very much enjoyed working with you.

Mr. Chairman, agriculture has been strong in the past, but how long can the industry stand its expenses going up faster

than the price of its products? A few days ago the Member for Bow Valley mentioned that in the past 10 years, expenses increased 490 percent and gross farm income increased 10 percent. A bushel of wheat is the same price now as it was in 1973. Livestock prices have also stayed very close to what they were 10 years ago. I would just urge the minister to continue and even step up export marketing of all our agricultural products. That seems to be one of the only directions we have left to take.

The nutrient processing grants have helped the Wainwright constituency by encouragement of our Canada Packers canola oil refinery. This refinery will go into production in a month or two, and it will refine about 10 percent of the raw rapeseed oil in Alberta. The oil will be used here in Alberta and in Canada, and a large part of it will be exported. I would like to commend the minister for the work of the Department of Agriculture in encouraging these people to come to Alberta and especially to the Wainwright constituency.

I would like the minister to know my concerns about weather modification. While hail has been reduced in central Alberta, hail in the Irma area has increased 150 percent in the past 10 years. In the Lloydminster area, hail has increased 200 percent. The Member for Drayton Valley can't get her hay up because of the excess rain. Mr. Minister, if we learn to control the weather, I'm sure the Minister of Agriculture will have more headaches over who gets the rain than either the Crow rate or red meat stabilization.

I have one other major concern of our area, and that's the grasshoppers. It was mentioned before. I have a report here, the 1984 Alberta grasshopper forecast by insect ecologist Dr. Dan Johnson. This survey indicates that grasshopper populations have continued a gradual increase, resulting in the largest area infested since 1974. For our particular area — and this isn't just for the Wainwright area either; it seems to be getting wider and heavier infestation — a moderate to severe grasshopper hazard is expected for the area southeast of Wainwright, especially if the spring weather is dry. Mr. Minister, if this weather modification thing works, maybe you should send a little bit of moisture over there this spring and eliminate a lot of our grasshopper problems.

I would ask some support on one other thing. We have a lot of public lands that we use for breeding grounds for these grasshoppers. We have the army camp and our special areas. We have community pastures and road allowances, which all belong to our governments, and those are the major breeding grounds of these grasshoppers. I would like to ask the minister for some support, maybe even through extra funding through our field services branch, or some means of getting us organized in trying to control these grasshoppers.

Mr. Chairman, I didn't have anything else written down, but I have to tell you a little bit about the beef industry. I know it's in trouble, but I think it's coming out now, because yesterday I bought the grand champ bull at Lloydminster, and we're getting right at 'er and increasing production like anything. [interjections]

Thank you.

MR. CHAIRMAN: Did the minister wish to respond?

MR. R. SPEAKER: Mr. Chairman, I have one other item I'd add to the minister's list so that he can respond to it tomorrow afternoon. It's with regard to how grants are handled by irrigation districts. The Minister of Transportation announced a program last week or the week before with regard to municipalities and street grants, whereby the grants are provided and the private sector must bid on them and do the work. I've

had that concept raised with me by some of the private contractors, in terms of the moneys made available through the irrigation rehabilitation program. The question raised with me is: is the Minister of Agriculture going to place the same requirement on those grants with the various irrigation districts? I'd be interested in the minister's comments on that.

I don't know whether the minister would like me to elaborate until 10:30 adjournment or not, but I'd be prepared to do that if the minister so desires. But I would like that added to the minister's agenda of responses.

MR. SCHMID: Mr. Chairman, may I just add some information for our Member for Wainwright. A week ago Saturday, we had the Minister of External Affairs of Togo in the province. After contacting the Department of Agriculture, we were able to get Canada Packers to come to Calgary to meet with the Minister of External Affairs, because they're interested in canola oil. After being informed at about 6 o'clock, the gentlemen involved came to Calgary on a small aircraft on a Saturday night just to be with the Minister of External Affairs of Togo to discuss canola oil export to Togo. I think we in Alberta should all have that kind of spirit, because not only was it appreciated but I also know that that canola oil will be sold.

Thank you very much, Mr. Chairman.

