

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Thursday, March 21, 1985 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: NOTICES OF MOTIONS

MR. MARTIN: Mr. Speaker, I rise to seek the unanimous consent of the Assembly to move the following motion at this time:

That this Assembly notes, and joins with the rest of the world in celebrating, the 300th anniversary of the birth of Johann Sebastian Bach, perhaps the greatest practitioner of the musical craft ever to have lived. We congratulate the numerous volunteers involved at the Bach Tercentenary Festival 1985 Foundation and the city of Edmonton on their mounting of the internationally recognized TriBach Festival.

MR. CRAWFORD: Mr. Speaker, in conjunction with the giving of unanimous leave, might I say that it's always nice to note that once again Bach is in front.

MR. SPEAKER: We have the request for unanimous leave. Is it agreed?

HON. MEMBERS: Agreed.

MR. SPEAKER: And the motion itself. Is it agreed?

[Motion carried]

head: INTRODUCTION OF BILLS**Bill 29****Alberta Municipal Financing Corporation
Amendment Act, 1985**

MR. CLARK: Mr. Speaker, I beg leave to introduce Bill 29, the Alberta Municipal Financing Corporation Amendment Act, 1985.

This legislation incorporates changes in the following areas: reinstatement of the objects of the corporation and repeal of the provisions which permitted the board to accept deposits from municipalities. It provides the board with increased administrative flexibility and amends restrictions regarding appointments to the board.

[Leave granted; Bill 29 read a first time]

Bill 25**Local Authorities Election
Amendment Act, 1985**

MR. PAPROSKI: Mr. Speaker, I beg leave to introduce Bill 25, the Local Authorities Election Amendment Act, 1985.

The purpose of this Bill is to clarify the provisions of the Local Authorities Election Act, in response to its first

use in the 1983 general municipal, school, and hospital elections. The Bill has been developed in consultation with persons responsible for the administration of local elections. The Bill will require that electors vote only at the voting station for the voting subdivision in which they reside. It will also correct an anomaly that existed in this and the former Act by enabling a recount procedure for machine-counted votes. The Bill also proposes a common time of declaration of results and common procedures with respect to requesting a recount and completing that recount. The 37 technical or procedural amendments will clarify and simplify the conduct of local elections.

[Leave granted; Bill 25 read a first time]

Bill 213**An Act to Amend the
Alberta Income Tax Act**

MR. GURNETT: Mr. Speaker, I beg leave to introduce Bill 213, An Act to Amend the Alberta Income Tax Act.

Right now Alberta is the only one of the three prairie provinces that has not instituted some substantial form of rebate on the provincial portion of the capital gains tax paid by farmers on farm sales. This amendment would provide that, notwithstanding section 3(3) of the Act, under this Act a farmer is not liable to pay an income tax in respect of a capital gain on a sale of all or any part of his farm.

[Leave granted; Bill 213 read a first time]

MR. CRAWFORD: Mr. Speaker, I move that Bills 25 and 29 be placed on the Order Paper under Government Bills and Orders.

[Motion carried]

Bill 208**Profit from Crime Act****Bill 216****Victim of Crime Levy Act**

MR. R. SPEAKER: Mr. Speaker, I'd like to introduce two related Bills. Bill 208, the Profit from Crime Act, allows the victim of a crime, or if there is no victim, the Attorney General, to apply to the court to have the profits of a crime declared as such.

Bill 216, the Victim of Crime Levy Act, will add a levy on fines imposed on individuals convicted of offences under the enactments of the province or the federal government.

[Leave granted; Bills 208 and 216 read a first time]

head: TABLING RETURNS AND REPORTS

MR. MUSGREAVE: Mr. Speaker, I would like to table the annual report of the Alberta Research Council for the year 1984.

MR. HORSMAN: Mr. Speaker, I wish to table the response to Question 132.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. STILES: Mr. Speaker, it gives me pleasure to introduce to you, and through you to members of the Assembly, 30 enthusiastic grade 9 students from the Cremona school in the Olds-Didsbury constituency. The students are accompanied by teacher Mr. John Gerlach, bus driver Mr. Young, and parents Mr. Bosch, Mrs. Satchwell, Mrs. Jacobsen, Mrs. Froese, and Ms Kryrchok. I believe they are seated in the public gallery, and I ask them to rise and receive the warm welcome of the Assembly.

MR. PAHL: Mr. Speaker, I'd like to introduce to you, and through you to all members of the Assembly, 13 grade 6 students from Edmonton Mill Woods' newest school, the Mary Hanley Catholic school. I had the pleasure of participating in the official opening on March 8 this year. They are accompanied by their teacher and principal, Mr. Felix Lang, and by teacher aides Janet Esch and Colleen Knorr. They are in the members' gallery, and I ask that they rise and be welcomed by the Assembly.

While I'm on my feet, Mr. Speaker, I would also like to welcome to the Assembly on your behalf and on my colleague's behalf 51 grade 6 students from Greenview Elementary school. They are accompanied by their teachers Mr. Don Briggs and Mr. Gerry Mittlestadt and by student teachers Jacqueline Lepps and John Kim. I'd like to tell members and the students from Greenview that Mr. Briggs has one of the most artfully levelled driveways in Mill Woods as a result of having asked his neighbour, me, to help him level it a few years back. We serve in many capacities in our constituencies. I wonder if they would be kind enough to rise and receive and the welcome of the Assembly.

MR. APPLEBY: Mr. Speaker, I'd like to introduce to you and the other members of the Assembly Mr. Ron Lewis, who is the reeve of the county of Athabasca. An interesting feature about Mr. Lewis is that he is well acquainted with some of the members of our Assembly security staff, because he was at one time a member of the Edmonton city police force. I'd like to ask Mr. Lewis to stand and be recognized by the Assembly.

MR. McPHERSON: Mr. Speaker, I have the pleasure today of introducing to you and to hon. members 22 adult students enrolled in the college preparatory program at Red Deer College. Our students are accompanied today by their teacher Angela Jeske and are seated behind me in the public gallery. I ask that they rise and be recognized by the Legislative Assembly.

head: **ORAL QUESTION PERIOD**

Mount Allan Olympic Ski Site

MR. MARTIN: Mr. Speaker, I'd like to direct the first set of questions to the hon. Minister of Tourism and Small Business. It's about his favourite topic, Mount Allan. In late February the president of the International Ski Federation visited the Mount Allan area and expressed clear concern that the hill is not suitable for the men's downhill. He even made the suggestion that in 1988 the event may have to be moved to Lake Louise or, heaven forbid, British Columbia. Can the minister advise the Assembly what action he

has taken to ensure that this province does not lose the men's downhill event in 1988 due to this government's fanatical love of Mount Allan?

DR. BUCK: Lougheed says to put the money on it and the snow on top.

MR. ADAIR: If I might respond in part, Mr. Speaker — and my colleague the hon. Minister of Public Works, Supply and Services may want to add to it — some years ago we indicated publicly and in this Assembly that when we got to the construction stage of Mount Allan, that was approved in principle and would have to be skied first by the officials, whoever they might be, and that they would then suggest to us some changes, if changes were necessary.

I might add that in a discussion I had about the facilities with a number of the officials from the Fédération Internationale de Ski — I only point this out so that we can understand the width and breadth of the discussion — all of the facilities that were being prepared for the Olympics, with the exception of the men's downhill for Mount Allan, rated 100 percent and that Mount Allan rated 75 percent. When I went to school, Mr. Speaker, that was a pass mark.

MR. MARTIN: I take it you barely got 75.

Just to follow up, Mr. Speaker, flowing from the minister's answers. It is my understanding that the FIS concern has to do with the last half of the course, which they consider too flat. Is there any thought of this government putting more money into Mount Allan by reconstructing part of the mountain?

MR. CHAMBERS: Mr. Speaker, perhaps I could supplement the answer to that question. The vertical drop on Mount Allan compares extremely favourably with any other downhill run anywhere. There is one flat spot. It's not on the bottom half, it's in the middle, which is extremely common to find on any mountain. There are very few that are perfect, in terms of downhillers' expectations.

We always recognized the one flat spot. The key is not the small flat spot itself but the entry to it from the upper run. We're fortunate that the soil there is dirt, not rock. We always intended to adjust the entry to that flat spot so that it will accommodate the downhill run in an admirable way. We're confident that we can do that and that it will achieve the desired results and be a superb downhill run.

MR. MARTIN: A supplementary question on a small detail. I believe the minister said the government is going to have to fix this flat spot on the mountain. Could the minister give us a ballpark figure, how much it will cost to fix this flat spot?

MR. CHAMBERS: We always recognized that, Mr. Speaker, so it's built into our construction estimates. There is no extra cost involved. We certainly don't anticipate any overrun as a result of it. In fact, that area is still timbered. It's one of the few areas where we've yet to cut the run, because we want to select the very best site through it with the co-operation of the people involved. Then we will adjust the entry to it. As I said, the cost is incorporated within our budget.

MR. MARTIN: Whether it's incorporated or not, the whole point is that maybe the best site was another mountain. A supplementary question to either hon. minister: when does

the government expect a decision on whether or not the mountain is acceptable to the FIS?

MR. ADAIR: Mr. Speaker, after they've skied it.

MR. MARTIN: Could the minister be a little more explicit? What year or month — that sort of thing.

MR. ADAIR: I can't be more explicit than to say, after the work has been done to accommodate the requests they make to us as to what has to be done and that they will ski it. It is exactly similar to what happened at Sarajevo.

MR. MARTIN: It's funny the FIS doesn't think that. But that's all right; we'll go on. Has the Minister of Tourism and Small Business or his staff had any luck in finding the FIS report on Mount Allan that this Assembly ordered to be returned on November 3, 1983, I believe, and that the minister had agreed to?

MR. ADAIR: Mr. Speaker, there was an amendment made to that, subject to the concurrence of the writers. That concurrence hasn't been provided at this point.

MR. MARTIN: A supplementary question. It would have been nice to have been told that. It's a couple of years later.

My question to the minister has to do with another part of Mount Allan. We want to know all about Mount Allan; I think the taxpayers do. Is the minister able to confirm reports published yesterday that hurricane-force winds were recorded on Mount Allan as recently as last December?

MR. ADAIR: I'm not particularly aware of that report, Mr. Speaker. I think I should point out again that when we discussed and it made public in this Assembly, as well as the public at large, there were indications that there may well be winds above the tree line, at the top of the mountain, where there are winds. At no time did we say that there would not be winds at that level. At the tree line and below — I only reiterate again what we said before — there is no significant weather vaning.

MR. MARTIN: When reports classify hurricane winds, Mr. Speaker, I think some of that wind may get down to the skiers. Besides snowblowing machines we may have to have wind stopping machines to get on with the event. Has the minister discussed the potential of the wind factor on Mount Allan with FIS or IOC officials?

MR. ADAIR: Relative to any discussions that may have occurred since construction began, Mr. Speaker, I will pass that on to my colleague the Minister of Public Works, Supply and Services.

It has been public from the very start of the project that there may well be winds on any given day on any given mountain. If you're reading a report, the only thing I could suggest, if there's a 7 percent accuracy figure, is that that's probably a breeze, not a hurricane wind.

MR. MARTIN: A supplementary question. We'll leave the wind coming from the opposite side alone and go to another area. Can the minister advise when a decision will be announced regarding a resort operator for Mount Allan?

MR. ADAIR: The operator? The word "resort" in there has confused me, Mr. Speaker.

MR. MARTIN: Can the minister advise when a decision will be made about who will be taking over the operations at Mount Allan?

MR. ADAIR: Mr. Speaker, that's a little different from a resort. There really isn't a resort on Mount Allan, in the sense that from day one it has always been a day-use area. We're in the final discussion stages with the six short-listed proponents relative to obtaining an operator for that.

