

## Legislative Assembly of Alberta

Title: **Friday, April 10, 1992**

10:00 a.m.

Date: 92/04/10

[Mr. Speaker in the Chair]

head: **Prayers**

MR. SPEAKER: Let us pray.

Our divine Father, as we conclude for this week our work in this Assembly, we renew our thanks and ask that we may continue our work under Your guidance.

Amen.

head: **Reading and Receiving Petitions**

MR. JONSON: Mr. Speaker, on behalf of all members of Executive Council and government members having submitted a petition related to the Teachers' Retirement Fund, I wish to request that the petition be now read and received.

CLERK:

We, the undersigned, as professional staff members of various schools, urge the Legislative Assembly of Alberta to accord favourable consideration to the following resolution, adopted by teacher representatives at the Emergent Representative Assembly of The Alberta Teachers' Association on September 28, 1991:

Be it resolved, that The Alberta Teachers' Association return to negotiations with the Government with a view to concluding a new agreement in which;

- (a) teachers and the government jointly contribute the full amount of all future service costs to the Teachers' Retirement Fund,
- (b) the government assumes full responsibility for the total unfunded liability related to past service costs and adopts an acceptable plan for retiring that debt,
- (c) the government amends the TRF Act to provide full cost-of-living adjustments to pensions, and
- (d) the other changes incorporated in the May 4, 1991, Memorandum of Understanding are retained.

head: **Introduction of Bills**

MR. SPEAKER: The Member for Clover Bar.

### Bill 291 Planning Amendment Act

MR. GESELL: Thank you, Mr. Speaker. I request leave to introduce Bill 291, the Planning Amendment Act.

The Bill attempts to resolve three issues. The first is to resolve the reserve dedication requirement such that no more than 10 percent of the original title area may be provided as a reserve. Secondly, it attempts to overcome situations where private lands may be forced to be frozen through municipal bylaws. Thirdly, it attempts to resolve to some degree the annexation disputes between municipalities through a joint general planning process.

[Leave granted; Bill 291 read a first time]

head: **Tabling Returns and Reports**

MR. JOHNSTON: Mr. Speaker, I'm tabling the public accounts for the year ended March 31, '91. Copies are made available to all members.

MR. STEWART: It's my pleasure to table the 18th annual report for Access Network.

MR. BRUSEKER: How about NovAtel?

MR. SPEAKER: Order please. [interjection] Order please. Minister of the Environment.

MR. KLEIN: Mr. Speaker, I'd like to table a report entitled Using Water Wisely: A Personal Guide to Water Conservation.

MR. BOGLE: Mr. Speaker, it is my pleasure to table four copies of the 1990-91 annual report of the Auditor General. This is done in accordance with the requirements of section 19(4) of the Auditor General Act.

head: **Introduction of Special Guests**

MR. ANDERSON: Mr. Speaker, I'm pleased to introduce once again to you and to members of the House a predecessor from Calgary-Currie, a member who served with distinction in this Assembly from 1971 to '79, who, among other things, was minister of industry at a time when the province needed the kind of guidance and direction that he gave it. I'd ask Mr. Fred Peacock to stand - he's in the members' gallery - and receive a great welcome again.

MR. HYLAND: Mr. Speaker, it's my pleasure to rise today to introduce a group of schoolchildren from Senator Gershaw high in Bow Island accompanied by their teacher Mr. Brian Moen and parents Dr. Jerry Woodruff, Ms Bev Horbay, and Mrs. Ute Thacker. If they could rise and receive the warm welcome of the Assembly.

MR. WICKMAN: Mr. Speaker, it's my pleasure to introduce to you and through you to members of the Assembly 47 bright students from the fine school of Richard Secord in Edmonton-Whitemud. They're accompanied this morning by two teachers: Mr. Colville and Mrs. Knudtson. They're seated in the public gallery. If they would please stand and get the warm welcome of this House.

MR. GESELL: Mr. Speaker, it's a pleasure this morning to introduce to you and to the members of this Assembly Mr. Alexandruk and Mrs. Clark, who are the teachers of 41 students that are visiting us today from the Fort Saskatchewan elementary school. They're also accompanied by Mrs. Anderson, Mrs. Girard, Mrs. Shank, and Mrs. Ploof. Mr. Alexandruk has brought his grade 6 students to this Legislature on an annual basis, and I believe this is his 18th year of visiting the Legislature. I hope the students and our guests enjoy the tour of the Legislature and their visit as much as we enjoy having them here. Would our visitors, who are seated in both galleries, please rise, and I would ask the members to extend their warm welcome.

head: **Oral Question Period**

### Auditor General's Report

MR. MARTIN: Mr. Speaker, today is show-and-tell day. The public accounts and also the annual report of the Auditor General were released today. If you quickly go through the Auditor General's report, it shows that the finances of Alberta are in worse shape than the government acknowledges. Now, that's no surprise to anybody that's been following the scene. For political reasons they put it in the best possible light all the time. The Auditor General's report shows that the annual deficit for 1990-91 is \$1.8 billion instead of the \$1.1 billion acknowledged in the budget

speech. My question to the Treasurer: does he now acknowledge that the debt is \$1.8 billion rather than the figures he put out of \$1.1 billion?

MR. JOHNSTON: The variation between what I brought down in the budget last March is about \$100 million. If you measure it accurately, the General Revenue Fund deficit is only up by \$100 million, which is essentially because of oil declines. Mr. Speaker, we're very pleased with the Auditor's report, and we want to get it forward in the public domain and have a broad discussion on these issues.

MR. MARTIN: Mr. Speaker, a debt's a debt. It doesn't matter if it's in the general revenue or the capital funds. The debt is \$1.8 billion. Let's quit kidding around about it.

He also goes on to say that the government should come clean and give us some financial statements on MagCan, Gainers, Northern Steel, Softco, all of which have huge debts, Mr. Speaker. Given that this is the second year in a row that the Auditor General has asked the Treasurer for this information, why is it that he's not complying and bringing this information to us? These are public funds, and we have the right to know.

**10:10**

MR. JOHNSTON: Let's just be clear here, Mr. Speaker. First of all, the Auditor General has access to any corporation which is a government-controlled corporation, so the Auditor has full access to this information. We provide to him the information for him to see how we have carried out our responsibilities for the management of these entities. As a matter of fact, since the member mentions something called Softco, I think he's referring to a company which is an asset sale company operated by N.A. Properties. In fact, we provided that information to the House.

MR. MARTIN: Mr. Speaker, to this Treasurer. What he's saying is that you should come clean and list these statements as part of the financial picture of the province, and he's said that for two years in a row. We want to know how much debt we have in these companies. That's what he's talking about. The public has a right to know.

On the unfunded pension liabilities, even acknowledging the Treasurer's assumptions, which we could argue about, he says that the unfunded pension liability, excluding the teachers' fund, is \$3.6 billion. The Treasurer says just a little over a billion dollars. How does he acknowledge the difference between these two figures?

MR. JOHNSTON: Mr. Speaker, the member doesn't understand. First of all, these statements are for the period ended March 31, '91. During the period of April 1 through to the end of March 31, '92, we have had a series of broad discussions with the various participants in our pension plans. As I announced early in March, in fact we have taken the unfunded liability of the province of Alberta with respect to the five plans under Treasury's responsibility from something close to \$5.5 billion to \$1.2 billion, down \$4.3 billion.

Now, this is a two-step process. I'll be very slow and very clear for the Member for Edmonton-Norwood so that he can understand what's happening here. First of all, Mr. Speaker, what we have done is of course review the way in which the reporting mechanisms and the assumptions which underpin the pension liability are calculated. Now, we have made some changes to that which bring it in line with other pension plans across Canada, and in doing so,

as a first step we reduced dramatically the unfunded liability both of the government pension plans and the teachers' pension plan.

Secondly, Mr. Speaker, – and here's where it's hard for the member to make the mental jump, obviously – we have gone from the position of adjusting the assumptions to now dealing with the stakeholders to deal with the unfunded liability more specifically. We have come to an accord, and that's what the Auditor is pleased about in his report. He says that he's very pleased about the way in which the government has responded: listened to the recommendations of the Auditor General on this and other areas, dealt with it effectively by directing our attention to it with a plan, and dealing with the stakeholders to find a solution. We have done that. As I said early in March, the unfunded liability in the March 31, '92, statement will be far below a billion dollars, and that's a major accomplishment for this government.

MR. SPEAKER: Second main question, Leader of the Opposition.

MR. MARTIN: Mr. Speaker, I'd like to designate my second question to the Member for Calgary-Mountain View.

MR. SPEAKER: Calgary-Mountain View.

#### **Canmore Golf Resort**

MR. HAWKESWORTH: Thank you, Mr. Speaker. Albertans are desperately looking for responsible management of their affairs by this government, yet all that this government seems capable of doing is the same old discredited business deals with their friends. At a time when raw land in Canmore is valued at \$18,000 per acre, the Ministry of Forestry, Lands and Wildlife is prepared to rent government land to Canmore resort at \$38 per acre per year. How does the minister justify this?

MR. FJORDBOTTEN: Mr. Speaker, it's truly unfortunate that the member distorts the facts to the degree that he does. I'd first say that almost all the land in that development is private land. There is about 10 percent of it, or 26 hectares, that's public land, which is following the normal rental rate on public land in that area, which is 2 percent. I can't for the life of me understand the distorting facts that the member's presenting.

MR. HAWKESWORTH: The minister's saying that the rental rate is the policy. We all know what this government's policy is, Mr. Speaker: treat their select group of friends all equally generously. It's clear that the policy needs to be changed.

Mr. Speaker, the memorandum of offering clearly states that Canmore resort is continuing their discussions with the ministers to lease additional lands, on top of the first lease that I've referred to. Will the minister tell us and all Albertans that he's prepared to deal away more lands at the same fire-sale price as he's prepared to deal away on this first lease?

MR. FJORDBOTTEN: Mr. Speaker, first of all, we're not fire selling away public land. We are not selling the public land. It's a lease basis. I'm not aware of the discussions that may be on with the department with respect to additional land, but I can assure the hon. member that it will be dealt with under normal policy in a very fair way.

MR. HAWKESWORTH: Well, Mr. Speaker, Canmore resort still hasn't finalized their purchase of lands from Alberta Mortgage and Housing Corporation. They haven't finalized completely their lease with Forestry, Lands and Wildlife.

Now that Three Sisters has been made to go through a comprehensive environmental assessment, will the Premier put a stop to any sale of provincial lands or any lease of provincial lands until they go through the same review that other proponents have had to go through and in that way put everybody on an even playing field?

MR. GETTY: Well, Mr. Speaker, I don't know if the hon. member in raising this for several days has been listening to the minister's answers. He's dealt with it time after time for the hon. member. He has his written question, I guess, and he's just going to ask it because that's the way his researcher has given it to him.

One of the kind of sad things, Mr. Speaker, is that whenever anything is being done on a positive basis, what do we have? Opposition, for just a mindless kind of opposition sake, trying to knock something good that's happening. We've heard them try and knock the thought of someone building new pulp and paper projects in northern Alberta that provide jobs and economic growth. Not this bunch. They like it when unemployment is higher. These folks are happy when the price of oil goes down. They are such mindless opposition here that the people of Alberta surely must say: just negative, negative, negative.

#### Auditor General's Report

(continued)

MR. DECORE: Mr. Speaker, for the 1990-91 budget the Premier and the Treasurer promised Albertans a balanced budget. When the Treasurer brought forward the budget for 1990-91, he forecast a \$780 million deficit. He revised it to \$1.1 billion, and now the Auditor General has given us the truth by showing that it is really \$1.8 billion. That's a 130 percent error in estimating. Mr. Treasurer, I'd like to know for Monday's deficit figures and for figures period, how Albertans can believe in you and your figures any longer.

MR. JOHNSTON: First of all, we dealt with this question already. If you're going to make the kind of comparison to the General Revenue Fund deficit which we brought forward in the last budget, which spelled out a \$1.1 billion deficit forecast, the General Revenue Fund real amount is now \$1.2 billion or so. There have been some valuation adjustments in there, Mr. Speaker, but it's not \$1.8 billion, as the member points out.

What we can say to the people of Alberta is a very clear message, Mr. Speaker, that we have done what we set out to do in our plan of 1986-87, wherein we presented a very precise way in which we would work our way out of the troublesome oil price shock that we experienced in 1987. We did it with a business plan which brought us towards a balanced budget. We attempted it last year. What happened is well understood by all Albertans; that is, the price of gas fell more rapidly than anyone had forecast, than anyone in the world had expected. Obviously Alberta, because its revenue source is dependent upon oil and natural gas revenues, has of course suffered the deficit as a result.

MR. DECORE: Mr. Speaker, the Treasurer has been attempting to fool Albertans with this whole business of revenue shortfalls. The Auditor General's report shows that consolidated expenditures for this 1990-91 statement are up by \$1.2 billion; revenues are up by \$1 billion. When are you going to stop fooling Albertans? You've got a structural deficit problem.

AN HON. MEMBER: What's the question?

MR. DECORE: When are you going to stop fooling Albertans and give us the real truth, Mr. Minister?

10:20

MR. SPEAKER: Next supplementary. Final.

MR. DECORE: Mr. Speaker, I guess this is what we're going to get from now on, a minister who's going to start hiding and putting things under the rug because he can't answer the questions any longer.

Mr. Speaker, the Auditor General's report says that the ministry of economic development has programs that are not being properly run and notes that the ministry of tourism has not got programs that are in focus and notes that the Family and Social Services programs need scrutiny. I'd like to know from the Treasurer when he's going to start using some control measures like full operational productivity audits to get some of this mess under control.

