

Legislative Assembly of Alberta

Title: **Friday, April 3, 1992**

10:00 a.m.

Date: 92/04/03

[Mr. Deputy Speaker in the Chair]

head: **Prayers**

MR. DEPUTY SPEAKER: Let us pray.

O Lord, grant us a daily awareness of the precious gift of life which You have given us.

As Members of this Legislative Assembly we dedicate our lives anew to the service of our province and our country.

Amen.

head: **Presenting Petitions**

MS CALAHASEN: Mr. Speaker, on behalf of the Member for St. Albert, the Minister of Municipal Affairs, I wish to table petitions from 147 teachers representing six schools from the St. Albert constituency regarding the Teachers' Retirement Fund.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Whitemud.

MR. WICKMAN: Thank you, Mr. Speaker. I wish to table with you a petition from six schools in the riding of Edmonton-Whitemud containing the signatures of 122 teachers asking for a quick and fair resolution to the question of the pensions.

Thank you.

head: **Presenting Reports by
Standing and Special Committees**

MR. DAY: Mr. Speaker, I'm pleased to present the report of the special committee of the Legislative Assembly appointed pursuant to Standing Order 49(1) to recommend to the Assembly a list of the members to compose the select standing committees of the Assembly.

head: **Notices of Motions**

MR. GOGO: Mr. Speaker, I wish to give oral notice:

Be it resolved that the report of the special committee appointed March 19, 1992, pursuant to Standing Order 49 be now received and concurred in and that the committees recommended therein be hereby appointed.

head: **Tabling Returns and Reports**

MR. MAIN: Mr. Speaker, as further evidence of the government's willingness to provide answers to questions when asked, I have the answer to Motion 391 and answers to Written Question 385 and Written Question 390.

MR. ORMAN: Mr. Speaker, I'd like to table with the Assembly the annual report for 1991 for the Public Utilities Board.

MR. FOWLER: Mr. Speaker, on July 1, 1989, a historical event took place in Canada when our Premier signed with the Metis people of this province an agreement which will bring about self-government to the eight Metis settlements of the province of Alberta. This was followed up by four pieces of legislation: the Constitution of Alberta Amendment Act, the Metis Settlements Land Protection Act, the Metis Settlements Act, and the Metis Settlements Accord Implementation Act, all of which were

proclaimed on November 1, 1990. It is my pleasure to table the first annual report of this very important body, the Metis Settlements Transition Commission.

DR. ELLIOTT: Mr. Speaker, on behalf of the Northern Alberta Development Council I wish to file three reports: one entitled Northern Perspectives, a conference summary; one is Northern Alberta Into the 90's, a position paper; and the other is a report on a tourism conference called Tourism North 91.

MR. DEPUTY SPEAKER: The Member for Taber-Warner.

MR. BOGLE: Thank you, Mr. Speaker. Under section 4(3) of the Election Act it is my pleasure to table four copies of the report of the Chief Electoral Officer on the Little Bow by-election held Thursday, March 5, 1992.

MS MCCOY: It's my pleasure to file the annual report of the Human Rights Commission for the year ended March 31, 1990.

head: **Introduction of Special Guests**

MR. JONSON: On behalf of the Member for Drumheller I wish to introduce the mayor of Strathmore, Keith Schneider, along with his wife and two daughters, Amanda and Krystal. Mr. Speaker, they are seated in the members' gallery, and I would ask them to stand and receive the traditional warm welcome of the Assembly.

MR. DEPUTY SPEAKER: The hon. Member for Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Speaker. On behalf of the hon. Member for Little Bow - I think it's interesting that the report of the by-election is tabled the same day that this member's first group of schoolchildren come into the Legislature. Unfortunately the member couldn't be here today; he had to go to a family funeral. It's my pleasure to introduce this group of 36 people from Vauxhall, including two teachers, five parents, a bus driver, and 28 grade 6 students. If they'd rise and receive the warm welcome of the Assembly, please.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Highlands.

MS BARRETT: Thank you, Mr. Speaker. It's my pleasure to introduce today to members of the Assembly 42 visitors from around the province. They are the Alberta All Girls Parliament, with whom I met a short while ago to discuss the proceedings in the House. They're accompanied by group leaders Marlene Lapierre, June Martin, Lynne Beamer, Janet Allcock, and parent Eleanor Stinsman. They're an exciting group of young parliamentarians. They'll be meeting afterwards with the Lieutenant Governor. They're sitting in both the public and the members' galleries, and I'd ask them to rise and receive the welcome of the Assembly.

MR. DEPUTY SPEAKER: The hon. Member for Wainwright.

MR. FISCHER: Thank you, Mr. Speaker. It is my pleasure to introduce to you and through you to the members of the Assembly 27 students from seven different high schools in the Wainwright constituency. They were certainly up early this morning, around 5 o'clock, to get here for question period. They are going to spend a bit of time over at the university when they get through here this morning. They are accompanied by Tanya Harding,

group leader. They are in the public gallery, and I'd ask that they rise and receive the warm welcome of this Assembly.

MR. DEPUTY SPEAKER: The hon. Member for Smoky River.

MR. PASZKOWSKI: Thank you, Mr. Speaker. It gives me great pleasure today to introduce a very special person, a very talented engineer, a man who has worked on the leading edge of engineering technology throughout his life. I'd ask Allan Dane, who is seated in the members' gallery, to rise and receive the recognition of this House.

head:

Oral Question Period

Provincial Fiscal Policies

MR. MARTIN: Mr. Speaker, we have serious economic problems in this province, and we have a deficit that's growing out of control. The recession is hurting ordinary Albertans in their pocketbooks. They struggle to make ends meet and often have to make do with less. It is now time that the Alberta government began to make do with less, to send a message to Albertans that they understand that these are serious times and that they're serious about controlling restraint. Albertans also know that this province has the second largest provincial cabinet in the country, second only to Quebec, which has three times the population. My question to the Premier is simply this: given the bloated size of his cabinet and the growing deficit, will the Premier now show some leadership and cut the cabinet by at least eight members?

10:10

MR. GETTY: Mr. Speaker, as hon. members would know, since becoming Premier I have reduced the cabinet by six members.

I would want to point out to hon. members that I believe that in positions of communications and of dealing with the people of Alberta, in positions of making decisions, we should have elected people. Elected people are responsible to the public, and we should not fill needed positions with people who are appointed. Therefore, Mr. Speaker, I believe that we should have in as many ways as possible elected people making the decisions and dealing with the public, because they're responsible to the public.

Mr. Speaker, the hon. member talks about a terrible situation in Alberta. I wonder what he is pointing out. It's true; we are having problems because of the recession in the rest of Canada. That is something we are dealing with and will be dealing with in the coming budget. The throne speech talks about it. We recognize the hurt of some Albertans, we recognize the worry, and we are dealing with those matters.

MR. MARTIN: If you followed the Premier's logic of more people put in cabinet and spend money, why don't you put the whole back bench in the cabinet then? That's a ludicrous example. [interjections] Yeah; that's the only way they'd ever get there, Mr. Speaker.

Mr. Speaker, the Premier said "needed positions." The point is that we do not need 26 cabinet ministers. These are not needed positions. I want to ask the Premier why he's so stubborn about this. Other provinces with bigger populations are doing just as well as Alberta. Why won't he look at cutting his cabinet?

MR. GETTY: Mr. Speaker, the hon. member mentions what it would take for one of our members to make cabinet; I wonder what unbelievable circumstances it would take for the hon. member to ever be in cabinet.

If the hon. member only thinks about it, cabinet ministers make \$47,000 as a salary. They are a bargain. I guess the Leader of

the Opposition makes the same amount. Frankly, I think we're paying him too much.

To come back to the point I made earlier, Mr. Speaker, these are positions where leadership is needed, where communicating with the public is needed, and I want it to be people who are responsible to the public, not appointed people.

MR. MARTIN: Steve West and Ernie Isley are a bargain, Mr. Speaker?

My question, then. It's not just the salaries; it's all the bureaucracies that are created. It's not leading to good delivery of services, Mr. Speaker. If the Premier won't look at this as a serious matter and take that suggestion, would he save some money and also send out the signal by cutting back the cabinet? If he won't do that, will he now follow Saskatchewan's lead and cut the salaries of the Premier, the ministers, opposition leaders, Speaker, Deputy Speaker, Whips, deputy Whips, government and opposition House leaders by 5 percent?

MR. GETTY: First of all, Mr. Speaker, in the whole area of restraint the province of Saskatchewan or any other government in Canada isn't even close to illustrating the restraint that this government has illustrated over the last six years. There is no government in Canada that has restrained the increase in program spending anywhere near the way this government has over the past six years. For the hon. member to say that we are not showing leadership there is just absolutely wrong.

Now, Mr. Speaker, he refers to a 5 percent reduction. We've done more than that. We've frozen the salaries of the Premier, the cabinet ministers, and the MLAs for five years, and that isn't matched anywhere in Canada.

MR. MARTIN: Cutting back is not as great as freezing. That's an interesting analysis. No wonder we have a deficit, Mr. Speaker. So what it means is good times are going to flow for the politicians, tough times for Albertans.

I'd like to designate my second question to the Member for Edmonton-Highlands, Mr. Speaker.

Mental Health Services

MS BARRETT: Mr. Speaker, yesterday the Minister of Health released what was supposed to be a new vision paper on mental health, but it doesn't look a lot different to me than the one that they issued in 1988 called Future Directions for Mental Health Services in Alberta. So basically for the last four years the suicides have continued, the dumping of people from institutions into communities that can't handle the caseloads has continued, and rural and northern communities have continued to have problems with mental health cases. My question to the minister is this: doesn't she agree that the time for talking about vision is sort of long past due? Will she now commit to taking a substantive financial action to back this new plan?

MS BETKOWSKI: Mr. Speaker, I certainly agree with the hon. Member for Edmonton-Highlands that the area of mental health has been studied a lot. I recognize that. Certainly from the start in 1967 with the report on the mental health study and then on through the Drewry report, we have studied the issue of mental health. I certainly agree with her that the time is for action, and that's why this government has now tabled a policy direction statement. This isn't a question. This is a direction that we are committed to.

Resources: it's a very important question, and we'll continue to ensure that we have adequate resources for our mental health

services. Would we all like more? Yes. But we also want to sustain our health care system, and finding a balance for the two is a direction and a policy which this paper now gives us.

MS BARRETT: Well, Mr. Speaker, earlier this week the opposition leader raised the case of a number of patients being taken out of the Alberta Hospital Ponoka and put into small communities which don't have the resources to look after those kinds of cases. I'd like to ask the minister: given this new report, given that it is supposed to be a direction, is she now prepared to ensure that those smaller communities, the recipients of these patients, will have the financial resources to look after the patients they're being asked to take care of?

MS BETKOWSKI: Mr. Speaker, it's an interesting tack for the opposition to be taking.

As we look at deinstitutionalization of patients, we have to be sure that we have the ability of community or less intense environments for them to be accommodated in. I happen to believe that mental health is part of the health spectrum. I happen to believe that it shouldn't be shut away and forgotten and left for specialty hospitals but that to the fullest extent possible we reach it out into regional hospitals, into long-term care settings and not isolate the issue of mental illness. Only then will we understand how we can integrate it into the system. There will not be people that are put out into the community if the community is not able to cope with them or if they aren't able to cope with the community. That is the commitment to health. Matching the institution and the community is what this new policy statement directs us towards.

MS BARRETT: Mr. Speaker, she only needs to look at *Hansard* to see the examples that the opposition leader raised three days ago about the communities that can't handle the demand. The Alberta Hospital Ponoka could release up to another 150 patients into these smaller communities. How can the minister talk about support for community care for mental health patients without talking about the financial resources to go along with them?

MS BETKOWSKI: Mr. Speaker, I didn't release the estimates of the Department of Health yesterday. What I released was a policy statement on mental health, and I will release the Department of Health estimates when the budget is tabled. I can't do it before then.