MR. LOUGHEED: Mr. Speaker, I wonder if I might just supplement the answers that have been given by my colleagues. At the conclusion of the meetings the International Olympic Committee executive board held in late February and early March in Calgary with regard to preparations for the 1988 Olympics, I did have the opportunity to discuss the matter at length with Mr. Samaranch, the president of the International Olympic Committee. His final comments to me were that he had never seen a situation where a site for either winter or summer Olympics had been developed as well, so much in advance, and with such a high degree of community spirit.

He also had discussions with me with regard to the alpine events. They're extremely pleased with the overall situation in terms of the spectators being able to have an opportunity to see the alpine events on Mount Allan, which was one of the reasons for the selection of that site. With the exception of the downhill, they considered them excellent. Both Mr. Samaranch and others discussed with me that adjustments can be made to make it a first-class facility as well, as the minister of public works has pointed out.

[Mr. Martin and Dr. Buck rose]

MR. SPEAKER: Perhaps we could follow the usual custom, that the questioner asks his or her supplementaries and then the other members. Might I ask the hon. . .

DR. BUCK: Mr. Speaker, on a point of order. Sometimes the supplementary has to be asked in the context of the answer. If you ask 20 minutes later, it may not exactly fit in.

Mr. Speaker, I would like to say at this time that you seem to swing to either one extreme or the other. We have either 25 supplementaries or hardly any. It has become almost the practice that hardly any of the members get an opportunity to ask questions in this Assembly.

MR. SPEAKER: Two points. With regard to the following up and the connection between a supplementary and its predecessor, it seems to me that it's just as likely that the questioner who is asking the series of questions will have a supplementary related to what went before as it is that another member may do so. For the purpose of an orderly progression it seems better that the member who was asking the question should ask a reasonable number of supplementaries before other members get in.

With regard to supplementaries, I must admit to the hon. member that there have been occasions when there have been too many allowed. As a matter of fact, on this particular occasion I was going to ask the hon. Leader of the Opposition if he might make the next one his last supplementary. Then we'll go to the hon. Member for Clover Bar.

MR. MARTIN: Agreed; glad to. A supplementary question to the Premier, with those glowing reports about his con-

versation with the president of IOC. Has the president of IOC been in contact with the president of FIS, who was not giving quite the same glowing report? Have they conversed, to the Premier's knowledge?

MR. LOUGHEED: Mr. Speaker, I held meetings with both individuals in the same period of time, and that was part of my answer.

MR. ADAIR: Mr. Speaker, if I might just add to that, I have some notes relative to weather monitoring sent to me. I thought maybe I should read them. Wind speed measurements at Nakiska, on Mount Allan, over the October '84 to January '85 period indicated that an average wind speed over the recreational runs was six to eight kilometres per hour. I suggest that's less than the velocity of your presentation.

DR. BUCK: Mr. Speaker, a supplementary question to the Premier. If the people of the province make a decision within the next 18 months as to re-election of the Premier, will the Premier be there to cut the ribbon for the 1988 Olympics?

MR. LOUGHEED: That might be fun, but I'm not intending to ski down that slope. You might want to, Mr. Member, but not me.

DR. BUCK: You didn't answer the question.

Unemployment

MR. MARTIN: I was almost getting used to supplementaries, but I think we'll start a new trend here. To the Premier: back to out-migration and unemployment, one of our favourite topics most recently. Between March 1983 and March 1984 there was a net out-migration from Alberta of some 42,000 people. Would the Premier indicate if it is government policy that we will require a continual net out-migration from this province in order to prevent a further increase in our rate of unemployment, which now stands at 11.5 percent?

MR. LOUGHEED: Mr. Speaker, I presume that the use of the word "require" means more in the sense that if it occurs, what will be the economic result, so I'll answer the question in that way. It is our view that the out-migration has subsided and that we're now in a stable position, and that should continue over the course of 1985.* Any of the answers I or others have given on this matter, forecasting economic factors, are predicated on the basis that there is not a continuation of net out-migration.

MR. MARTIN: A supplementary question to either the Premier or the Minister of Manpower. Has either hon. gentleman any indications as to approximately how many of the 42,000 people who left the province in the year 1983-84 were long-term Albertans?

MR. LOUGHEED: Mr. Speaker, I don't have that information at hand. I doubt that the Minister of Manpower would, but if he has, he can supplement my answer. It's something we could look at. I asked a similar question, and the information we received, to the extent that the advice was accurate, was that to a significant degree the

out-migration involved people that had resided in the province for a short period of time.

MR. MARTIN: A supplementary question, Mr. Speaker. The net out-migration from Alberta between April and September 1984 — that's the most recent time for which we have statistics, as I understand it — was approximately 25,000 people, yet in those same six months our rate of unemployment for Alberta was higher than the average in all of 1984. Would the Premier advise the Assembly if the government has projections which indicate this pattern of growing out-migration coupled with growing unemployment? Will that continue in Alberta, and for how long? I know he has partly answered that question, but he was talking over the long range. In the short period of time, will this same pattern follow?

MR. LOUGHEED: Mr. Speaker, our best economic advice, as I said in the previous answer, is that we will not see a significant continuation of out-migration from the province through the period of '85-86. The reasons for the data in the first part of the hon. leader's question have to do with the fact that building construction projects which were in the construction phase were completed subsequent to the first period of out-migration.

MR. MARTIN: A supplementary question, Mr. Speaker. It follows from our discussion of the multiplier effect. Has the Premier or the Minister of Manpower asked for any study on the effect of the recent out-migration on consumer demand and business prospects in Alberta?

MR. LOUGHEED: No, Mr. Speaker. We've watched that, and it's clear that that out-migration has not been a negative factor in any significant way. From the latest figures just shown to me yesterday, we note that from a consumer point of view retail trade in the province still remains as the highest in the country on a per capita basis. The factors that are involved with regard to investor confidence are not normally directly related to the question of population but to a larger extent involve the markets for the products that are to be manufactured or processed or shipped.

MR. MARTIN: A supplementary question. Is the Premier saying that this migration of some 42,000 people did not have a significant impact on small business groups in particular?

MR. LOUGHEED: Obviously, it would have had some impact. But to the extent that the people came into the province and stayed for a short time and then left, it wouldn't have had an impact that would have registered with small business over a larger period of time. There would obviously be exceptions to that in certain areas involving the consumer. To us the test has been that the retail sales obviously would be higher if there had not been the out-migration, but they remain the highest in Canada, which shows the strength of our retail sector on a sustainable basis.

MR. MARTIN: Mr. Speaker, I would point out that while we had an increase in business bankruptcies, there was a decline in the rest of the country. That just wouldn't follow, from what the Premier is saying.

The Premier says that from the best figures he has, there will be a levelling off, if you like; the population

*See member's explanation in March 22 *Hansard*

will become stable in the next year. My question is: is the Premier saying that because of this stabilization of the population, that we won't be losing, this will affect unemployment? Will it go up or down? What's the analysis on that?

MR. LOUGHEED: If it has stabilized, Mr. Speaker, it obviously won't have an impact in terms of the answers I've given previously. The other factors will be the key. The basic factors involved will be with regard to the metropolitan centres: the degree in which there is a reduction in the vacancies of office space, commercial space, and apartments in particular, and hence the starting up of new projects in those areas.

MR. MARTIN: A supplementary.

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

MR. MARTIN: Mr. Speaker, out-migration is having an effect on apartment dwellings and the things we talked about — obviously, when you lose 42,000 people. From September 1984 to February 1985 the labour force of Alberta actually shrank by close to 20,000 people, but with the exception of September 1984 and December 1984 the pattern was that unemployment grew at the same time. Has the Premier any indication of how long the trend of a decreasing labour force coupled with an increasing rate of unemployment will continue?

MR. LOUGHEED: Mr. Speaker, with regard to the labour force, I point out the corollary of that, and it's the statistic that has to be kept in mind in terms of government policy. There are more people actually employed in the labour force in this province in comparison with the population than in any province in Canada. That's our test.

Oil Pricing

MR. R. SPEAKER: Mr. Speaker, my general questions to the Minister of Energy and Natural Resources are with regard to renewable resources. I'd like to ask whether he agrees with the statement made by the federal Minister of Energy, Mines and Resources yesterday, wherein she said she was confident that within the next 10 days a new energy pact would be signed with Alberta.

MR. ZAOZIRNY: Mr. Speaker, I think I've responded to that very question with our views as a government on a number of occasions in the last couple of days.

MR. R. SPEAKER: Mr. Speaker, the only answer I've got from the minister is that they're not confident. If that is the answer, I and the public of Alberta will have to accept that. Could the minister confirm that the answer to the question is that the minister is not confident that we're going to have a new energy pact signed within the next 10 days?

MR. ZAOZIRNY: Mr. Speaker, I suggest that the hon. member read *Hansard* for the last couple of days. I made no such statement.

MR. R. SPEAKER: Mr. Speaker, certainly I've reviewed *Hansard* in terms of the questioning. Could the minister

indicate at this time the goals of the government of Alberta in terms of signing a new energy pact for Alberta and Canada?

MR. ZAOZIRNY: Mr. Speaker, at the risk of being repetitious, I would say that we're working very hard to try to achieve an energy accord within the time frame that's been stipulated.

MR. R. SPEAKER: If that is true, Mr. Speaker, could the hon. minister indicate why he is not meeting with the federal minister, who has made a statement that she's prepared to meet on a day-to-day basis with the Alberta minister to reach an energy agreement?

MR. ZAOZIRNY: Mr. Speaker, it's regrettable that the hon. member relies upon the media for his information. I suggest that he is incorrect in suggesting that there is not the prospect of meetings within the next number of days. I've indicated in the Assembly that there has been ongoing communication and that that communication will certainly continue in the near future.

MR. R. SPEAKER: Mr. Speaker, there is no other source of information in terms of this Assembly, so the best information must be used. Would the minister indicate today that he will be away in Ottawa during the next week or that the federal minister will be in Alberta, where maybe the agreement should be negotiated, and that an agreement will be concluded next week?

MR. ZAOZIRNY: Mr. Speaker, I'm not sure which of those three questions, all bundled up in one, I should respond to. There's really no mystery about the matter. The communications in terms of the discussions of the three western producing provinces with Ottawa have been ongoing. They will continue. That will undoubtedly involve meetings of the ministers. That's entirely in order and entirely appropriate.

Softwood Exports

MR. R. SPEAKER: Mr. Speaker, a supplementary. When I introduced my question it was with regard to general questions on renewable resources. Could the minister indicate whether any action is being taken in terms of the actions of the United States Congress, whereby steps are proceeding to reduce Canada's softwood imports to 20 percent from the current 30 percent of the U.S. market?

MR. ZAOZIRNY: Mr. Speaker, that is in fact a question on renewable resources, which the earlier ones clearly were not.

I'm pleased to report to the Assembly that this subject of U.S. protectionist actions, via the Congress and other approaches of a similar nature, was the principal subject of discussion at a recent meeting of all Canadian forestry ministers and the new federal minister, the Hon. Gerald Merrithew. At that meeting it was agreed that there would be an ongoing monitoring of the situation in the United States. This would be conducted in collaboration and co-ordination with industry, and that is ongoing at this time.

I can further advise the Assembly that recently I personally met with representatives of the Alberta Forest Products Association to ensure that our communication is of the first order and is ongoing, and that co-ordination continues.

Finally, Mr. Speaker, I think I would be remiss if I did not mention in my response the very significant implications of the free-trade initiative that was so strongly and effectively advocated by our Premier at the First Ministers' Conference, and very much relatedly, the communiqué that flowed from the meeting of the Prime Minister with President Reagan recently.

AMHC Land Banking

DR. BUCK: Mr. Speaker, my question is to the hon. Minister of Housing. Can the minister indicate if he's had any discussions with the private developers in this province as to what effect the government's intervention in the land banking business has had upon the private developer in the province?

MR. SHABEN: Mr. Speaker, I don't accept the premise that was contained in the question. But yes, I do meet regularly with individuals who are involved in the development business. As a matter of fact, this morning I met with the Urban Development Institute of Alberta, with representatives from Lethbridge, Calgary, Red Deer, and Edmonton in attendance.

