

## Legislative Assembly of Alberta

Title: **Wednesday, May 27, 1992**

**2:30 p.m.**

Date: 92/05/27

[Mr. Speaker in the Chair]

MR. SPEAKER: Hon. members, after our opening prayer I will then speak with regard to a former member who just died, and then we will have our prayer for that person.

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.

His Honour Judge Edgar Gerhart passed away on May 25. He represented the constituency of Edmonton and also the constituency of Edmonton North-West for the Social Credit Party. He was first elected in the general election on August 5, 1952, re-elected in the 1955, '59, '63, and '67 general elections, and served until 1971.

Rest eternal grant unto him O Lord, and let light perpetual shine upon him.

Amen.

head: **Reading and Receiving Petitions**

MR. GIBEAULT: Mr. Speaker, I would request that the petition that I presented yesterday be now read and received.

CLERK:

We, the undersigned, petition The Legislative Assembly of Alberta in Legislature Assembled to urge the Government of Alberta to immediately release and make public the Final Report of the Task Force on Recognition of Foreign Qualifications.

head: **Notices of Motions**

MR. DOYLE: Mr. Speaker, I rise to give oral notice of my intention to move pursuant to Standing Order 40 immediately after question period the following motion:

Be it resolved that the Legislative Assembly . . . order that the Public Accounts Committee convene on Wednesday, June 3, 1992, and call witnesses, including the Minister of Technology, Research and Telecommunications and the senior management of NovAtel Communications Ltd., and that they be asked to produce all relevant documents pertaining to the management and sale of NovAtel Communications Ltd., including pertinent management agreements, financial records, and any management letters from the Auditor General of Alberta to NovAtel.

head: **Tabling Returns and Reports**

MR. TRYNCHY: Mr. Speaker, I wish to table the 1991 annual report of the Workers' Compensation Board.

MS BETKOWSKI: Mr. Speaker, I'm filing with the Assembly Alberta Health's 1990-91 listing of actual payments to hospitals and nursing homes by facility.

MR. KOWALSKI: Mr. Speaker, under Standing Order 37(3) I'd like to file with the Assembly copies of correspondence between myself and the Ethics Commissioner.

MR. OLDRING: Mr. Speaker, together with my colleagues the hon. ministers of Health and women's issues and the Solicitor General I am pleased to table a document entitled Working Together to Prevent Family Violence, the government's action plan to address this pervasive illness in society today.

MR. MAIN: Mr. Speaker, in view of recent questions from members on both sides of the House I'd like to table a couple of documents that will aid in research. One is a news release from the western heritage centre detailing fund raising plans, and the other is a copy of a news article that references the Member for Calgary-North West. We talked about this yesterday.

MR. SPEAKER: The Solicitor General, followed by Edmonton-Kingsway.

DR. WEST: Mr. Speaker, I'd like to file the 1992-93 family violence initiatives for the Department of the Solicitor General. This document outlines that violence is violence whether it takes place in the home or on the street and a strict charging policy where reasonable and probable grounds will be met. This sends a clear message to the perpetrators and to the public that a crime has been committed and that victims are entitled to the maximum protection permitted by our laws.

MR. SPEAKER: Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. I want to file 81 copies of a letter that I've written to the Minister of Technology, Research and Telecommunications regarding the government's accounting for the \$566 million loss in NovAtel, including pertinent management agreements, financial records, and any management letters from the Auditor General to NovAtel.

head: **Introduction of Special Guests**

MR. ISLEY: Mr. Speaker, I'm pleased to introduce to you and through you to members of the Assembly a number of members of the executive of the Alberta Cattle Commission. We have in the members' gallery Dave Andrews, chairman; Larry Sears, vice-chairman; Pat Rutledge, finance chairman; George Schoepp, past chairman; Gary Sargent, general manager. They're standing in the members' gallery. I'd ask that the House show their normal welcome.

MR. SPEAKER: Edmonton-Calder, followed by the Minister of Transportation and Utilities.