Let's look at what we've got in Alberta, Mr. Speaker. We have an extensive number of psychiatrists, of social workers, of general practitioners, of mental health therapists, of psychologists working in the mental health area: people working in the mental health area right throughout the spectrum. We've got services delivered in mental health clinics, in acute care hospitals, in specialty hospitals, in government regional mental health services: places. What we need to do is get a system. We need to get the two pieces together, and that is what our new direction on mental health policy will give us, and it'll give us an evaluative tool to see how well we're doing and whether there are gaps in the system. First things first, and this is a big first step. The budget will follow.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Glengarry, leader of the Liberals.

10:20 Provincial Fiscal Policies
(continued)

MR. DECORE: Thank you, Mr. Speaker. The Alberta government is mired in a \$17.7 billion debt crisis. In spite of that, on the

first day of the new fiscal year the Alberta government has given a \$947,000 loan guarantee to a riverboat enterprise, surely a high-risk venture. One of the directors of that enterprise lives in the United Arab Emirates, a place where there's no shortage of money. My question to the minister of tourism: doesn't the minister have any sense of responsibility to the debt of this province? Won't he stop these giveaways?

MR. SPARROW: I'm glad to have the opportunity, Mr. Speaker, to comment. We do not look at this project, the North Saskatchewan riverboat, as a risk; we look at it as an investment. If you know anything about investments, return on investment, a guarantee – in the first year the three levels of government will receive \$1.3 million in tax revenue during construction. It's going to create 50 jobs. In the ongoing years there'll be \$850,000 worth of tax revenue to the three levels of government. To the city of Edmonton it will generate \$4.5 million in direct spending during construction and \$3.4 million annually without spending a dollar, not one dollar. If we can help projects like this in the province to create jobs, that's what we're here to do.

MR. DECORE: Mr. Speaker, if it's that good, private enterprise can do it on its own.

Mr. Speaker, my second question is to the Premier. Albertans want government out of the marketplace. Why is it, Mr. Premier, that your government continues to push money to enterprises, to corporations so as to skew that marketplace?

MR. FOX: Give it to the hotels in Jasper.

MR. GETTY: You hit him right in the chest with that one, Derek.

The hon. leader of the Liberal Party surely knows that Canada has been in a recession for some time. Now, it is true that Alberta has not slipped into that recession, but Alberta and Albertans have certainly been hurt. They've been badly hurt, and some are scarred and worried about their futures. I believe that the government should wherever possible be helping the private sector to create opportunities for the people of Alberta – jobs, stability, and diversification – and that's what we are working at.

The hon. leader talks about debt. Now, no one likes debt, Mr. Speaker, but it's not unusual that debt is used from time to time. I mean, if you think about it, countries use it, businesses use it, banks use it, cities use it, provincial governments use it, individuals. Probably most people in this Assembly take on some debt, and you take it on when it's necessary to do it. Then when you can, you pay it off, and it's over, but in the meantime debt is something that can be used, particularly in an area where you suddenly have revenues gone.

What would other people do? I'd guess what they would do is jack up taxes. Right at the time when you have an economy that's in trouble, obviously this crew would jack up taxes. Well, we have not done that. We've been able to keep dollars in the hands of the public, Albertans, so that they can make the decisions. It should be clear, Mr. Speaker, to all members what the solution of the members on the other side is.

Yes, we do have some debt, but we will retire it. In the meantime, we will make sure that when we lose these revenues dramatically, we do not throw the province into chaos and shut hospitals and schools and that type of thing but rather manage it on a responsible basis.

MR. DECORE: Mr. Speaker, there was a time when a Premier's word in Alberta meant something. In 1987 the Premier of Alberta promised that by 1990 there would be a balanced budget in

Alberta. I'd like to know why the Premier continues to break that promise.

MR. GETTY: Well, Mr. Speaker, it's very clear. We've had a dramatic drop in revenues. In a budget there are only two things you do. You reduce spending, and what we have done is reduce spending to a lower level than any government in Canada. So we've handled the spending side, but the revenues have eroded. The only other solution, as I've just pointed out, obviously is to jack up taxes, and we have not wanted to do that, particularly when you have an economy that is having trouble fighting off the ravages of a Canadian recession. Quite the opposite. We have tried to diversify, to provide confidence, and take on some debt, yes. As I've pointed out, it's not unusual. The city of Edmonton had plenty of debt – as a matter of fact, they probably should have had more and fixed up their garbage dump, and they probably should have stopped pouring raw sewage into the river – because of the way the hon. member managed his responsibilities there.

Let me come back, Mr. Speaker, to the fact that we are going to handle this economy and handle the finances of the province in a very, very responsible way. Remember that no government in Canada has restrained spending like this government has.

MR. DEPUTY SPEAKER: The Member for Wainwright.

Agricultural Trade

MR. FISCHER: Thank you, Mr. Speaker. My question is to the Minister of Agriculture. We all know how important the GATT negotiations are to the industry. It's only a little bit more than two weeks now to the Easter deadline by which the 108 member countries are supposed to come to an agreement. Could the minister update the progress and tell us what will happen if the deadline is not met?

MR. ISLEY: Mr. Speaker, as of yesterday Director General Dunkel announced that he would not be meeting the Easter deadline. He also made the statement that the Uruguay round had past the point of no return. Basically what he's saying is that if it doesn't fall together in the path that we're going, the Uruguay round will probably not conclude. The pressure is on very strongly, I would say, from all of the other sectors pressing the agricultural sector because it appears that compromise has been reached in all areas but the farming and agriculture areas. Our best advice from trade negotiators in Geneva and Canada is that there's still a good possibility of the GATT agreement falling together within the next six to eight weeks.

MR. DEPUTY SPEAKER: Supplemental question?

MR. FISCHER: Thank you, Mr. Speaker. The EEC, the economic community, has not been supportive of the Dunkel proposal, which includes tariffication rather than import controls. Do Alberta and Canada support that, and are we one of the major stumbling blocks to this negotiation not succeeding?

MR. ISLEY: Mr. Speaker, I don't think it would be fair to say that Canada is a major stumbling block. Canada is a minor player over there. Canada is a country that needs GATT far worse than GATT needs Canada. The major obstacles at the moment in the agricultural section of the negotiations are between the European Economic Community and the United States of America. I don't think it's fair to say that the European Economic Community is

not prepared to go with tariffication. That's really not their major issue. Their major concern is the amount of subsidy reduction that the U.S.A. is demanding, and that's the area where compromise has to be reached. I think there's a recognition by all nations, with the exception of Canada but not with the exception of the province of Alberta, that tariffication is the glue that is holding this agreement together, if it comes together. That's why we have recently been encouraging our supply-managed sectors to be prepared to sit with us and look at what adjustments may be needed if we have to replace import quota controls with tariffication without exception.

MR. DEPUTY SPEAKER: The hon. Member for Stony Plain.

10:30 Health Services for Native People

MR. WOLOSHYN: Thank you, Mr. Speaker. My question today is to the Minister of Health. The minister yesterday informed this Assembly that the federal government had acted unilaterally to withdraw services to the people of Peerless Lake and Trout Lake. The federal government is not the only government that has acted unilaterally with respect to cutting health services to native people in Alberta. In my own constituency the minister is aware that the local health unit has denied immunization services to native students at the provincial school on the Enoch reserve, even though Health and Welfare Canada was prepared to pay the cost and provincial field workers were prepared to continue doing the work. My question to the minister is simply this: are you going to fulfill your responsibility to provide health services to young and old and to all children in provincial schools by immediately reinstating the immunization program and invoicing Health and Welfare Canada?

MS BETKOWSKI: Mr. Speaker, I'll have to check into the details of the particular case. I don't have them at my fingertips. I'll do so for the hon. member.

MR. JOHNSTON: Just keep on reading, Stan. Just keep on reading.

MR. WOLOSHYN: I'm doing a good job so far.

Mr. Speaker, I'll be pleased to forward the details to the minister once again to help her meet this obligation rather quickly.

My second question, then, would be to the minister responsible for native affairs. It's a known fact that living conditions in native communities, regardless of band status, regardless of whether they have a land base or not, dramatically makes the residents more vulnerable to communicable diseases such as hepatitis, TB, and so on. Peerless Lake and Trout Lake are no exception to this particular problem, and they require the best health services possible. My question then is: is the minister prepared to ensure that his responsibility for native people is fulfilled and guarantee that the local health unit will provide adequate services to all residents of northern communities such as Peerless Lake and Trout Lake regardless of their heritage and ensure that the provincial and federal governments will come up with a cost-sharing formula?

MR. FOWLER: Mr. Speaker, while the title is minister responsible for native affairs, I think the side opposite as well as this side knows that we are not a programming ministry. I have no programming dollars in this budget. At least the natives are well aware of that if nobody else is. I am prepared to work as closely as I possibly can with the Ministry of Health on this particular matter, which had been brought to my attention some time ago,

and I, too, have a very great concern. We are currently dealing with the situation in discussions with the Department of Health.

MS BETKOWSKI: Mr. Speaker, let's be absolutely clear on what has happened here with respect to Trout Lake and Peerless Lake. The province has always paid for the medical costs in those communities. Those physicians bill the health care plan; we pay them. That has not changed, and I have no intention of changing it. What is at issue is that the federal government decided all of a sudden that they were not going to transport physicians in there, which they have been doing for some time. That concerns me. If they'd come to us before and said, "We want to rearrange how we work this program," that would have been fine, and we wouldn't have interrupted the services that we did. So let's get the facts clear here. That's why we're working with the federal government. They were the ones that said all of a sudden, "We're not going to do it any more," and we learned about it through one of the physicians.

MR. DEPUTY SPEAKER: The hon. Member for Westlock-Sturgeon.

Grain Handlers' Work Stoppage

MR. TAYLOR: Thank you, Mr. Speaker. My question is to the Premier and also involves his federal cousins. There is a strike by 20 office workers at the Wheat Pool terminal at the west coast that's been going on now for 14 days, which means that Alberta farmers are losing a little less than a million dollars a day in markets, and of course, the NDP can't say anything about it. Now, could the Premier call the Prime Minister and ask him to put in back-to-work legislation, as he has done in other wheat strikes?

MR. GETTY: Well, Mr. Speaker, I assure the hon. member that it definitely concerns me and my government. I'll ask the hon. Minister of Agriculture, who's been dealing with the matter, to respond.

MR. ISLEY: Mr. Speaker, I could share with the House that we've had ongoing discussions with the Alberta Wheat Pool on this matter. They inform me that they're starting to look at contingency plans. We've been encouraging them to maybe do what occurred during the last strike out there, and that's make some of the deliveries through the port of Seattle. Keep in mind that the capacity that is shut down by this strike is about 17 percent of west coast shipping, if you take Prince Rupert into consideration. We have continued to make representations to the federal government, as we did in the last strike, that all grain handlers be declared essential services.

MR. TAYLOR: Mr. Speaker, that's just not good enough. The sanctimonious talking back and forth, talking about shipping it off somewhere else didn't work last time, and it's not going to work this time.

I repeat to Mr. Premier. It's in your category. This is a major item. The farmers of Alberta are being denied a million dollars a day. Are you or are you not going to get hold of the Prime Minister and tell him to put in back-to-work legislation?

MR. GETTY: Mr. Speaker, the government of course supports collective bargaining, although when it starts to hurt other people – we have asked the federal government if they are proceeding with back-to-work legislation. We've told them that we think they should monitor this closely and that they should move in that area.

They are not prepared to at this time. I just say again that this concerns me and it concerns my government.

MR. DEPUTY SPEAKER: The hon. Member for Banff-Cochrane.

Interprovincial Trade

MR. EVANS: Thank you, Mr. Speaker. My questions today concern free trade within Canada, specifically the interprovincial trade barriers that we have in this country, and also government procurement. Discussions have been ongoing for a number of years intended to eliminate these interprovincial trade barriers. As I understand it, there is an agreement between the federal government and all the provinces of Canada other than Quebec. Recently, in fact just this week, on April 1, Quebec agreed to participate in the agreement. My question is to the Minister of Public Works, Supply and Services. Will this agreement allow Alberta suppliers to bid into other parts of the country?