DR. BUCK: Mr. Speaker, in the discussions with the developers, can the minister indicate what effect the government's intervention in land banking — because that's what it is, Mr. Minister, in case you haven't understood the difference between the private sector and the government intervention sector — has had on the cost of developing projects, especially in the rural areas, in light of the fact that the private developer is competing with his own tax dollars in the land banking of the government?

MR. SHABEN: Mr. Speaker, I'm having difficulty following the logic of the hon. member's question. The land banking that took place in this province during the days of very rapid growth and demand for land and housing was urged upon us by members in the Assembly, including the members opposite, as well as the citizens of this province in order to make reasonably priced land available to Albertans so that they would be able to have housing. In recent months there has been very little activity in the housing business because of surpluses that exist.

Representations from developers along the lines the hon. member suggests have not been received by me.

DR. BUCK: Mr. Speaker, to the minister. The distortion is when the government, with its petrodollars, competes with the private sector and pays literally millions of dollars for, in some cases, potholes, muskegs, and land that costs a lot of money to service. That does distort the market.

The very direct question I'm asking is: at this time is the government considering getting out of the land banking business entirely? Yes or no.

MR. SHABEN: Mr. Speaker, we are not acquiring any land at the present time unless it's required for a specific site for senior citizens' housing, community housing, or housing of that nature.

DR. BUCK: Mr. Speaker, a further supplementary. In light of the fact that because of the loss in the price of the land the taxpayer has had to pump \$43 million into the Alberta Home Mortgage Corporation, first of all, and then \$50

million, has the minister had a study done to see if we are going to be required to pump more money into supporting some of these massive land acquisitions?

MR. SHABEN: Mr. Speaker, I gather the hon. member is referring to a special warrant that was approved early in March. That special warrant involved \$43.1 million to go to the reserve of the mortgage insurance fund for the purpose of dealing with mortgage loan insurance, not on land. The member is mixing the two areas. The actual losses on properties disposed of that have been acquired either by way of quitclaim, walkaway, or foreclosure in the current year total \$2.7 million. The dollars that were referred to are as a reserve, as opposed to actual losses.

MR. JONSON: Mr. Speaker, a question for the Minister of Housing. It's somewhat related to the previous ones. Has the government established reserves for the land portfolio that would be in addition to those established recently for the mortgage portfolio to balance those accounts?

MR. SHABEN: Mr. Speaker, about a year ago \$15 million was set aside for reserves for losses on land. The policy of the corporation revolves around the basic situation that we will not sell land at less than the cost of acquisition unless the circumstances are extraordinary. The \$15 million that was set up a year ago is to deal with those situations where land is sold at less than the cost of acquisition by the corporation, and it is and has been our intention to not dump land on the market where the market is limited. Therefore, we believe that those reserves are adequate.

There are four categories of land that the corporation has been involved in. The one I've already referred to is the specific sites we have obtained for community housing and senior citizens' lodges or seniors' self-contained housing. Another category is when we've entered into agreements with municipalities where we jointly land bank and develop serviced lots in which the private sector hasn't been involved, and 15-year land banks associated with the municipality, plus our long-term land banking, which has a five- to 40-year time frame. The only area where there may be possible write-downs is on the very short-term land holdings where, because of changing market conditions, it may be necessary to reduce the price of the lot. In those cases there may be losses.

Rapeseed Processing Plant

MR. GURNETT: Mr. Speaker, right now the Alberta Agricultural Development Corporation has something over \$18.5 million in loans and loan guarantees tied up with the Northern Alberta Rapeseed Processors co-op in Sexsmith. My question to the minister is whether he could outline the steps that have been taken to ensure that NARP stays open beyond the repayment deadline for the first installment this summer.

MR. FJORDBOTTEN: Mr. Speaker, there have been ongoing discussions with Northern Alberta Rapeseed Processors over the past year. As members will recall, last year we made a change from a guaranteed loan to a direct loan. At that time stipulation was made that Northern Alberta Rapeseed Processors were to look for an equity partner or some other method in which to operate the plant.

Mr. Speaker, negotiations and discussions are still under way between the Agricultural Development Corporation and

the NARP plant at the moment. No final decisions have been made. However, July 31 is the date by which some action has to be taken.

MR. GURNETT: A supplementary question, Mr. Speaker. I assume the minister can't assure us that NARP will in fact stay open after this summer. Can the minister indicate whether there's any decision about equity investment on the part of the government, through ADC, in NARP?

MR. FJORDBOTTEN: Mr. Speaker, a proposal presented to us from individuals at NARP made some suggestion of an equity position by government; however, no final decision has been made on that proposal.

MR. GURNETT: A supplementary question, Mr. Speaker. Some of NARP's financial difficulties seem to be related to the reluctance of producers in the area the plant can serve to grow or deliver canola to the plant for fear of perhaps not being paid. Has anything been done to communicate to producers in the area that an ADC-guaranteed bond with the Canadian Grain Commission protects several million dollars worth of seed there?

MR. FJORDBOTTEN: Mr. Speaker, communication has taken place in the area by representatives of the Department of Agriculture as well as NARP, encouraging producers to utilize the plant, recognizing that if there isn't support by the producers in the area, that would mean that maybe the plant shouldn't stay there. There has been every encouragement and incentive given to them to suggest that they should support the plant. In addition the Department of Agriculture is very supportive of the Grow with Canola Campaign that is under way at the moment, to try not only to increase the amount of canola that's grown but to increase the yields, and that would be supportive of not only that plant but the other plants within the province.

MR. GURNETT: A supplementary question, Mr. Speaker. Can the minister indicate specifically the amount of government support for advertising and communicating to producers in connection with these things, particularly communicating the advantages of using NARP as opposed to selling seed elsewhere?

MR. FJORDBOTTEN: Mr. Speaker, I'm not aware of any direct advertising that's been done by the department. I'd be happy to check in on that and report back. There certainly has been discussion between regional people in the Department of Agriculture about the plant, but most of the encouragement to deliver seed to the plant has come from the co-op itself, which is of course the right approach to be used.

MR. GURNETT: A supplementary question, Mr. Speaker. Are any arrangements in place to protect the shares that are held by members of the co-op, should ADC decide to recall its loan?

MR. FJORDBOTTEN: Mr. Speaker, none that I'm aware of.

MR. GURNETT: A supplementary question, Mr. Speaker. Has there been any study of the potential in the area served by NARP if the plant moved into other areas — for example,

the production of margarine — rather than simply producing oil and bulk export of it?

MR. FJORDBOTTEN: No, Mr. Speaker, I am not aware of any studies that have taken place with respect to shelf products from that particular plant.

Credit Union Stabilization

MR. MUSGROVE: Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. Yesterday the minister announced a number of initiatives to assist credit unions in the province. One of the initiatives was the creation of a subsidiary company of the stabilization corporation, to manage and dispose of real estate. Could the minister tell us what that company will do with the real estate?

MRS. OSTERMAN: Mr. Speaker, I think the hon. member has almost answered his own question. The real estate will be handled in an appropriate way to realize the best returns on it. The hon. member is probably aware that the real estate subsidiary will be handling real estate from about 40 credit unions. At the present time some of it would be categorized as unproductive.

MR. MUSGROVE: A supplementary question, Mr. Speaker. I understand the minister has said the government will be in a position to make a substantial financial commitment for the first year of the recovery plan. Can she please explain this?

MRS. OSTERMAN: Mr. Speaker, the very reason for the stabilization corporation forming the subsidiary corporation was in fact to get a good handle on this real estate. With it being in the hands of a number of credit unions — and obviously, it is not economic for each one of those credit unions to hire the very best people available to manage that real estate — it was certainly beneficial to bring it together under one corporation.

The government's guarantee, of course, is associated with the revenue that we hope will flow as a result of the real estate being garnered together under one corporation. However, it is not our expectation that a lot of it will move within the first year or so. We expect it to be handled on a very orderly basis, as has been done with a number of real estate entities right across Canada. As a matter of fact, a number of financial institutions have moved in a similar vein. With the stabilization of the real estate market in Alberta, which I think has been quite good over the course of about the last six months, it is our expectation that it will be handled in an orderly fashion.

I don't see any major disposal, but because a great deal of it is not income bearing, we are guaranteeing the income that is supposed to flow from the debentures the individual credit unions will be holding. That's where government exposure amounts to over the course of the first year or so.

MR. MUSGROVE: Another supplementary question. The minister talked about two types of support. One relates to the subsidiary company that will be dealing with the real estate. Could the minister indicate what the other type of support is?

MRS. OSTERMAN: Mr. Speaker, in my press release yesterday I formally announced the signing of an agreement with the stabilization corporation by the Provincial Treasurer

and me. That really formalizes an announcement that I made last September; that is, if need be, the government would act as a lender of last resort, if you will.

The credit union system has their own lines of credit, which they have drawn on over the course of the last couple of years. I'm very happy to report that as a matter of fact, their ratio of outgo versus deposits over the course of the last five or six months has changed to the positive, by some \$80 million. Their line of credit has been reduced, and that's a very, very positive sign in terms of the system over the last while.

MR. MUSGROVE: One more supplementary question, Mr. Speaker. Is the minister prepared to announce the type of equity requirements there will be for this credit union system?

MRS. OSTERMAN: Mr. Speaker, that basically relates to one of the areas the task force that was appointed last September is looking at. It would be premature for me to get into a number of the things they have discussed with me in a tentative way, because most of them relate to recommendations they have been receiving from the system itself across the province. They've been canvassing individual credit unions, getting a feel for what the system itself would like to see. Obviously, they are looking at what type of relationships there are across Canada, not only in the credit union system but with respect to other financial institutions.

I think it's important to note, for instance, that stabilization corporation, which has just been mentioned in terms of the subsidiary corporation that will be formed — some form of guarantee has been in place for some 35 years. We don't lightly address looking at possibly a somewhat changed system in the future. While the task force is addressing the subject the hon. member raised, I can't report now what recommendations are going to be coming forward but would say that it will probably be about two months before I have their overall recommendations.

MR. PURDY: Mr. Speaker, a supplementary question to the Minister of Consumer and Corporate Affairs. I may have missed the minister's point on this. You may have made the announcement, and I apologize. Is there extra activity on the foreclosed property and the bankrupt property? Does it take in properties that were foreclosed previous to March 19, 1985, or is it beyond that?

MRS. OSTERMAN: Mr. Speaker, that would encompass all the foreclosed property, and that indeed is the subject of discussion. That is, the credit unions themselves do not invest directly in real estate. These are loans they've had out to individuals or companies that have been in the real estate business, and that's the subject that's under discussion.

MR. MARTIN: A supplementary question. The news release the minister put out yesterday says that
the Credit Union Stabilization Corporation has announced the formation of a new subsidiary corporation that will manage and, when appropriate, sell credit union real estate assets.

My question to the minister is: is there a time limit on when they would have to sell, or do they necessarily have to sell, or are they in business so that they can buy more land? How does that work?

MRS. OSTERMAN: Mr. Speaker, to answer the latter part of the question first, at this time I don't imagine they would

be in the business of acquiring more land. That is not the purpose of the formation of this subsidiary. It's strictly to "manage and, when appropriate, sell." There are going to be no time constraints placed on this corporation, because I think it is most important to every single property owner in this province that all real estate matters be handled in an orderly fashion.

I suppose any quick disposal of properties anywhere could affect prices that are now being realized by the present owners of real estate in whatever form out there. So we certainly look to them to provide an orderly management and, where appropriate, disposal. We're not looking to any particular time frame with respect to disposal. That's why I made it very clear yesterday that at least in the first year, we'll probably be looking at a fair amount of government exposure.

ORDERS OF THE DAY

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

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. TOPOLNISKY: Mr. Speaker, this afternoon I am delighted to introduce to you and to members of the Assembly 15 grade 8 students from the Eleanor Hall school in Clyde, in the Redwater-Andrew constituency. They are accompanied by teacher Mr. Nicol and parent Mrs. Herrick. They're in the members' gallery, and I ask that they rise and receive the warm welcome of the Assembly.