MS MJOLSNESS: Thank you, Mr. Speaker. I'm delighted this afternoon to introduce to you and to members of the Assembly 29 students from McArthur elementary school, which is located in the constituency of Edmonton-Calder. They are accompanied by their teacher Mr. Badger and parents Mrs. Ciciarelli and Mrs. Ironmonger. They are seated in the public gallery, and I would ask that they rise and receive the warm welcome of the members.

MR. ADAIR: Mr. Speaker, it's a pleasure for me to introduce to you and through you to the members of this Assembly 24 students, three teachers, and two parents from a school in my constituency called Dixonville school. It's located halfway between Grimshaw and Manning on the Mackenzie Highway. I would name Mrs. Louise Ploc, the principal; Mrs. Mary Klein, one of the teachers; and Mrs. Evelyn Kurz, a retired teacher, along with parents Mrs.

Peggy Thomas and Mr. Jack Richards. I would ask them to rise and receive the warm welcome of this Assembly.

MR. SPEAKER: The Member for Innisfail, followed by Edmonton-Jasper Place, then the Minister of Family and Social Services.

MR. SEVERTSON: Thank you, Mr. Speaker. It's indeed a pleasure today to introduce to you and to members of the Assembly 47 grade 6 students from the Innisfail John Wilson elementary school. They are accompanied by their teachers Mrs. Janet Hanwell and Ms Della Oszli, also eight parents. They're sitting in the public gallery. I'd ask them now to rise and receive the warm welcome of the Assembly.

MR. McINNIS: Mr. Speaker, it is my pleasure to introduce a distinguished Albertan who is also a resident of Edmonton-Jasper Place. Dr. Richard Vanderberg, a professor of political science at the University of Alberta, is in the gallery, and I'd like him to stand, please, and receive the welcome of the Assembly.

MR. SPEAKER: The Minister of Family and Social Services.

MR. OLDRING: Thank you, Mr. Speaker. I am pleased to introduce to you and through you to Members of the Legislative Assembly a group of individuals who have distinguished themselves in the field of family violence prevention. Seated in the members' gallery are Sister Julia Coyle, the provincial superior of the Franciscan Sisters of the Atonement and head of the Lurana Centre here in the city of Edmonton, an overflow women's shelter; Judy Cosco, president of the Alberta Council of Women's Shelters; and Gerri Many Fingers, chairman of the Native Women's Shelter in Calgary. I would ask them to rise and receive the warm reception of this Assembly.

2:40

MR. SPEAKER: The Minister of the Environment.

MR. KLEIN: Thank you, Mr. Speaker. It gives me great pleasure today to introduce to you and through you to members of the Legislature a tremendous friend of all Calgarians and one of the most delightful nurses one could come across. He's here attending the AFL conference. I'd like to introduce Tom Minhinnett along with his associates Dave McLean, Brenda MacDonald, and Alam Morsheda, all of Calgary. I would ask that they rise and receive the warm welcome of the Legislature.

head: **Ministerial Statements**

MR. SPEAKER: The Minister of the Environment.

### **Environment Week**

MR. KLEIN: Thank you, Mr. Speaker. I wish to take this opportunity to remind the Assembly that next week, from May 31 to June 7, is Environment Week. This nationwide celebration of the environment holds special meaning for those of us fortunate enough to live here in Alberta. Here our environment is a priceless heritage: bright blue skies, wonderful lakes, rivers, and streams, magnificent mountains, and great plains that stretch to the horizon. But because we are so blessed, we also carry a very heavy responsibility to ensure that our environment is protected and preserved so that it can be enjoyed by generations to come.

I note with pleasure that more and more Albertans are participating in Environment Week celebrations. The many events taking place across the province next week range from picnics, festivals, and workshops to garage sales, toxic roundups, and tree-planting ceremonies. It promises to be a busy, interesting, and very worthwhile week, and I sincerely commend the many individuals and groups who have worked so hard to make all the necessary arrangements.