MR. KOWALSKI: Mr. Speaker, in the last several years an interprovincial agreement on government procurement has been reached between Alberta and the other three western provinces. Last November the federal government and nine other provinces in Canada agreed that on April 1, 1992, in essence geographic neutrality would exist within the country of Canada. While Quebec did not sign that agreement, they've agreed to live by the spirit of the agreement. Essentially what it means is that as of April 1, 1992, an entrepreneur who wants to bid on a government contract can do so without any discrimination against his or her firm, providing that the contract is above a threshold of \$25,000. In essence, we now have geographic neutrality throughout Canada, and for Alberta entrepreneurs that is actually very, very good news.

There are two things still silent, though, that we haven't negotiated but we've committed ourselves to having resolved by March 31, 1993, and that is a similar principle to be in place for the provision of services and construction contracts throughout the country.

MR. DEPUTY SPEAKER: A supplemental question.

MR. EVANS: Thank you, Mr. Speaker. I'm sure that Alberta businesses will be able to compete quite well in this new regime, but I do have a concern as to whether there is a monitoring process in the agreement to ensure that those governments that are participating are abiding by the terms of the agreement.

MR. KOWALSKI: Essentially there are two processes that have been added to the agreement. The first is that if an entrepreneur throughout the country feels that he or she has been discriminated against by a government putting out a tender, they first of all can appeal to that "offending" government. If no successful resolution is found as a result of that first step, then there's also been put in place a disputes settling mechanism that would actually hear the complainant and deal with the complainant, hopefully in a very positive manner.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Belmont.

10:40

Employment Programs

MR. SIGURDSON: Thank you, Mr. Speaker. My questions are for the Minister of Career Development and Employment. While the government of Alberta is trying to put its financial house in

order, unemployed Albertans and their families are waiting to see what kind of financial commitments will be going to programs. Would you believe that last year we had an unemployment rate for youth in Alberta of 8.2 percent? This year we are now at 14.8 percent, and even with that, the minister offered no new hope for unemployed youth through the summer temporary employment program. I would ask the minister: is the failure to act on that program for youth unemployment just a sign of what's to come in his department?

MR. WEISS: Well, Mr. Speaker, I could be very brief and just emphatically say no, but I don't think that would be fair to the hon. member. I wouldn't want to appear defensive, but first of all, let's recognize that the Department of Career Development and Employment, without anticipating what may or may not be in the budget speech, does program some \$100 million-plus for assistance in career development and for training assistance to those unemployed as well as to the apprenticeship system. The obstacles are not as he referred to, and I'm very proud to say that this government continued with some \$10 million in the summer temporary employment program and will be assisting some 3,000-plus young people in their efforts this year.

MR. DEPUTY SPEAKER: Supplemental question.

MR. SIGURDSON: Thank you, Mr. Speaker. There are an additional 30,000 Albertans unemployed in 1992 as compared to 1991. We have through interim supply dedicated almost \$38 million to the Department of Career Development and Employment, and Albertans deserve to know how much of that money is going to be dedicated to training and employment programs. I would ask the minister to live up to that obligation and tell us just how much money is going to support those programs in fiscal year 1992-93.

MR. WEISS: Well, Mr. Speaker, I'm sure the hon. member is well aware that the announcement with regards to the budget speech is forthcoming. He'll just have to wait, wait, wait.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Meadowlark.

Provincial Fiscal Policies (continued)

MR. MITCHELL: Thank you, Mr. Speaker. On the weekend the Treasurer clearly stated that his seven budget deficits haven't been his fault; they've been the fault of declining resource revenues. Today we saw the Premier reconfirm that excuse for continued deficit spending. How many deficit budgets does it take before this Premier understands that he hasn't got a temporary revenue problem; in fact, he has a structural budgetary problem based upon a new revenue reality?

MR. GETTY: Mr. Speaker, I discussed this matter in some detail in talking with the hon. member's leader. While nobody likes debt, there are occasions when governments, countries, provinces, cities, individuals, businesses all use it, and they use it in an intelligent, reasonable, responsible way. That's happening here in Alberta. We do have a dramatic loss of resource revenues. We have that kind of province. The next thing you do when that happens is sharply reduce the growth of government expenditures, and we have done that. We've done it to a greater extent than any government in Canada over the last six years. Now, if the hon.

member's position is that as well as doing that, we should in fact load taxes onto Albertans, I don't agree with him. He is wrong.

MR. Speaker, one other thing. I think that he should have more confidence in this province. Albertans have faced difficult situations. We lay it out for them, and they are perfectly capable of dealing with them in a responsible manner.

MR. MITCHELL: After seven consecutive years of deficit budgeting, I wonder what individual would be able to increase their debt.

Has the Dominion Bond Rating Service made a horrible mistake, or is it in fact true that the debt per capita in this province, including pension liability, is now \$10,000 for every man, woman, and child in Alberta? It almost makes you want to vote Conservative, doesn't it, Mr. Speaker?

MR. JOHNSTON: Mr. Speaker, the answer to the last question is, yes, you should vote Conservative. [interjections]

MR. DEPUTY SPEAKER: Order. Order please. [interjections] Order in the whole House, please.

Alberta Special Education Network

MR. JONSON: Mr. Speaker, recently the Premier proposed an initiative to the First Ministers' Conference on the Economy dealing with developing a data exchange system for schools on a national basis. This proposal, which might be referred to as an electronic highway, has great potential for not only the educational sector but the economy and society in general. We've had operating in Alberta up until recently a specialized education information network, called ASPEN. I wish to ask the Minister of Education if there are any plans to replace or extend this particular service.

MR. DINNING: Mr. Speaker, in preparing our budget for 1991-92, the fiscal year just ended, all departments of government had to find ways to control and in fact reduce expenditures, and we had some difficult choices to make. The Alberta special education network, better known as ASPEN, was providing a very important service, providing special education information through electronic mail, news releases, forums, but regrettably it was one area in which we had to suspend operations. In doing so, we then went out to the private sector, out to the larger community, and in fact today we are working with the likes of a local school board and a couple of private-sector businesses that are trying to bring ASPEN back to life in a more enhanced format, providing services to more people. I think it's an appropriate area, that in keeping with the Premier's comments about investing in new kinds of infrastructure, we would bring these business/community partnerships to life by providing these kinds of important services.

MR. JONSON: My supplementary question, Mr. Speaker, would be: given that this is the direction in this development, will there be an effort to operate this system on a cost-recovery basis, or will assistance still be provided to the system?

MR. DINNING: Mr. Speaker, in the interest of expanding the number of services and the quality of services that are provided, I gather from those who are looking at rebuilding ASPEN that they are in fact looking at a user-pay system to be able to expand the availability of services. We're encouraging that they work in greater partnership with a new group called the Alberta Educational Technology and Research Foundation, a group that has come

together, another private-sector, business, and government/community partnership that's focusing on this whole area of technology, very much in keeping with the leadership of the Premier at the First Ministers' Conference in talking about those information highways: not just investing in old forms of concrete but investing in information highways to ensure that all our young people and all Albertans in fact can have better access to technology that will provide them with new kinds of educational experiences. We're quite excited about the work that's being done by this foundation.

Oldman River Dam

MR. McINNIS: Mr. Speaker, my questions are for the Minister of Public Works, Supply and Services. The Supreme Court of Canada ruled on January 23 of this year that the province of Alberta had bungled the environmental assessment and approval of the Oldman River dam, which is the reason why we now have a federal environmental impact assessment on this provincial project, the primary and, I'd suggest, perhaps the only reason. In any event, the environmental impact assessment and the mitigation plan is going to be made available in the middle of May. I would like to ask the minister if, in the absence of a downstream mitigation plan, he will advise the House if he's going to fill that reservoir right to the very top, or is he going to practise a little commonsense and operate that facility in an environmentally sound fashion.

10:50

MR. KOWALSKI: Mr. Speaker, I can only sense that the Member for Edmonton-Jasper Place has forgotten what happened in 1991. The reservoir was filled in 1991, not 1992. It would seem to me that the hon. member is a year in time behind the fact.

MR. McINNIS: Mr. Speaker, last year the reservoir was filled about to the two-thirds level, to the bottom of the spillway. This year it would go a lot further.

Scientific reports show that only 20 percent of the potential environmental damage in that facility has been done to date, and all we're asking is if the minister would agree to a policy of no further damage for the next five to six weeks until the environmental assessment report is in and the mitigation plan can be looked at.

MR. KOWALSKI: Mr. Speaker, the first of two reports from the environmental assessment review panel have already come in, and the hon. member is asking us to wait for a second. We've already responded to the suggestions made in the first report.

More importantly, part of the Oldman River dam construction project is the most widespread mitigation program that's ever been adjudicated or assessed to any construction project in the history of Alberta. Mr. Speaker, we can talk about mitigation with respect to the infrastructure, the land, the soil in the area. We can deal with mitigation with respect to wildlife in the area. We can deal with mitigation with respect to the fishery. We can deal with mitigation with respect to the fauna. We can deal with mitigation with respect to the historical resources. We can deal with mitigation and talk about mitigation downstream of the Oldman River damsite itself. All of that information is public. All of that information has been filed in this Assembly. Literally yards of documents have been provided in here.

Mr. Speaker, we continue to deal with the local advisory committee on a very regular basis. We look forward to any recommendations that they have as we would look forward and

will look forward to the second report from the EARP panel, and we'll deal with those suggestions in a very positive way.

MR. DEPUTY SPEAKER: The hon. Member for West Yellowhead.

Community Recreation/Cultural Grants

MR. DOYLE: Thank you, Mr. Speaker. The valuable program for community recreation/cultural grants for municipalities is scheduled to end next year in spite of the fact that in 1985 the original program was announced for 10 years. Municipalities need to be able to plan their programs and are anxiously awaiting word from the minister on whether the program will continue until 1995, as originally announced. I'd like to ask the Minister of Tourism, Parks and Recreation if he could tell Albertans: what is the fate of this valuable program?

MR. SPARROW: Mr. Speaker, it has been a very valuable program over the years. It is presently under review, and I will be bringing some proposals to my colleagues shortly.

MR. DEPUTY SPEAKER: Supplemental question.

MR. DOYLE: Thank you, Mr. Speaker. The best thing about this program is that the facilities are built according to local priorities rather than according to the political priorities as in the case of the lottery programs. Will the minister guarantee that the money from the General Revenue Fund of the province will continue to support cultural, recreational, and other programs?

MR. SPARROW: Mr. Speaker, we have a budget process in place, and each and every year we bring forward proposals. I would hope that in next year's budget we could have an amount in my A base to be voted on.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Gold Bar.

Ambulance Service

MRS. HEWES: Thank you, Mr. Speaker. Just made it in under the wire that time.

Mr. Speaker, yesterday I spoke of the serious concerns expressed by health care providers regarding the ambulance regulations. Albertans want and need a quality ambulance service, but municipalities are concerned that the Act and its regulations will make costs to them prohibitive. My questions are to the Minister of Health. Will the minister now accept the recommendations of The Rainbow Report, rationalize the system, and make funds available to municipalities for ambulance service?

MS BETKOWSKI: Mr. Speaker, I don't believe that the only solution in health is to just spend more money on it. I would love to be able to stand and say that we've got a whole bunch of new money to put into the ambulance service. I think there are ways of doing it. I think there are transitions that we can go through. But just saying that we need more is simply something that the future taxpayers of this province can't afford.

MRS. HEWES: Perhaps the minister did not understand my question and studying *Hansard* may help a little bit. This isn't good enough, Mr. Speaker. Municipalities are overburdened as it is. We can't expect them to pick up the whole cost. Is there at

least a plan to assist municipalities in providing ambulance service?

MS BETKOWSKI: Mr. Speaker, the payment for ambulance service is a partnership amongst the user of the ambulance service, the municipality, and the provincial government when we pay on the per unit cost. It's not just a matter of lading municipalities. As I said last spring in the House during my estimates, as provincial revenues come forward, my preference will be not to give them across the board to municipalities but rather to give them to those least able to provide ambulance service, not least willing. I feel the same way today as I did then.