MR. MARTIN: Mr. Speaker, I would like to introduce to you and to members of the Assembly 12 students studying political science. They are from the Cromdale campus of Grant MacEwan College in Edmonton Norwood. They are seated in the public gallery, and I ask them to stand and receive the traditional welcome from members of the Assembly.

head: WRITTEN QUESTIONS

MR. SPEAKER: Before we deal with the questions, we might just wait for a moment. There are some members who have to leave the Assembly to go to their various offices.

[Mr. Speaker sat while some hon. members left the Chamber]

I should first of all draw the attention of the Assembly to Question 136, which got by me and was put on the Order Paper. It relates to information for the period from March 1, 1984, to March 31, 1985. I believe that question will have to come off the Order Paper, and sometime after March 31, 1985, when the information is all in existence and the government has it, that can be dealt with.

There's a further question in regard to questions, which arose on Tuesday. Today I had a meeting with the ...

I'll interrupt once more. I don't know whether we can make a practice of this or not. I see that we're holding up

some members who wish to leave, so we'll perhaps give them a moment.

[Mr. Speaker sat again]

DR. BUCK: Stop 10 more seconds and they'll all be gone.

MR. SPEAKER: You won't, Walter.

There is a situation which is omitted in the scope and text of Standing Order 34. It does not deal, first of all, with a situation where the answer to a question is declined; in other words, the answer is not going to be given. We know there is no obligation to give those answers. There would be a simple refusal, and that situation is not dealt with in Standing Order 34.

Subject to the concurrence of the Assembly and pending a possible amendment to *Standing Orders* to make this into a practical solution, it's been agreed with the leaders of the House that where the answer to a question is refused, the minister who is expressing that would have an opportunity to give to the questioner the reason why the answer wasn't being given, and then the questioner would have an opportunity to comment on those reasons, the understanding being that we wouldn't get off into an irregular debate, although I suppose under some circumstances there might be some disagreement between the two positions.

The other point that isn't dealt with is where there are very brief or fairly brief answers. Obviously, this standing order goes back to the days before we had a Hansard. Consequently there's an explicit instruction here that, where a question is answered, the answer must be handed in in writing. Now that we have a Hansard, that seems to be anachronistic. It's been suggested that it be left to the option of the minister answering the question whether it be put in writing or not. If it is deemed to be one that should be put in writing, then copies would be given out as provided under the standing order.

If there is some discussion on this, perhaps we might have it now, and then I propose, if the Assembly agrees, to ask whether there might be unanimous consent that we deal with those two situations, for the time being, in the way that I've suggested.

HON. MEMBERS: Agreed.

MR. SPEAKER: May I then ask: is there unanimous consent that we permit the reasons to be given where a question is not answered, together with an opportunity for the questioner to comment on those reasons? Is that agreed?

HON. MEMBERS: Agreed.

MR. SPEAKER: Anyone contrary?

That is adopted.

With regard to forgoing the need for written answers, such as where the answer might be the word "yes" or the word "no", does the Assembly agree with that proposal?

HON. MEMBERS: Agreed.

MR. SPEAKER: Anyone contra?

That also is agreed to.

130. Mr. Martin asked the government the following question: For each of the calendar years 1979, 1980, 1981, 1982, 1983, and 1984:

- (1) in how many individual instances was a recommendation for prosecution forwarded by the RCMP to the Attorney General's department rejected, and
- (2) in each of the instances noted pursuant to clause (1), what was the charge for which the RCMP recommended prosecution?

MR. CRAWFORD: Mr. Speaker, I'd like to respond to Question 130, in not accepting the question as posed and in giving some reasons for not accepting the question.

Mr. Speaker, there are many occasions when the Royal Canadian Mounted Police, and indeed other police forces in the province, informally approach Crown attorneys in their offices throughout the province for advice. That would be in respect to advice that relates to whether or not a charge could conceivably be laid in certain circumstances or, given a particular quantity or quality of evidence, whether or not a charge would be recommended by legal counsel. In those informal discussions, if a prosecution is not agreed upon, the Crown attorneys do not consider that a rejection of a recommendation. They consider it, as I'm sure the police officers do, a consensus reached after the matter has been explored by the two parties that have to address their attention to issues of evidence and law. No record is kept of that type of informal consultation.

As to more formal recommendations — and I believe, Mr. Speaker, the formal recommendations would probably be the minority — the only place one could go would be to the various prosecutors and ask them the best of their recollections. I'm informed by senior advisors in the department that there are no actual statistics kept of rejections of formal recommendations by either the department or the RCMP.

In all of those circumstances then, Mr. Speaker, the information to respond to question 130 could not be made available and, therefore, the question cannot be responded to.

MR. MARTIN: Mr. Speaker, I'm surprised by the answer. I think we're all aware that we're trying to get this information because of the well-publicized case and concern by many people, including the criminal trial lawyers, about justice and these sorts of things.

Obviously, if there's just informal consultation and there's no record, the question wouldn't apply. So that's irrelevant to begin with. But I am surprised that the Attorney General seems to be saying there is no record of these types of things without going through individual prosecutors and looking for their notes. If that's the case — and I have to accept the Attorney General's word on that — that seems to be pretty lax within the department. It seems to me that's precisely some of the information that you as Attorney General would want to know; for example, to know what is going on with policies within the department, to have a percentage, to have statistics about these sorts of things, to have statistics about certain prosecutors. I think that would be very valid information in a well-run department.

I accept what you're saying. Without the informal records — sometimes people discuss; we're not asking for that. But the minister is saying that the only way we could get the actual formal requests by the RCMP is to go to each individual prosecutor and attempt to go through their notes. I accept that this is the case, but I strongly suggest to the Attorney General that this process be speeded up so we have these types of statistics, because I think it's important. He might want to partake of this, just as friendly advice,

so we can get this type of information. I think it's important information.

131. Mr. Martin asked the government the following question: Will the government undertake as a matter of policy when responding to motions for returns and to questions susceptible to being made orders for returns, when the government feels compelled to move that the motion or question, as the case may be, be amended to note "the general principles contained in citation 390 of the fifth edition of *Beauchesne's Parliamentary Rules and Forms* insofar as they may relate to a provincial legislature," declare either in the proposed amendment or in the course of debate on the proposed amendment, precisely which paragraph and subparagraph, as appropriate, of the citation is being deemed applicable?

MR. CRAWFORD: Mr. Speaker, I can perhaps put on the record more briefly than in respect to the earlier question a few reasons why it is proposed not to accept this question. In the course of debate on an amendment of the type referred to in Question 131, in most instances there's no objection to giving some reasons why a particular return is proposed to be amended under citation 390. But once again, to respond to the question in the terms in which it was asked would not be appropriate, because it would impose, by way of an undertaking, too rigid a system in the way the discussion or response relative to an amendment would have to be conducted.

I note that the question asks that a certain degree of precision by paragraph and subparagraph be referred to, relative to citation 390. I suggest, Mr. Speaker, that a sufficient and similar result could be obtained if, in appropriate instances, reasons might be given in a more general way in the course of debate on the amendment.

MR. MARTIN: Mr. Speaker, the reason Question 131 was asked is that there has been a tendency by this government to refer to citation 390 many, many times. I'm sure the Government House Leader is aware of this. It's a very broad citation, as he is also well aware. It seems to us that it has become a catchall whenever legitimate Assembly business — rightly or wrongly from our perception, it seems to us that it's a way of evading some questions. As the minister is well aware, there are a number of clarifications under 390. It's somewhat frustrating to us that when we go to some trouble to ask questions, they just come back with: "Well, under citation 390, we're not going to answer the question."

All we're suggesting is that perhaps there's a better way to do it. Maybe the Government House Leader would think about at least being a little more specific when we're not prepared to answer the question, if there is a legitimate reason. Otherwise, the perception is that it's a way of evading questions the government doesn't want to answer, that may very well be legitimate in this Legislature. That was the point of the question.

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

209. Moved by Mr. Gurnett:

Be it resolved that the Assembly urge the government to
(a) implement a farm fertilizer distribution allowance program similar in form and administration to the farm fuel distribution allowance program and designed to

rebate to Alberta farmers, through their local dealers, the equivalent of the provincial royalty levied on the natural gas feedstock used to manufacture fertilizer manufactured and sold in Alberta, and

- (b) press the federal government to implement a similar dealer-level rebate program for the purpose of rebating to farmers the value of federal taxes paid on natural gas feedstocks used to manufacture fertilizer manufactured and sold in Canada.

MR. GURNETT: Mr. Speaker, it's a good opportunity to speak, because this motion is very important to a lot of people farming in Alberta and also the motion proposes a positive idea. I might comment parenthetically that opposition isn't necessarily negative just because it opposes a government proposal or action. It may be there is opposition because the action itself is the negative thing. Be that as it may, for a few moments I'd like to talk a little about the motion, which deals with a proposal related to something called a farm fertilizer distribution allowance.

Let me just briefly review the importance that I'm sure we're all aware fertilizer has in agriculture. When you grow things, a certain amount of nutrition — food for the plants, as it were — is taken out of the soil, and there's a need to replace that as plants continue to grow in an area. I'm sure fertilizing in some form or another is as old as agriculture, dating back to the very earliest farmers manuring their fields to increase their yields. As children we all heard stories about Thanksgiving Day and the Pilgrims putting in fish so they had a better corn yield. We're aware of all these things.

There are a lot of different elements that a plant needs to grow successfully, Mr. Speaker, and the main one is nitrogen. Unfortunately, nitrogen is also the most expensive element to make available to plants. Presently that's done largely by synthesizing ammonia, and in this area that's done by and large from natural gas.

If we think a little about the economics of farming and of fertilizer as one aspect of farming, it's obvious that the cost of fertilizing has to be balanced against the expected results from using fertilizer. This creates a bit of a treadmill or a bind for a farmer, of course. As the costs of farming — things like fertilizer — increase, it's also necessary that production increase so you can afford that fertilizer. But as you increase production, the costs of doing that increase, and so you get this kind of treadmill effect.

I think we're all aware that Alberta farmers are already the most efficient farmers in the world and deserve all kinds of compliments for the very businesslike way they go about their farming. But, unfortunately, net farm income in this province is still declining. It declined last year and the year before. In part that's because of the failure to have any significant control over the input costs. So this motion relates to one part of those input costs.

Mr. Speaker, I want to make clear that simply acting on this motion will not solve the cost/price squeeze that Alberta farmers find themselves in. There obviously needs to be an overall comprehensive approach that's planned, an approach where all aspects of the economic parts of farming are looked at. There needs to be reduction of input costs in many areas, in addition to fertilizer, as we've talked about. There needs to be continuing attention to the high costs of transportation of products that are borne by producers. I believe we need to consider and maybe support approaches related to parity pricing as far as the costs farmers receive, certainly going further yet with increasing

research into good soil conservation practices, perhaps through the development and encouragement of new kinds of legume crops for farmers.

But for now the reality still is that it's necessary to use fertilizer to a reasonable level if farmers are going to have production that keeps them as viable farming units. The farm fertilizer distribution allowance is one specific, helpful action that I propose could do something about that. Let me review for you what it could mean in dollar terms for farmers in Alberta. Right now there's a 51-cent provincial royalty on every gigajoule of natural gas used in this province — used to produce nitrogen fertilizer, for example. It takes approximately 55 gigajoules of natural gas to produce one tonne of 100 percent nitrogen fertilizer. That's a theoretical statement, because there's no such thing as 100 percent nitrogen fertilizer. But in terms of getting some figures now, we can think in that way. So 55 gigajoules of natural gas produces one tonne of 100 percent nitrogen fertilizer. With the 51-cent provincial royalty, about \$28 a tonne of royalty has been collected to produce that tonne of fertilizer. If we look at the amount of provincial royalty that would be lost, we'd have to look at how many tonnes of fertilizer were used. In 1983 in Alberta that figure was 303,815 tonnes equivalent of 100 percent fertilizer. That would multiply to a loss of provincial royalties equalling \$8.5 million. I think we'd have to agree that \$8.5 million to eliminate the equivalent of the provincial royalty on the gas feedstock that produces the fertilizer is not an extensive figure. Basically, Mr. Speaker, the first part of the proposed motion is that the equivalent of that be rebated.