MR. FJORDBOTTEN: Mr. Chairman, it's a pleasure for me to have listened to all the hon. members and the comments they made. I appreciated their compliments, but I'd like to say that those comments certainly should be directed toward my department, because under my deputy minister, Ben McEwen, they make the job of being minister far easier. I know that with the agricultural caucus and with the members also — I compliment each one of them.

I'll start out by responding to the Member for Cypress and also cover some of the concerns raised by the hon. Member for Little Bow. With respect to irrigation, the funding for irrigation rehabilitation for 1984-85 is approved at \$25 million, and there was no stipulation with that money on what equipment they use. That's based on the cost-share formula of 86/14 with the irrigation districts. I had the opportunity to tour each of them and see most, if not all, of their projects and had discussions with them about the level of funding and also where we go now, because the program as announced in 1980 expires in 1985.

Throughout the period since last fall when I had the opportunity to tour the districts, they have been working on their priorities and have now submitted them to the Irrigation Council. I expect I should be receiving that priority list from them probably in late May or early June, and then we would have to work on those priorities and look at what type of program, if indeed we would have a program that would continue for a long term.

I fully support the continued rehabilitation of the irrigation projects, because it's not something that is short term. It can't be done in one year or five years; it's a long-term project that needs to be done. We can look at many ways of increasing the water that's available in each river basin, but one thing we have to do is look after the water we have there, and that rehabilitation program is very important.

After receiving the recommendations from the Irrigation Council, then of course we would be working through the irrigation caucus committee under the chairmanship of Alan Hyland, and we would be looking at a program for the future.

I have not had any discussions or thoughts with respect to putting any controls on their equipment usage. That hasn't been something that was discussed. It may be discussed during the

discussions towards a new program, but that is something we would have to wait and look at later on.

I might say that the 86/14 formula is also to be reviewed, and that was stipulated in the 1980 announcement of the \$334 million that went into irrigation — \$234 million to Environment and \$100 million to Agriculture. Environment's program was for 15 years, and the Agriculture program was for five. At the end of that five-year program, there had to be a review of the total program and there also had to be a review of the 86/14 formula, and that will be done. I can't prejudge what it may be. I, of course, realize the cost/price squeeze that irrigation farmers are in. I don't think that is well enough publicized to nonirrigation people — the tremendous expense they have to develop irrigation on land and the cost/price squeeze they are in. The 86/14 is something I'll be watching very closely. There have been no discussions that I've been involved in with respect to what it would be changed to, if it were changed. I leave that to the recommendations that will come in from the irrigation districts and the Irrigation Council in late May.

I think another part of that program that many don't seem to realize or appreciate is that many of our communities rely on that irrigation system for their domestic water supplies. That's part of what we have to look at in total, and the expanded demand there is for irrigation water. Particularly now, when we look at the dry conditions we have in southern Alberta, water becomes even more important, and the assured supply of water is the key issue. You can't expend a lot of money to buy expensive irrigation equipment and not have that assured supply of water, and that has to be paramount when we look at the long-term production of crops in Alberta.

The second point the Member for Cypress raised was the "Beef is Good" advertising. That is an excellent program and, as I stated in my opening remarks, the funding for that will end. That was part of our program to assist the livestock industry. When the \$800,000 ends, we'll have to have some discussions and hopefully the cattle industry will be able to carry that on.

A number of members have also talked about the production credit association, and a number of the comments of the Member for Edmonton Norwood, for example, look at the whole area of agricultural finance. I think it's important to recognize that the Agricultural Development Corporation was put in place to fill a gap in the credit needs of producers. That was one gap. There is no way that the government, the Agricultural Development Corporation, or the treasury branches can fund all the needs of agriculture. Agriculture has changed over the last number of years. We've become far more capital intensive. And with that need for more capital, we have to have new and innovative ways of financing. The production credit method or the agribond concept that's being looked at by the federal government or many others — the ideas and thoughts that could come forward that we could look at new and innovative ways of financing, I think, are timely.

I think it's also important to recognize that it doesn't necessarily mean the government should be involved in handling whatever new methods there are. We can help the private sector do some of those things. If there are areas that government should be involved in, we should be prepared to look at them. But the production credit is one we are now working on with the Alberta Cattle Commission, trying to develop that program. A lot of good, hard work has been done by the Cattle Commission on this project, and hopefully we'll see some developments of that in the short term. I know that many times it takes governments too long to try to come to a decision, and I think this is something that the decision process should be relatively quick on.