While we are celebrating Environment Week, let us remember our responsibility. The theme of the week is Our Environment: It's in Our Hands. That means we each must do our part in caring for the environment, which after all is essential not only for life but for the fullest enjoyment of life. So let us take the opportunity provided by Environment Week to become involved and then carry through that involvement every day of the year. I wish all members of this Assembly and all Albertans an enjoyable and meaningful Environment Week.

Thank you, Mr. Speaker.

MS BARRETT: Well, Mr. Speaker, I wish to take this opportunity to remind the minister of a few things that are pertinent to Environment Week. First of all, as I said just a few weeks ago responding to the minister of tourism upon his pronunciation of National Tourism Week, the fact of the matter is that people come to Alberta not to see clear-cut lands; they come to see natural forests with natural habitats. They do not come to see an Oldman dam which violated every sensibility of every person who knows anything about the environment. [interjections]

MR. SPEAKER: Order. [interjections] Order.

MS BARRETT: I was kind enough to listen to the minister.

Mr. Speaker, I would also like to take this opportunity to remind the minister that a hundred thousand dollars or more of public dollars being spent on a celebration of the Oldman dam in July is actually in contradiction to the concept of Environment Week.

I would conclude by saying, Mr. Speaker, that if this government's policies were more geared towards the environment and less towards that euphemism "bowing to progress," tourism would be the number one industry in Alberta right now, not a decade from now, and our environment would be preserved for generations to come. I hope the minister understood that.

head: **Oral Question Period**

MR. SPEAKER: Edmonton-Highlands, on behalf of the Official Opposition.

### **NovAtel Communications Ltd.**

MS BARRETT: Yes, Mr. Speaker. Although I've yet to discover who it is on the government side that is actually responsible for ensuring that the investigation into NovAtel is not harmed by the lack of materials or destruction of materials, I'd like to remind members of the Assembly that the Auditor General has no powers to ensure that documents are turned over to him in his inquiry. So I'd like to ask the Provincial Treasurer, whom I assume is the Acting Premier, what steps this government is taking to ensure that vital documents to uncovering the truth about what went wrong in the NovAtel fiasco will not actually sort of accidentally disappear, get shredded, or burned in either government offices, NovAtel offices, or in Telus Corporation offices.

MR. JOHNSTON: Mr. Speaker, we have of course talked to and provided a letter to the Auditor General to conduct, I think, a very objective review of the circumstances surrounding the NovAtel question. Let's remember that the Auditor since 1988 in fact has had full access to a wide range of documents. I would imagine he has an inventory of the documents, and they form part of his professional working papers, which I think would certainly afford him a good knowledge of the fundamental documents that are required. We've also received assurances that the full support of all other individuals involved will be provided to the Auditor General in this circumstance.

No one can guard against acts of God. Those of course are beyond anybody's limits. I would suggest that we'll make all possible efforts, including the co-operation of the government, to ensure that all documents are provided to the Provincial Auditor to ensure that the widest possible understanding, the fullest investigation possible, and the clearest, objective results can be drawn from this information. That certainly is the government's view and commitment, Mr. Speaker, and recognizing the integrity of the Auditor General of this province, I believe that will be his objective as well.

MS BARRETT: Mr. Speaker, I humbly submit that the loss of several thousand kilograms of papers just before the Principal Group went under was not an act of God.

If the Provincial Treasurer doesn't care about the potential for shredders and fires, I'd like to ask the minister responsible for law in Alberta, the Attorney General, if he is prepared to take steps to make sure that all documents vital to the case in the NovAtel fiasco do not accidentally or otherwise get lost or burnt or shredded either in the company of NovAtel, the government department, or Telus Corporation.

MR. ROSTAD: Mr. Speaker, unlike the hon. member I have the utmost faith in the people who work for our government in various departments and agencies. With the basic honesty that people have and the concerns that taxpayers have to get to the bottom of what is wrong with NovAtel, which is the undertaking given by this government, I think that in fact will happen and they will be safeguarded.