MR. JOHNSTON: First of all, Mr. Speaker, this government doesn't hide from the Member for Edmonton-Glengarry; let me be very clear about that. *Beauchesne* is also very clear when it states that the members' questions should not be repetitive, and that's exactly what it was.

Let me go on to speak about the Auditor General's statement. First of all, the Auditor has in the normal course of his business looked at a vast government system, a government which delivers services to 2.5 million Albertans and has a very complex accounting system. There's no doubt, Mr. Speaker, because of the size of transaction, because of the way in which we're attempting to get the programs into Albertans' hands, that from time to time we have to rely upon both our own systems and the external check to improve our efficiency. We believe in what the Auditor has recommended to us. We would like to be more efficient. We would like to improve our productivity. We would like to deliver the programs without flaw. But I have to say that in the way in which governments operate these days, with the kinds of programs we want to deliver to Albertans, for the simple vastness of this system, we have to rely on this independent check.

The government appreciates the work of the Auditor General. We listened to what he has said. We have tried, in many cases, to accommodate his position. In this particular statement the Auditor General comes out and says the following with respect to how we handle loans and guarantees: the government of Alberta has responded in a very positive way to my recommendations; that is, the Auditor's recommendations. Now, I haven't heard anybody from the opposition saying anything about that positive response, Mr. Speaker. We have listened to the Auditor General. We have incorporated his recommendations. We have adjusted, on a sound accounting basis, what he's suggested to us.

Secondly, as I've said before, this Auditor General's statement says that, you know, generally speaking the operations of the government have been very effective; considering the large size of it, it's done a very good job. No qualifications in the Auditor's report, and finally a very positive statement about the fiscal health of this province to the extent that we have improved dramatically the unfunded liability of the pension plans of this province. A major success here, Mr. Speaker.

We appreciate the work of the Auditor General. He's there to help us in terms of improving efficiency, and we treat it just that way.

MR. SPEAKER: Athabasca-Lac La Biche, followed by Edmonton-Calder.

### Unemployment

MR. CARDINAL: Thank you, Mr. Speaker. My question this morning is to the hon. Minister of Career Development and Employment. We all know that the economic diversification plan in Albertan is working very well. Since 1985 Alberta has created over 122,000 new jobs, 14,600 jobs alone in 1991 despite the North American recession, more than \$20 billion of economic initiatives either planned or under construction in Alberta. As you know, the NDs call this a crisis and the Liberal leader calls this job creation an embarrassment. That's how they operate. My question to the hon. minister is: with all of this good news where does Alberta rate in comparison to other provinces in relation to the unemployment rate?

MR. WEISS: Mr. Speaker, I'd rather the opposition would answer it because it would be positive, and I'd like to hear positive remarks coming from them.

I appreciate the background information from the hon. member. Mr. Speaker, I'm pleased to report that while every other province recorded an increase in the seasonally adjusted unemployment rate, Alberta's remained constant at 9.6 percent, which is the second lowest in the country. Now, while the stats reflect a positive position for Alberta, we as a government are still concerned and will continue to work at diversification in the province in our overall efforts to bring down the rate and look forward to positive initiatives that will flow from this government over the coming months.

MR. CARDINAL: A supplementary on that, Mr. Speaker. I know on the average that Alberta does very well employing people. I know parts of our province also still face a high rate of unemployment, and I know our government is doing very well in training programs and also putting in industries where jobs are really needed. Could the minister give some assurance that he will continue pursuing the training programs that are required in northern Alberta, specifically to the native communities so they could also enjoy the jobs and the standard of living in Alberta?

MR. WEISS: Well, Mr. Speaker, it's a very important area, and all of northern Alberta is facing an economic downturn in relation to some of the projects. We see some increase in the interest as a result of the forestry sector, and we predict that as a strong growth area as well. I'd like to say that we're as well involved in various communities, such as Slave Lake, Fort McMurray, and the member's own community of Lac La Biche. We'll be implementing a mobile industrial training centre in two centres in the north, and we look forward to positive results from those two projects.

### Social Assistance Policy

MS MJOLSNESS: Mr. Speaker, since the Minister of Family and Social Services has tightened up on the policy of emergency food vouchers, he has left many people and their children destitute. Volunteer agencies do not have the resources to pick up the load, nor is it their responsibility. Given that the minister should be ensuring that people's basic needs are met, I'd like to ask him: what provisions has he made to ensure that families and their children who are receiving assistance are fed properly?

MR. OLDRING: This minister and this government provide hundreds of millions of dollars through the supports for independence program to Albertans in need across this province. Mr.

Speaker, the member knows full well that last year there were substantive increases, as high as 19 percent, to the food rates provided for children. Clearly, this government is committed to supporting those families in need. I might add, the member knows full well, that this year, because of the additional needs that we saw across this province, we added another \$148 million in special warrants alone. Clearly, we are committed to making sure those basic needs are being met and provided for.

MS MJOLSNESS: Well, Mr. Speaker, I sent a letter to the minister on Wednesday – and I'll table it right now – in which I described how a woman came into my office and sat crying because she had to feed her children popcorn the night before for supper. She had been refused an emergency food voucher because she was told she was given one the month before. He has offered to help her budget, but a budget will not feed her children. I'd like to ask the minister: will the minister recognize that this is a serious problem throughout the whole province and change his policies to ensure that these families and their children have access to emergency food vouchers so that they have enough to eat?

MR. OLDRING: Mr. Speaker, I did receive the hon. member's letter. I noted that there wasn't a client's name in that letter or a specific reference. I also noted and I was rather perplexed – the member pointed out that a client had come into her office on April 8. This is the beginning of the month. I was kind of confused. I mean, this person has just received their full month's benefits, and she is trying to suggest that a \$20 emergency food voucher is going to solve this person's problems for the other 20 days of this month. That's just not the case. I'll reiterate that we continue to stand committed to make sure that we're meeting those basic needs of food, shelter, and clothing, and we still stand committed to being able to provide emergency vouchers in true emergency situations.

### Municipal Financing Corporation

MR. WICKMAN: Mr. Speaker, it appears that the Provincial Treasurer is attempting to scam the municipalities out of hundreds of millions of dollars of their own money in an attempt to put another band-aid on his budget. To the Provincial Treasurer: would the provincial government elaborate on plans to divert those dollars from Alberta mortgage financial corporation to general revenues and then distribute one-half of that amount to municipalities in the form of AMPLE grants?

MR. SPEAKER: I'm sure the member would be more judicious in the use of a word such as the minister trying to "scam." Thank you.

Provincial Treasurer.

MR. DECORE: Hoodwink.

MR. SPEAKER: That's no good either.

MR. JOHNSTON: Mr. Speaker, the member is confused and has not given me the right amount of information. I'm not too sure what the Alberta mortgage financial corporation is.

MR. WICKMAN: Mr. Speaker, my apologies for saying mortgage instead of municipal. It's the Alberta Municipal Financing Corporation.

Mr. Speaker, to the Provincial Treasurer: will he answer that first question, please?

MR. JOHNSTON: Aren't you going to ask him to withdraw the other part, Mr. Speaker?

MR. SPEAKER: You get it right the first time. I'm sorry. Now he can answer it as a supplementary. I'm sorry.

Provincial Treasurer. [interjections] The member gave clarification that it was another group, hon. Treasurer, if that helps.

10:30

MR. JOHNSTON: Mr. Speaker, the government never gets into these kinds of inflated rhetoric. Look at the kind of language we hear from the Liberal Party across the way. I don't think it does this House any good at all. It probably gives the wrong impression to Albertans about the character of the people in the Liberal Party in particular. I'm simply not going to tolerate that kind of language.

MR. SPEAKER: Banff-Cochrane, followed by Edmonton-Centre.

#### Recycled Materials Usage

MR. EVANS: Thank you, Mr. Speaker. Dedicated and energetic community volunteers in Banff-Cochrane constituency and elsewhere in the province of Alberta are getting discouraged. They've set up what they hoped were going to be recycling projects that were going to have long-term subsistence. Unfortunately, the markets have dried up, especially for glass and for paper. Although the Department of the Environment has certainly assisted in the establishment of these programs, my question to the minister is: what is the department doing to reverse this trend and to stimulate these markets?

MR. KLEIN: Quite simply, Mr. Speaker, we have instituted a new program called Action on Waste. We're in the process now of assessing the degree to which government help can be given to some of these recycling industries, industries, by the way, that have the potential of becoming good, viable industries in the future as the demand continues to grow for environmentally friendly products.

MR. SPEAKER: The Member for Banff-Cochrane.

MR. EVANS: Thank you, Mr. Speaker. There's a new private-sector initiative called the Alberta Ecotrust, which is a combination of efforts between environmentalists and the private sector, particularly the energy sector, to set up and assist in communities the opportunity for growth of a recycling initiative or any initiative that assists in making our environment healthier. Is the minister aware of this program, and is the province of Alberta prepared to participate?

MR. KLEIN: I'm aware of the Ecotrust program. It's ostensibly private-sector driven. We have volunteered to participate in a small way, but we think it would be best left to the private sector. It's basically in place to accommodate those smaller recycling projects that have fallen through the cracks.

I might say generally, Mr. Speaker, with respect to recycling in the province that basically this is a community-based program whereby committed and dedicated volunteers get together to assess what is right for their individual communities and put in recycling programs. I note in *Hansard* not so long ago that this is what the

hon. Member for Edmonton-Jasper Place thinks about the volunteers in our province: he says that the program is a Mickey Mouse program and that all it is is the minister running around handing out cheques to Boy Scout groups. I think this is an insult to solid, dedicated, committed volunteers who want to do something good for their community.

#### Utility Rate Regulation

REV. ROBERTS: Mr. Speaker, Alberta's thousands of oil and gas producers are not only hurting badly by world market conditions, but they are also as angry as can be about the excessively high rates charged by utilities here at home. Not only are the toll rates charged by Nova pipelines high, as I maintain, but the electrical rates are also much higher than the falling interest rates and the costs of money current today. Yesterday the Minister of Energy tried to say that his year-long review of Nova just might, maybe sometime in the future, give some advice to the minister on a whole range of issues, and he just might, maybe sometime in the future, do something about the millions of dollars the industry is now being overcharged. Will the Minister of Energy stand in his place today and agree with me and thousands of Alberta oil and gas producers and admit that the rates charged by utilities, Nova in particular, do not reflect competitive costs of capital and efficient costs of service in today's market?

MR. ORMAN: Well, Mr. Speaker, I answered this question in question period yesterday as I understand. We have a Public Utilities Board in this province that is quasi-judicial, that sets the utility rates based on precedent, based on the North American context, and makes decisions on return on equity. The Canadian Petroleum Association and IPAC will be having a full hearing in July before the Public Utilities Board to express their views on equity rate of return.

REV. ROBERTS: Well, I'm surprised that the Minister of Energy in this province doesn't have his own views one way or the other on this very important issue, Mr. Speaker. I think it's unacceptable that in this energy-rich province we don't give industry a competitive edge with lower pipeline and electrical charges.

Among the better methods of getting utilities to perform more efficiently and lowering the rates charged to consumers is called incentive rate regulation. Given that the National Energy Board is having public consultation on this methodology with everyone in the field except the Alberta government and Nova, will the Minister of Energy contact the secretary of the National Energy Board and become a full participant in this development on behalf of the thousands of Alberta oil and gas producers who are being overcharged and undervalued?

MR. ORMAN: Mr. Speaker, unlike the hon. member, I refuse to obstruct the quasi-judicial nature of the Public Utilities Board. That board has a fine record of setting utility rates in this province. Unlike the hon. member, I will not impose my personal views on this very important regulatory process.

The hon. member should know, and I am about to let him know, that I have spoken to the chairman and two members of the Public Utilities Board about incentive rate-making. I have followed incentive rate-making before other regulatory bodies in North America. I can also let the hon. member know that one of the recommendations from the Clean Air Strategy for Alberta, that very fine review of the whole gamut of energy production, recommended that incentive rate-making be considered by the PUB. As you see, Mr. Speaker, it is not a new thought that is

being presented by the hon. member. It's something that was in the clean air strategy, and as a matter of fact very shortly we will be considering many of the Clean Air Strategy for Alberta recommendations. Incentive rate-making is not new, it has merits, and I've spoken to the board.

MR. SPEAKER: Edmonton-Jasper Place, followed by Edmonton-Meadowlark.

### Trade in Endangered Species

MR. McINNIS: Thank you, Mr. Speaker. I do apologize for the Mickey Mouse comment. Mickey Mouse would never be involved in anything as bad as that minister is. For sure.

Because of the government caucus' refusal to support a ban on trade in endangered species and wildlife parts, you can still buy elephant hide boots here in the city of Edmonton. While it may be technically legal, it means that Canada and Alberta are failing to do their part to stop the illegal trade internationally in endangered species and artifacts. It also is probably a violation of the Convention on International Trade in Endangered Species. I want to ask the Minister of Forestry, Lands and Wildlife if the government will now take action that's available to it under section 96(1) of the Wildlife Act relating to possession, transportation, importation, and trafficking in exotic wildlife and ban the sale of these artifacts in Alberta immediately?

MR. FJORDBOTTEN: Mr. Speaker, I share the hon. member's concern about the trade in any products that come from endangered species. I personally find it repulsive that that does take place.

Alberta is a very strong supporter, with Canada, of the Convention on International Trade in Endangered Species. In my cursory review at this point, under I believe it's appendix 1, it's totally illegal to trade in something like elephant boots. I must say that we are doing all that we can from our side to make sure that we see what steps we can take. In addition to that, I might say that in a province as free as this, with so many products for sale, I find it strange that anyone would want to trade in something that is as precious and as endangered as the elephant.

MR. McINNIS: That's very well, Mr. Speaker, but unfortunately it's still going on today.