We look at marketing of new crops, and I know that one is dear to the heart of the Member for Cypress. I had some of his constituents in my office the other day with respect to corn and how that is one of the alternate specialty crops that is being looked at. We are now doing a lot of research with respect to specialty crops, and there is much more we can do. If you look through Farming for the Future's annual report. I think you will see a number of projects that are key to the specialty crop area that we can certainly develop.

One of the questions that was raised was, where ATL is going? I'd like to say that Alberta Terminals is doing very well. It's showing a profit, but it must take some new approaches to how it serves producers, because the only reason for its being there is to serve the producers in this province. The key part of it now is to serve those producers not only in special areas but all across the province. It can make new approaches, maybe looking at offtrack systems. It may be able to look at other areas. Some have mentioned that inland terminals may be one of the waves of the future. I don't believe that; I think it is now too costly to build an inland terminal. The economics just aren't there. But I think Alberta Terminals could look at topping off hopper cars that come in off the branch lines and aren't fully loaded, so we're sending fully loaded hopper cars to the west or to the east. I think those are areas where Alberta Terminals could be involved. I think they could look at areas like bagged grain. I think they could look at some other areas that are innovative and would serve producers well. As a whole, I would say Alberta Terminals has served the small grain companies in this province that wouldn't have had the opportunity to have access to a facility that they're now able to be involved in.

The beef insurance plan — we should never have called it stabilization, because stabilization is a term that in my mind just makes you want to turn off. It really and truly should have been called what it is: a red meat — not just beef — insurance plan. That insurance plan is coming along very well, but I think we all have to remember and recognize something. Mr. Whelan has now announced that he has cabinet approval in principle to proceed with enabling legislation, and we have also agreed in principle. But we want to see that enabling legislation. We want to have an opportunity to analyze it ourselves; we want to have an opportunity for the livestock industry to examine that legislation, because we don't want a repeat performance of what happened in the Western Grain Transportation Act, in that the plan that went in just wasn't the legislation that came out. We want to be sure that the principles we agreed to are in fact in that legislation, and that that legislation in fact does what the red meat producers in this province want. We want to have the opportunity to analyze that.

We are prepared to move on that enabling legislation and, if it's not acceptable, I think we have to look at our alternatives. There are some others, and we have to look at them and always keep our mind open and realize that we got into this to stop balkanization in the cattle industry. We have provinces competing with each other. We came out with \$143 million for the livestock industry — a great program. But right after it, other provinces came out with programs. We are competing with each other when we have a world market out there to compete in. Rather than doing that, we have to get rid of balkanization somehow. This is a good approach to use, but hopefully the legislation will support what we're trying to put together.

The Member for Cypress asked if there was any more privatization being looked at in the dairy industry. No, I can't think of any specific area. He mentioned trucking, but each producer arranges his trucking. Under the Northern Alberta Dairy Pool or whatever, they sometimes arrange the trucking.

The trucking of milk is something that would have to be negotiated between the producer and the plant where the milk is delivered, so I don't know where we could be involved in that.

The Member for Vermilion-Viking raised the district home economists and the great job they do. I couldn't agree more. To serve farm families and our rural way of life is special. The district home economists provide a service that is unique. They're called on to do more than serve rural Alberta, and they have to target whom they're going to serve. I have had complaints from urban centres saying, why can't the district home economists come here? Well, there's not enough of them to go around, so that's a difficulty. They target the rural areas, and that's something we'll have to hopefully see continue.

Grasshoppers was raised as a concern. If we get the moisture in the spring now, that could alleviate that problem. However, there are areas in the province that are hot spots. We're not involved anymore through the government in storing or supplying chemicals for grasshoppers, but we have been closely monitoring the grasshopper situation and have also been monitoring the supply of chemicals. The supply of chemicals will be more than adequate to handle whatever outbreaks there are.

The Member for Edmonton Norwood is concerned about what's happening to the way of life in rural Alberta. I think the way of life is a great part of agriculture. You have to be in tune with Mother Nature when you live in rural Alberta. And even though we've become far more mobile than we used to be and we don't visit our neighbours as much, I think we're still very much involved.