The proclamation of the Act will provide for a three-year transition period for ambulance service, and I think we can work through the issues in concert, believing as we do and as we passed the legislation in this House that access to health services via ambulance is a very important priority in Health.

MR. DEPUTY SPEAKER: Might we have unanimous consent to revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. DEPUTY SPEAKER: Opposed? Carried.

head: **Introduction of Special Guests**
(*reversion*)

MR. BRASSARD: Mr. Speaker, it gives me a great deal of pleasure today to introduce to you and through you to the members of this Assembly 12 Boy Scouts from the Olds troop accompanied by their Scout leader, Mr. Wilson Loree, and Mr. Malcolm Kopas, the troop scouter. I wonder if they would stand and receive the warm welcome of this Assembly.

MR. DEPUTY SPEAKER: The hon. Member for Drayton Valley.

MR. THURBER: Thank you, Mr. Speaker. On behalf of my colleague the Member for Redwater-Andrew it gives me a great deal of pleasure to introduce to you and through you to the members of the Assembly 52 bright students from grade 6 in the Lamont elementary school. They are accompanied today by three adults, and I would ask them to rise and receive the warm welcome of this House, please.

head: **Orders of the Day**

head: **Government Bills and Orders**
head: **Second Reading**

Bill 9
Nova Terms of Service Regulation Validation Act

MR. DEPUTY SPEAKER: The hon. Minister of Energy.

MR. ORMAN: Thank you, Mr. Speaker. I'm pleased today to move second reading of Bill 9, the Nova Terms of Service Regulation Validation Act.

Mr. Speaker, this Bill validates the Nova terms of service regulation, which was put in place by order in council on February 13 of this year, under section 43 of the Nova Corporation of Alberta Act. This Bill also includes a provision that precludes actions against Nova for their compliance with this particular regulation. There is a very technical aspect to the regulation and this piece of legislation. The Nova regulation limits the availabil-

ity of interruptible delivery service at designated points by ministerial order on the Nova system. Effective on March 1 of this year, through order in council, the Alberta/British Columbia delivery point, commonly referred to as ABC, in the Crownsnest Pass was designated under this regulation.

[Mr. Jonson in the Chair]

The designation of ABC, Mr. Speaker, and this regulation stems from a concern that the availability of interruptible delivery service at the Alberta/British Columbia border point was being used to dictate upstream suppliers' access on ex-Alberta delivery capacity without regard for any of the firm transportation contracts existing on Nova. Recent actions by the California Public Utilities Commission have served to exacerbate the problem by that organization's pressure on shippers on the downstream system to bypass existing supply and transportation arrangements. Interruptible service at the Alberta/British Columbia border point was being used to facilitate this particular bypass.

11:00

Mr. Speaker, under the regulation that was designated an order in council some interruptible delivery service is allowed during the months of November through February when the pipeline traditionally has excess capacity. I should point out that through the regulation and through this piece of legislation there is no change to the total volume of gas that is available to customers through the Alberta-British Columbia border point, but it does protect firm contracts that are in place. There is nothing that prevents shippers of interruptible supply on the Nova system seeking firm contracts through assignment on the Nova system as opposed to continuing the use of interruptible supply. This is an interim solution to the problems that we're facing with regard to Nova at this current time, and as a result the regulation is due to expire on June 30, 1994. We have incorporated a sunset provision. This period of time will allow us to continue our dialogue with the industry to determine more appropriate terms of access for ex-Alberta delivery capacity on the Nova system.

Mr. Speaker, the Nova system is a unique system. It is not regulated by any provincial or national regulatory body. Rather than have full government involvement in the Nova system, traditionally a committee has been in place that is structured as a complaints committee with participants from the industry who come together with the Nova officials to deal with concerns related to the system. This has allowed for the resolution of most of the disputes that have arisen from time to time between the producers and Nova. It has been more cost effective than full regulatory involvement, and it has been in many ways less confrontational than is common in other jurisdictions where pipelines or other transmission systems have been under full government regulation.

Mr. Speaker, under this approach the regulation-making powers under section 43 of the Nova Act are quite limited, and for this reason the Nova terms of service regulation requires validation through legislation. Rather than validate the regulation through an amendment to the Nova Act, it was our desire to introduce a separate piece of legislation to deal with this particular issue to signal that the regulation is in fact interim in nature and not a permanent change to the Nova Act.

In closing, Mr. Speaker, this Bill recognizes the importance of contractual commitment. Producers in this province spend billions of dollars establishing reserves, securing firm customers and transportation through the pipeline systems, and the resultant capital requirements to live up to these long-term contractual relationships. This Bill supports the integrity of contractual relationship between buyer and seller in the natural gas industry.

Mr. Speaker, I'm very pleased to move second reading of Bill 9.

MR. ACTING DEPUTY SPEAKER: The Member for Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Speaker. I'm pleased also to be able to speak at second reading to this very short and small validation of a regulation that represents an enormously complex and difficult issue with some long-term consequences that I would like to discuss in the Legislature here this morning. Coming over from Health to Energy, it's kind of interesting to know how to spend one-third of the provincial budget, to look at how to raise a third of the provincial budget. Jake Epp has done it at the federal level, and I'm going to try to do it here provincially. Certainly our health and our energy resources are two of the greatest resources we have, and they need wise counsel.

I must say that it's tough to cut my teeth on this, as I say, very complex issue in terms of the production and transport and sale of natural gas to the U.S. It is, as the minister says, a very technical issue, but as we've also come to find out, a very political issue that is now rising in aspects of an issue in a very different world than natural gas sales have been in before: a very much more deregulated market, a much freer market, a much more continental market, and, in fact, much more of a buyer's market. With natural gas we as producers don't have a lot of bargaining power because there is such a pool, such a balloon of natural gas supply that it makes a free and fair market difficult when the buyers such as California have a lot of chips on their side of the table. Much is at stake for us as producers in this province and for Alberta and for our revenues and royalties in this whole new continental picture regarding natural gas sales, and this Bill certainly gets into that.

The various principles of the Bill, I understand – and I just wanted to go over them to ensure that I'm on the same wavelength with the minister. It was odd to us that we would be here validating a regulation, but I understand that is part of the Nova Act and that we're not just rubber-stamping something that's already in force or sabre rattling to give greater power to the minister but also understand that this is an interim measure and not something to be understood to be held as a permanent amendment to the Act. So that's a principle I think we can live with.

The principle of protecting the resource is certainly a strong one. We want the producers in this province to get the best return for the natural gas and for the government of the province to get good royalties as a result and also protect, as the minister says, commercial contracts, because yes, in the private sector prices can fluctuate, and we want to get the highest rate of return and the highest price. Contracted, firm capacity gas does do that for us. This is, in a sense, against the California position of capacity brokering, which can help to force the price down. My only question – we'll get into it later – is about if we want to support the sanctity of commercial contracts in the private marketplace, why isn't that done through the courts, not through the Legislature? As the minister might be aware, various gas producers have taken this issue to court, and maybe that's the place where it belongs.

The minister did not refer to this in terms of it being a principle along the lines of reregulation, reregulating what gas may be delivered and how it may deliver it on the Nova line at the Alberta-B.C. border. Now I'd like to go over his comments that there is still volume on the line but as of contracted price. Interruptible gas is not allowed, is my understanding of what this regulation does. This is regulating against interruptible gas and an interruptible delivery system.

As we know, in a fully deregulated market, without this kind of regulation some gas producers in Alberta could sell to some consumers in California, and that could be a market condition. This regulation would prevent that. It would put out people on the spot market from selling cheap gas to California that is not contracted for. That is a regulation that intervenes in the market. Now, if the minister wants to deny that or tell me that I'm not clear on that point of this reregulation, then I'd like to know, but I think that's part of the principle of this Bill.

The final principle, as I understand it, is the principle of provincial rights over pipelines and over our resource. Now, I am not entirely sure how the jurisdictional question is settled on this matter. I thought that in some ways the National Energy Board had some claim over how gas would go through pipelines between provinces and that there is some question about the need to deregulate pipelines. Nonetheless, what this Bill is saying is that this Legislature has power over Nova and what gas gets delivered at that border point, and that is asserting, in a sense, provincial rights to do so. Again, the pipelines are not just part of a completely privatized system.

We support these principles, Mr. Speaker, as I understand them, and we support the Legislature's ability to validate this regulation, support the sanctity of commercial contracts negotiated in the private marketplace, and support the need to reregulate, in fact, when and where there is market failure. Maybe that's the distinction we need to draw, because as I understand it, we as New Democrats are very sensitive to where the market fails and what the conditions are for market failure. Where there are public goods involved, there is market failure. Where there is a lack of information on the part of buyers, as we found out with Bench Insurance in Red Deer, there is market failure. Where there cannot be many buyers and sellers or many people involved in the marketplace, where there's only one pipeline or one university – that is, not a condition for a free market – there is market failure.

11:10

We need to either legislate or regulate the way the economy moves in these areas. Now, we as New Democrats are very much more cautious and concerned about how free markets fail, when they fail, and in whose interests they fail. I know the Tories and the Liberals across the way have this ultimate faith in the free market and the fair market to never fail, that whether it's through Bench Insurance or through health care or through natural gas sales, the market should just be allowed to determine it, and that we should get government out. We, or at least I – I don't know if I speak for my entire caucus – strongly believe in the free market as one of the most powerful mechanisms to allocate goods and services to make everyone better off. It does that powerfully and effectively most of the time, but there are times when the market fails to meet certain objectives, does not make everyone better off. The market is great for the distribution and allocation of toothpaste and for cars, but the market fails for the best allocation for health care, for education, and for other public goods.

The question here is: where does it extend for the sale of natural gas, particularly with respect to the CPUC's position that they want a full market, a free market? They don't want any regulation. They wouldn't support this Bill because it's a violation of how they understand free market. They're free marketers down there, Mr. Speaker, just like free marketers here, but we have this dispute in the right wing in terms of how that market should operate. We have to decide in this case what is causing the market to fail and how to design an appropriate and effective regulation and legislation to correct it. There are, as I say,

technical and political questions about this that involve Alberta and Southern, Pacific Gas and Electric, CPUC, NEB, FERC, Nova, and now this minister and us in this Assembly. We're all involved, and we have to come to some solution as to what is going to be the most optimal solution, what is going to make everyone better off, particularly what is going to make it clear that Alberta is not going to be worse off as a result of certain market conditions.

Now, I have six questions which I'd like to pose to the minister about this in terms of the wisdom of this regulation at this point in time to in fact correct this market failure in the most optimal way.

The first question is: why is the minister bringing in this regulation? Why are we being asked to validate it in this legislative political arena when, as I understand it, there are already negotiations going on to resolve the matter in the private arena? Well, I don't know if it's entirely private. There are various players involved who are meeting to negotiate an end to this kind of sense of unfairness. There was a statement of principles which I thought that Alberta, B.C., and California had come to. The minister put out a press release in February saying that we're on track at the negotiation table; we've got a statement of principles by which we can live and by which California can live which will suffice in terms of finding a solution to the matter. Then I heard that the NEB decided to have a hearing. The Canadian Petroleum Association wanted them to subpoena California, and California said: "What in the world's going on? We've got this statement of principles here. Why do we have to subpoenaed to a regulatory body in Canada?" It was a great irritant. Then, I'm told, California got quite upset when they heard that the Minister of Energy in Alberta brought in this regulation on March 1. They said: "Wait a minute. What's going on here? We're at the table trying to negotiate this. Nothing in this statement of principles is saying that you're going to cut off interruptible gas at ABC." Again it was seen as a real irritant. Are we in fact negotiating in good faith at the table? I'd like to believe that we are. I read in the paper yesterday that the U.S. consul general says that those negotiations are still on track. We're a couple of months away from some agreement. So I wonder: if they are, why are we having these irritants? Is this kind of a club or a stick or a fallback position in case those negotiations fail? It seems to me that there are these two things going on at once, which don't, to me, seem to work toward an optimal solution.