I'd like to ask the minister this question: how are we going to convince people around the world that they shouldn't buy illegally poached black bear gallbladders and claws when the bears are left dead in the woods or illegal antlers if we were going to allow the sale of these things in the province of Alberta? Will he take action now under section 96 of the Wildlife Act?

10:40

MR. FJORDBOTTEN: Mr. Speaker, as I've said, we certainly have that under review. We have banned the sale or trade in bear parts in this province. It has gone a long way to stop the trade in that; it certainly hasn't stopped it. The calls that we get in our antipoaching campaign, for example, have a lot to do with bears. So we do have some work to do, and I assure the hon. member and the House that we are doing all we can to review the situation and make sure that our precious endangered species not only in Alberta but in the world are protected.

MR. SPEAKER: Edmonton-Meadowlark.

### Provincial Budget

MR. MITCHELL: Thanks, Mr. Speaker. Last week somewhere in wonderland the Treasurer actually said to Alice: these deficits are okay because we've controlled expenditures. How can this Treasurer claim to have controlled expenditures in 1990-91 when these expenditures were up \$500 million over his original budget?

MR. JOHNSTON: Well, Mr. Speaker, unlike the Member for Edmonton-Meadowlark we don't go into the future backwards. That's exactly what he's doing, backwards through the looking glass, because he has to continue to do that.

What we have done is as follows. The province of Alberta since 1985-86 has had the best expenditure management record of any government in Canada, and we will match that fact with any disclosed public information regarding expenditures. The one thing that this government has done very well and where we have dedicated our efforts is to control the size of our expenditures. We have done just that. We have maintained an average expenditure rate to the end of this current fiscal year of under 2 percent, Mr. Speaker. That is not matched anywhere in Canada. In fact, other governments are running somewhere close to 6 to 7 percent on an annualized basis. That simply means larger deficits and larger taxes. We have controlled expenditures. We will match our record against any government in Canada. We intend to focus our efforts on what we can control: the amount of money that we spend. We're doing just that.

MR. MITCHELL: The Treasurer, still in wonderland, then turned to the Mad Hatter and said: these aren't really deficits; they are simply revenue losses. Mr. Speaker, how can the Treasurer claim that revenue loss is responsible for his \$1.2 billion budget deficit in 1991 when in fact he got unanticipated revenue windfalls that year of \$340 million?

MR. JOHNSTON: The Member for Edmonton-Meadowlark gets all hot and flustered, Mr. Speaker, when he talks about these difficult choices and doesn't understand about the options that governments have to deal with. You can see that they simply are trying to cast the worst pall on what's happening here in Alberta.

Let me make it very clear to Albertans, Mr. Speaker. We have to bypass the nonsense of the Liberal Party, and the people of Alberta understand that their position is full of nonsense. What we have here is the following. We have in fact controlled our expenditures, as I've just said, but we do have to make some revenue forecasts about what we will receive from oil and gas revenues. Over the past five years everyone in Alberta knows that that's been a very difficult period of forecasting oil and gas revenues.

Let me simply recount for you that since '85-86 you had the sharp fall through 1986 of oil prices, where they went from a forecast high of \$30 down to about \$10. Secondly, we had the uncertainty about OPEC production over that period: would they in fact continue to flood the market; would they control the prices? We had the problem with the Gulf war crisis this past year, where prices spiked from \$15 to nearly \$30 and then back again below that. Then this past year, Mr. Speaker, we've had a problem with the gas forecast whereby the North American world market has in fact collapsed despite increases in volumes of Alberta gas into all markets. Albertans understand that.

What you have here is a forecast based on some reasonable position on the revenue side, controlling the expenditures, as I've just commented. Obviously, if you control expenditures and your oil and gas revenues sink, you have to have a resultant deficit.

We are willing to tolerate that deficit, Mr. Speaker, opposed to the other option which those other socialist parties would carry; that is, increased taxes. We will not increase taxes because of the oil . . .

MR. SPEAKER: Thank you.  
Lesser Slave Lake.

### Housing

MS CALAHASEN: Thank you, Mr. Speaker. My question today is to the Minister of Municipal Affairs, who is also responsible for housing. Each and every day we witness the constant increase of new Albertans moving to our province and thus the need for new housing. The Minister of Family and Social Services has also said in this House many times that the arrival of individuals and their families from all parts of Canada has impacted on the magnitude of the services that his department provides. Last week, in fact, a major corporation announced that they will relocate their head office to Calgary, and I am confident that as the burden of taxation on business, which is the hallmark of the NDP government in Ontario, takes hold, even more announcements along these lines will be made. To the minister responsible for housing: are we in Alberta prepared to handle these additional demands on our resources?

MR. FOWLER: The hon. member is exactly right: Alberta is open for business. Mr. Speaker, the March housing starts in Alberta are now public information through Statistics Canada. They are most encouraging indeed and should cause even the most negative person in this Assembly to admit the fact that we are far ahead in our economy of any other province. March housing starts for 1992 were 25 percent over the previous month, but more startling is the fact that the housing starts for March 1992 over 1991 for the same month are in fact up 89 percent.

AN HON. MEMBER: How much?

MR. FOWLER: Eighty-nine percent.

Well, Mr. Speaker, the question referred to the ability of this province to handle new people coming in, and I want to assure the hon. member and this Assembly that there is no question in the minister's mind or in this government's mind that our municipalities have the wealth of talent necessary to put in the proper housing that is necessary for anyone that comes to this province.

MS CALAHASEN: I'm very happy to hear that at least we're able to accommodate the people who are moving into our province.

However, will the minister undertake to ensure that the seniors' housing programs will continue to be designed to respond to my people's needs so that seniors will not have to leave their homes to live in strange and unfamiliar surroundings, as is happening in Slave Lake, where we desperately need a lodge?

MR. FOWLER: Mr. Speaker, again I would be pleased to match this province's seniors' programs with any province in this country. If there is another province that it's felt is doing better, I invite whoever feels that way, and we will go together on a trip to see that province to see how we can do better.

Mr. Speaker, in respect to seniors' housing, we are developing garden suites, an innovation that is not being picked up right across Canada. We are into modifications of seniors' homes in the regeneration program and, also, modifications of the personal residences of seniors in order that they may live in their own homes as long as they would like. My department is working and

will continue to work with the member's constituency, particularly in Slave Lake, to assist there and fulfill our duty to the seniors in that community.

### Fuel Contamination Incident

MR. DOYLE: Mr. Speaker, last August the Attorney General released the results or rather the nonresults of his investigation into the Hinton fuel contamination. The report basically told Albertans injured by the substance that the government had waited too long to seriously investigate the matter and that we would probably never know who was responsible for causing their suffering. I would like to ask the Premier: given the Attorney General's refusal to hold a public inquiry into this matter, will the Premier at least release the taped information on the incident that the Attorney General's report stated had been anonymously sent to Occupational Health and Safety so that the victims can judge if it contains any relevant information?

MR. GETTY: Mr. Speaker, I would certainly refer the hon. member's request to the Attorney General and ask him to respond as soon as he can.

MR. SPEAKER: Supplementary.

MR. DOYLE: Thank you, Mr. Speaker. The Attorney General's report also stated that the RCMP file on the matter would remain open. Will the Solicitor General tell the Assembly whether any new information on the matter has come to the attention of the RCMP and, further, commit the necessary funds and personnel to make the investigation a top-level priority?

10:50

DR. WEST: No, Mr. Speaker. No new information has come to me, but certainly in my communications with K Division we'll take the matter up.

MR. SPEAKER: Calgary-North West.

### Community Tourism Action Program

MR. BRUSEKER: Thank you, Mr. Speaker. Part of the reason why this government is in trouble financially is funding of questionable projects like the riverboat down on the North Saskatchewan and now \$150,000 of CTAP funding for bungee jumping at West Edmonton Mall. My question to the minister responsible for tourism: will the minister put a stop to this provincial funding of \$150,000 for bungee jumping at West Edmonton Mall?

MR. SPARROW: Mr. Speaker, it is a pleasure to address this issue. We all realize that there are some 330 communities in this province that did a community tourism action plan. They averaged about 25 goals each, and over 7,000 goals were set. Over 800 projects have been helped throughout the province through that program of lottery dollars going out to communities. One of the problems we have is that the socialists on the other side tend to think that the free enterprise system doesn't deserve similar help, and the industry is driven in this province by the free enterprise system. I'd like to mention that this project alone, when it hit the international press on CNN, was covered world wide, and I asked my staff to check on the value of the advertising. They said that the city of Edmonton got over \$20 million for advertising because of the bungee jump and the new activity at Fantasyland. So, Mr. Speaker, there seem to be the socialists on the other side

that dislike industry and business creating jobs and excitement and bringing visitors to . . . [interjections].

MR. SPEAKER: Order please, hon. member.  
All right. Let's jump to the supplementary.

MR. BRUSEKER: Straight to the topic at hand then, Mr. Speaker. Perhaps he can't think of any more worthwhile projects than bungee jumping. I can certainly offer him a long list.

If this guy and this government are so sure about free market and if this is such a wonderful project, why can't it stand on its own?

MR. SPARROW: Mr. Speaker, I will send the member a set of books that shows him how the program works. The communities that did community tourism action plans . . . [interjections]

MR. SPEAKER: Order.

MR. SPARROW: Definitely if a proponent goes forward to the community tourism action program committee at the local level, they approve it, the community approves it, and then it goes to the industry, TIAALTA, who are looking for four things: to make sure it's capital in nature, that it's tourism related, that it's financially viable and that they have the balance of the cash to make sure it's economically viable, and that it has been endorsed by the local community. This is not a provincial decision, Mr. Speaker. This decision is made by the city of Edmonton and the community tourism action program and is not made by the government of Alberta. Clearly all the rest are the same way.

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.  
The Member for Vegreville.

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

MR. FOX: Thank you, Mr. Speaker. I'm pleased to introduce to you and members of the Assembly 52 visitors from the Tofield school. They're studying about government and wanted to visit the Alberta Legislature. They're accompanied by group leaders Miss Shelley Hooper, Mrs. Vivian Andrusky, Mrs. Sandra Norton, Miss Tanya Sawchenko, and Mrs. Wanda Baettger and by their bus driver, Mr. Miles Rose. They're seated in the public gallery, and I'd like them to rise and receive the warm welcome of members of the Assembly.

**Speaker's Ruling**  
**Changing a Question to a Motion for a Return**

MR. SPEAKER: We have two items of a procedural nature which arose yesterday. The first is to inform the House that in accord with Standing Order 35 Written Question 284, as presented by the Member for Calgary-McKnight, will be transferred to the Order Paper as a motion for a return.

**Point of Order**  
**Tabling a Cited Document**

MR. SPEAKER: Yesterday an issue arose during the debate on Motion for a Return 239 as to whether the Minister of Energy

should be required to table a certain paper to which he had made reference. The minister immediately provided a copy of that document to the Chair. Upon examination the papers consisted of notes made in point form prepared for the minister in anticipation of the issue under debate. These papers then were compared with the text of the minister's words as printed in *Hansard*.

Upon consideration of the matter, the Chair has determined that the papers used by the minister are not of the kind which are required to be filed, and that's for two reasons. Number one, the papers were clearly notes prepared specifically for use during the debate of the issue within the House. *Beauchesne* at citation 495(1) and (3) and again *Erskine May* at page 382 both refer to "a despatch or other state paper" as being placed on the Table. In the opinion of the Chair notes of the kind presented to me by the Minister of Energy are not state papers. Both *Beauchesne* and *Erskine May* state that the rule does not apply to memoranda.

The second point is that *Beauchesne* citation 495(5) states that in order to be cited, "a document must be quoted or specifically used to influence debate." From the comparison with the Blues it was clear that the hon. minister did not quote from his briefing notes extensively. In order to specifically influence debate, the document would have had to exert some force or authority of its own. These notes were not quoted, nor do they have any force of authority of their own. They simply consist of the points the minister wished to cover in his remarks.

The Chair acknowledges the co-operation of the minister in promptly submitting his notes.

Thank you.

head: **Orders of the Day**

head: **Government Bills and Orders**  
head: **Committee of the Whole**

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: Would the committee come to order, please.

**Bill 9**  
**Nova Terms of Service Regulation Validation Act**

MR. CHAIRMAN: When the committee last met on Bill 9, there had been some time spent on consideration of the Bill, and it appeared that we were almost ready to conclude committee study. Are there any further comments or questions or amendments that are to be offered in respect of this Bill?

The hon. Member for Edmonton-Centre.

REV. ROBERTS: Mr. Chairman, I did communicate with the minister. I was concerned about one issue that was left dangling from the last conversation, mostly out of the lips of the Member for Westlock-Sturgeon, along the lines that we wouldn't be in this mess anyway if we had adopted prorationing in this province, a method by which gas production is withheld to, in a sense, boost prices and the rest. I've heard a lot of debate on this. I don't know if it would have brought California to their knees and made Bill 9 unavoidable, but I would like some clarification from the minister.

MR. ORMAN: The theory of prorationing natural gas has been around for a while. There are some positives about prorationing; there are some negatives. I should say to begin with, though, that the hon. member should know that prorationing is a supply problem. What this Bill deals with is the transportation problem.

So with your indulgence, Mr. Chairman, I can speak to prorationing. It is not specific to this particular Bill. It has something to do with a supply management concept.

**11:00**

MR. CHAIRMAN: The Chair would be prepared to receive that suggestion, because probably it will stand us in good stead when we later consider measures that are going to be before the committee.