In the motion I talk about the way in which this saving could be passed on to farmers. I suggest that that be done through local dealers. The reason I suggest that is that we presently have in place a distribution allowance system that's used for farm fuel. This is something that's working. It's something farmers all over this province are familiar with. It's relatively simple. It doesn't require a lot of record-keeping on the part of farmers. It's instant; they don't have to make applications and wait. They receive the benefit at the time they buy the fuel, so they have an immediate saving. The network for dealing with rebates like this is set up through the revenue administration part of the Treasury Branch. So a lot of complicated government bureaucracy wouldn't have to be put in place if we were to institute a system such as I describe in this motion. In large part it's already there, and it's something that farmers are familiar with.

I suggest, Mr. Speaker, that the process described in this motion is preferable to removing the royalty at the wholesale level, simply because you are better able to make sure that exported fertilizer wouldn't also benefit from the royalty rebate and you have an easier way of guaranteeing that the saving goes directly to the farmer, the person who needs to realize it.

The second part of the motion, part (b), goes on to talk about another very serious matter, and that is to request that the provincial government press the federal government to implement a similar kind of situation. Let me share some figures that are even more dramatic than the savings individual farmers could realize with the provincial royalty being rebated. The federal royalty on natural gas right now is \$1.01 a gigajoule, almost double the provincial royalty that we talked about. That would realize a saving of about \$55 per tonne on the equivalent of 100 percent nitrogen fertilizer. If you combine the saving that could be realized from a rebate on the provincial royalty and if the federal government

acted so there was a rebate on that portion as well, the net saving would be about \$83 a tonne on the equivalent of 100 percent nitrogen fertilizer. So there could be significant savings for farmers in this province if this were taken.

There is nothing unusual in the second part of the motion. The provincial government is frequently active in lobbying the federal government on various other things. That's something that is being done and could continue to be done. If we got success in this area, Mr. Speaker, there would be a spin-off benefit for those who are buying and using fertilizer in other provinces as well. Of course, if the equivalent of the PGRT was being collected provincially instead of federally, the whole process of rebating the equivalent of all these royalties could be done at the provincial level. It would be much simpler, and we'd have control of it provincially.

This notice of motion, as I said at the outset, would be of immediate benefit to farmers in Alberta. We know that price increases for fertilizer are going to be taking place this spring. We also know the probability is that there will be a minimum 30 percent price increase on fertilizer over the next few years. We know that there's going to be a continuing reliance on fertilizer by farmers, even if there is more action to encourage other forms of soil conservation. The idea that I'm proposing enjoys wide acceptability amongst producers in the province and amongst farm organizations. It's concrete, workable. The structures, by and large, are already in place for a distribution allowance system such as this motion describes. It wouldn't be all that expensive at this point. As I said, it would cost a loss of \$8.5 million in provincial royalty, but I suggest that the benefits in terms of more money in farmers' pockets in this province would more than offset that.

The other thing that I think argues in favour of our looking very seriously at this motion, Mr. Speaker, is that the government is already making rebates on gas royalties; for example, to major industrial users in Quebec. Users like Alcan are going to be enjoying a rebate on gas that's going to cost the province, I understand, something in excess of \$50 million over the next three years. A process like this, that instead would pay a direct benefit to farmers right here in this province, is well worth this Assembly's considering, and I trust they will.

Thank you, Mr. Speaker.

MR. THOMPSON: Mr. Speaker, I appreciate the opportunity to debate Motion 209. I would like to commend the Member for Spirit River-Fairview for his good intentions; that is, if he wishes to subsidize the fertilizer industry, because basically that's what this motion would do in the end. Later on I will explain why.

I never have been an enthusiastic supporter of government rebates, because generally speaking they are only partially successful at best. I'm sure that every one of us ...

[An hon. member's chair overturned]

I really am a powerful speaker, but I didn't realize I was that powerful.

What I would like to do this afternoon is speak to one part of the motion:

implement a farm fertilizer distribution allowance program similar in form and administration to the farm fuel distribution allowance program ...

Part of what I say, of course, will tie in with part (b) of the motion. Let's start by looking at the farm fuel distribution allowance. First, fuel is used by almost everybody in Alberta, not only by farmers. It's used by industry; it's used by workers going to work; it's used by tourists; it's used by people that are just out driving their cars. Almost all of society uses fuel. That's a very important thing, because in actual fact fertilizer is used by only one segment of society, and that's agriculture. A little bit is used for such things as golf courses and residential lawns, but most of the fertilizer in Alberta is used by the agricultural industry.

This brings me to a point. The price of fuel is set by demand. Farm fuel is dyed, and we are able to segregate farm fuel from regular fuel. It's very easy for the farmer to check at the pump and see what the actual price of fuel is and what he's paying for his dyed fuel. He can see that he's getting his 32 cents a gallon. The province pays that rebate to the suppliers of the fuel. I'm sure there are a couple of members who will speak on this motion. There are some problems in this area, but they're not bad. Actually, it works fairly well.

Now, let's get to fertilizer. I probably bought my first load of anhydrous ammonia close to 30 years ago, from a fellow by the name of Richard Barton, who has now gone on to better things in Time Air. I can't recall for sure, but I think it was about \$80-some a tonne at that time. So I've had some experience with the use of fertilizer. The company charges every nickle the traffic will bear, and there's really nothing wrong with that. When I sell my barley and wheat, I charge every nickle I can get too. So I will accept the fact that the company does actually charge all they can get for their product and will continue to do so, and I hope I can too.

Then we get to the farmer, the other side of the coin. He will always use fertilizer, but every spring before he gets his fertilizer, he checks out the cost/benefit ratio. We'll say that optimum conditions means that he should use 60 pounds of actual N per acre for the soil and moisture conditions. But if the price of fertilizer is high, he will cheat a little. He will cut back to 45 or 50 pounds of actual N and try to get by on that. Conversely, if the price/cost ratio is high, being a gambler he will put 70 or 75 pounds of actual N on his soil. So there's quite a variation in the demand for fertilizer. Of course, if there's a variation in demand, there's a variation in price, so the price moves up and down.

Mr. Speaker, the next thing I would like to say is: what will happen if we use the model suggested in the motion? The fertilizer companies will charge everything they can get for it, and as the mover for the motion said, the dealers will be happy to pay back the rebate; there's no problem that way. But what will in fact happen is that the fertilizer companies will be getting the rebate on an indirect basis. I don't think the farmers would end up any better off than they are today. I think the fertilizer companies would be very happy to see it. For instance, this very day the Alberta Wheat Pool is encouraging its members to lobby MLAs to ask for a program of this type, and the Alberta Wheat Pool sells an awful lot of fertilizer. So I say to you that every fertilizer company in Alberta would enthusiastically endorse this motion, and I urge the members not to support the motion.

I thank you for your attention, Mr. Speaker.

MR. KOWALSKI: Any debate in this Assembly on the subject of agriculture is a most welcome one, and I very

much enjoy getting involved in discussions with respect to agriculture. The new Member for Spirit River-Fairview may feel that the subject he has introduced today is unique. I was hoping that when he gave the introduction to his motion, he would refer to some of the research he must have done with respect to the many debates that have occurred in this Assembly over the past several years with respect to agricultural matters, input costs and the like.

In many ways, Mr. Speaker, it's unfortunate that we have to have this debate today, and it's unfortunate that I'm going to have to rather gently remind the Member for Spirit River-Fairview about his responsibility in this matter. We're talking about the cost of fertilizer in 1985, because of a very negative impact that occurred in Ottawa on October 30, 1980. On that infamous day in the history of Canada a federal government of a particular stripe, supported by its brothers and sisters, its comrades in arms from the other socialist party, inflicted one of the most damaging documents on all the people of Canada. The Liberal Party took the initiative. Their lackeys in the NDP then said: "We're with you all the way." I take you back to October 1980, when hon. members of this Progressive Conservative Party got up in this Assembly and said, "This will become an infamous day in our history," and to a time thereafter, to this point in time, when hon. members of the government have consistently brought forward to the men and women of this province the damaging effects of the national energy program — consistently, consistently: total consistence.

I'm absolutely amazed at a motion that comes forward here today and says "Let's reduce the input costs," when since October 30, 1980, over 20 increases in the cost of natural gas have been inflicted upon not only Albertans but the people of Canada, consistently brought forward by a Liberal government supported by NDP socialists. Twenty increases! And now we're being told that we, this province of Alberta that owns this resource, are somehow responsible, and we should be taking some initiative to do away with what has happened. Nowhere in the overview or in the introduction was any guilt accepted by the hon. member with respect to what he and his colleagues, his comrades in arms, have done on at least 20 different occasions. It's unfortunate, and I'm trying to be gentle in this reminder.

Mr. Speaker, the member indicated — his words were something along the line that the farmers of Alberta had little or no significant control over input costs. He's right; he is absolutely correct. In the case of natural gas, which he talked about, those decisions were made several thousand miles away. And when men and women in this province and in British Columbia, Saskatchewan, Manitoba, and all the other provinces in Canada campaigned vigorously last summer to oust those bandits in Ottawa, where were he and his party in the defence of the national energy program but standing there front and centre, saying what a wonderful institution this has been for Canada. I'm not talking about October 1980; I'm talking now about August, with the culmination on September 4, 1984. Several months later we've all of a sudden arrived in the Legislature in Edmonton and we're now going to correct the evils of the past. We've forgotten who caused the evils of the past and how they came about and why we have the difficulty today.

Mr. Speaker, I want to remind hon. members that this whole debate over input costs to agriculture and to our farmers has probably been the number one issue on our agenda of decision-making since 1972. I would like to remind all members of a document that was issued last year. It was called the White Paper: Proposals for an

Industrial and Science Strategy for Albertans 1985 to 1990. I would like to refer members to a couple of quotations from this very important document. I refer them to one on page 64:

Provincial Government policy and programs in primary agriculture have ... focused on maintaining and improving net farm income.

I'd like to refer to another one. What is the agricultural strategy of this government? I refer to page 20:

a) To stabilize and improve net farm and agribusiness incomes to the extent possible.

We've been able to do that rather successfully in the province of Alberta, but [before] September of last year we have not had co-operative people in Ottawa even attempting to move in this regard. Since that time, of course, one of the important initiatives that has occurred is the federal initiative with respect to the reduction of a tax imposed upon farmers in this country by the Liberals and their socialist friends, the NDP, with respect to that farm fuel distribution allowance that was reduced.

The Member for Spirit River-Fairview talks about the need for some research, but he forgets to point out the research that is going on. I would like to refer him to the Farming for the Future progress report, which was tabled in the Assembly by the Minister of Agriculture one or two days ago. I hope that in the next number of nights and days when he's in this Assembly, he will really take some time and get some of these very important documents with respect to land resources and engineering, ongoing research studies funded by the province of Alberta, through its empathetic government, for the people of rural Alberta.

I'd like to refer him to a number of studies that I think are basically kind of important: Making the Most of Nitrogen, a \$905,000 study funded by Alberta Agriculture with agencies in Edmonton; Conservation of Land Productivity in Alberta, another study funded with scientists at the University of Alberta; Improving Phosphorus Fertilizer Recommendations, a firm in Edmonton.

In addition to those provincewide studies, I also refer him to the very important studies that have occurred in the part of the province he now represents, studies such as Zero Till Drill, a project done in the Nampa area; Second Year No-Till Companion Crop in Establishing Forage Seed Crops, a project done in the Beaverlodge area; Comparative Fertilizer Trials, a study in the Peace River area; and a reclamation study done at Sexsmith. The list goes on and on — important studies of research that are under way now.

Mr. Speaker, when you look at the input costs and the programs that are present, we must never overlook the very important initiatives we as a government have had to bring in to help protect the rising costs that have been inflicted upon our farmers in this province.