MS BARRETT: Mr. Speaker, the Auditor General has already said that he's concerned about the potential for missing documents. Given that this government (a) doesn't care about the potential for documents to go missing and (b) isn't prepared to conduct a public inquiry, my question to the Attorney General is this: on what basis can he now assume that Albertans can have any faith in this government's supposed attempt to have an open and full inquiry into this fiasco?

MR. ROSTAD: Mr. Speaker, the veracity of the statement is in question because I think the Auditor General said that there may have been a letter that has been mislaid at this time. He didn't share the great concern that has been elucidated by the member opposite. We, in fact, share the same concern that documents be contained and maintained, and directions have gone out to people to ensure that that does happen.

MR. SPEAKER: Second main question, Edmonton-Highlands.

#### **Economic Strategy Conference**

MS BARRETT: Okay, let's go from one form of damage control to another. Mr. Speaker, the Conservative government is attempt-

ing to conduct a damage control exercise this weekend in Calgary by conducting this program *Toward 2000 Together*. Well, it's sort of funny. After losing \$2 billion in financial failures, they've finally decided to go and consult the people about how they want the people to conduct the future of Alberta's economy. How can the Provincial Treasurer or whoever it is that's Acting Premier today justify consulting with Albertans on economic policy long after the significant decisions have been made which have lost Albertans more than \$2 billion in financial fiascos?

MR. JOHNSTON: Well, Mr. Speaker, it's too bad the member has such a big chip on her shoulder today. Here we are trying to afford an opportunity for the people of Alberta to participate in what I think is shaping the important future of this province. Nothing could be more important in my mind than to ask those people who make up these very creative sectors of our economy – the private sector, the academic sector, the public sector – to be part of a plan which would devise and describe and set a course for the future of this province. From time to time all governments should be involved in that process.

**2:50**

We first embarked on it in 1985, a very positive set of suggestions for us. We acted on a large number of those suggestions, and in fact the diversification of this province is now in place. But it's now time to recognize that Alberta is in the global world, to call into play the great strengths that this province has, and to outline and devise with all the participant stakeholding groups a way in which we can chart the course ahead. That's how we see it on this optimistic day, Mr. Speaker, not like those people across the way who would walk into the future backwards.

MS BARRETT: Let me remind the humble Provincial Treasurer that Albertans are now carrying a \$566 million chip on their shoulders, Mr. Speaker.

Mr. Speaker, I remember that before Premier Getty was elected to his position as Premier he said that he hadn't even read the government's white paper on science and technology that was done just before he was re-elected to office. It may be too bad he didn't, because if he had, perhaps the fiasco around NovAtel wouldn't have happened. I'd like to ask the Provincial Treasurer this: is he prepared to commit after this weekend's – what do you call it? – I guess, Tory dog and pony show that these people are going to commit to reading the report that comes out of this conference, or are they going to let it collect dust and go into another phase of \$2 billion worth of disasters?

MR. JOHNSTON: Mr. Speaker, it's always interesting to see the reaction from the socialists across the way. When anything positive is talked about, there's an opportunity for all the participants to express a view, to be part of, as I've said before, the way in which we can chart the future, the opposition always takes this doom and gloom and backs away from participation.

It's interesting to note that we opened the door to all Members of this Legislative Assembly to be part of this discussion. If they've got great ideas, as they always claim they have – not many shown, by the way, Mr. Speaker – then they could participate. As a matter of fact, we now note that only two or three of their members of the Assembly are going to be part of this process, whereas on our side over 40 members of this Legislative Assembly consider that their views and the views of their constituents are important to be focused on at this very critical discussion. For that reason, we're committed to the future, we're committed to this discussion, and we're committed to make it work.

MR. SPEAKER: Final.