MR. ORMAN: Mr. Chairman, let me just then briefly point out that, first, it would be administratively very difficult to prorate gas. I understand why the hon. members bring it up, and that is because they see it as an alternative to this particular piece of legislation. In fact, it is not. The states of Oklahoma, Texas, Louisiana have prorationing legislation in place, and they do it to try and effect a higher price. Alberta has always taken the position that issues with California are not related to price, issues with Ontario are not related to price. Yes, we'd like a higher price, but we are not going to intervene in the marketplace to try and effect a higher price.

Understand too – and this is a point I should have made last time we were in committee – that the issue we are dealing with here is not a deregulatory issue. The hon. member continued to refer to deregulation/re-regulation. Gas markets and price have been deregulated. Pipelines will always be regulated. They are natural monopolies. They should be regulated. There should be an uncomplication of the regulation. That's what the FERC is reviewing, and the ERCB is reviewing with Nova, and the National Energy Board is looking at incentive rate making. All of those deal with the regulatory side of pipelines.

The issue that we have at hand is not an attempt to re-regulate price or supply, Mr. Chairman. It is simply to have an orderly transition to a new market phenomenon, and that is where sellers deal directly with buyers rather than the bundling of supply. That is where the owner of the pipeline historically has been involved: in aggregating supply, some places looking for supply, transporting it, finding markets for it, and in many cases, reselling it. Those days are coming to an end. There is a more direct relationship between the buyer and the seller, and that's what deregulation of markets has brought.

So on the issue of prorationing, it just does not seem to me – well, I know that it won't solve this problem. It could bring higher prices, Mr. Chairman. If we prorated gas markets, we could effect higher prices. That is what is happening in Texas, Oklahoma, and Louisiana. I believe that they are trying to create an environment where by reducing supply, removing inventory from the market, you then classically have a higher demand and the prices do increase. We do not want to do that. That flies in the face of deregulated markets.

Secondly, this is an interjurisdictional action in the United States; that is, they sell gas to another state in their own country. We are selling gas one country to another country, and to prorate gas I believe would fly in the face of the principle of the free trade agreement.

So we can do some tilting at windmills, Mr. Chairman, and look at prorationing. For two reasons it's not germane to this Bill. As I've outlined, one is that this is an issue that deals with moving gas from one country to another with the free trade agreement in place. Secondly, it is a direct attempt to increase price and would not solve the issue that we're talking about in this particular Bill 9.

MR. TAYLOR: Mr. Chairman, I told the minister that I wouldn't be speaking any further on this. I was going to bring it up under natural gas marketing, but seeing that you've allowed the cause of prorationing and gas marketing in general to be talked about, I might as well do it here, and then I will have less to say at Bill 12, if that's okay. Can I be released from my word, or do you want to wait until 12?

MR. ORMAN: Mr. Chairman, if he has a terrible urge, I guess we should let him go ahead.

MR. CHAIRMAN: Hon. member.

MR. TAYLOR: Thank you. I wouldn't dare ask with the Speaker in the House, Mr. Chairman, because he would feel I was usurping his role. There's no better way of starting a young man on his way to the premiership campaign than asking his permission to do something.

What I wanted to touch on was that prorationing, as the minister mentioned, could raise the price. Well, that's almost the whole answer in itself. I mean, after all, about 25 percent of the money that comes back – or a little less than that, maybe, now – of what our gas is sold for, is to our taxpayers, to us.

One of the reasons that prorationing has been pushed in Texas and down there is an organization called TIPRO, which is Texas Independent Producers and Royalty Owners. In other words, the royalty owners down in the U.S., which are not the government, they're private individuals, want to see a form of prorationing come in because it will raise the price. I'm glad to see the minister agree to that. Up here we have maybe triple the reason to look at anything that will raise the price. Because down there when the Louisiana commission or the Texas Railroad Commission or the Oklahoma railroad commission or the New Mexico one tried to control the production of gas – and by the way, somebody asked me as I was going out the other day what the heck prorationing was. If I can just take a second, very simply rationing is when you have a shortage of production and you want to make sure it's spread amongst all the consumers. Prorationing is just the opposite: when you have a surplus of production and you want to make sure that all the producers get a little bit. In other words, you ration the production out under prorationing; under rationing you ration out the consumption. I just say that because I was surprised that in an oil province somebody would ask that, especially an MLA.

REV. ROBERTS: It wasn't me.

MR. TAYLOR: Okay. [interjection] I've got it thoroughly confused, have I?

Well, back again. Prorationing is when there is a surplus and you share the market amongst the producers. Rationing is when there's a shortage and you share the product amongst the consumers. Therefore, it can be used as an argument that prorationing, of course, does raise the price, because what happens is that you don't have a small producer breaking the market. Then I mentioned one of the reasons why it should be looked at more closely here than in the U.S.: that we are the royalty owners. There isn't a royalty owner worth his salt in the United States that doesn't want prorationing. However, the producers quite often argue against it. Up here we are the royalty owners, the government. Consequently, anything that would raise the price should be looked at very closely.

Secondly, the minister mentions the free trade pact and the possibility of problems if we get into prorating of gas. I'm not that concerned. I'm sure the minister is well aware that eastern Canada is swapping on gas swaps and buying some gas out of the U.S. now. As I recall, there's some coming the other way in the east. So the North American policy of free trade works both ways. In other words, I don't think you will get arguments from the government that it's breaking free trade. I think this breaks down into an argument of consumers versus producers, and the minister is certainly right when he says that the buyers will use every club at their hand, as we've seen already with the California Public Utilities Commission, to try to argue that it is a restraint of trade. Those same arguments, Mr. Chairman, were gone through in the 1920s and the early '30s in the United States when prorating was put in down there to try to keep the gas markets and the oil markets both. In most cases down there the oil was maintained.

So the question of opposition on the fact that it's a restraint of trade is certainly going to be there. There's no question about it. What I'd like to suggest to the minister: I'd feel a lot happier if I saw the minister meeting with the other gas producing states and provinces in Canada and the U.S. to try to work out a common policy. In Canada, of course, Saskatchewan, Alberta, and B.C. are the only significant gas exporters, and I'd feel happier if this Minister of Energy convened a meeting at least with the three ministers up here to talk about the whole field of gas export. I think it could be expanded to include the three or four U.S. states that also export, because we have an organization here that's supplying gas energy to North America that's actually smaller than the OPEC countries. It's only about half the size. We're all on the same continent, and it seems to me we could do quite a little on planning an orderly market that would go a long way to getting us a fair price. Most of all, if you get a fair price, that's something that not only the Treasurer could spend, but it's good for our children and our grandchildren, as far as the money.

#### 11:10

What we're doing is trading capital. I know I'm sounding very much like one of our past Premiers, Premier Lougheed. We're trading capital for another form of capital. We're trading capital in the ground for capital we'll call dollars. Some people might question whether that's a good idea, but we're pretty well committed along that stage anyhow. So I would like to see the minister really make more of an effort to talk with his brethren in the U.S. and in Canada to think about trying to bring a little more order to the market.

The last point I want to make – and if I had trouble with prorating, I'm really going to have trouble with this – is the whole question of the law of capture, traditional in Canada and the U.S. because it evolved out of the 1915s and 1920s that when oil or gas came up the bore well that you had drilled, it belonged to you. We had to put the law of capture in those days. Otherwise, neighbours all around would be suing you, saying that their oil or gas comes running over to your well bore and up so they wanted their money. So the law of capture has become sort of a basic developed through the 1920s and '30s. As a lawyer, Mr. Chairman, you're probably familiar with it.

That does set in motion a rather intriguing set of events, if you stop and think about it for a minute. If you have gas marketers all out there, not working together, independently sharing a market – you have a well, he has a well, and I have a well – if I can sell my gas cheaper and get a contract because I'm undercutting you too, then I can produce my gas. It's the law of capture. I'm in effect stealing your gas. So what we have around Alberta here is

a number of cases where people are selling gas cheap, but maybe it isn't really their gas. Gas floats in a reservoir; it moves across. This is the other advantage of prorating or some sort of scheme of unitizing. Whenever you set up prorating, what happens is that you unitize the gas field so that everybody gets a proportion of the gas sales whether it comes out of their well bore or not. We could decide the volumes right there.

Under the present system, and in the present system of the law of capture, you have inequities coming in here that encourage cheap prices. The three of us again: he's getting a dollar and a half for his cubic foot of gas – he's got a nice long-term contract – you're getting a dollar and a quarter; I'm sitting here up to my armpit in bankers, as I usually am, you see. The banker says to me, "Well, Nick, somebody's offered you a contract for 80 cents." I say "Well, good deal." So I open up my old valve. All of a sudden I'm selling gas at 80 cents, but I'm stealing a little from him, and I'm stealing a little from the other him. What are they going to do? They've got to sell more gas to keep even with me, because I've got my little straw in there sucking the reservoir faster than they are. So when they go to their thing and say "Look; I know I'm selling you gas at a dollar and a quarter, but old Nick is stealing some of my gas there, because he's selling it at 80 cents." They'll say, "Well, we won't give you a dollar and a quarter; we'll give you 75 cents." The guy says: "Oh, no; drop dead. Okay; all right, 78 cents."

This is what's going on here, Mr. Chairman. What we have is a system that's set in there that's built to give us cheap gas. When you realize on top of that the royalty owners are we Albertans, we're on a downward plunge. All I'm trying to do is tell, with this old white hair – and I've produced in 20 countries of the world – that we're, for lack of a better word, crazy. We're really getting taken to the cleaners here. We're really being taken, and this is why I'd like to see a little common sense. I'm talking not as a Liberal or as an NDP or anything else. I'm just saying that the way we're going now, we're giving away a resource that we can't even find at the cost we're selling for.

The second is if you take it on a Btu basis or use gigajoules, those of you that are metric – it doesn't matter – oil selling at \$18 is equivalent to about \$2 an mcf for gas or \$2 a gigajoule. So what I'm getting at is that our gas has been artificially depressed. Something caused it. It's not a free market for natural gas. Something caused it. Why did it go under? I submit that the reason is too many willing sellers all thinking they're stealing from the next fellow, all hoping to pay the bank off tomorrow. We have to get some control. If it was just a free market, it was just the freehold owners, and it was just the oilmen, we could sit back there and say: "Well, bash your brains out. Who cares? We'll let the law of supply and demand take place." But we as taxpayers are the major losers in this whole process. That's what I wanted to get across. It's a philosophical thing, and I'm glad you've given me the time, Mr. Chairman. If you hadn't on this one, I would have sneaked it somewhere else.

Thank you.

MR. ORMAN: Mr. Chairman, I don't know whether I can forgive the Member for Edmonton-Centre for bringing this issue up. He's obviously pushed a hot button here, and I'm going to hold the Member for Westlock-Sturgeon to his promise not to speak on Bill 12.

Mr. Chairman, the hon. Member for Westlock-Sturgeon characteristically is suggesting that governments collude on price and supply. I'm frankly not in support of that in the strictest sense, but I should let the hon. member know that the Deputy Premier and myself have met on a number of occasions with what

was formerly called the Southwest Energy Council, now referred to as the Energy Council, which is the southwest U.S. producing states. They met in Lake Louise. We spoke at that meeting with them and got unanimous support for the direction that we're going, and we gave them support for the direction they're going. We are going in different directions, but the objective is the same, and that's fair treatment by the consuming interests on this continent.

The hon. member should know that the province of Alberta is the first jurisdiction outside of the continental United States that has been invited to be a member of the Southwest Energy Council. We are now an honorary member in good standing of that organization and deal with, on a regular basis, issues referred to by the hon. Member for Westlock-Sturgeon.

MR. CHAIRMAN: If there are no further questions, comments or amendments, is the . . . [interjection] The hon. Member for Edmonton-Centre.

REV. ROBERTS: Yes, Mr. Chairman. One other matter that is well within the scope of the Bill and could well be clarified at the committee here is a development that occurred yesterday. I can't find the exact reference to it, but it was ruling 636 from the Federal Energy Regulatory Commission in the U.S., which, as the minister earlier said, I think goes some distance to this issue of unbundling supply, which has implications for this issue and, as I understand the ruling, that moves in our favour and that again helps me in my sense of wanting to get this settled in the regulatory field, at the negotiating table and not by the heavy hand of Bill 9. I'm sure it's a modest step in our direction. I'd like to know if, in the minister's view, it is as encouraging to him as it is to me and others and what implications it has for further passage of Bill 9.

MR. ORMAN: Mr. Chairman, I've endeavoured to explain this in the past. FERC order 636 deals with issues relative to transition costs. I've indicated to the hon. member what the objective in this legislation is: to facilitate an environment where transition costs can be negotiated by a buyer and seller. What we're trying to do is align ourselves to support and operate in the environment that is set by the FERC and order 636 and other matters that deal with unbundling of supply and issues dealing with transition costs.

MR. CHAIRMAN: Well, if there are no further questions, comments, or amendments, is the committee agreed as to title and preamble?

[Title and preamble agreed to]

[The sections of Bill 9 agreed to]

[Motion carried]

MR. ORMAN: I move that the Bill be reported, Mr. Chairman.

[Motion carried]

**11:20 Bill 12  
Natural Gas Marketing Amendment Act, 1992**

MR. ORMAN: Mr. Chairman, my comments in second reading were probably more elaborate than they need to be in second reading. Therefore, I have no further comments dealing with this piece of legislation in committee unless there are questions by hon. members.

REV. ROBERTS: Mr. Chairman, I agree with the minister that with respect to so many amendments to this Natural Gas Marketing Act we can and will concur. There is, however, one issue that can be raised under the provisions of the new amendment 6.1.

The Commission may enter into an agreement under which it undertakes to provide services not otherwise provided for in section 3 on behalf of the buyer or seller under a gas contract.