The second question I have, and I think I know some of the answer to it but I again want to raise it: if we want to support the sanctity of commercial contracts in the private sector, if those are violated, why not have that settled in the courts, not in the Legislature? It seems to me that if we're going to have a fully deregulated market and allow buyers and sellers to enter into agreements, if those are violated or not fulfilled, then it's a legal matter for the courts to determine, not to get it back into the political arena.

Now, this is interesting, Mr. Speaker. Members might be interested in knowing that, as I read earlier this week, during the 1980s in Washington, D.C., during the period of great deregulation under the Reagan administration – everything was being deregulated – the number of lawyers in Washington doubled from 8,000 to 16,000 lawyers and court cases. Now, we know how litigious the American situation already is, but what you get with deregulation is more litigation and more legal action. That's what's happening, and that's part of the consequences that this government embarked upon when they wanted to deregulate the market. That's the consequence. Why not live with that consequence? I don't know if it's a plot by lawyers to give them more business and us as legislators less business. We might not be happy about

the outcome. It might take years and years in the courts to decide what's going to happen, but that's the world we're in now. To try to reregulate it, I think, will solve some court actions. As this Bill says, Nova will not be liable in the courts. I think that's fair, but it is not consistent with the full-term consequences of this government in how they want to deregulate the market.

Then I want to know whose interests this Bill is really serving. The Alberta pool is made up of those who hold contracted firm capacity of – I hear 80 percent of it is by the majors and that about 20 percent is by smaller producers of gas. Now, I'm impressed that IPAC has joined with CPA in calling for this action and that there's a lot of support out there, but I'm also wondering about those producers who do not have firm, contracted capacity on the pipeline. What about those smaller Canadian producers who are struggling out there trying to get on the line but are not in a position of being there in a major way as the majors are? This Bill in a sense will cut them out of the market in the long-term consequences of it.

In fact, as we've often seen with deregulated markets, what happens is that there are greater mergers and acquisitions – for instance, in the airline industry in the U.S. we end up with only two or three major carriers who take over the market – and the effect of deregulation of many buyers and sellers does not in fact work. By this action are we going to eventually break up the A and S pool and allow for the majors then to dominate the market and keep the small Canadian producers out of it? I mean, there are now going to be those without firm capacity who are not going to have the revenues, not going to be able to build their fields and have the capital to continue by 1994.

Now, I was interested to read that the minister – I'm going to quote from an *Edmonton Journal* article of February 13.

SOME HON. MEMBERS: Order. You can't do that.

REV. ROBERTS: You can't do that? Well, the minister can correct this or not. I was surprised to read in the newspaper that "the big guys are not going to be responsible for the activity in this province . . . ever again," said the Minister of Energy. Now, he could well have been misquoted. I think I know what he was trying to say, but I'm not sure whether this Bill doesn't feed right into the hands of the big guys and whether they've gone completely over to the Reform Party in supporting Preston Manning and his buddies and have left the Conservative Party here in Alberta behind. I know they're never going to give bucks to the NDP. In fact, in Saskatchewan they tried to support Grant Devine, but wherever that is politically, the support of this reregulation, in my view, is going to hurt the Canadian producers in the long run and lead the majors, those still in *Fortune* magazine's top 10, to have a greater market share and greater market dominance. So by passing this, I want to know whose interests are really being served.

11:20

I have other questions here about other designated delivery points – it's only ABC line – the jurisdictional question I've raised.

I want to get into my last question, which has to do again with the negotiations which are currently going on. As I understand it, one of the factors involved in the negotiations has to do with what is in the U.S. called the mega-NOPR, which is the mega notice of proposed rule making. Now, Mr. Speaker, the mega-NOPR and FERC, the Federal Energy Regulatory Commission in the U.S., are not new to this dispute between producer and consumer states in the U.S., particularly in a deregulated market when prices fall.

The question, the dispute, the issue really is: when prices fall, when the producer states or provinces lose out, how is the compensation paid for in terms of the loss to the producers? Now, the minister has already said, and I agree, that the producers in this province have spent millions and millions of dollars in capital to get to the point where they can now sell firm, contracted capacity in the pipeline. If CPUC comes along and says, "Sorry, hold on; we know there's cheaper gas behind you there, and we want to get at that gas," it's going to mean that the contract is violated. The producer loses the revenue they need to make up for their investment, and it's legitimate.

What's happening throughout Canada and the U.S. – particularly in the U.S. – is that consumers are not dumb. It is, as they say, a buyer's market. The state of California is racked with a recession. Their military contracts are down, in tough shape. They want every deal and deep discount they can get. The question then becomes how to allow, in a fair, negotiated way, in a falling market with falling prices and cheaper gas available, for consumers to get access to cheaper gas or to have those contracts renegotiated in a way that gives fair compensation to both sides. Now, what California's done is said: "We don't care about any compensation to Alberta. They can just suffer up there. We want the cheap gas. We want it now." I understand that in these mega-NOPR agreements and negotiation with, I think, not capacity brokering, but they call it capacity reallocation or capacity relinquishing, there are ways within the negotiations to, in a sense, allow both sides to deal with the loss, for both sides to deal with fair compensation in the falling market. The minister might help me out, but that in fact is what the negotiations which are currently going on are trying to resolve.

Now, I know, as I say, this must be the most technical aspect for members here in the House. You know, I get these brochures from Executive Enterprises, Inc., these big fancy seminars, Mr. Speaker, conferences which are going to be in Calgary and San Francisco about U.S./Canada cross-border natural gas regulation. A two-day conference costs a thousand dollars; hard to go to on our budget. But what do they talk about? What do they talk about but the mega-NOPR. What do they talk about except the export of Canadian gas in this new, deregulated market. What do they talk about but all of these issues which are going on really behind capacity brokering or beyond capacity brokering. None of them are really saying that we should reregulate. None of them are really saying that we should cut off gas at ABC. One of the conferences last time had a section on Nova. It said: "What is the role of the regulator? Is Nova out of control? Are public hearings required?" It raises again a whole host of very technical issues behind this. I'm going to find out about these things. I'm going to investigate what it means by reallocating, relinquishing, renegotiating contracts according to new rules, particularly where lower prices are involved and Alberta's interests are being harmed, where the fair compensation is not being received.

Again I'd like to ask why it is that these negotiations, which seemed to have worked before in other jurisdictions, are not being allowed to take their full course here. Now, I've heard the minister say it's obviously because nothing is going to bring California to their knees, in a sense, in this issue. California even wants compensation from us for being overcharged for the last few years, which I don't think has a chance to stand up in court anywhere. But certainly, as the minister said, we need to negotiate a free trade agreement with the state of California. They are a republic unto themselves, and whether it's the FERC in the U.S. or the mega-NOPR or even the principles of the terms of agreement . . .

MR. ACTING DEPUTY SPEAKER: Hon. member, my apologies for interrupting, but could we have unanimous consent to revert briefly to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: **Introduction of Special Guests**
(*reversion*)

MR. ACTING DEPUTY SPEAKER: Thank you.
The hon. Minister of Career Development and Employment.

MR. WEISS: Thank you, Mr. Speaker. My thanks to the hon. member and members of the Assembly. I have a group that have been here for some time, and I apologize. Thank you kindly.

It's my pleasure to introduce to you and through you to the members of the Assembly five special guests. Two of the guests are from the town of Kwe Kwe in Zimbabwe; they are Acting Mayor Justin Mazambani and Mr. Johnson Maware, town clerk. They are accompanied by Her Worship Mayor Betty Collicott, Mrs. Betty Osmond, and Mr. Guy Jette of Fort McMurray. Acting Mayor Mazambani and Mr. Maware are visiting Fort McMurray for the next week as Fort McMurray was partnered with Kwe Kwe for a three-year technical aid program for municipalities sponsored by the Federation of Canadian Municipalities and the Canadian International Development Agency. They are standing in the members' gallery. I'd ask them to receive the warm welcome of this Assembly.

head: **Government Bills and Orders**
head: **Second Reading**

Bill 9
Nova Terms of Service Regulation Validation Act
(*continued*)

REV. ROBERTS: To resume, Mr. Speaker, I know the issue with the CPUC, the California Public Utilities Commission: they are just being very, very difficult to negotiate and deal with. Time and time again it's legitimate and valid for us to say that they have just caused all kinds of actions which are unfair and irritable. I'm also wondering, though, if we continue on this course of action, how they're going to view what I understand to be – they're still taking 90 percent of our firm capacity, contracted gas, but they'll just go to other sources in the U.S. for the other 10 percent; that what's going to happen is that we're going to continue to lose market share in the U.S. and in California; whether we're ever going to get back to the position of 100 percent capacity or sale; whether in fact we're cutting off our nose to spite our face by virtue of this.

We've got to do something. I agree with the minister; I know we just can't allow the situation with the industry to continue. We've got to do something, but what are we going to do that isn't going to reduce our market share, which isn't going to jeopardize negotiations which are going on, which isn't going to result in the majors basically dominating the market in the next five or 10 years and keep the small Canadian producers out of it?

All of these questions have long-term consequences. I don't have the answers. I'm raising them this morning, Mr. Speaker, in terms of the principles of this Act validating this regulation, because I think they need to be on the record and need to be discussed and debated. If we can't do it through negotiation, if we can't do it through reasonableness, if we can't do it through a new way of thinking in terms of how compensation needs to be arrived at, if we can't do it in the private sector, in the private marketplace

to ensure that we as Albertans are going to be able to be consistent over time and that the buyers out there, whether it's California or others, will know they can trust Alberta – all of these other issues exist, but what we have to do, as I said, is fix, somehow, the market failure of using a buyers' market to rivet and ratchet down prices and to not allow the producer fair compensation.

In conclusion, Mr. Speaker, having raised these issues with the minister and with the members today, I think we need to look carefully, as we will at committee stage and at third reading, for the full implications and the directions that this Bill represents. It is one of the smallest pieces of legislation we've ever seen, but it begs a much larger question with very complex questions and long-term consequences. We need to be, as I say, ensured that we're clear about what's happening as this Bill moves through each stage of its reading in the House.

Thank you.

11:30

MR. TAYLOR: Mr. Speaker, first I want to congratulate the new critic for Energy for the NDP. I think he did a fantastically good job, because as somebody who has been associated with this all my life, I find it very complicated. The only thing that worried me a bit was that he was able to talk for his full 30 minutes, I think, when he said he didn't know anything about it. He's going to be real hell on wheels once he really learns the job. He did very well indeed and raised some interesting questions.

I was going to answer the last question he asked for him, because I know if he asked it of the minister, he would not likely get an answer, and if he did get one, it wouldn't be the right one. He was wondering why the California people just didn't sit and negotiate and why we can't just negotiate and get the cheapest price possible. Well, I think there are two big reasons. First of all, California isn't really interested in giving a fair price to Albertans. They're interested in getting the cheapest energy they can. They don't know whether they're going to get it from Mexico 20 years from now or from solar or from wind.

They also have a very good memory. This is the main thing I want to get across. In 1972, '73, and '74, when the shoe was on the other foot, when there was a shortage of energy, this government screwed California. They tore up the contracts. They did away with the so-called negotiations and said thou shalt pay so much, and it was about a four-time jump. They said the price was too cheap. All that California is really doing is practising exactly what they learned from us about 18 years ago. So for us to start to cry because we're getting our toes twisted and our ankles shoved into our ears, strictly in a good old wrestling hold, especially by this government, is rather sad. Therefore, that's why they are doing it.

MR. FOX: Stick up for Alberta.

MR. TAYLOR: I'm not sticking up for Californians or sticking up for Albertans. The hon. Member for Vegreville says to hell with the market; stick up for Alberta; we'll get votes. Well, if that's all he was interested in, he would have supported my request today to get back to work legislation going for his labour representatives. But no; there are some principles involved even in your party.

I'd like to go on to the next point, Mr. Speaker.

MR. ACTING DEPUTY SPEAKER: Order please.

MR. TAYLOR: I'm sorry, but I know what you're going to tell me, and I've already changed.