I would be quite remiss this afternoon if I didn't mention the Alberta farm fuel distribution allowance program. In the calendar year alone, some \$60 million in benefits were accrued by those who use marked gasoline and diesel fuel. I think that \$60 million program of benefits within the province of Alberta has to be compared with the \$8.5 million proposal that the Member for Spirit River-Fairview is talking about today. Alberta's natural gas price protection plan — a plan that provides benefits to farmers in Alberta, a very substantial amount of dollars. It was announced on Monday of this week that it would be extended and renewed for another three years — a very important program. Additional natural gas rebates for primary agricultural producers

are available in the province for those who use amounts of natural gas above 300 gigajoules to a maximum of 10,000 gigajoules. In dollar terms, that program we instituted several years ago translates to a maximum rebate of \$4,850 per year per farmer. Remote area heating allowance is another one. Assistance can be obtained for rental or purchase of fuel oil or propane tanks, which provides a grant of up to 40 percent. Of course, I've already mentioned the Farming for the Future programs.

Mr. Speaker, these programs have, for the most part, been required and necessitated by taxes on natural gas that the people of Alberta oppose. Not all the people oppose them. There are some who support them, and I've already mentioned what political stripe they are. While they support them, on the other hand they come in and say, "Oh, tush, tush, somehow we have to forget about them."

Mr. Speaker, the Speech from the Throne that was brought in a few days ago outlined the subject of agriculture being of high priority. In fact, it's right at the top of our priorities for 1985. Next Monday night we will have the pleasure of hearing the provincial Treasurer bring down the budget for 1985-86. In the ensuing weeks, we'll have the pleasure of hearing the Minister of Agriculture bring forth his estimates for the Department of Agriculture, and we're going to have a number of debates on the subject of agriculture in this House.

What is really important is consistency in argument. I know the position that my colleagues have taken with respect to input costs. I welcome my new friend from Spirit River-Fairview, and I want to leave him with a little thought about consistency in argument and credibility in thought. I want to give him this thought. It's from the same source that he quoted yesterday, the hon. T. C. Douglas. He said this in 1971: I don't mind someone stealing my pyjamas, but he should wear all of them if he doesn't want to appear indecent.

Thank you.

[Two members rose]

MR. SPEAKER: I believe the hon. Member for Bow Valley caught my eye first; as a matter of fact, he tried to get the floor ahead of the preceding speaker.

MR. MUSGROVE: Mr. Speaker, I would also like to make a few remarks about Motion 209. Certainly, I would be the last person in the world not to suggest that we should try to reduce input costs in agriculture, and of course I agree that fertilizer is a very high contributor to farm input costs. However, the agriculture caucus committee is looking very seriously at some initiatives to help out with farm input costs, fertilizer included.

We have some programs to assist agriculture. We have the Alberta farm fuel distribution allowance, which was related to Motion 209. Of course there is the Alberta natural gas protection plan, which affects all Albertans, and the additional natural gas rebate for primary agricultural producers.

Those are three programs that agriculture benefits from, but they don't benefit from some as much as they should. As I see it, and my constituents inform me, the natural gas rebate for primary agricultural is the one they benefit most from. That's because it's paid directly to the producer. I'll relate why that is. In 1983 it was brought to my attention that there were some problems with the farm fuel distribution allowance. Some of my constituents, and even my own

family, came to me and said: "Look, you people are paying 7 cents a litre rebate on farm fuel. You can go down to the keylock here and buy clear diesel fuel for the same price we're paying at the bulk tank." So I phoned the dealer we deal with at our farm and said, "What are we paying for our diesel fuel?" He said, "Well, the bulk tank is 30 cents." I said, "What's it worth at the keylock down at the highway?" He said: "Oh, it's about 30 cents. And that's not all. You can go downtown to a retailer at a gas pump and fill your car up with diesel fuel for 29.5 cents."

I got kind of concerned about this. So he gave me the name of the wholesaler he gets his farm diesel fuel from, and I called him and explained the situation to him. I said, "You people are getting 7 cents from the province of Alberta to reduce the price of farm fuel." He said: "Oh no, we don't get that. It's taken off when we get it, and we take it off but don't get anything out of it." I said, "Well, somebody in your company is getting 7 cents a litre." Then he gave me the names and telephone number of the public relations people in Edmonton, and before I got around to calling that number, he had already got to them and told them what my problem was. I called them that day and said, "I want to talk about this." He said: "Yes, but this wholesaler has already explained to me, and I don't know how to answer that question either. Can I get back to you tomorrow?" So the next day he called me and said: "For every litre of purple diesel fuel that's delivered to a bulk tank in Alberta, the province pays the dealer 7 cents. That's correct. It's also granted that you can buy clear diesel fuel in your area from any retail outfit for the same amount." To explain that, he said there was a gas war on clear diesel fuel, but there wasn't a gas war on purple diesel fuel. Now, we all know that purple diesel fuel and clear diesel fuel are exactly the same except that they put a little dye in it. But he said: "Being free-enterprisers, whenever we decide to put a gas war on, we put a gas war on, and what we decide to exclude, we exclude. Seeing that you guys are getting 7 cents a litre paid for by the province, we don't see any reason why you should get 7 cents off."

In my books that 7 cents a litre wound up in the pockets of the oil companies, with their argument. This is what the hon. Member for Cardston was talking about. When we start looking at reducing input costs for farmers, we should see that the farmer gets it; we shouldn't see the oil companies, fertilizer companies, or whatever getting it.

We were told that we should negotiate the price of our farm fuel, and that is well taken. As a matter of fact, on our own farm we found that one dealer was selling farm fuel for less money if you used a certain amount. So one of the boys went to our dealer and he said, "Sure, we'll knock a few cents a litre off your fuel to be competitive." But that's not the answer. We know that large contractors that use a lot of clear diesel fuel could also negotiate below that price war. I also found out that we wound up paying 26 cents a litre for our diesel fuel, with the Alberta government paying an additional 7 cents to the mother company. I also know that in that area there were contractors buying clear diesel fuel for 26 cents a litre without the 7 cents. So that argument wasn't actually there.

We have some other problems with this farm fuel distribution allowance. I've had several letters and phone calls recently from people who have bought new pickups. They should be subject to the distribution allowance, or the purple gas program as we call it, but their vehicles are supposed to burn only unleaded gas, and you can't buy

purple unleaded gas. We've also got people who are involved in the agriculture industry. In our case, the Eastern Irrigation District, which runs several grazing associations, has to hire range riders. These people own their own trucks, but because they don't own any land, they're not allowed to burn purple diesel fuel.

[Mr. Purdy in the Chair]

That's showing only some of the problems we could run into if we don't administer this right. In my way of thinking, administering similar to the farm distribution allowance wouldn't be the proper way to do it, unless we can overcome the problems in that area.

We had a meeting with the Alberta Wheat Pool the other morning and were discussing what happens with the cost of fertilizer. They told us that as a rule of thumb about \$100 worth of nitrogen goes into a tonne of fertilizer that costs something in excess of \$300. Of that \$100 cost, approximately \$25 is royalty and about \$22 is federal taxes. They told us, and I wasn't aware of it, that a portion of the fertilizer the fertilizer companies use is subject to Alberta natural gas protection plan. Only about 10 percent of it is subject to that plan, but there is no price differential when they sell the fertilizer, whether it's sold to people in Alberta or to the rest of Canada. So Albertans get only a small portion of the advantage the fertilizer companies get under that plan. Only 35 percent of the fertilizer these people produce is sold in Alberta. You can see that about one-third of that is going back to Albertans. Taking it directly to the fertilizer manufacturers wouldn't necessarily be an advantage to Albertans; two-thirds of that would go to the rest of Canada.

Part of the motion is that we press the federal government to reduce their taxes, and of course everyone in the room knows that the Alberta government is certainly hoping to get the PGRT reduced from natural gas in Alberta. That would substantially reduce the cost of feedstocks going into fertilizer. But the point is that the cost of fertilizer includes a lot of other factors besides natural gas. I'm not sure that we can change those substantially, because they generally relate to overhead, labour, supervision, and pretax earnings of 30 percent, which we should probably be having a look at.

In summary, Mr. Speaker, I would certainly like to see us reduce input costs for fertilizers. We have to be careful, though, how we administer this so that it doesn't wind up in the hands of the fertilizer companies or whatever. With that, I suggest that the Member for Spirit River-Fairview has brought in a good motion, but it would have to be changed considerably before I could accept it.

MR. MARTIN: I know I don't have long, Mr. Speaker, and I'm sure that upsets hon. members. I was going to refer to the Member for Barrhead, but I see that he's left. He was laughing so hard by the end of his speech that he almost couldn't continue. I haven't seen him quite so eloquent since the Paddle River debate.

The point I'd like to make quickly is that there are many different problems dealing with the farm community in rural Alberta. My colleague has presented one avenue, and as the Member for Bow Valley says, they can come back and change it however they like. The point is, and members are aware of it, that in the last two years there has been a fall in net farm income, which especially

affects young farmers. Two years ago net farm income fell by 22 percent and last year by 16 percent.

That's not the only reason obviously, but it's a specific thing, a positive thing we could do. I would have thought all Conservatives would love to pull taxes off people so they could become free enterprisers, but there seems to be some reluctance here. The point we make is that unless we do something relatively quickly, there aren't going to be a lot of farmers left. These aren't my statistics. I pointed this out in the address on the throne speech. The most recent brief, the annual presentation to the provincial government given to the Alberta caucus, compares the times to the Dirty Thirties. And they're not NDPers; they are people who supported this government. I would think this is one of the things they're advocating that the government should take a good, long, hard look at. If there are some concerns with it, fine, take it and bring it back. If the Minister of Agriculture brings it back with changes, some of the concerns expressed, as the member indicated, then you'll get support on this side of the House. I think it is something concrete that we could do right away for the farm community in Alberta, which is suffering badly.

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

MR. ACTING DEPUTY SPEAKER: Is it agreed that the hon. member has permission to adjourn the debate?

HON. MEMBERS: Agreed.

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

Bill 201
Student Employment Tax Credit Act

MRS. KOPER: Mr. Speaker, it is my pleasure to introduce Bill 201, the Student Employment Tax Credit Act. This was a Bill I introduced last session in the spring. When I introduced it, I said the purpose of the Bill was to provide a tax credit to a taxpayer for hiring a student. On reflection, I think it would have been much better to say that the purpose was to create employment opportunities for young men and women who are presently experiencing the highest rates of unemployment of any age sector in our province.

The January statistics prepared by the planning secretariat of the Department of Manpower estimated that 22.1 percent of the 15- to 19-year-olds in Alberta were unemployed that month. As well, 15.9 percent of 20- to 24-year-olds were unemployed. This is significant, Mr. Speaker, because in Alberta we have more of our working-age population employed than any other province except Ontario. As was mentioned in the throne speech, there are 457 citizens employed for every 1,000 people in Alberta. This statistic is second only to that of Ontario. These are well above the Canadian average.

Another reason for introducing this Bill, Mr. Speaker, is that many of these young men and women are caught in a vicious circle that frustrates them even more. I'm sure any hon. members with university students in their families will be aware of this problem. They have no experience,

so they can't get a job; they can't get experience until they get one. With this I would like to propose the Bill.

Aside from that problem, Mr. Speaker, last spring I was honoured to participate in the opening of the hire-a-student offices in the city of Calgary. The suggestion was made at that time that some alternatives should be found to encourage more private-sector participation in job creation, particularly targeted to students who require temporary employment while completing their studies. With encouragement from the ministers involved, this Bill is finally here for debate on the floor of the Legislature.