I know the issue is around netback sales and how decisions are made within the pool and so on, but I wanted to know if this would allow and enable and in some ways empower the natural gas marketers to do what I think really needs to be done much more aggressively, creatively, or whatever, which is to create a further demand for natural gas. It seems to me that we have to realize that this fuel is one of the most environmentally friendly, almost the purest source of fuel that there is next to hydrogen in terms of its by-products and so on. It's a real winner. It's something that I know everyone is concerned about as being one of the great resources now and into the future, and here we see ourselves with an oversupply, the price has fallen, and so on. I think one of the things that we would need and we should be doing more and more at every opportunity and every turn is to find further uses for it and further demand for it as well. I'd like to know that by virtue of these amendments the Petroleum Marketing Commission may provide some other services such as increased marketing ability. I'm glad, for instance, that the minister has recently announced the use of natural gas in cogeneration. I think that's a smart move and long overdue. We can use natural gas for electrical generation, and we don't necessarily have to use coal. Sorry, West Yellowhead. It is an issue that, you know, both sides can be happy with. We've got abundant sources of both. Again, I'm sorry; I haven't done all my homework on this, but I would like to think that in the ERCB decision as of yesterday to go ahead with Genesee 2, which I'm sure is going to stick in the craw of many members from Calgary and the rest, that in fact maybe Genesee 2 should be using both coal and natural gas in a cogenerational capacity. I think this kind of transition is an important one and good for the environment, good for our natural gas producers, and is a wise use of a very excellent source of fuel.

[Mr. Moore in the Chair]

How about in automobiles, for instance? Again, I'm not sure if it's California or some other jurisdictions which are encouraging if not mandating the use of natural gas. I know it takes some special tanks and that propane is somewhat competitive and there are dangers around it exploding and the rest, but there are ways to get tanks that are safe and sound. You can take your car and plug it in overnight and be filled up with natural gas and go 200 kilometres or more. Or in farm equipment, in farm trucks, and in rural areas: natural gas can be used there.

The hydration of foods is another area in which natural gas can be used. I know people would like fresh fruits, but there are many places in the world where when food is hydrated, it can be exported. We can do that with natural gas. I know that in the clean air strategy points are alluded to this as well.

I would like to think that whether under these amendments or the Petroleum Marketing Commission, the gas marketers themselves go to great lengths to increase the use of and provision for and the demand for natural gas. It might even come back to us in terms of a policy issue around the financial incentives for use for natural gas, perhaps some changes, adjustments in the tax structure, whether there's some tax rebate for people who use natural gas over other fuels or whether there is some taxation imposed on those who use less efficient and more polluting

sources of fuel. I think we have to get very serious both environmentally and in terms of this energy source and not be afraid to use the fiscal or financial mechanisms to provide the incentives necessary for its use.

I just did want to get some of those comments on the record under this Bill. As I say, though, the rest – there are some questions but nothing that merits further discussion from me at this point.

MR. ACTING DEPUTY CHAIRMAN: The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. I have a couple of questions, really, to ask, not points to make. One is that the minister mentioned the other day that there is a minimum royalty for Alberta natural gas. I'm having some trouble trying to pin that down. There was the old nickel an mcf, but I'm sure that isn't what it is. There may be even two bits an mcf. I just wonder if the minister would tell me where in the regulations or just how that is administered, because he said there was a minimum royalty that had to be paid to the Alberta government no matter how cheaply you sold your natural gas. I had trouble finding that. I'd just like you to enlighten me on that.

The second is with respect to netback gas. How would you police or could you police netback gas being slid into other people's contracts? In other words, if I've got a contract for \$1.25, a longtime one, and you want to sell some netback gas at 85 cents, why couldn't I pay you the 85 cents, leave some of my wells shut back a bit, and sell your gas at a dollar and a quarter under my contract, leaving some of my gas in the ground? Also, I think there are some gas shippers – I can't think of the name of one of them, but you know the one that Scotty Cameron, I think, was involved in. [interjection] Yeah, they're Pan-Alberta. I don't think they're shipping up to their full amount. Could they make it up?

These are questions that I honestly just see as possibilities that the netback scheme may be circumvented by bigger companies taking the – because that's a heck of a saving. If you've got a dollar and a quarter contract, it's worth while leaving your gas in the ground and buying it from the other guy and doing the markup.

MR. ORMAN: Mr. Chairman, first with regard to the Member for Edmonton-Centre's comments, I want the hon. member to understand that the Natural Gas Marketing Act is not an Act to promote the sales of gas or oil in markets. That's left up to the producers, and it's part of the setting of policy by the department to look and analyze markets. We do know, though, that the Petroleum Marketing Commission, through their auspices and as part of this legislation, will gather information on markets, and that will facilitate greater understanding by sellers as to which markets are the best. So it does enhance and facilitate market penetration, but it is not on the point. That's left up to organizations such as the Canadian Gas Association or the utilities to deal with market penetration. So it's not a promotional function, but it is a marketing function as I've indicated.

11:30

I'm sure the Member for West Yellowhead won't be distributing the hon. member's comments about coal in his constituency. Let me be clear and support the hon. Member for West Yellowhead's view and concern that coal is not being displaced in terms of its magnitude of contribution to electrical power generation. I do not see in the future a time where natural gas or any other fuel will

replace the base load that we get in electrical generation from coal. It's just too competitive by way of price. What we are contemplating and what the discussion on the fuel use policy will contemplate is incremental load that natural gas may be able to fuel, and as the hon. Member for West Yellowhead knows, all of our coal-fired power generation facilities in this province have the capability of adding on a natural gas combustion unit to enhance the use of coal and the mix of coal and natural gas to generate electricity. The bottom line, Mr. Chairman, is that in terms of price there isn't another fuel that can compete with natural gas, and we have clean-burning fossil fuels in this province, and coal is one of them.

Mr. Chairman, I just want to reiterate that we have some initiatives on the policy side in our department that are promoting the use of natural gas. We have a market development incentive program that is a joint federal/provincial program that is looking at enhancing the use of natural gas powered vehicles. I instituted a pilot project in the city of Medicine Hat, where municipal vehicles are using natural gas instead of or in concert with gasoline, to look at the possibility. I should also let the hon. member know that the Minister of Energy and the Minister of the Environment in this government have dual-fueled automobiles. My car is dual-fueled with natural gas and gasoline, as is the Minister of the Environment's. So on the policy side we are in fact doing what we can to look at alternative fuels and I guess in a way promote the use of this important fuel in transportation.

Mr. Chairman, the hon. Member for Westlock-Sturgeon wanted me to clarify an issue that is not relevant to this particular piece of legislation. I hope it doesn't spark the tirade that we received from him before when you gave the latitude to divert from this legislation to other legislation, but just let me be brief, and I'm willing to give him information that he needs. The Mines and Minerals Act in the royalty regulations deals with the average market price. In that regulation the royalty cannot be less than 80 percent of the average market price. It is calculated by all of the information we get in terms of what the average sales price for gas is from the province. If you sell less than 80 percent of the average market price, your royalty is static. So the less you sell your gas for, the greater your royalty share will become at that price. That is basically the proposition by the government: that we will not sell our royalty share at any price. The producer can, but it comes to the point of diminishing returns. If he sells it for less than 80 percent of AMP, he then pays the higher proportion of royalty. That has been in place for a number of years. I'm surprised the hon. member is not aware of it, and I'd be pleased to send him a copy of the regulations in this connection.

I think that basically covers the comments the hon. members have raised, Mr. Chairman.

MR. TAYLOR: I asked about netback gas.

MR. ORMAN: Oh, yes. Mr. Chairman, I'm sorry. There was a second question that was raised by the hon. member. The hon. member asked about netback gas getting around the supply pool. That is more relevant to the previous piece of legislation, Bill 9. Basically, you need a transportation contract with the pipeline to move your gas, and on our removal permits we have all of the producers file material changes to their end market. If there is some movement around of gas supply for the reasons that the hon. member is concerned about, that information must be filed with the government so we can track natural gas and its movements.

Also, through the department and its monitoring or policing of royalty payments we do a fairly good job. You know, there are thousands of wells out there producing, Mr. Chairman, and we

can't monitor them all. I think, and I believe the Auditor General would agree, that for the most part we do a fairly good job in that connection.

REV. ROBERTS: Mr. Chairman, just briefly. I'm so tantalized now that the minister has said that both he and the Minister of the Environment have dual-fuel automobiles. I mean, this is good news. Why isn't it available to the rest of us? I know that the Energy critic and the Environment critic for the Official Opposition would like to have dual-fuel automobiles as well, and if we have to pay for it out of our own pocket, we'd like to know where we can go and buy such an energy-efficient and environmentally sound ability.

I'm pleased that the Medicine Hat experiment is going on. Just at what point can we have, for instance, all provincial automobiles with such ability and be able to spread this beyond just an experimental stage in Medicine Hat to being more current throughout the province?

I think that'll do.

MR. MUSGROVE: Mr. Chairman, I want to make a few comments about the use of natural gas by privately owned vehicles as well as government owned vehicles. I did a private member's Bill some years ago on the promotion of the use of natural gas in privately owned vehicles. I still am a strong supporter of that.

During the research we've run across some problems. One of them is the range that a vehicle can travel on straight natural gas as compared to dual-fueled vehicles. There are several advantages to it, one of them being that it is more environmentally friendly. The second one is safety. If you have a vehicle fueled on natural gas and something happens in an accident, the gas is disposed of in the air within a few seconds. The safety part of that is certainly a lot better than any other fuel.

Some of our major gas producing companies now are using natural gas in their own vehicles and of course refueling them out of their compressor sites, which to them is certainly a great advantage. The big problem with the use of natural gas is refueling places, and that's limited in Alberta. There is a way that you can fuel up a vehicle with a less volatile compressor, less compressor pressure, but it takes eight hours to fuel up a vehicle with that, which is a problem. I believe the cost of a fueling site right now is about \$300,000, which is discouraging to a lot of companies to set up refueling stations. If through technology we could find a way to refuel at less cost to the fueling station owner, that would be one step in the right direction.

I understand that in the city of Calgary all the mail trucks are fueled on natural gas, and they're not dual-fueled vehicles. Of course, they don't have a wide range of travel, so they're able to go back and refuel fairly frequently without causing them any stress on running out of fuel.

I certainly support being able to use natural gas not only in government owned vehicles but in private vehicles. I think it would do an awful lot for our environment, and the safety part of it certainly would be a lot better.

Thank you, Mr. Chairman.

11:40

MR. ACTING DEPUTY CHAIRMAN: Hon. minister? [interjection] Order.

Hon. Member for Westlock-Sturgeon, you now have the floor.

MR. TAYLOR: The royal jelly does different things to different people, Mr. Chairman.

AN HON. MEMBER: Something you'd never know.

MR. TAYLOR: Yes, that's right. I always thought it was a drone, but it turned out to be a queen bee.

[Mr. Schumacher in the Chair]

What I wanted to ask the minister – he mentioned that I didn't know about the minimum royalty. That's what I thought you were going to answer, but I thought you might have something else. Well, that minimum royalty becomes a floating figure, and if enough cheap gas is sold, the royalty goes down. In other words, I guess you could say it's a minimum royalty, but it's a minimum royalty based on 80 percent of the average sale figures. The average sale figures now are, of course, about 30 percent of what they were four years ago, so the minimum royalty has gone down to 30 percent of what it was four years ago. I don't think that's good enough. I think we've got to be a little more stable, but that's an argument for another time.

The second thing is that I'm not sure you answered me on the netback of gas, but maybe you did; I couldn't catch everything. You said you can police the end use of the contract. I wasn't thinking about that netback gas – cheap gas, in other words; distressed. I like the word “distressed” gas better than anything else. I wasn't thinking of it going down the pipeline all the way to California. I was just thinking of it coming over to you or I who are a producer with a dollar and a quarter contract and we literally buy the gas cheaply from him and use it and keep our own in the ground. There may be a royalty mechanism you have of catching that, but I'm not so sure you do. Wouldn't it be legitimate if I bought distressed gas from one of my neighbours at 85 cents and put it through the pipeline? I would just pay the minimum royalty rate on it anyhow, yet I would have the markup between that distressed gas and my own gas.

What I guess I'm saying is: haven't we given some of the major, well-financed gas buyers or gas producers in Alberta a bit of a club over the independents who will now, instead of being able to – and I agree with you; I think we should stop distressed gas going down the pipeline. But have we stopped it? All we've done is maybe put them over to dealing with Esso and Shell, the big exporters with their long-term contracts, rather than directly through to California.

MR. ORMAN: Mr. Chairman, I guess in some ways I regret that we allowed for the latitude in the debate on Bill 9. I don't think we should allow for that latitude in Bill 12. The hon. member's concern relates to the Mines and Minerals Act regulations. It has nothing to do with Bill 12. I'm more than willing to sit and meet and discuss these issues with the Member for Westlock-Sturgeon, but I don't see any sense in getting into this discussion on Bill 12. This relates to a total other piece of legislation.

MR. CHAIRMAN: If there are no further comments, questions, or amendments, agreed as to title and preamble?

[Title and preamble agreed to]

[The sections of Bill 12 agreed to]

MR. ORMAN: Mr. Chairman, I move that the Bill be reported.

[Motion carried]

**Bill 10**  
**Energy Resources Conservation**  
**Amendment Act, 1992**

MR. PAYNE: Mr. Chairman, I've had a chance to review the *Hansard* of our discussion in the Assembly at second reading. I believe I reasonably directly and reasonably accurately responded to the questions that were raised by the members, and so I think I'll just cease and desist and see if there are any further comments or questions that need to be addressed at committee.

MR. CHAIRMAN: Thank you.  
Any questions or comments or amendments?

[Title and preamble agreed to]

[The sections of Bill 10 agreed to]

MR. PAYNE: Mr. Chairman, I move that Bill 10 be reported.