He mentioned the cost/price squeeze. There's no doubt about that; farm incomes have dropped. Expenses have dropped, but expenses haven't dropped as much as incomes, so the squeeze has gotten greater. But we must remember that we're in a world market for everything we produce. We produce far more than we consume, so we have to be very cognizant of the fact that we must expand our marketing efforts, because many of the countries we used to export to are now themselves exporters in competition with us. So we have to be out there and be far more aggressive.

There are lower farm numbers, if we look at the farm numbers. But we have to be careful about how we use statistics and numbers, because if we look at the farm numbers in Alberta, we'll find a number of things. We'll see that the actual age of farmers in the province has gone down, as the Member for Cardston has alluded to. It's very clear that the beginning farm program has been very aggressive in doing that. In 1971, 17 percent of farmers were under 35 years old; now 22 percent are in that category. Maybe it's not that much of an increase; however, it is an increase. We talk about how we can improve that and how we can keep young people on the farm. Well, through these difficult times right now, when jobs are difficult to get, there are more young people staying on the farm.

The area of red meat production was raised, and how other provinces are coming out with programs in competition to us. For example, the Ontario program was raised; it was \$62 million. We're already doing everything they have come out with in their program. The only part of their program that was different from what we already are involved in is a northern fencing program, which we don't have. Basically we were already doing everything they were doing in that particular program. I don't think any program we come out with should preclude us from developing our natural advantage. If we want to have a range improvement program, and that's a natural advantage we have, we still should have the opportunity to do things like that. It's when we get into making an actual payment to producers above what their selling price is that we get ourselves into trouble.

There were a number of ideas from the Member for Edmonton Norwood, and I appreciate them all. A moratorium on farm bankruptcies is one the member raised that I just couldn't support. The reason I couldn't is that I believe it would cause more problems than it would solve. There would be a whole generation of farmers that wouldn't be able to get credit. A moratorium on farm foreclosures or any other legislated impediment would cause the pool of farm credit to dry up, and I think farmers would lack those short- and medium-term funds that become a major input of agriculture today. So I feel that that really wouldn't solve the problem. From the input I get from the regional directors, according to their contact with the banks, they tell me that about 5 percent are in difficulty in their areas. So I feel that a moratorium at this time would dry up credit at the very time when we're trying to increase it.

Another area raised by a number of members was farm fuels. The farm fuel distribution allowance is something we continually review. In Alberta now, there are no taxes or royalties on farm fuels. That's an important part, but we must continually review that.

The other area that was mentioned was lending rates and getting lower rates from the treasury branches. I agree that that's a possibility, but I think having new and innovative credit available is one of the major ways we can do it.

I agree totally with the pressure on the railroads to live up to Bill C-155. If we had gotten the payment to the producers and the values for service pricing that we were advocating, we wouldn't have to worry about that because we would have had the money and the railroads would have had to perform to get it. We've lost that hammer; we only have it through the federal government that can do that. I think that's regrettable and something that, over the next few months, we have to work to correct through the review process.

The Member for Edmonton Kingsway raised an area with horticulture and the greenhouse industry. I feel we're getting significant value for our research dollar that we contribute to the horticultural sector. Through Farming for the Future we maintain a strong emphasis on that area, and we've had a number of achievements. Examples: a pilot project for raspberries and strawberries was conducted through Farming for the Future aimed at direct consumer sales, and this project resulted in tripling of planted acreages in this province. As well, a saskatoon harvester was purchased and loaned out to producers of the horticultural centre at Brooks, and this purchase has made commercial saskatoon production more viable and resulted in a 25 percent increase in production. We can talk about the greenhouse industry and all-weather production. Our greenhouse research work at Brooks is a major incentive for production and has led to a 7 percent increase in acreage planted per year over the last four years. We can go on and on.

There are a number of projects right now that are related to horticultural research that I think are exciting and ones that I agree with. I think there are a number of areas—for example, the Member for Edmonton Kingsway might like to grow some garlic in his backyard. I think there's a number of gardens that could be developed and would displace a lot of product that's brought into the province.