Speaker's Ruling Decorum

MR. ACTING DEPUTY SPEAKER: Well, hon. member, with respect I have a number of things to tell you. First of all, I would ask you to occasionally address the Chair. I think that the hon. Member for Edmonton-Centre will be listening carefully to your remarks, but I would request that of you.

Speaker's Ruling Parliamentary Language

MR. ACTING DEPUTY SPEAKER: Secondly, I would caution you with respect to the use of certain terms, such as "hell" and "screwed," which have been ruled unparliamentary before in this Assembly. I can quickly get you the citations if you so demand, but I would ask you for a little bit more appropriateness in your remarks.

Please proceed.

MR. TAYLOR: Mr. Speaker, thank you very much. I will withdraw that and use the word "shafted." I'm sure the minister knows the feeling anyhow.

Debate Continued

MR. TAYLOR: What I wanted to get at in this whole issue was that the minister and his government are a little bit like the man that murdered his mother and father and is now throwing himself on the mercy of the court because he's an orphan. This is what's happened here. What the government has done is set this up through the years, and now they're getting it back in spades.

The second matter that I'd like to refer to: in the '70s we jacked the price up unilaterally to our consumers; the second thing we did was deregulate when the Mulroney government was elected in the '80s. That had to be the height of idiocy. All that did was allow the consuming portions of North America to really put the heat on the producing portions, and in a democracy there are a heck of a lot more consumers than there are producers. But here we had happy Alberta, going along. We know we're philosophically committed to a free market; therefore, we'll deregulate, forgetting that a free market only works if you've got multiple buyers. If you've got multiple sellers, it has to have multiple buyers. But there are not multiple buyers in the gas industry. Anybody that thinks there's competition amongst those buyers out there still believes in the tooth fairy, Santa Claus, or Premier Getty. It doesn't matter what; it is illogical.

The point of the matter is that there are only a couple of buyers in each area of North America. There they were, allied out against us, and the producers were all saying: "Oh, boy. Aren't we really going to go?" because our mind in the '80s was still thinking in the '70s. These Albertans, these people in the energy industry – not only those that are in government but those that were out there working on the rigs, because that's what I was doing at the time – the vast majority of them were still in a 1970 mind-set, thinking: "Oh, boy. We've got a valuable asset here that the rest of the world is going to kiss our hands at whatever we offer them in order to try to get it." What they didn't realize was that we were in surplus and it was going the other way.

[Mr. Deputy Speaker in the Chair]

What do we do? We deregulate, just when those big gas buyers are ready to buy us out. Consequently, zoom: \$4 a thousand cubic feet back when we deregulated in the '80s to spot sales today of 75 cents a thousand cubic feet. Big deal. With that kind of free market no wonder you need a wheelbarrow to get around in

this province and no wonder the only job you can get is being appointed to an overgrown cabinet, Mr. Speaker.

The point is that they deregulated just when it was going the other way. So down the price goes from \$4 to 75 cents. Now Little Lord Fauntleroy, our Minister of Energy, comes along and says: "Oh, boy. We should stop these interruptible sales." Well, interruptible sales are nothing more than some poor little starved-out Alberta company going up to some big, big California public utility who says, "We'll give you 75 cents, and if you don't take it I'll call the Bank of Commerce or the TD or wherever you have your loan and we'll have everything you've got." So at least the minister – I agree; I'm going to have to support this Bill. He's a little like the fellow that wants to close the gate – not the door after the horse is gone, Mr. Speaker, but the gate down at the end of the quarter section. He is now going to try to do a little bit about it because it was unfair competition to expect the big utility company, dealing with a little gas supplier who is up to his armpits in snarling bankers, to come out with a decent price.

But here's the worst part of it, Mr. Speaker. If you don't think this is a horror story, something that you would have to read by Edgar Allan Poe, the gas that this government has been selling when they deregulate it, is yours and mine, the taxpayers'. Roughly 25 percent of the money that's paid for gas is a royalty to us citizens. So when it went from \$4 when we were getting a dollar a cubic foot down to 75 or 80 cents now when we're getting 20 cents, that went out of our pockets. That's smaller schools, less schools, poorer hospitals, less roads, all because of the dedication to a free market.

Listen to what our friend T. Boone Pickens said. Nobody would ever call him a pinko in a hundred years: one of the greatest capitalists in North America, greenmailer, everything else. T. Boone Pickens said we need prorationing. Now, prorationing is exactly what the Member for Edmonton-Centre was groping for; he knew that something was needed out there. That is matching the supply to the market when you have an oversupply. Rationing is the other way around. Prorationing is something that we had. It was put in in the 1920s by Henry L. Doherty and the old Carter Oil Company in the central U.S. which was part of Esso. [interjection] Yeah, I was there. The point is that they knew in a free market that if you didn't have some way of trying to control the supply, you couldn't keep the price up. So one of the things we could be thinking very seriously about, and I offer this as a consideration, is prorationing. This is an effort at it by stopping interruptible supplies.

One of the other things the minister could be thinking about: why doesn't he screw up the courage – pardon; what's the right word for that? – have the stomach to maybe put in a regulation stopping any contract less than five years in duration. If you did that, you wouldn't get a lot of these little ones that are spilling onto the market.

11:40

The second thing – and the minister, I'm sure, is familiar with this – is that the finding cost of natural gas today is greater than 75 cents an mcf, yet we're selling it at 75 cents an mcf. So what we're doing is not only robbing the taxpayers – I don't mind an oil company dumb enough to sell their share for whatever they want to, but why should we in this Legislature be countenancing gas sales where we're only going to get 20 cents an mcf when it used to be a dollar? Maybe we should do what the Arabs are smart enough to do. I put one of the first deals together in the Middle East back in the '50s, '60s. They said: "We don't care what you sell the oil for, old boy; our royalty is so much a barrel. You can go do all the free enterprise you want, but you're not

going to suck us into that fancy market business." Maybe this government should be thinking of the same thing: "Our gas is worth so much here. You go play all the games you want with Santa Claus and the free market and everything else, but you're going to get so much." Right now when the minister and his minions and the people of Nova make a mistake, we pay 25 percent of it and sometimes more than that: up to a third. I see the member from Calgary, who is very familiar with it all, nodding to say that she couldn't find gas for less than 75 cents – unless you could tap this Legislature; you could get it free then, I guess.

No, our friend and the minister, I have to go along with it, Mr. Speaker, but I'm going to scorch his feet first, because of all the idiotic things, he is in effect asking us for a lifesaver. I'm willing to throw it to him because he's going down for the third time, but I can't help giving him a little bit of the dickens for being out there swimming with the big boys when he doesn't know how to swim and being taken to the cleaners. So in the final analysis, I'll support this change because it is a small, trembling change from free market people saying, "Maybe we should try to control the supply a little bit; maybe we should try to do something," instead of rolling over and playing dead for every big buyer that comes to this province just because we've got the gas to sell.

A final point that I want to make and what bothers me more than anything else: this won't be a blip in history when we let gas go from \$4 an mcf down to 75 cents. That's not the worst part about it. The worst part about it is that our children and our grandchildren very well may have to import natural gas or bring it in from the high Arctic at something like \$5 to \$6 a thousand feet just because this government desperately tried to sell every damn thing they could lay their hands on and tried to mitigate the budget that's going in reverse, and they sell it at less than replacement cost. That is something that our children and our grandchildren are really going to go after us for.

In the final analysis, Mr. Speaker, I support the Bill, but it's with tears and with a heavy heart that we have been painted into the corner by such gross mismanagement by such a bunch of amateurs over on that side of the House.

Thanks.

MR. DEPUTY SPEAKER: Does the hon. Minister of Energy wish to wind up debate?

MR. ORMAN: Thank you, Mr. Speaker. Sitting listening to the debate, there is one thing that we can learn from the two energy critics in the NDP and the Liberals, and that is: they both like to listen to themselves talk.

Mr. Speaker, let me deal with the Member for Westlock-Sturgeon because it won't take long. There wasn't much substance in any of his comments, so it will allow me to be very brief. Let me just point out to the hon. member – and I know he has selective memory loss – that during the 1972-75 period that the member was referring to with regard to contract changes, I recall that it was Pierre Trudeau and the Liberal administration that were controlling exports out of Ottawa at that time. I could be wrong in my history. Now, the hon. member holds himself out to be an expert on natural gas. During that period of time I don't suppose the hon. member had any natural gas production in Alberta. He was basking in the largess of the federal Liberal government in terms of the giveaway grants on Canada lands in the Arctic. So if he holds himself out to be an expert on Alberta, it's not through his experience. The hon. member points out it was in the '80s that he was basking in the largess, not in the '70s. I stand corrected.

Mr. Speaker, it is foolish of the hon. member to somehow suggest that Canada could have continued with deregulation in the face of deregulated markets in the United States. What the hon. member is suggesting is that today we could hold up gas for sale at the Canada/U.S. border for \$4 a thousand cubic feet when in fact it is selling for somewhere around half of that. Now, I don't have to be a genius – and our Adam Smith proponent in the NDP, whom I will speak to in a moment, suggests that we deregulate the price to \$4. How much of the market would we have in California if we held it up for \$4 at a regulated price when the U.S. domestic suppliers are selling it into California for half of that? I'm trying to understand the rationale. We would do one thing. We would conserve all the natural gas we have in this province for sale, all 50 years, for time immemorial, because we would not sell any if the price is regulated. So as you can see, the hon. member has been away from the energy business far too long and, I should say, from Calgary far too long, demonstrated by his comments on regulation and deregulation.

Mr. Speaker, the hon. Member for Edmonton-Centre raised some points and I believe swerved away from the principle in the issue around this legislation, Bill 9. The reason we must move with this regulation at this particular time is relative to a timing issue. We had an understanding from U.S. regulatory authorities that we would have a period of between two and three years to deal with restructuring of the California market. The capacity brokering decision by the administrative law judge for the California Public Utilities Commission arbitrarily reduced that time frame that was agreed to by all parties, so we are now faced with restructuring deadlines this year rather than well into next year to give everybody time to deal with restructuring issues. Nobody disagrees that restructuring will occur. It is just a matter of having the time to be able to negotiate restructured contracts. If there is decontracting occurring in California, if there is a desire to get out of the contractual relationship, then liabilities for the breaking of contracts must be negotiated by people at both ends of the pike – that is, the buyer and the seller – and must not be some arbitrary fiat from a regulatory body in California. That is the reason we have to move today, to give us that time period. The hon. member will know and can draw a conclusion that the sunset provision in the regulation allows for that time period to occur.

The hon. member spoke about the A and S pool, the Alberta and Southern pool. Yes, Mr. Speaker, there are majors in that pool, but there are 190 producers in the Alberta and Southern aggregated pool selling gas into California. There are small individuals. I've reviewed those contracts. There are single, individual producers. I wish I could remember the name of the woman from Alberta who has a contract to sell gas into California through A and S. She obviously has some mineral rights somewhere and has participated in the contractual arrangement. We have a single woman in the province of Alberta in the A and S pool, as well as the majors. So there is a broad cross section of producers in the A and S pool, and this protects their interests.

Mr. Speaker, I was really interested in hearing from the hon. Member for Edmonton-Centre as a proponent of Adam Smith economics. The reason I'm surprised is that I've been in this Legislature nigh on four years, and three years in this portfolio, and have not heard one individual from the New Democratic Party ever mention support for Adam Smith. I am extremely encouraged. I think it shows you that when a member from the opposition moves from a social portfolio to an economic portfolio as a critic, the light goes on. I'm pleased to hear that the light's gone on for the Member for Edmonton-Centre. I know the light is on for the Member for Calgary-Forest Lawn because he was a critic for this portfolio. Now there are only 14 left.