[Motion carried]

**Bill 11**  
**Petroleum Marketing Amendment Act, 1992**

MR. PAYNE: Mr. Chairman, I guess the remarks I made a moment ago with respect to Bill 10 are equally applicable here. I'll await further questions or comments from the members on Bill 11.

REV. ROBERTS: Mr. Chairman, we had some discussion about the issue of the Petroleum Marketing Commission dealing on the futures market. It seems to me that there's some confusion here. I've heard from some sources that in fact that is already occurring. Others are suggesting that no, the wider latitude given to the commission under section 13 is going to enable that to happen. I have a nephew working on the market in Toronto. He and I talk about this to see what the prices are like there in the futures market, but some comment with respect to clarifying those issues would be helpful at this stage.

MR. PAYNE: Following our discussion of that specific question last week, Mr. Chairman, I did have a brief conversation outside the House with one of the Member for Edmonton-Centre's colleagues who thought that he had heard that there had been some minimal level of futures activity. I did check with my departmental contact and was assured that's not the case. This is a provision for future possibilities, not to justify or to put into statute a previous or a current activity.

REV. ROBERTS: I take it from that that it is a future intention to get into the futures market. Thank you.

MR. CHAIRMAN: If there are no further questions, comments, or amendments, as to title and preamble, are you agreed?

[Title and preamble agreed to]

[The sections of Bill 11 agreed to]

MR. PAYNE: Mr. Chairman, I move that Bill 11 be reported.

[Motion carried]

**Bill 13**  
**Agriculture Statutes Amendment Act, 1992**

MR. CHAIRMAN: The hon. Member for Dunvegan.

MR. CLEGG: Thank you, Mr. Chairman. I'm going to be like the Member for Calgary-Fish Creek. I know there were several comments on the Bill on second reading, and certainly if there are any other comments or questions, I'm prepared to answer them. There was discussion. The minister who was present on the day answered those questions, but if there are any more comments, I will be glad to answer any questions.

[Title and preamble agreed to]

[The sections of Bill 13 agreed to]

MR. CHAIRMAN: The hon. Member for Dunvegan.

MR. CLEGG: Thank you, Mr. Chairman. On behalf of the Minister of Agriculture, I would wish that Bill 13 be reported.

[Motion carried]

**11:50**  
**Bill 2**  
**Historical Resources Amendment Act, 1992**

MR. TANNAS: Mr. Chairman, this Bill is a straightforward amendment that facilitates the merger of two related boards. I'm open to answer questions or comments from hon. members.

MR. CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MRS. HEWES: Thank you, Mr. Chairman. Just a couple of comments to follow on those made by my colleague from Edmonton-Whitemud. This is a Bill that I agree with. I see it as being a consolidation of two boards into one, which will simplify things and incidentally save money. I think that's a logical step to take.

At the same time, I would want to compliment those Albertans who have served on the Historic Sites Board for their diligence and their work over many years. I'm sure that the mover of the Bill agrees with that.

Mr. Chairman, I just have one question. In section 6, do I understand that section 10 is now removed? That is, "that the minister . . . may refuse to grant an approval," the absolute unfettered discretion of the minister, has now been removed? If that is the case, then I'm satisfied with that. If the minister's sole discretion is not removed, then I would like to ask the Member for Highwood. If it is an object of historic importance that is sited on Crown land, I can see no difficulty; if it's an object that is sited on private land, then I do see a problem giving the minister that kind of unfettered discretion without some concurrent notion that it would be incumbent on the Crown to make an arrangement to purchase or lease the land in order that the object be preserved. Perhaps the member would care to comment on that. Other than that, I don't have any remarks.

MR. CHAIRMAN: The hon. Member for Highwood.

MR. TANNAS: Thank you, Mr. Chairman. In attempting to answer the question, section 10 in the Act refers to:

A copy of any original public record or other document in the custody of the Provincial Archives of Alberta, certified by the

Provincial Archivist to be a true copy, shall be admitted in evidence as prima facie proof of the authenticity and correctness of the document and of the contents of the original without proof of the signature of the Provincial Archivist or of his appointment.

So this is just moving the numbers: striking out 10 and substituting 11 to 14.

MR. CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MRS. HEWES: Thank you, Mr. Chairman. What I'm speaking to is a section on page 3 of the Bill, in the lower part of the page, section 10 there.

The Minister, in his absolute discretion, may refuse to grant an approval under subsection (9) or may make the approval subject to any conditions he considers appropriate.

My question is: is that totally removed by this new Bill?

MR. TANNAS: I'm busily trying to thumb back and forth in the Act itself. Section 6 in this Bill 2 says that "section 18(a) is amended by striking out '(10) to (14)' and substituting '(11) to (14).'" Section 18(a) then refers to "sections 16(2), (4), (5), [and] (10)."

MRS. HEWES: That is deleted?

MR. TANNAS: Yes.

MRS. HEWES: Thank you.

MR. CHAIRMAN: Are there any further questions, comments, or amendments?

[Title and preamble agreed to]

[The sections of Bill 2 agreed to]

MR. TANNAS: Mr. Chairman, I would move that Bill 2 be now reported.

[Motion carried]

[Mr. Moore in the Chair]

### **Bill 16 Public Trustee Amendment Act, 1992**

MR. SCHUMACHER: I think we had a fairly brief debate at second reading which really covered the four main areas, but I'm available to any questions or comments.

MR. ACTING DEPUTY CHAIRMAN: The hon. Member for Edmonton-Strathcona.

MR. CHIVERS: Thank you, Mr. Chairman. Just a few more comments. As I indicated when I spoke to this Bill previously, our caucus generally supports the thrust of the Bill. I wanted to make clear the reservations that I have, generally speaking, about leaving things to regulations and to explain for the House why it is that I think in this case it's appropriate to do so. Section 3 of the Bill, of course, amends section 15(8) by deleting the limitation on the application of the section, the monetary limitation, and by permitting the amounts to be established by regulation.

Generally speaking, I believe that the substance of legislation should be set out in the statute. In this case, however, I think that the rationalization that is provided and the rationalization that I

assumed would be advanced is one that holds very true in this case. It makes more sense to permit flexibility in terms of establishing the amounts in the regulations than it does by having it prescribed in the statute.

On that basis and so that there's no misunderstanding – because generally speaking I will be addressing the issue that this Assembly tends to devote a lot of substantive law-making to regulations; I don't agree with that approach. In this case, however, I consider this to be an exception that is justified on the basis of the flexibility that this will generate in terms of the Public Trustee's ability to deal with the estates of minors and intestates. So I think these amendments are reasonable and valid amendments. However, prior to the Bill proceeding further in the Assembly, I would ask whether or not it would be possible for the hon. Member for Drumheller to present to the Assembly draft regulations so that we might all be aware of what the proposed limitations are that are going to be operative in the immediate future. I think that would assist us all in having a better of understanding of exactly the sorts of guidelines that the government intends to apply at the present time. I would ask that he file the draft regulations or at least an indication of what the monetary limitations would be under the draft regulations, if he's in a position to do so prior to this Bill proceeding further in the Assembly.

With respect to the provisions of the Bill dealing with the establishment of interest rates – I'm referring here to section 5 with the Bill, which amends section 26 of the Act. Section 26 of the Act presently provides that interest rates are established by cabinet order in council, and the rationalization advanced for the amendment is that the amendment permits the Public Trustee to establish the interest rate by regulation. Now, I'm not convinced that that amendment accomplishes its purpose. I'm not sure that it's any more flexible, because the Public Trustee of course has to go through a time-consuming process in terms of his regulation-making power. I'm not sure that the intention advanced by the hon. Member for Drumheller has been accomplished in this instance, and I doubt that this process is any less cumbersome than the existing method. Obviously there is a problem here. I ask the hon. member if it would be possible for him to review this problem and see if perhaps there is not another legislative solution other than what I consider to be an equally cumbersome process and an imposition on the office of the Public Trustee.

With those comments, I await his responses.

**12:00**

MR. ACTING DEPUTY CHAIRMAN: Edmonton-Gold Bar.

MRS. HEWES: Thank you, Mr. Chairman. Again I want to reinforce the comments on this Bill made earlier by our caucus. It's one that we do support. I just have a couple of questions for the mover of the Bill.

My concern is the opening up of the setting of the amounts to be done by the office through regulations as opposed to this ever coming back to the Legislature. Now, I understand we're attempting to simplify the process, and I agree with that. But I wonder, Mr. Chairman, if the mover has given some consideration to the necessity of the Legislature having the opportunity to review the ceilings on this election. Having them set continuously by regulation is an efficient way of doing it and on the surface seems to be more appropriate. However, it seems to me this could leave quite a lot to the discretion of the Public Trustee.

Incidentally, Mr. Chairman, I should say I do value the work of the Public Trustee and believe this office has served Albertans very well and continues to do so. But I have a concern about giving to the Public Trustee through regulations the opportunity to

set these ceilings without any provision of a review from time to time by the Legislature. Perhaps the mover would be kind enough to comment on that.

MR. ACTING DEPUTY CHAIRMAN: The hon. Member for Drumheller.

MR. SCHUMACHER: Thank you, Mr. Chairman. Ladies first. The ceilings for election referred to by the hon. Member for Edmonton-Gold Bar really are not going to be set by the Public Trustee. That's subject to setting by the Lieutenant Governor In Council with cabinet. Of course, the main problem here, I suppose, is somewhat a protection to members of the Law Society of Alberta, because if these ceilings got too high, they probably would tend to be taking business away from members of the legal profession. I guess the only question is whether they're kept too low.

I think there's balance here, because in very small estates members of the legal profession are not too interested in doing the work by letters of administration or grant of probate because that's a rather cumbersome way. They're probably just as happy to have the Public Trustee handle those. If they're geared up to have a number of those small estates, they could probably do it more efficiently. So there is a balancing thing there. As a practitioner with most of my practice involved in probate, I'm just as happy to have an outlet for this election process in small estates. Of course, there are members of the Law Society well represented in cabinet who will be reviewing these discussions about increasing the size of the election, so I think the general interests of the public should be served this way.

I think what the hon. member was referring to by the Public Trustee was the last one that had to do with the rate of interest paid on trust money held by the Public Trustee, and of course the hon. Member for Edmonton-Strathcona is concerned about that. I can't really make any undertakings except to say that I will do my best to try to respond to the hon. member's concerns about this before the next stage of this legislation.

MR. GOGO: Question.

MR. ACTING DEPUTY CHAIRMAN: The question has been called.

[The sections of Bill 16 agreed to]

[Title and preamble agreed to]

MR. ACTING DEPUTY CHAIRMAN: The hon. Member for Drumheller.

MR. SCHUMACHER: Thank you, Mr. Chairman. It's my pleasure to move that Bill 16 be reported.

[Motion carried]

MR. GOGO: Mr. Chairman, I move that the committee rise and report progress.

[Motion carried]

[Mr. Speaker in the Chair]

MR. SCHUMACHER: Mr. Speaker, the Committee of the Whole has had under consideration certain Bills. The committee reports the following Bills: 9, 12, 10, 11, 13, 2, and 16.

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.

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

**Bill 15**  
**Universities Foundations Amendment Act, 1992**

MR. GOGO: Mr. Speaker, I'm pleased to move second reading of Bill 15, the Universities Foundations Amendment Act, 1992.

Mr. Speaker, hon. members will recall that just about now a year ago the Universities Foundations Act was introduced. The whole purpose of that was to enable our universities in Alberta, which consist of four, to establish tax-exempt foundations under the name Universities Foundations Act with the blessing of Revenue Canada, whereby donors in the province could contribute to these institutions. Unlike the charitable donations Act, where one can write off 20 percent of one's income in a given year, by becoming an agent of the Crown, those institutions could receive the funds and the donor could receive a 100 percent income tax deduction in the year in which they were received.

At that time, Mr. Speaker, hon. members suggested that the college system, indeed the whole postsecondary system in terms of institutions, should qualify. I indicated at that time that we wanted an opportunity to see how the foundations Act would work, particularly with regard to people who donated for purposes of research. We've had that opportunity, Mr. Speaker. We've gone a year. I'm pleased to report that the University of Alberta has received \$2.1 million in terms of . . .

MR. SPEAKER: Forgive me, hon. member. I hate to call to order the Deputy Speaker, but perhaps you could go outside and the Clerk could visit with you there, please. [interjections] I know it's Friday.

**12:10**

MR. GOGO: As I was saying, Mr. Speaker, the University of Alberta has been singularly successful in attracting donations to the tune of \$2.1 million. The University of Lethbridge has received almost \$200,000 under the Act. Athabasca U is currently working on prospects, and to my knowledge the University of Calgary has not been able to attract any funds.

A criticism levied by other postsecondary institutions was that they were going to lose out on this whole business of fund-raising. I think it's particularly important for hon. members to recognize the difference between what is now in place in terms of foundations that our postsecondary institutions have individually, because they all have them, and the foundations Act which is in place for universities and is proposed today for the other postsecondary institutions. When an institution becomes an agency of the Crown with the blessing of Revenue Canada, contributions are able to be written off at the 100 percent level. But two other things happen that are very important. One is that the donor cannot dictate to that foundation how the funds are to be used, so the day of a donor contributing to a postsecondary system with the understanding that they'll have their name on the building if they utilize this legislation has disappeared, Mr. Speaker. The donor cannot dictate to the Crown – in this case, the institution becomes an agency of the Crown – how those funds are to be used. However, as members see in the legislation, the foundations will consider the

wishes of the donor in any consideration with regard to the expenditure of those funds. I think that is very important.