Actually, it's not a new idea at all, Mr. Speaker. In the United States three types of tax credit employment programs have existed over recent years. One was called the work incentive tax credit, and it was initially targeted to the hiring of welfare recipients. The credit equalled 20 percent of the first year's wages, and later it was increased to 50 percent of those wages up to \$6,000 for the first year of employment and 25 percent of that for the second year. They also initiated what was called a new jobs tax credit that operated in 1977 and '78. The credits equalled a minimum of 50 percent of the first \$4,200 paid to each new employer in excess of 2 percent of the annual growth rate in the firm's employment. A third incentive was the targeted jobs tax credit Act. This was available in '79, '80, and '81. It was equal to 50 percent of wages up to \$6,000 in the first year and 25 percent of wages up to \$6,000 in the second year. The employees in this particular program came from designated disadvantaged groups as certified by their Department of Labor.

In Canada, too, in 1978 the federal government introduced an employment tax credit to stimulate general job creation. They suggested that a taxable, nonrefundable credit become available as follows: \$2 an hour in the Atlantic and Gaspé regions, \$1.75 an hour in areas designated under the Regional Development Incentives Act, and \$1.50 an hour elsewhere. In that manner it was hoped that greater incentive would be provided in areas traditionally experiencing high unemployment. The idea was again supported by the Conservative government in 1979, and \$250 million was to be allocated with an \$80-a-week employee credit. With these two initiatives in mind, this proposal is much simpler, suggesting that a tax credit up to a limit of \$1,000 be given to any taxpayer offering employment to a student in the summer of 1985.

Mr. Speaker, tax credits are thought to be a much simpler and more efficient method of delivering government support to business than direct grants or subsidies. According to authorities who have studied the situation, the value to a taxpayer of a dollar of tax preference is often worth far more than a dollar of grant money. For example, for a family in the 33.33 percent tax bracket a \$200 child tax credit is equivalent on a net tax basis to a \$300 taxable family allowance benefit. Admittedly, tax credits are not very helpful to anyone who doesn't have to pay taxes because their income does not justify it. Nevertheless, tax incentives of this type are far more effective and long-lasting in encouraging investments than other subsidies or grants. The use of tax incentives by small businesses in Canada could encourage activity and growth, and instead of having to invent jobs, a program such as this would provide some financial and employment stability over a period of time to the many small businesses now being initiated in our province under other provincial plans.

I'd like to briefly mention small businesses. There are about 800,000 to 1.2 million of them in Canada. These

businesses generate 25 to 30 percent of all business sales and account for approximately 40 percent of the gross national product. They also provide about 55 percent of private-sector employment in our country. I think those are the reasons why their survival is so vital to our economy.

One of the reasons I mention this at this point in time is that studies have been done that indicate fully two-thirds of the initial job attachments of youth occur at the small-business level. Here our young adults can learn qualities of commitment, involvement, self-reliance, and purpose, along with skills in technology, innovation, and flexibility.

Mr. Speaker, some of the difficulties recognized in some of the previously mentioned programs that offer tax incentives have been the open-endedness of the plans presented and also the failure of businesses to capitalize on those incentives. One of our programs, however, has overcome that problem through good advertising. This program has operated successfully in Canada, and although it doesn't provide tax incentives, it provides student employment but very little financial reward to participants. The program is called Katimavik and is basically a volunteer program for Canadian youth. Its main rewards to over 15,000 participants over the last seven or eight years have been opportunities to learn new skills, to prepare for the future, and to serve Canadian communities in very meaningful ways. Participants also get to see and know our Canada and other Canadians. It promotes education and personal development as well as an awareness of the issues in our country. Last year 26,000 inquiries were made, over 9,157 applications were received, and just over 4,000 students participated in the program.

Mr. Speaker, I bring this type of program to your attention as well, because it also illustrates another important initiative that we can reach through programs such as a tax incentive program. This initiative has always been recognized in the province of Alberta; that is, the role of the volunteer in our society. Through my own personal experience, repeated time and time again in my professional career, volunteers who come to participate in helping their communities often become so involved that they suddenly begin to realize their strengths and potential; they find their way into the work force, into the job market, or into further training. They become experts in providing service and in serving our communities in a way that answers a specific need.

Another factor that I feel is important and that is also addressed by the initiative is the focus on youth who are attending educational institutions. Right now, when we can hardly begin to contemplate the shape of things to come, I believe it is more important than ever that governments try to develop policies that ensure strong and viable educational systems. In Alberta I guess our closest access to statistics in this way comes from our student loan program. As hon. members realize, when applicants apply for loans, first they are considered for Canada student loans. In the last year the number of loans was 32,139; it doubled over the last three years. The number of Alberta student loans has also almost doubled. I believe this type of loan is where we can perhaps save some money by investigating tax incentives such as proposed in this Bill.

Mr. Speaker, when I talk about student loans, I'd also like to mention a problem that students have often encountered when applying for student loans. For some students who apply, their parents' incomes are taken into account; of course, this is only right and just. When these incomes are taken into account, they are denied access to a student loan and therefore feel very much obliged to their parents in meeting the costs of tuition, books, clothing, shelter, and

everything else. Students have called and written to me mentioning how difficult it was for them to ask their parents for money to support even some of the simple things in life when they were over 18, eligible for employment, and yet unable to get a job. I think their independence and pride are challenged unless they have some means of gaining employment that is meaningful to them and will help support them in their educational careers.

Mr. Speaker, hon. members may question the necessity of this program, saying that presently the STEP program fulfills this role. The STEP program does of course present an opportunity for Alberta students through four areas. Under community involvement students are provided work experience, and this summer some 6,500 Albertans will be given an opportunity in this area. The sponsors are limited, of course, to nonprofit organizations, school boards, municipalities, and agricultural societies. Another program element is career opportunity. The activities under this element are confined to recreation and work experience, veterinary work experience, veterinary, law enforcement career, fish and wildlife officer, postsecondary institutions, and employment relations. These, too, are limited. Another area is the summer farm employment area, where full-time farmers will be able to participate. There is \$20 million allocated to these programs. They are a very important part of the employment opportunities for young Albertans, but I feel that this Bill would open up other opportunities to the private sector and, in a very simple and efficient way, allow them to get jobs done that need to be done.

There are 78 hire-a-student centres opening sometime between April 29 and May 5. Through these centres I feel there could be an additional match between the clients and the employer in an even larger way.

Mr. Speaker, in conclusion, I hope that hon. members will support the Bill for the following reasons. First of all, the effectiveness and efficiency of using tax incentives rather than subsidies or grants makes it an attractive alternative. There would be minimal involvement of government agencies and hopefully less cost than the present administration of programs of grants and subsidies. Secondly, the focus of the initiative on the segment of the population that will become the well-educated and skilled work force needed for Alberta's future steady economic growth is vital. There will be short-term advantages to this program on the economic scene, and there will be long-term advantages for all of us as Albertans. The third point is that it proposes job creation in the private sector rather than in the public service. I think any initiatives we take in this regard are likely to be creative and answer real needs in our society. Fourth, and most important of all, is to provide the funds and vital experience for the youth of Alberta so that they can build on the advantages they are presently getting through our educational system.

Mr. Speaker, during these difficult economic times the employment opportunities for young people as a whole, and for students in particular, are rather restricted. Students have only a short period of time during the summer months to earn the money to finance their increasingly costly everyday life and education. We believe the measures proposed in this Bill will enable many taxpayers to provide much-needed temporary employment for students and thus facilitate continuation of their education. I think we in the province will be the beneficiaries of this program through a well-educated and experienced work force.

Mr. Speaker, I encourage hon. members of the House to support this entrepreneurial move to encourage new jobs and further work experience for our youth.

MR. PAPROSKI: Mr. Speaker, I am pleased to have the opportunity to speak to Bill 201, the Student Employment Tax Credit Act. It is a positive, creative initiative, and I wish to acknowledge the Member for Calgary Foothills for the time and effort spent on bringing this Bill before the Assembly.

I'd like to speak to the two main issues which come out of this Bill: first of all, student employment — what the situation is like in Alberta, what impact student employment has on this province, what has been done in terms of student employment programs in the past, and what can be done now and in the future — and secondly, the tax credit suggestion. I would like to look at the advantages of using tax credits and how it fits in with the white paper, *Proposals for an Industrial and Science Strategy for Albertans 1985 to 1990*.

First of all, I should acknowledge the tremendous contributions made by Alberta students to the labour force, Mr. Speaker. They meet a real need in many sectors of our economy but particularly in the tourism and recreation sectors. They bring to the job their youth, their tremendous and exciting vitality, and their tremendous energy. Don't get me wrong. It's not that I mean to sound like a hire-a-student commercial, but I think we should recognize the contributions students make to our great Alberta. Having said that, it is informative to examine some statistics regarding how we as a province go about utilizing the wealth of energy and ability I'm referring to. Often it is said that the greatest energy resource is crude oil. With all due respect to the minister who is responsible for that portfolio, I beg to differ. Having worked with students a great deal of my life, I can say without reservation that Alberta's greatest energy resource is Alberta's youth. Besides, it's a renewable resource.

Getting back to statistics, Alberta student unemployment figures last year were 19.2 percent for the month of May, 13.3 percent for June, 16.5 percent for July, 13.8 percent for August, and 16.7 percent for September. While these figures stand up quite well when compared to the overall Canadian student unemployment figures, they still are not figures anyone in this House can claim to be proud of or satisfied with.

If I could briefly revert to my energy analogy, it is a situation much the same as the problem Alberta has experienced with shut-in oil. In both cases a very valuable resource is not being used to its fullest potential. However, I think this government and the federal government are finally taking positive steps towards student unemployment. It is long overdue that the federal government work conjointly with all the provinces to assist our young population. A couple of examples: Challenge '85 is a federal/provincial initiative aimed at creating 16,500 jobs for Alberta students, and the Member for Calgary Foothills referred to the hire-a-student program, a student job search and placement program unparalleled in this country, operating in 78 different communities in this province and last year making job placements in the area of 30,000 students. Summer employment is vital for students in order for them to resume their studies each fall.

I can remember my days as a student quite vividly. I'm sure many members in this House can recall living on a shoestring budget: Kraft Dinner, hot dogs, a lot of meals from friends, and thank God for moms and dads. In some instances, because of lack of summer employment, students have had to turn to the government and the federal government for financial assistance. I am glad we have been able to assist, but the real solution lies in ensuring that there are summer jobs for students.

Alberta students face difficulties in obtaining employment that can provide sufficient resources for the next academic year. The result is increased dependence on government, which now costs over \$100 million annually. Serious consideration must be given to means of increasing student employment and thereby reducing student financing expenditures. I feel that this Bill has real potential to create more summer jobs. This is important not only to the short-term welfare of the student but also to the long-term welfare of this province. The importance of a well-educated, skilled work force to Alberta's future economic growth has been pointed out on numerous occasions by this government, most recently, of course, in the white paper I previously referred to. Access to education depends on many factors, including availability of financial resources. The creation of student employment opportunities is beneficial to our economy in both the short and the long term.

Mr. Speaker, members of the Assembly, I'd now like to address the second issue: tax credits for employment creation. From the onset I would like to say I support this principle for a number of reasons. First of all, one of the problems with employment programs in the past has been the lack of co-ordination and harmonization of federal/provincial employment policies. This Bill has built-in co-ordination through the federal tax system. Secondly, tax credits are a more efficient method of government expenditure than direct grants or subsidies. I'd like to quote a paragraph from a publication of the government of Canada entitled *Tax Expenditure Account*, dated December 1979:

In considering the value of any particular tax expenditure item, it must be realized that the value to the taxpayer of a dollar of tax preference is often worth substantially more than a dollar of equivalent direct spending ... (For example, for a family in a 33 1/3 percent tax bracket, the \$200 child tax credit is equivalent on a net of tax basis to a \$300 taxable family allowance benefit.)

Thirdly, Mr. Speaker, the use of tax incentives rather than subsidies and grants is encouraged in the white paper. On page 57:

The Provincial Government should use tax incentives much more aggressively to encourage activity and growth. Tax measures are more effective and more long lasting in encouraging risk investment than subsidies or grants.