I compliment the Member for Vegreville on his work in the Grain Commission, because I think that's an excellent commission that does absolutely excellent work.

The Member for Cardston raised predator control and coyotes. I have to say that I agree with our approach in training farmers to do the job. We can't have a reduction in the number of civil servants and hire more to do work that farmers are quite capable of doing. That's something we will continue to

assist and work with special areas that have problems with coyotes. I really understand the problem the Member for Cardston has with coyotes. We are hoping that in pushing for some relaxation on 1080 toxin — and we're confident that that will happen, and there are ways it can be used now that I think are far ahead of the way it used to be. It can be used safely to get the job done.

The Member for St. Paul talked about Metis settlements and getting programs from government into the Metis settlements. We agree with that. I've had an opportunity to have some discussions with Elmer Ghostkeeper and others from the Metis settlements that look at working in that direction.

The Member for Little Bow raised areas with respect to future marketing and putting more emphasis on that marketing. We certainly have through the department, through people like Barry Mehr and others. We are very aggressive in our marketing thrust.

The Member for Little Bow asked what the outlook for wheat is. It doesn't look good; it looks like the prices are going to be down. The announcement of the initial payments will come in the next few days, I would expect, and they will be down.

What does the future for hogs look like? I don't have a crystal ball. They say that if you look in a crystal ball, you had better learn to eat ground glass. At the moment, the future for hogs in the short-term isn't great, but toward fall, because of the cutback in production in the United States, it looks like it will improve.

There's a great demand for more canola grown in Alberta, because we have just a tremendous market there now, particularly since the U.S. market has opened up to canola since we have received GRAS status, which means Generally Regarded As Safe, which will mean there will be more demand for canola.

I've answered most of the other questions the hon. Member for Little Bow asked, except the one on fertilizer prices, being that we have the feedstock here. I agree. However, how would you do that? We have world-scale plants, and the majority of our production is exported. Since the majority is exported, we have to be sure that if the royalties that are due to the people of Alberta — where would you draw the line? How would we be sure that that fertilizer wasn't going somewhere else outside of the province of Alberta and we were actually gifting it? We have a responsibility to look after it, and no simple solution has been found to that. The fertilizer price is one area of concern, then, that we're continually looking at.

The Member for Barrhead raised, in Vote 4.2, why so many in Lethbridge and not enough in Barrhead? I'm happy to provide that answer very clearly. The Lethbridge region budget is \$2,211,316 and has 56 positions; Barrhead region has \$2,042,000 and has 50 positions. Lethbridge has six more permanent positions, because it has a larger area to serve, there's more travel involved, and there's considerably more diversified agriculture, considering the Lethbridge region also supplies the support staff for resource planning and irrigation. The Lethbridge region also has two more district offices. I have to state very clearly that I haven't heard any complaints about the terrific job that's done by John Tackaberry and his crew in the Barrhead region to serve all their people extremely well. One area I know the hon. member will be pleased with is that he does have some of the best people in the Barrhead region.

The short-term future for the dairy industry: when you look at the dairy industry, it's a supply managed commodity basically under the producers' control. The membership of the dairy board is one that the member should know I'm looking at. I accept his recommendations and his comments.

As far as a red meat plebiscite, I don't believe it's necessary to have one. The Cattle Commission is now polling their people throughout the regions and through their zones, and I'm looking for a general agreement from the industry. That general agreement is only necessary because it's a voluntary program. If you don't want into the program, you don't have to join. If you get in and want out, you can get out. It's a voluntary program. So there would be no necessity for a plebiscite.

The Member for Drumheller talked about weather modification. The program will continue. We have a couple of years to go in the program, and a lot of great research work is being done. As other members have said, there'll be no expansion of that program until that research data is complete. I know that particularly when it's dry, some would like to see something speeded up and decisions made. It's an area that I think is exciting. The weather modification people are doing an excellent job. We are getting a lot of good data, and I think when we're finished we will have some data that will hopefully develop into some program with an accurate data base.

The Member for Bow Valley raised red meat stabilization and production credits. I believe that has been answered. The Member for Ponoka raised Prince Rupert. I would like to say that Prince Rupert is doing very well, and they will have their first shakedown shipment at the end of the year. That is when they run a shipment through to make sure everything is working. The CTC just ruled that the CNR has to absorb the cost of switching yards at the new terminal, so that will be very helpful to the movement of product through there.