The other very important aspect, Mr. Speaker, is that starting in 1980 in Alberta we had the endowment fund. It then became the endowment and incentive fund, and to date there's over \$415 million; matching dollars by this government go towards the postsecondary system under that endowment and incentive fund. The intent, as some hon. members will recall, was to kick-start a system whereby donors in the province who wanted to donate to the postsecondary system in terms of those institutions could have the funds matched. That program has been very successful. Under this legislation, if an institution utilizes this legislation, no longer will the matching program apply. For those who are familiar with the endowment and incentive fund, that does not mean the special case situation of the endowment fund disappears. That is still in place.

What happens, Mr. Speaker, with regard to the makeup of the Bill before us, where we have four universities under the Universities Foundations Act, each having their own foundation: it's important to note that government nominates three of the five members on that foundation. The institution is allowed to nominate two. So in effect the Crown, and the institution under this legislation is an agency of the Crown, determines the board members in terms of the majority – i.e., three to two out of a total of five – but order in council must appoint them all. One can say that the Crown in effect appoints all members of the foundation. It's worked extremely well for the universities.

Under the proposal before us today are two principles, Mr. Speaker. One is that the Universities Foundations Act, which was Bill 31, will now become the Advanced Education Foundations Act; in other words, the Act will have a new name. That's one of the amendments, as hon. members see, in Bill 15.

The second point, Mr. Speaker, is that we have 13 public colleges in Alberta, and this applies only to public institutions, not private institutions. The 13 boards of governors of our college system have come together and agreed there should be one foundation to deal with the college system, unlike the universities, each of which has its own foundation. Now, the chairmen of the boards of governors were unanimous in their recommendations to be one foundation. That's obviously a question that's going to come up.

With regard to Banff Centre, Mr. Speaker, there is only one Banff Centre in the world, and that's the Banff Centre for Continuing Education, which, as hon. members know, is very unique not only in its setting but is one of a kind. A foundation will be established for the Banff Centre under the Bill.

Thirdly, we have two technical institutes, the Southern Alberta Institute of Technology and the Northern Alberta Institute of Technology. A foundation will be formed for the technical institutes. The Bill before us really delineates a foundation for the public college system, one for the Banff Centre, and one for the technical institutes.

In terms of the nominees who will go on these, Mr. Speaker, because they're agencies of the Crown, obviously order in council will appoint them. The college groups have come together. They'll nominate two members they wish to be appointed. The government will nominate three, including the chairman. The two technical institutes, NAIT and SAIT, will come together and nominate two, and of course the Banff Centre will nominate two of the five.

Members should be well aware that as we look to the future not only in terms of the ability of Canada to compete in a global economy but in terms of the future of our citizens, we recognize that training and education have to be the cornerstone on which we

will not only be competitive but indeed the area in which our young people – I say “young” with tongue in cheek because many of them are in second and third occupations in terms of career planning. Their future lies in the assurance that they will be adequately educated and trained. That is critically important, Mr. Speaker, because as hon. members will learn on Monday with the budget, the days of those revenues simply aren't here.

The days ahead are going to be challenging for those institutions. We in Alberta are very unique in that within our 27 institutions we have a College of Art, only one of four in Canada; the Banff Centre, the only one of its kind; and two technical institutes, unlike British Columbia, which has one. Those days are going to be challenging for the institutions, so they're going to be encouraged to seek third-party funding. This minister's and this government's way of encouraging that is to make provisions through legislation whereby it becomes attractive for donors to donate under the Income Tax Act to get a 100 percent write-off for the furtherance of the postsecondary system.

With that, Mr. Speaker, I'm pleased to move second reading of Bill 15 and would certainly encourage all hon. members to support it. Thank you.

MR. SPEAKER: Edmonton-Strathcona.

MR. CHIVERS: Thank you, Mr. Speaker. I appreciate an opportunity to make a few comments with respect to the Bill proposed by the hon. Minister of Advanced Education. Of course, it is well known that there is a crisis in funding in advanced education, and any directions, any new initiatives, particularly ones that have been as successful as this seems to have been with respect to the University of Alberta foundation, certainly should be pursued, particularly where the incentive is that by having an institution which is an agent of the Crown, there is a potential for contributors or donors to receive a 100 percent credit for the contribution.

[Mr. Payne in the Chair]

I have a couple of comments and questions I'd like to pose to the minister. I appreciate the rationalization for the Bill, the justification being that it is indeed unfair that certain institutions were the beneficiaries of this system last year. It seems to me that in equity and fairness it is right and just that we should be establishing bodies which will permit all advanced education institutions access to this mechanism for funding.

My question for the minister is: did the government, rather than establishing a number of different foundations, consider the possibility of establishing a global foundation to deal with this situation as an agent of the Crown and ability to access financing in the same fashion? The difference would be rather than having a number of different foundations competing with one another, whether consideration was given to the efficiencies and economies of scale that might be possible by having a single foundation dealing with the total area. I would appreciate the minister's response to whether or not the government has given consideration to that possibility. If so, I assume the idea was rejected, and I would ask the minister to explain the reasons for rejecting that sort of approach. Generally speaking, it seems to me that if we can have one organization covering the whole field, it makes more sense to do so.

12:20

Now, there may be some particular reasons with respect to the education field and differences between institutions involved which

might well justify establishing different foundations. I'm not stating I am opposed to the fact that the government is proposing the establishment of a number of different foundations. I'm simply seeking an explanation for why this method was chosen.

The other questions I have are somewhat related. Of course, under the previous legislation directors of the foundation are five in number, two of them being nominated by the universities. This Bill continues that kind of system, with the addition, of course, that with respect to different foundations – particularly the college foundation, for example, where a number of colleges are all going to be working under the mandate of a single foundation – there will have to be an agreement as to who the directors nominated by the colleges will be. Although that may seem to be an acceptable way of doing it, I'm not sure. It may have worked at this point in time. I believe I gleaned from the minister's comments that there had been some discussion with colleges and the technical institutions with respect to that provision in that they may well be satisfied they will be able to agree as to who their nominees should be. But generally speaking, those sorts of mechanisms tend to be troublesome. Perhaps in the initial establishment of the legislation it won't be a problem, but I'm concerned that in the future there may be problems.

I'm wondering also whether or not there is some requirement. I see that under the five directors, three of them, of course, will be appointed directly by provincial cabinet. I'm wondering if that is in order to meet the requirements of the federal legislation, to be considered an agent of the Crown. Is there some sort of limitation on the number of directors that must be appointed directly by the government, by the cabinet, or is this simply a number that has been chosen by the Minister for Advanced Education in proposing this legislation?

Generally speaking, I'm concerned that if there is an ability to select directors, we depoliticize the selection as much as possible, and in order to do so, it is best to make appointments by way of nominating or specifying in the legislation the types of office holders and specifying directors by way of office holding rather than by way of leaving discretion to the cabinet. It seems to me it makes good sense, generally speaking, to attempt to follow that formula for the appointment of directors to these sorts of bodies. I'm wondering if any consideration was given to that sort of appointment system rather than leaving it entirely to the discretion of cabinet with, of course, the difficulties that arise from time to time with regard to criticisms of those appointments. I think appointment by office holding does not leave itself open to those sorts of criticism and is generally preferable.

[Mr. Speaker in the Chair]

Finally, with respect to regulations, as I stated previously this morning, generally speaking I am concerned when legislation leaves powers to be established by regulation. I notice in this legislation, in section 4 of the Bill, which is amending section 2 of the Act, it refers to the foundations being established by regulation. I'm not sure it's necessary in these circumstances to resort to regulation in establishing these foundations. It seems to me that the establishment of the foundation does not involve a great deal of procedure, it doesn't involve a great deal in the way of substance, and it might well be possible to incorporate that mechanism in the statute. I'm wondering if the minister would give some consideration to that. Failing that, because I am concerned about the subdelegation of lawmaking to regulators or the regulation system, I'm wondering if the minister would be prepared to file with the Assembly any proposed regulations with respect to the establishment of these foundations. It's important

for all members of the Assembly to have the ability at least to review the proposed regulations prior to any agreement on the legislation.

Those are my comments. Thank you, Mr. Speaker.

MR. SPEAKER: Edmonton-Gold Bar.

MRS. HEWES: Thank you, Mr. Speaker. The circumstances of funding for those secondary institutions have been a source of real discomfort and great difficulties and consternation. That's putting it mildly, I guess. All seem to have resorted to public fund-raising now, whether they are public or private institutions, and that extends not just to educational but to health care institutions. All kinds of institutions in our province have now gone out and hired very high-powered fund-raisers, and the result is that they have been quite successful in raising money privately, but there has developed immense competition between these institutions and some quite uneven results.

Mr. Speaker, this Act changes the Universities Foundations Act, as I understand it, by adding the Banff Centre foundation as well as a provincewide foundation for colleges and one for technical institutes. Generally, I think it's a very good idea, although I have a few concerns about it. The Act, as I see it, responds to the criticism leveled in the past that the university foundations have been able to have the edge on private fund-raising. The Member for Calgary-McKnight has called on the minister on a number of occasions to include colleges and technical institutes, and as I see it this Act remedies that problem, perhaps not exactly as the colleges or the institutes would have wanted, but it does in fact move in that direction.

The foundations, as I see it, will not be linked to one institution, the colleges and technical institutes, but will be a clearing-house for donations. I wonder. It shouldn't be a problem, since the institutions' own fund-raising departments will in fact do the work. But, Mr. Speaker, my question to the minister is: is the foundation itself able to raise money and go into competition with its own subparts, and will that cause some difficulties?

Mr. Speaker, in section 8 of the Act or section 12 of the original, there's a statement that the foundation is not bound by the wishes of the donor as to where the money's allocated. I understand that's required under Revenue Canada so that the donor gets the 100 percent tax receipt, the intent being that foundations would almost always use the money as requested. But this clause is there for taxation purposes, as I understand it. Now, when there was one foundation for each university, it wasn't a problem since even if the money didn't go for the exact purpose, it certainly went to that precise institution and would continue to do so. In the current wording, it appears to me it's possible for money directed at one institution to actually go to another institution, since the foundation is not bound by donors' direction in either what purpose is used or what institution. Now, some institutions, I submit, may be very concerned about that wording. In practice, I accept it's quite likely that such a foundation would follow the donors' wishes, but the legislation does not appear to provide for that.

12:30

Another cautionary note I have is that the government will now have a much better, centralized way of monitoring private-sector donations to postsecondary institutions. I am fearful that the government will, in fact, reduce operating grants to those institutions accordingly. I'd appreciate the minister's comments on any of those questions.

REV. ROBERTS: Mr. Speaker, with respect to some of the principles involved with this Bill before us extending the ability for all 27 board-governed institutions of advanced learning in this province to be able to access private foundational money, I agree with my colleagues that this is a move in the right direction. But I would like to offer a few comments about where this is taking us and what's going to be happening along the road.

As we know, one of the issues here is the degree to which this very valuable public good, this very essential ability of us as a society and province to educate our young and all our people in ways that are going to enable them to be innovative and creative and meet the needs of the future, is something that shouldn't be left up to the private marketplace. It's not something that is totally a commodity or some kind of good or service that should just be at the whim of the ups and downs of fiscal realities or anything else. This is a public good, a sacred trust, an investment in ourselves as people, and in our families and our future.

Having said that, we know we're going to meet limitations along the road, with different sources of revenue and funding and so on. As the minister knows, my experience at Harvard and those wonderful days on the Charles River – it's an excellent place of learning, an excellent university primarily because Harvard University is the most highly endowed centre of advanced education in the world. It attracts donations. It attracts money. It attracts public and private sources. That's what makes it, next to MIT, such a weighty place of power and position and prestige. On the other end, you don't have to go far down the Mass. turnpike to encounter some very rinky-dink sorts of colleges and universities. In the city of Boston or New York you can get all kinds of quick, pay-as-you-play kinds of degrees that aren't worth the paper you spend in getting them, yet they are very oriented at how to market students and how to provide programs that look good but really are more of a profiteering kind of approach to advanced education.

I don't, by these comments, feel that we're on a slippery slope here; I just think we need to have two things very clearly in mind. One is that, yes, there is great benefit to universities and colleges to have access to and attract sources of investment other than public sources of investment. Nonetheless – and I know the minister will agree with the rest of us – we need more than ever to safeguard the standards, the criteria, the level of education, and the accreditation of our advanced education so as to ensure that that also remains high, in a sense that there is a high rate of return on the investment provided through our universities.

Now, I just wanted to get in a couple of comments; maybe at committee stage we can hear more. The minister did say that over the past year \$2.1 million, I think it was, had accrued to the universities under the existing legislation. I'd like to know more about where that's coming from and whether in fact that's enough. It seems to me that that is a good start. I still maintain – and maybe I'll check into details – that in fact the oil and gas sector, which has benefited enormously from the resources of this province, is in fact one of the lowest contributors to advanced education in this province. The Petro-Cans, the Essos, the Shells, and the rest maybe give to a symphony concert here or to something else there to keep their public face smiling, but an aggressive and substantial amount of moneys coming into universities is something that really should be sought. The same with pharmaceutical companies. I'm not clear what's been happening, although I understand Ontario and Quebec are fighting over all this extra money coming into the brand name pharmaceutical companies that again now have their patent protection extended for 20 years, according to the GATT. Yet the extra money they're making because of their higher prices: where is

that investment coming back into the research within our universities and colleges? I just would like to think the corporate sector, those with great sources of capital access to it, can through various means be even more responsible corporate citizens within this very great investment in our province.

Now, I just want to throw in this too, Mr. Speaker: I can't believe the Premier of the province would come back from the First Ministers' Conference and all of a sudden have discovered there's a new thing called computer-managed education and learning. This has been around for some time, and I'm sorry Athabasca University hasn't been able to be more aggressively involved with this. It is certainly the way of the future for so much of the way in which learning and education at all levels needs to proceed, that we can with the telecommunications and with the computer-managed curriculum develop a whole lot more in that regard.