11:50

Mr. Speaker, the hon. Member for Edmonton-Centre raised some other points dealing with the notice of proposed rule making by the Federal Energy Regulatory Commission in Washington. The hon. member is moving into another area, another aspect. I have met with the FERC on a number of occasions, both in Washington and elsewhere, and am familiar with the proceedings under the mega-NOPR. The hon. member should know and obviously doesn't – and I don't mean that in any derisive manner – that the mega-NOPR takes away the California Public Utilities Commission's capacity brokering program, and the FERC has in fact reaffirmed capacity release. With regard to the transition costs that I spoke to a moment ago – that is, the sharing of restructuring, who pays and how is it apportioned – these transition costs have been supported by the FERC. We believe that the restructuring and resulting transition costs should be shared by everyone involved, all participants in the market: producers, Pacific Gas and Electric, the shareholders of Pacific Gas and Electric, and the consumers in the consuming markets. In that the mega-NOPR recognizes and supports transition cost relationships as I've outlined, Mr. Speaker, that is very positive for the future of our negotiations with California, Alberta and Southern and the utility in the state of California.

Mr. Speaker, prior to my last point, I was surprised to hear the hon. member begin to quote the *Edmonton Journal* as one of his sources of information on issues facing California. Let me say, though, that this is my third ministry, and I've had responsibilities for four in the years I've been here. I have found that the energy reporters in the print media are very, very good. They understand the issues; they're balanced and fair. With regard to the *Edmonton Journal*, despite the fact that they're removed from the primary energy sector in Calgary, they have a relatively good understanding of the issues and in many ways have been supportive.

Mr. Speaker, I want to point out to the hon. member, actually to the public of Alberta through the hon. member, that despite the optimism by the consul general for the United States located in Calgary regarding his comments in editorial board meetings with the *Edmonton Journal*, we are not satisfied with current negotiations through the energy consultative mechanism which involves Washington, Alberta, Ottawa, and California. I should say that I do appreciate the consul general's interest and the fact that he comes from the department of state, understands these issues and is supportive, and had his boss the Deputy Secretary of State in the province last week to find out the role the U.S. federal government can play in this particular issue. This particular point: I am cautiously optimistic, although I am not satisfied with the response to the draft terms of agreement struck by the ECM. So I don't want the hon. member to believe that we are on the verge of an agreement. I wish we were, but the facts are that we are not.

The last point I want to make to both hon. members and to all members of this Assembly is that with regard to this regulation, we are supporting sanctity of contract. It has little if anything to do with deregulation, and it has everything to do with the importance of government standing behind long-term contracts freely negotiated by buyers and sellers. That's the principle of the marketplace. I know the Member for Edmonton-Centre supports that. He said so, and I appreciate that. I'm not quite sure what the Member for Westlock-Sturgeon said, so I can't confirm anything he's pointed out.

Mr. Speaker, let me reiterate a point that is important. This does not curtail supply to California. What this regulation does is support the contracts and says that as long as all the contractual obligations are taken under these contracts by the buyers from the

sellers, there will be interruptible supply available over and above the firm capacity. If there is an attempt – and there has been – by the Public Utilities Commission to force PG and E to reduce or decontract to make room for interruptible supply which moves at a cheaper price, then we will not allow for that, because that is arbitrary contractual intervention. So this does not say that supplies moving into the state of California, the state of Oregon, or the state of California necessarily will be interrupted, as long as the principles of those contracts are lived up to. It is a matter that is before the courts. The producers have taken the consuming interest to court for arbitrarily reducing their volumes of contracted supply. Whether that is true or not will be determined by the courts, but this measure is interim to bridge the period to allow for renegotiations on restructuring gas supply moving from our province to the state of California.

Mr. Speaker, I'm very pleased to move second reading of Bill 9.

HON. MEMBERS: Question.

[Motion carried; Bill 9 read a second time]

Bill 12 Natural Gas Marketing Amendment Act, 1992

MR. ORMAN: Mr. Speaker, I'm also pleased to move second reading of Bill 12, the Natural Gas Marketing Amendment Act, 1992.

This is a very important piece of legislation for the province of Alberta and is a result of deregulation of natural gas markets that occurred in and around 1985-86. This legislation allows the Alberta Petroleum Marketing Commission to perform certain contractual services for shippers and producers under a gas contract. It also requires shippers of netback gas to obtain the support of producers for the quantity and prices at which the shipper resells his gas, and it allows for the extension of netback agreements to November 1, 1994. This is for a shipper who is affiliated with or influenced in favour of a downstream buyer.

Mr. Speaker, it also requires that records be kept and information reported regarding natural gas activities. With regard to Bill 12 and the amendment, it enables the Petroleum Marketing Commission to perform expanded contractual service on a fee-for-service basis. It is cost recoverable and is service the commission to some extent provides now and, we believe, should be provided on a cost-recovery basis.

12:00

The amendment also enables producers of netback gas to vote on terms and conditions of a downstream contract in addition to price and quantity. Currently it is confined to price and quantity. There will be a number of other issues related to restructuring that we referred to in Bill 9 that will require a collective decision by the A and S producers relative to transitional costs and other new arrangements that will emerge through a negotiation.

Mr. Speaker, I suppose we could look at this legislation and at the A and S pool and their ability to vote on certain conditions as more or less a collective bargaining process in that we are facing a monopsony in California. Pacific Gas and Electric is the only buyer and then turns around and is the only seller, essentially, for Alberta natural gas. This process was put in place to deal with the monopsonistic relationship between PG and E and the Alberta producers. That will change. Restructuring is occurring, and it will be to the benefit of both buyers and sellers.

As I indicated in the debate on second reading of Bill 9, what we need is time. We need time for everyone to come to an agreement and then, as this legislation provides, for all 190

producers to make the vote. In this legislation I want to prevent the circumstance the Member for Edmonton-Centre was getting at, and that is decisions in the A and S pool or other pools being dominated by the major companies. In fact, you need 50 percent by number in the A and S pool to agree to price changes and volumetric approvals now. So that does allow for or at least does take away from domination by any one or two or three major sellers on decisions relating to netback pricing.

Finally, Mr. Speaker, this legislation, in an unrelated way to the comments I've just made, allows for a system of pecuniary penalties where a shipper of netback gas sells that gas without producer support. So if there is gas sold around the A and S pool that is at a price or volume that was not agreed to in the voting procedure, it allows for the courts to adjudicate on the violation instead of the marketing commission.

Mr. Speaker, as I indicated, I am pleased to introduce to the members of this Assembly second reading of Bill 12.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Speaker. I am challenged by Bill 12 and what it represents in the amendments to the Natural Gas Marketing Act. I think the minister has already explained some of the intent of it. I certainly did have a number of questions about even the press release that accompanied it, a number of questions about what was meant by "clarifying that producer approval includes all the major terms and conditions of the resale and not simply the price." I wasn't aware of what major terms there could be other than price and volume, but if it's going to be part of what is coming down the pipe, so to speak, in terms of restructuring and the transition costs, I guess that's what's getting added. I was also trying to follow all the issues pertaining to disputes over trying to settle the price over last summer in terms of the pool needing to look at different prices that were being offered and all the difficulties involved with that.

Nonetheless, I'll certainly support the Bill and the direction it's moving in. In fact, I've talked to a number in the industry who have no problems at all with this; they say it's good all the way around. But I do want to offer this reflection, Mr. Speaker. I'm surprised that members in the Conservative Party – I know they are ideologically driven – would view New Democrats as people who don't believe in the value of market economics. What social democrats are about first and foremost is democracy. All right? Get that straight: democracy. We want votes and the majority of people win. Right? That's just what the minister said. In the A and S pool they want democracy. This Bill is going to ensure that 50 percent by number in the pool determine the conditions of the sale. That's democracy. In fact, that's social democracy. Now, I know this is really going to stick in their craw. I know this is really going to upset them, but think about it this way: what we've got here with an A and S pool, with what they term an aggregator, is nothing more than what we as social democrats or democratic socialists believe in terms of the collective will of people to make decisions, collective sellers in this case, producers who come together and say, "Tommy Douglas would be proud of this." He said that if we don't hang together, they're going to hang us separately, right? That's what the A and S pool is about; that's what an aggregator is about. That's what what the minister is doing here, by a 50 percent vote within the pool in terms of setting the price, is about.

Now, let's get our economic theory and our political theory straight. What we want on this side of the House is to ensure that collections in the free market, whether they're the buyers or the

sellers – that there's the freedom. Whether it's expressed in collective bargaining or expressed through a co-operative, a collectivity of sellers and producers as in this case, they can have the freedom to band together to do that. I just thought about this: this might be in violation of the Charter, though. Remember the Charter says there's no longer the right to association in Canada. What the implications would be for, you know, folks who want to get together and associate, as labour unions do or as aggregators of gas producers do – it's the same concept. I'd just like to point it out to the minister and to members across the way. I mean, let's get it straight. We want fairness, we want freedom, we want democracy, and we want social benefits. Or, as I put it before, we want the optimal solution: we want everyone to be better off. What we as New Democrats have stood for is saying that in current arrangements, without certain regulation or legislation, some people are a whole lot worse off. If you have the majors dominating oil and gas and have all kinds of freedom in the free market to do that, the smaller producers are going to be worse off. What is the best arrangement to bring together – through a marketing Act, through supply management, through a pool – with fairness and freedom for them to be able to aggregate, come together collectively, come together as social democrats, and ensure that they can get the best value in the competitiveness that's engendered in the marketplace?

That's all I have to say, and I'm glad for this little opportunity to have said it. Thank you.

MR. DEPUTY SPEAKER: The hon. Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Speaker. I could repeat the speech I gave earlier because it applies here too, but I think I've scorched the minister enough. One of the things that kind of bothers somebody as a Liberal – you know how pragmatic we are – is to listen to the NDP and the government sitting there accusing each other of being trapped ideologically one way or another. The profit motive has been the one that's moved me most of my life, not whether I was a Liberal or NDP. [interjections] I got the natives all stirred up here, Mr. Speaker. Can you sort of shut them up or crowd them all into one teepee and let them keep quiet for a bit? [interjections]

MR. DEPUTY SPEAKER: Hon. members, let the hon. member speak. [interjections] Order please.

MR. WOLOSHTYN: Withdraw that. You keep offending her.

MR. TAYLOR: Okay. [interjection] You weren't the one that was making the noise; it was these right here.

MR. WOLOSHTYN: Yeah, but you were offending. Now, smarten up.

MR. TAYLOR: Okay, I take it back. I've lived more time there than she has.

One of the things I wanted to touch on again is that the government is sort of sneaky-sneaky creepy-creeping back to some sort of intervention in the marketplace, and I wanted to sort of stiffen up their backbone a little bit because they seem to be morally ashamed of it, that they're trying to control the market a bit, and I don't think they should be. Single-desk marketing is a good old free enterprise system. Tories shouldn't be afraid to use it when you have a few suppliers. We use single-desk marketing in the hog board, we use it in the Wheat Board, and they work

fairly well. They stand the test of time when there is a surplus on the producing end.

For the minister to sort of halfway apologize or halfway try to maintain that these are just little adjustments – why not have the courage to come out and say, “We're going to try to move back into taking more control of the marketplace”? Well we should, because it's our natural gas in the first place. The oil companies only make a contract with us to take out of the ground what is ours to sell to someone else for a royalty. The big problem, of course, as I mentioned earlier, is that we didn't put a base on our royalty. We just said: “Oh, don't worry about it, Joe. Whatever you get, we'll take a little percentage of it.” Now we're starting to get a little worried. We're realizing that when Joe takes 80 cents rather than \$1.20 or \$2, it can cost us, like last year, \$300 million, I think, just a measly drop last year. The forecast in gas royalty revenue fell \$400 million short. That's a lot of shekels, Mr. Speaker. That's more than a million dollars a day that it fell short. Why did it fall short? Because we had nothing on our regulation saying that our gas couldn't be sold beneath a certain amount or under certain forms of contracts.