The same may apply with respect to employment creation programs, of course. Number four, tax credits are simple to administer, with a minimal involvement of government agencies and reduced costs. Number five, the Bill proposes job creation in the private sector rather than in the public service. This, of course, is in keeping with the position of the Alberta government, which has always said that the private sector is the engine for growth.

In conclusion, Mr. Speaker, I ran across a quote in a Royal Bank Newsletter a while ago, which I think is very appropriate to our debate on this Bill today. It went like this: "Ability is the timber — achievement is the house." I believe the students of this province have shown us that they have the "ability"; I believe this Bill could go far in creating an opportunity for them to realize their "achievements". I ask all members to support this Bill.

Thank you.

MR. KOWALSKI: Mr. Speaker, it's my pleasure today to participate in the debate on Bill 201, the Student Employment Tax Credit Act. At the outset I'd certainly like to provide my best words of appreciation to my colleague Mrs. Koper,

the MLA for Calgary Foothills, for the initiative in bringing forward this Bill.

Having said that, I have a few concerns about the Bill. I think it's important that all members take an opportunity to read the Bill. In particular, when we take a look at point 3(c), who is exempted under this Bill, I think all members will appreciate why I'm raising it. Essentially the Bill says that an individual who

(c) has not claimed, received or benefitted from any grant, subsidy, loan or rebate as a result of the provision of employment in Alberta, in respect of the 1985 taxation year from the Government of the Province or of Canada

is ineligible. It seems to me that the Bill would, in effect, eliminate all the benefits we have already initiated as a result of the major new initiatives dealing with the subject of manpower brought forward by our government in 1984, as outlined in the throne speech.

I would specifically like to draw to the attention of all members, particularly the sponsor of the Bill, some very excellent programs this Assembly has debated, evaluated, and given approval to in the past year. In reading the Bill, my interpretation is that it would essentially eliminate all those programs for the benefit of a \$1,000 tax credit. I particularly want to mention a number of job creation programs that I am very proud of. I think all members of this Assembly must be very proud as well, because they worked very hard in the past year in terms of debating them, voting for them, and going out and explaining to the people of Alberta what these programs are all about.

I know a number of members have in fact talked to young people of 16, 17, and 18 who have come to them and said, "I'm having difficulty finding a job." Instead of sympathizing with the young person, I hope they've all taken a few minutes to say: "You've got a greater opportunity today than you've ever had in the history of this province, and here's how you go about it. Have you heard about the Alberta youth employment and training program? Have you heard about the postsecondary internship and training program? Have you heard about the youth work experience and training program? Do you know that those programs have been specifically set up to deal with you? Do you know that you can take this application form and this pamphlet and find an employer and say: 'Mr. Employer, I was in here the other day, and you said you couldn't afford me. I'm back here today, and I want you to know that you can afford me, because if you sign me up under either of these two programs, my wages can be cost-shared on the basis of 50 percent or up to \$3.75 an hour or \$7,800 a year. You, Mr. Employer, can get up to \$25 a day for each day of approved training, or if you're under the youth work experience and training program, you can get my wage subsidized, up to a share of 50 percent or \$3.50 an hour.'"

Those are two excellent programs. I think they have to be looked at. I fear that what we're saying in Bill 201 is that we're going to wipe those two programs out, just as we're going to wipe out a third program, the very important Alberta wage subsidy program. It was set up to assist an employer and a young person and provide wages on a cost-shared basis of up to \$2.50 an hour.

What about the priority employment program, another program I think all members of this Assembly are very proud of? I'd hate to think that somehow, perhaps because of a slip of the pen someplace in Bill 201, the priority employment program, which has benefitted so many young

people in our province, could be eliminated. Many provincial government departments are currently involved with the priority employment program, as are many community groups. Thousands of young people in this province are being helped, and I'm very much in favour of that.

To the sponsor of the Bill, what about the special placement work experience program? As the representative of the constituency of Barrhead, I'm a little concerned about that program, because it operates primarily for the Edmonton area alone. It provides an assistance subsidy for employers and young people of up to \$5.50 an hour.

What about the Alberta environment employment program? I think it's an excellent program that has young people involved in a variety of environment protection programs. Municipalities, nonprofit community associations, provincial government departments, agricultural societies, and golf courses can get involved in this. What can the employer get? What does it cost the employer? It costs the employer zero cents to employ a person under the Alberta environment employment program. That young person, or older person, can get a wage of up to \$200 a week, and it costs the employer nothing. The employers can also receive up to \$125 per week for supervision. What would happen under Bill 201? My reading of it says we would have to eliminate that program or somehow the person couldn't benefit.

What about the employment skills program, another program that assists a whole bunch of people? And the summer temporary employment program? These are just part of the job creation programs. What about the training programs that we've worked so hard to develop for our people in this province? What about the Alberta training program that's set up to upgrade the skills of our labour force? What about the vocational rehabilitation of disabled persons program? What about the Alberta vocational training program? There are a lot of programs that I think we have to be very cognizant of. We spent a lot of time and committed ourselves as a government towards youth employment, training, retraining, and skills upgrading. You name it; we've got a program.

Before we rush into support of Bill 201, I think we have to take a very careful look at the wording of all the clauses in the Bill. I'm concerned about the elimination of a lot of people from an opportunity to find gainful employment in our province.

The second point is a minor one compared to the first one. The first point is a major point of principle. In point 2 of the Bill, in section 10.1(1)(a), it says a student means an individual who is "16 years of age or more." I wonder why the author of the Bill would not have been consistent with the wording that is included in some of our other programs, particularly the summer temporary employment program, a program that last year alone provided employment for over 12,000 of our young people. There the eligibility for employment is 15 years of age or older. That's not a major difference, but I think it's one the author might want to consider in the drafting of the Bill. There are a number of young people at age 15 who perhaps do not have the greatest number of skills but, for a variety of reasons, find themselves looking for employment. If the benefits found in Bill 201 could somehow be addressed to those young people at age 15, it would satisfy a concern of mine.

I want to close, Mr. Speaker, by saying that all in all, if my concerns could somehow be alleviated, I could find myself supporting the content and merit of Bill 201. I

sincerely want to congratulate the member for bringing the idea forth.

MR. COOK: Mr. Speaker, I think the hon. Member for Barrhead is in fine form today. He succeeded in tearing several strips off the New Democratic Party members in a previous motion this afternoon, and now he has really waxed eloquent on Bill 201.

I, too, would like to briefly join the debate with regard to the Student Employment Tax Credit Act as proposed by the hon. Member for Calgary Foothills. Although I share her goals, I have some concerns. Her goal is that we need to boost youth employment. Young people have a very difficult time participating in the economy during the summer. The student unemployment rate is very, very high, as I think we all know. Her second goal is to boost the employment of youngsters in the private sector rather than in the public sector, and that's a desirable goal. I think the problem we would have with this is that it would prevent students who take advantage of the tax credit from participating in other programs, like student loans, that might benefit them. The drafting of the Bill is fairly clear on that: item 2(3)(c) prevents anyone who has participated in this program or received benefits from it from receiving any other benefits.

You might envision a student who has been employed one or two months at a fast-food outlet, receiving minimum wage or something like that and earning perhaps \$2,000 during the summer, having to face the cost of tuition, room and board, and other incidental costs probably approaching \$4,000 or \$5,000 for a typical academic year and not being able to make up the difference through a student loan program because the Bill would prevent that student from claiming any benefits under the student loan program from either this province or the federal government. I think that is a problem.

Secondly, I think there might be a problem with the take-up of the program. The take-up of similar programs in the United States and Canada has been somewhat minimal. Companies have to be able to pay taxes in order to benefit from this program, and there are a lot of businesses in this province that are not in a profitable situation or have marginal profits. Companies in that kind of position would have some difficulty taking it up.

If we can address those problems, as the hon. Member for Barrhead has suggested, perhaps by modifying the Bill so that it would not prevent a student from using this program and topping it off with student loans or other programs available to the student as well, I think we could accommodate this kind of initiative. It's a favourable initiative if it's an add-on feature to the existing package of programs available in the province, but it ought not to be the sole route for assistance to young people who are seeking employment in the summer.

Mr. Speaker, I don't want to dwell at length, so I'll conclude my remarks simply by saying that it's a laudable Bill in its objectives. I think there are some deficiencies, and I would hate to have students cut off from other programs simply because they benefitted to a limited degree through this program.

Thank you, Mr. Speaker.

MR. NELSON: Mr. Speaker, I would first like to commend the Member for Calgary Foothills for introducing this Bill. Certainly, the sincerity of the effort and the initiative taken must be commended. I think it's a sincere effort to encourage

the government, through incentives offered to our private sector, to create additional programs to assist our young people in finding jobs.

Mr. Speaker, the possible positive impact on our many small businesses in the province also has to be given prime consideration. Being an owner of a small business myself — and unfortunately not being able to participate in it very often of late, due to the duties I've taken on through the graciousness of the people in my constituency — I recognize the considerable dilemma that many small-business people find themselves in today.

As owners of those businesses, many find themselves having to operate seven days a week and wanting to create some employment in them but unfortunately being unable to afford that. I look at many of our large regional employment centres such as retail malls, where retailers are forced by lease and by landlords to open on the seventh day. Many of them work a total of some 65 to 70 hours a week in those locations. Bills of this nature, which create some incentive, certainly create the opportunity for a small-business person to take that one day a week, or at least a part of that day, for some rest.

I would like to offer some other suggestions or at least some thoughts. They may appear to be somewhat negative at the outset, but I can assure the Member for Calgary Foothills that they're intended not to be negative but to offer some input to the whole perspective of both this Bill and other programs that are available. I'll try to develop these in the manner of a question rather than a statement.

I guess my first concern is relative to the offering of a tax credit, and it relates to some of the suggestions of the Member for Barrhead. How would we work a tax credit in conjunction with existing programs where employers collect funding at the present time? Would they also be able to obtain a tax credit from operating programs that are available, such as STEP, SEED, summer farm employment, law enforcement and wildlife employment opportunities, and so on, or would this program be in addition to those existing programs?

Another question I had was: would the tax credit be moneys recycled through by a net credit from the tax payable after profits or credited from the pretax income? This is a very important area, Mr. Speaker, because many of our small businesses are having difficulty making a profit at the present time due to many activities in the business sector, especially in the retailing area, where a seven-day shopping spree by many of the larger major operations is creating some difficulty for those smaller operators who are unable to compete in many respects. Therefore, if we take the tax off a net profit, then of course the tax becomes a much more palatable issue.

The other question I thought I might raise in looking at this Bill is the figure of \$1,000. At one time the federal government in the States had a number of programs. They had a tax credit up to \$6,000 available to many of their businesses. I just wonder if we could consider raising that \$1,000 to an extent where it would become extremely more palatable and give the small-business sector in particular an opportunity to create additional jobs within their own operations.

I keep asking the question: is \$1,000 as a tax credit enough incentive to create additional jobs? I tend to think that to some extent it possibly is. But I keep harping back to the \$1,000 being a small amount in that it seems to be generated towards the small business. However, if we were to examine this, reading some of the material here, if we

were to expand this into larger companies, \$1,000 is not an extreme amount of money that would create any impact in those companies so that they could employ a considerably larger number of people.

I think creating incentives for both the small-business man and the large sector is very important. Of course, most businesspeople look at incentives as not being grants or giveaways or various other things. In the past most people suggested that a tax incentive or a reduction in taxes would certainly be palatable. I've talked to a number of people in Calgary who would also suggest that to create considerable employment — I'm being handed different notes, Mr. Speaker, which has really thrown me off. [interjections]

Mr. Speaker, considering the hour and the other comments I wish to make that I've been razed on, that have misplaced me because of the comments of my colleagues and the

notes I'm being interrupted with, I would like to adjourn debate until such time that I can continue in a manner I feel is reasonable.

MR. ACTING DEPUTY SPEAKER: Is it agreed that the hon. member adjourn debate?

HON. MEMBERS: Agreed.

MR. ACTING DEPUTY SPEAKER: It is so ordered.

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

[At 5:22 p.m., on motion, the House adjourned to Friday at 10 a.m.]