The minister also knows that I myself am currently involved in an executive program at the University of Colorado, and I'm having to spend money to go down there because – you know why? – there's no equivalent program available in Canada anywhere. I've looked into this, and I said, why can't either the University of Alberta school of health administration or the University of Toronto or the six or seven of them in Canada get together and put on an executive program? I'm told they just don't have the start-up costs or they can't afford it, particularly at the start-up cost level. Unfortunately the program I'm involved with did receive some start-up money from I think it's the Lilly Foundation, who provided several millions of dollars to the University of Colorado to set up this program, which is now high and flying. Apparently Lilly as a foundation is not contributing to programs in Canada for some reason.

Nonetheless, on a project-by-project basis, it would seem to me – and I appreciate the minister saying that the donor cannot have any strings attached. On the other hand, there are some very important projects which we could go to, either certain foundations or corporate, private funding, and say: listen, at least on a start-up cost level, give us some way to get this off the ground so we can be apace with other developments that are so quickly developing within the field.

I guess in conclusion, Mr. Speaker, I just want to reiterate that yes, this is such an important area, and on principle I would like to see these funds, wherever they come from, whether it's the public sector or the private sector, be fairly applied to all 27 institutions, so that together with it we can be assured of high standards of support, high levels of accreditation, and that we view these funds as an investment, and like with any other investment we know what rate of return we're getting for that investment. I don't know how the minister or others measure that rate of return. If people want to invest in it, obviously they do want something back. Sometimes they just want a plaque on the wall, or they want something so they can say, "We've given this X millions of dollars." It would be interesting to develop some kind of Alberta advanced education index in this province to say that we know that for your investment dollar, we're getting students who have full access to these programs. That professors in fact are teaching innovative and creative programs that are not matched anywhere. That there's a competitive environment so that in terms of the articles that are published or insights that are provided from our advanced education, we're at a par with or exceed the levels of other places throughout the world. That there is that measurable rate of return on these dollars and that we're not just saying, well, we're going to have a system here, we're going to get money from anywhere we can, we'll put it in and hope that keeps people happy. We want to know what we're getting back for these

investment dollars and that they're as high and ever higher than they can be. Our children deserve no less.

12:40

MR. SPEAKER: Additional? Banff-Cochrane.

MR. EVANS: Thank you, Mr. Speaker. I will be brief. I would like to confirm that last year when the minister brought forward the Universities Foundations Act, I was very supportive of that initiative in this House, with one major caveat, and that was the restriction of the foundations to the four universities in the province of Alberta. At the time I encouraged the minister to consider expanding the institutions that would be included in this opportunity to at least the Banff Centre. I'm very supportive, therefore, of the amendment that is being brought forward by the minister today. I think it is quite well known – and the minister has responded to this by recognizing that the various postsecondary institutions in the province, especially the Banff Centre, have unique fund-raising opportunities locally, provincially, throughout our country, and in some cases internationally. The opportunity now will exist upon the passage of this Bill to take advantage of those various opportunities.

I'm also pleased that there are restrictions on the uses of those funds. I think that's extremely important when you look at the overall issue. Given that the foundations will act as agents for the Crown, the restrictions on the uses of those funds, the restrictions on what the donors can require the donees to do are a very positive initiative. Overall I think this will give the institutions in Alberta an opportunity to access private funds. It's extremely important that they do have that opportunity. There are lots of options out there in the private sector, lots of opportunities to take advantage of some funds that with some creative fund-raising techniques and some diligence will be available to our 27 postsecondary institutions.

Thank you.

MR. SPEAKER: Additional?

SOME HON. MEMBERS: Question.

MR. SPEAKER: Minister, summation, second reading.

MR. GOGO: Thank you, Mr. Speaker. I'd like to respond as much as I can within the principle of Bill 15 without, sir, attracting your attention where I may attempt to respond to certain questions which are clearly Committee of the Whole. I want to deal with those principles and perhaps in reverse order. I want to thank the hon. Member for Banff-Cochrane, who has continued to impress upon me the uniqueness of the Banff Centre and why it should be included.

Mr. Speaker, I did not intend to confuse the House or indeed mislead the House. In responding to the Member for Edmonton-Strathcona where he put the question of why not consider a global foundation as opposed to many: in effect, if we dealt with each board-governed institution, we would have in total 22 as opposed to 27, because the schools of nursing are not included in our hospitals. It was felt that my role as minister and this government's role in assisting the postsecondary system was to talk to the decision-makers in the system – i.e., the institutions themselves – because of the research component with the universities, each one having different objectives. As hon. members may be aware, of 80 universities in Canada the U of A ranks fourth in terms of research and attracts about \$65 million a year, and they felt they were uniquely different from the University of Calgary, which

ranks 10th or so in terms of research. That's a matter for debate, obviously.

But I believe government should consult. I talked to them, I asked them, and their recommendation was to have individual ones. When I talked to the colleges, they had come to the conclusion, because they all have foundations now, that if we have a single foundation to deal with funds on a tax-exempt basis – i.e., an agency of the Crown – that one would suffice. It was my view that because of the different role statements of our institutions, there should be one for the technical institutes, one for the colleges, and one for the Banff Centre. I was sold on their arguments. The hon. Member for Edmonton-Strathcona could be quite right; there could be other options. Frankly, this government believes in accommodating in terms of the institutions.

I want to respond very quickly, Mr. Speaker, to the hon. Member for Edmonton-Centre, who spoke so eloquently about his alma mater, Harvard, which is certainly the richest endowed in the world. Unless I misheard him, he appeared to be critical of our institutions depending to any degree on the private sector for funding. If it weren't for the private sector, Harvard, as you know, would not only be without Kissinger, it would be without property, because very clearly it attracts people, and Mr. Kissinger is one because he's been in residence for one day in two years as a name with which to attract funds. I don't think the hon. member meant it the way I understood it, and if I misunderstood, I apologize to the hon. member.

Mr. Speaker, there seems to be a perception around this Assembly and Alberta that the be-all and end-all of education is university degrees. I hope hon. members come to their senses and understand that one out of every four apprentices in Canada is being trained in this province, and the Minister of Career Development and Employment continues to emphasize that technologists, apprentices, and tradesmen will be just as important to the future of this nation as university degrees. I say that with tongue in cheek, because Mordecai Richler doesn't have a degree, and I see he attracts a fair amount of attention. Some members may not have heard of him, may not be aware of his 10 best-sellers in the nation, but hon. members surely are aware of Mr. Einstein, who did not have a degree from university. I just point out – I want hon. members to be aware – that the University of Alberta hospital, the largest hospital of its kind in Canada, would not function for one day without NAIT training those medical technologists. Although university education is very important, I do have a very valid concern, hon. Member for Edmonton-Centre, when you talk about net return on investment. I don't know what the net return on investment is for a PhD in philosophy. I do know they're essential; they're essential to our future.

Mr. Speaker, in my opinion, the liberal arts in our system are in some jeopardy because there is a tendency – and I would tend to agree with the hon. members for Edmonton-Strathcona and Edmonton-Centre – that if we rely too heavily on private-sector donations, they may be strictly earmarked for the professions. Liberal arts, I think, are extremely important, and I don't see them attracting specific funds, particularly from various groups.

Mr. Speaker, I would point out to the hon. member who talked a little bit about technology that Athabasca University is the only institution in North America that offers a master's degree in distance ed. That's something we can be extremely proud of. The University of Alberta was the first in Canada to offer a PhD in nursing. I think we've got lots to be proud of.

The most important issue, however, lies in the viability and the quality of our institutions into the future. As hon. members know, because they'll be approving a budget hopefully in the next couple of weeks, 80 percent of the funding for the postsecondary system

comes from the taxpayer. The ability of the taxpayer to continue paying that, Mr. Speaker, is limited, so we've looked for other avenues and other options. At this time, 1992, Alberta leads all of Canada in terms of per-capita funding of the postsecondary system. We want to ensure that's maintained, and we're seeking ways of continuing that, based on the advice of the institutions.

Mr. Speaker, the hon. Member for Edmonton-Strathcona said: has consideration been given for the establishment by regulation as opposed to legislation? My advice from legal counsel is that this is the way to go. As the hon. member will be aware, if one doesn't listen with great care to a lawyer, one may place themselves in jeopardy, assuming one can afford the process. I would hope we'd come back at committee study and deal with that in greater depth.

12:50

The Member for Edmonton-Gold Bar raised a very important point and that was with regard to funding in total. I would remind hon. members that in the history of Canada at one time the federal authorities paid for a hundred percent of universities, historically. This is once they took them over from the churches. But then Ottawa decided in its wisdom to establish a program like EPF, that hon. members are aware of, for health and advanced education. They continued, and theoretically they were to pay 50 percent, right? That was the deal, and now they're gradually reducing it because they call us a have province. Well, Mr. Speaker, Alberta can be very proud because to be able to afford the highest per capita funding in postsecondary, the money's got to come from somewhere, and so far it's come from the taxpayer. All we're seeking are ways and avenues for these foundations, by offering a tax conduit – not tax avoidance, but a tax conduit – to various people who are interested in an avenue of helping.

Finally, Mr. Speaker, I think that with the help of our boards of governors at our institutions, who are very dedicated citizens, most of them businesspeople – who give selflessly, in my view, because as you know, members on the boards of governors of universities don't get a nickel. They don't even get their expenses paid. If that's not dedication, I don't know what is. They give their time and effort in the interests not of themselves, perhaps not even in the interests of the institution, but in the students who attend those institutions so that Alberta in the future can remain strong, viable and, most importantly, competitive.

I would urge hon. members to support Bill 15 in second reading.

[Motion carried; Bill 15 read a second time]

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

### Bill 9

#### Nova Terms of Service Regulation Validation Act

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

Mr. Speaker, we had exhaustive debate in second reading and committee stage, and therefore I have nothing further to add.

MR. SPEAKER: Edmonton-Centre.

REV. ROBERTS: Mr. Speaker, thank you. Yes, this is a major Bill, an important Bill that has got the discussion it's deserved because of the gas wars between Alberta and California over this issue. Between the CPUC administrative judge and the minister here, there's a lot of a particular nature going on, but it represents a much wider issue.

As I've said at other points – and I just would like to recap them in a sense – this does talk about sanctity of contracts. I think in a deregulated market, even with pipelines we have to learn to let courts decide some of these disputes, and that is more of the world we're getting into. I want to ensure that regulations when they are used are effective in meeting the goals we want them to achieve, and this still begs debate around whether this regulation is going to do that.

The third thing is my concern that what we really need here is the future for the small Alberta producers in a deregulated market and my continued concern that – as we've seen in the airline industry, where there's a deregulated market – instead of many buyers and sellers, what we get are oligopolies and cartels and mergers and acquisitions and a few remaining megacompanies. The minister already said that California represents a monopsony buyer. I don't want to see a monopoly seller or a cartel with firm capacity on the Nova pipeline being the only ones to be able to get through. We do want more time to allow for the restructuring of these contracts, and I hope, whether it's through the energy consultative mechanism or through FERC or whatever, that those restructurings of contracts can occur.

I just want to point out to the minister and all members of the Assembly here that in my role I want to ensure, as I said at second reading, that there is a fair allocation of resources and an optimal solution for how those allocations are distributed so that everyone is better off and to ensure that we have the proper regulation and legislation to do that. It is important for us as New Democrats to live and work and to advocate positions that are going to be best for everyone in deregulated markets and environments such as natural gas and that we're going to have new language such as incentive regulation or managed competition or other ways to deal with these issues in the new world.

I do think it's significant that unlike my Liberal colleague and others in the Assembly I do not think it is appropriate or prudent to live in the past or to try to turn the clock back or to bury our head in the sand or to say I told you so. Nor is it prudent to just throw up our hands and say let the market decide; it's all a matter of externalities. We have to live creatively with our principles intact in ways that are going to ensure that everyone is better off even in a deregulated market. That's going to make some changes important, and we have to stick by them.

One of them has to do with the designation of the Alberta-B.C. border for gas. I want to hope, in giving our support to this third reading, that the minister uses prudence with respect to this validation of the Nova regulation and that to allow the energy consultative mechanism in FERC and other negotiated ways to try to resolve this very important issue for all Albertans. We're going to be watching very closely to see whose side the minister really is on.

SOME HON. MEMBERS: Question.

MR. SPEAKER: Question.  
Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Speaker. I think we've gone through all the points in second reading and committee stage. I just wanted to say that I was going to vote against the Bill. I listened a long time for the Member for Edmonton-Centre, and I couldn't tell which way he was landing, except apparently he had forgotten that early dictum when worrying about the past. Somebody once said, and it's been said repeatedly: those who don't know their history are doomed to repeat it. It would sound

like he's doomed to repeat his history, which would be very lamentable indeed.

I feel that the minister's going down the wrong path in this solution. I think possibly he is getting instead of 18 lashes maybe 19, but he's going down the wrong path. I'm compelled to vote against the Bill.

Thanks.

MR. SPEAKER: Question.

Minister, in summation.

MR. ORMAN: Mr. Speaker, I'm again pleased to move the passage of Bill 9.

[Motion carried; Bill 9 read a third time]

MR. SPEAKER: I wonder, hon. members, if we might revert to the Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.  
Calgary-North West.

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

MR. BRUSEKER: Thank you, Mr. Speaker, and thank you to my colleagues. I just want to make a quick introduction here today. Joining me is my family: my wife, Pam, my daughter, Kendra, and my son, Nevin. They're in the public gallery. I'd ask that they stand, and I'd ask my colleagues in the Legislature to extend their usual warm welcome. Thank you.

[At 12:59 p.m. the Assembly adjourned to Monday at 2:30 p.m.]