The land-use hearings under the chairmanship of Charlie Stewart have gone very well, and we expect their report later on this year. From the hearings that were held and the reports that I received, I think it is excellent. There is lots of good data that came in from that. I am looking forward to that report.

The Farmers' Advocate was raised by the Member for Lacombe, and I agree totally that the Farmers' Advocate does a terrific job. I will look at his terms of reference. I very much appreciate your comments on how good a job he does.

Mr. Chairman, that should basically cover all the comments that were raised by hon. members. Thank you.

Agreed to:

1.1.1 — Minister's Office	\$219,182
1.1.2 — Deputy Minister's Office	\$149,996
1.1.3 — Surface Rights Board	\$1,593,186
1.1.4 — Farmers' Advocate	\$292,764
1.1.5 — Financial Services	\$1,709,152
1.1.6 — Personnel	\$673,968
1.1.7 — Communications	\$2,851,637
1.1.8 — Director — Departmental Services	\$225,297
1.1.9 — Computer Services	\$2,836,163
1.2.10 — Library	\$342,179
Total Vote 1.1 — Central Support Services	\$10,893,524
1.2.1 — Assistant Deputy Minister — Planning and Economics	\$164,627
1.2.2 — Planning Secretariat	\$971,594
1.2.3 — Director — Economic Services	\$464,015
1.2.4 — Market Analysis	\$638,538
1.2.5 — Statistics	\$412,926
1.2.6 — Production Economics	\$537,647
1.2.7 — Farm Business Management	\$929,558
1.2.8 — Resource Economics	\$178,001
1.2.9 — Alberta Grain Commission	\$193,943
Total Vote 1.2 — Planning and Economic Services	\$4,490,849
Total Vote 1 — Departmental Support Services	\$15,384,373

2.1 — Program Support	\$127,003
2.2 — Animal Products	\$10,566,301
2.3 — Animal Health	\$8,283,363
2.4 — Plant Products	\$13,200,713
Total Vote 2 — Production Assistance	\$32,177,380
3.1 — Program Support	\$179,376
3.2 — Marketing Services	\$11,898,701
3.3 — Market Development	\$2,457,579
Total Vote 3 — Marketing Assistance	\$14,535,656
4.1 — Program Support	\$220,206
4.2 — Advisory Services	\$13,011,461
4.3 — Home Economics and 4-H	\$6,296,080
4.4 — Rural Services	\$11,289,028
Total Vote 4 — Field Services	\$30,816,775
5.1 — Program Support	\$223,896
5.2 — Research	\$4,371,508
5.3 — Land Use Planning	\$3,017,689
5.4 — Soil and Water Management	\$4,595,202
Total Vote 5 — Research and Resource Development	\$12,208,295
Total Vote 6 — Financing of Alberta Grain Terminals	—
Total Vote 7 — Hail and Crop Insurance Assistance	\$9,042,000
Total Vote 8 — Agricultural Development Lending Assistance	\$80,412,000
Department Total	\$194,576,479

MR. FJORDBOTTEN: Mr. Chairman, I move that the votes be reported.

[Motion carried]

MR. CRAWFORD: Mr. Chairman, I move that the committee rise, report progress, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. APPLEBY: Mr. Speaker, the Committee of Supply has had under consideration the following resolution, reports as follows, and requests leave to sit again.

Resolved that sums not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1985, for the department and purposes indicated. For the Department of Agriculture: \$15,384,373 for departmental support services, \$32,177,380 for production assistance, \$14,535,656 for marketing assistance, \$30,816,775 for field services, \$12,208,295 for research and resource development, \$9,042,000 for hail and crop insurance assistance. \$80,412,000 for agricultural development lending assistance.

MR. SPEAKER: Having heard the report and the request for leave to sit again, do you all agree?

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, tomorrow afternoon the Assembly will be in Committee of Supply, and it is proposed to deal with the estimates of the Department of Consumer and Corporate Affairs.

[At 11:06 p.m., on motion, the House adjourned to Wednesday at 2:30 p.m.]