12:10

These Bills are a sort of scrambling effort to try to stop different forms. Now, the minister said, “Well, the hon. Member for Westlock-Sturgeon” – and he mentioned that I was out of touch with the industry. I might be out of touch with being a big wheeler-dealer in it, Mr. Speaker, but I still sell gas, sulphur, and oil in Alberta, not in great, copious amounts, especially when I see the amounts they lose each day, but I might be able to build a riverboat once in a while. The point is that I'm still in the business. The fact of the matter is that when we are selling gas at 75 to 80 cents, we're selling it at less than replacement cost, and it's the citizens' gas. I don't think we should apologize at all about trying to get the price up. We're doing it in a kind of backdoor way by saying that the netback gas can't be sold at a low amount during this period of uncertainty. Well, that's fine; there's nothing wrong with that at all.

I'd like to see the minister get a little bit more proactive, because there are not many gas producers, you know, in North America. By the time you take Texas and Oklahoma and Alberta out of that, that's the major supply. Sure there's a lot of coal gas, what they call methane gas, coming on the market, but it's got huge subsidies. It's turning in around \$4 to \$5 an mcf, really what it's costing the U.S. government, or \$4 or \$5 a gigajoule, whatever way you want. I don't think the minister has gone that metric yet, though.

The fact of the matter is that we should be talking, and I'd like to suggest to the minister that maybe you want to borrow a card from the socialists. Maybe you want to call up some of these governments and ask them about sitting down and trying to do something about controlling the market. Controlling the market doesn't mean fixing a market, but it does mean – and we in Alberta have more at risk than anyone else. You must remember when the Texas Railroad Commission or the Oklahoma pricing commission goes into gas, all they're worrying about is the price of jobs and commerce. We are in the market not only as a regulator, but we are a producer. Most of the natural gas produced belongs to us, so we have a very, very important thing about pricing it.

This government's commitment to the free market when there isn't a free market – I'll support you when there's a real free market. All my life I've been in the oil and gas business, and anybody that thinks there's a free market in the oil and gas business, I don't know what the heck they believe in. There's just

no such thing. It's been fixed for years. Now it's under the OPEC cartel arrangement. The gas and oil markets are something you compete with in a small sector. I compete with you for a gas market or an oil market, but not the so-called international pricing.

International pricing now is kept down very low because the President of the United States wants to win the election this fall. He has a deal with the Arabs, who in turn have told him not to put any money into the West Bank and the Gaza. That's all it is, plain and simple. Our gas and oil prices are going to be kept down for a while, and Arabs are going to do it for us because they control the world price, which comes back on to us, and Mr. Bush wants to get re-elected. If we don't do something to protect ourselves, if we don't do something about trying to control that market, either by setting a minimum royalty on new gas that goes out or putting in prorationing – which is sitting down, calling Texas up on the phone, and saying: “Hi, there, you-all. You want to come up here and we do a little negotiating?” You can do that kind of talk, ring them up here, and they'll sit down and listen because they're interested in getting the price up as well as anyone else, not sitting here like a bunch of sheep while first the California utilities commission clips our backsides down to the bone and then we go to the east side of North America where the New York commission and TransCanada PipeLines clip the other half of us down to the bone. We've got to sit there and fight back, not snivel and say it's a free market and if they want to cheat, we can't do anything about it.

Thank you.

MR. DEPUTY SPEAKER: Concluding remarks, the hon. Minister of Energy.

MR. ORMAN: Mr. Speaker, can I get a ruling from you? Is the word “hypocrite” unparliamentary? It is? Okay.

Mr. Speaker, again let me deal with the gentleman that represents Westlock-Sturgeon in this Legislature. First on a technical point, the average market price – it is calculated in the province of Alberta on a regular basis – protects the royalty share. There is a minimum royalty payable to the Crown irrespective of the price it sold at. I did point out to you earlier that he is out of touch. He's not even aware of how the royalty is calculated on natural gas in this province. I was interested to hear the hon. Member for Westlock-Sturgeon suggest that we put the Crown share royalty up on natural gas. I'll be very interested in passing on a copy of this *Hansard* to the Independent Petroleum Association, CPA, and the small producers when I meet with the Premier, and I meet with him on Monday in Calgary. I'm sure they'd be interested to know the position of the Liberal Party in this province.

Mr. Speaker, you know, I'm lost for ways in which I can express my frustration about some of the things the hon. Member for Westlock-Sturgeon has said. He is worried and concerned and expresses the concern in this Legislature about resource revenues to the Crown. Where was he when the national energy program took \$80 billion away from this province? Where was he? I find it absolutely shocking, and I'm incensed and enraged by the hypocrisy expressed across the way. I find it quite astounding, but it is typical of the Liberals. One day you're over here; the next day you're over there. One day he wants deregulation; one day he wants regulation. One day he's worried about Crown revenues; the next day he's not and he's siphoning them off to his friends that are still leading the Liberal Party in this country in Ottawa. I find it quite disgusting that a member representing the people of Alberta would take the type of position he's taking here in this Legislature; shocking, quite frankly.

Mr. Speaker, I wanted to point out to the Member for Edmonton-Centre that with regard to the producer support mechanism we are amending in this legislation – he has asked what issues will be voted on beyond price and volumes. Before I answer that question, I want to be sure it is clear – and it may not have been clear in my opening comments – that this legislation refers to all aggregated markets we have out of Alberta, whether it's Progas, Western Gas Marketing, Alberta and Southern, or Pan-Alberta. I used as an example the California situation and Alberta and Southern. I do not want to leave the impression that this is confined to the Alberta and Southern pool. It deals with all markets that have an aggregator between the buyer and the seller.

Mr. Speaker, there are other issues that need producer support, beyond price and volume, through the restructuring process. That includes whether or not there's acceptance on issues such as market area, buyer need, transportation route, affiliate disclosure, load factors, other matters that will affect the decision by the producers to support a restructured market.

12:20

Mr. Speaker, the changes being dealt with here principally update the legislation to respond to operational and market conditions and demands which have taken place over the past number of years. It does accomplish a series of things that are important to be contemporary and deal with current issues facing the natural gas industry vis-à-vis an aggregated market in this province.

I'm pleased to move and strongly support second reading of Bill 12, Mr. Speaker.

[Motion carried; Bill 12 read a second time]

Bill 10
Energy Resources Conservation
Amendment Act, 1992

MR. PAYNE: Mr. Speaker, obviously I'm pleased today to move second reading of Bill 10, the Energy Resources Conservation Amendment Act, 1992.

Perhaps I could just summarize the intent of this Bill and its two major amendments. Bill 10, Mr. Speaker, will provide greater flexibility to the ERCB to conduct co-operative regulatory proceedings, like joint panels, with other governments and other agencies from within and outside Alberta relating to the energy sector. Furthermore, Bill 10 will allow for the board to enforce its orders through the court.

I might make a few amplifying comments with respect to section 2 of the Bill, which amends section 23. The ERCB presently provides the board the authority to make recommendations to the Lieutenant Governor in Council for co-operative regulatory arrangements with governmental and other agencies. Bill 10, however, clarifies that the board has the authority to hold joint hearings with another agency. In this respect, Bill 10 is not unlike the provisions of the Natural Resources Conservation Board Act. It's particularly important when the ERCB receives a request for project approval where such a project is adjacent to the provincial border.

I thought it might be useful, Mr. Speaker, to provide the members with an illustration or an example of a possible future need for this amendment using a current industry development. The National Energy Board, the ERCB, Montana state, and FERC, the Federal Energy Regulatory Commission in Washington, have approved expansion of a heavy oil pipeline to move 40,000 barrels a day of heavy oil from the Cold Lake area to the Conoco refinery

near Billings, Montana. At some point in the future it may be useful to establish a joint interjurisdictional panel. This amendment will enable such a joint panel and authorize panel hearings to be held outside Alberta.

The other amendment, Mr. Speaker, is section 3 of the Bill, which amends section 34. The ERCB presently has the authority to apply to the Court of Queen's Bench for an order restraining a person from continuing an activity requiring board approval for which such approval has not been obtained. This amendment ensures that the board has the authority to go to the courts to ensure the enforcement of its orders where the order requires some activity to be undertaken by the party to whom it's addressed. In other words, it provides for a mandatory injunction. This amendment will assist the ERCB in completing or carrying out its enforcing capabilities by enabling the board to not only restrain activity but also require that its orders be complied with.

Obviously, I'll welcome comments from the members on both sides on this Bill and look forward to their subsequent support of these changes to the ERCB Act.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Speaker and Member for Calgary-Fish Creek. I think it's a good move in this Bill, and we certainly support it. Certainly we support the fact that our energy resources need to be conserved by people who will oversee them with wisdom and with the ability they need to do the job properly and fairly on behalf of Albertans, knowing, just as I said before, how precious our energy resources are to us.

I do thank him for the example of what amendments to the ERCB would do by virtue of this Bill, because I did want more specifics about what kind of joint proceedings with other provincial boards or federal government agencies were entailed, but I can see from the example he gave that this will then be made possible. Being new to it, I just wonder about, for instance, the upgrader at Lloydminster, sitting right there on the border. In the past there must have been some mechanism by which Saskatchewan and Alberta and the ERCB and their counterpart in Saskatchewan looked at that. I mean, there must have been some mechanisms before for this kind of interjurisdictional collaboration on the issues of resources which cross some borders and boundaries.

I'm wondering even just now, Mr. Speaker. I did drop in to one of the ERCB hearings just last week on the two proposed pipelines going south to - guess where? - California, the Altamont line and the PGT proposal. Clearly again, what I understand from that issue, the minister has said that it's got to be one; it can't be both. Some say, well, why can't it be both? I think with this problem with California, it doesn't make sense to just keep shipping more and more cheap gas down to them, but if there are going to be two pipelines - and the Altamont line, I'm told, has a number of very strong cases to be made for it. It would connect into the current river and be able to supply gas to the rest of continental U.S., and the PGT line is sort of stuck, has more environmental problems. I don't know all the issues, but it's again a classic example in terms of our resource here, how it will affect the building of the pipeline or the transmission of the gas either through the Rocky Mountains or through B.C. and the Pacific Northwest. We're going to bump up more and more against these issues of energy resources, where it will be best to be able to have mechanisms to collaborate with other jurisdictions.

Just two questions in terms of the details. Maybe the committee will get into them as well. I'm not sure how initiative can be taken, whose court the ball is in on the heavy oil pipeline. Is this going to be an Alberta or ERCB generated thing, saying let's get together with you and you and you and put out an invitation to collaborate? Whether in fact the other jurisdictions have similar legislation so that they can enter into joint committee hearings or they'll be restricted against doing that, and then, finally, how decisions and recommendations are made: we might bump into the case where Montana might have a different view of it than Alberta. Though they might have joint hearings and be able to have inquiries and investigations under the Act, how would those recommendations, having investigated the matter, flow back to us in Alberta, how binding would they be on other partners, and the rest?

Just more logistical problems which I'm sure there are answers for, and I'd just like to ask the questions. But we'll support the Bill and hear more in committee and after.

head: **Consideration of His Honour
the Lieutenant Governor's Speech**

Moved by Mr. Lund:

That an humble address be presented to His Honour the Honourable the Lieutenant Governor as follows:

To His Honour the Honourable Gordon Towers, Lieutenant Governor of the province of Alberta:

We, Her Majesty's most dutiful and loyal subjects, the Legislative Assembly, now assembled, beg leave to thank Your Honour for the gracious speech Your Honour has been pleased to address to us at the opening of the present session.

[Adjourned debate April 1: Mr. Taylor]

MR. DEPUTY SPEAKER: Order please. I regret to interrupt the debate on this matter, but pursuant to Standing Order 19(1)(c), the Chair is required to put the question with respect to the throne speech motion moved by the hon. Member for Rocky Mountain House and seconded by the hon. Member for Highwood.

[Motion carried]

head: **Government Motions
Address in Reply to Throne Speech**

- On behalf of Mr. Getty, Mr. Gogo moved:
Be it resolved that the address in reply to the Speech from the Throne be engrossed and presented to His Honour the Honourable the Lieutenant Governor by such members of the Assembly as are members of the Executive Council.

[Motion carried]

12:30

MR. GOGO: Mr. Speaker, by way of business next week, on Monday next we'll deal with second readings of government Bills and orders.

[At 12:31 p.m. the Assembly adjourned to Monday at 2:30 p.m.]