MS BARRETT: Yes, Mr. Speaker. Perhaps the hon. minister would consider the suggestion of re-entitling the program *Toward \$2 Billion Debt Together* as opposed to *Toward 2000 Together*. In six years the Premier of Alberta has brought us from being a net surplus economy of about \$11 billion to a net debt of about 4 and a half billion dollars. Now that the cupboard is bare, they have the audacity to invite Albertans to dinner and ask them what it is they want for dinner. Some joke.

I'd like to ask the Acting Premier: given the loan guarantees and regulatory failures that this government has incurred, \$2 billion worth, what credibility does this government really expect out of this week's conference?

MR. JOHNSTON: Well, first of all, Mr. Speaker, let's just take a second to set the record right. The number that the member is using is far off target. We've already said that in fact the call on the provincial Treasury has not been at all of the order that the member talks about, far below that.

Mr. Speaker, the question of participation in this whole issue is one which allows us to decide what role the government should play in the future. This whole question of competitiveness is on the minds of most Albertans. They're concerned about their jobs. They're concerned about the economic future of this province. It's true that we have some challenges ahead of us in the oil and gas sector certainly and in the agriculture sector clearly, but despite those challenges, we believe in and have faith in the people of this province to pull together to certainly chart the course ahead. We think that the strengths are here. The diversification is in place, and we have now put in place, I think, a level of services which will allow the private sector to feel comfortable here in this province and will allow for new investment to take place.

We're concerned about jobs. We're concerned about the future of those people who work in this province. It's because of those concerns that we've invited all Albertans to participate in this fundamentally important program which starts tomorrow in Calgary, in which over 500 Albertans will participate directly and will have some say in the future. They'll be part of the solution, Mr. Speaker. That's what dynamic politics is about, and that's the democratic process that we follow.

MR. SPEAKER: Edmonton-Glengarry, on behalf of the Liberal Party.

#### **NovAtel Communications Ltd.**

*(continued)*

MR. DECORE: Thank you, Mr. Speaker. The Auditor General has informed me that a critical document, that being a transmittal letter relating to the 1989 management letter, has been lost or has been mislaid. It is missing. The Auditor General is reported today as having said that documents may have been destroyed. We all know, as the hon. House leader from the New Democratic Party has already noted, that a great number of documents relating to the Principal Group fiasco were lost. I'd like to ask what plan the Acting Premier has put into effect, particularly the creation of an inventory of all documents on the government side that will be created immediately, to protect documents and to assist the Auditor General.

MR. JOHNSTON: Mr. Speaker, I know I have a short memory from time to time, but I could have sworn that I just answered that question and dealt with it specifically indicating that we are very

confident about the security of the documents. In fact, because the Auditor General, the independent servant of this Assembly, does have access to both Crown-controlled corporations and Crown corporations, he will have in his own working documents clear access to those documents, first of all, and will have a very formal record of all documents which may pertain to this matter.

It isn't that we don't share the concern about lost documents, but it is that we don't believe it to be the same kind of a problem that the member talks about. He refers, for example, to a lost covering letter. It's my information, Mr. Speaker, that it's not clear that there ever was a covering letter. So it's this kind of speculation that really leads us to these kinds of really unfounded conclusions.

MR. DECORE: Mr. Speaker, my second question is to the minister responsible for telecommunications. I am informed that a third management document was prepared by outside accountants in contemplation of the prospective sale and that that document indicated certain management problems. I would like the minister to tell this Assembly whether he reviewed that document and, as a result of that review, what action he took.

MR. STEWART: Mr. Speaker, from the question I can't really determine the nature of the document or the subject matter that the document contains.

MR. DECORE: Well, Mr. Speaker, I'm not surprised. The minister didn't read the 1991 management letter, and I guess he doesn't know about this one either.

My last question to the minister is this. Ministers are provided management letters, the minister of telecommunications and the Provincial Treasurer, specifically to comply with the Auditor General Act. That is so an onus can be placed on ministers to take action to protect taxpayers. Now, Mr. Minister, how could you have exercised and discharged that onus when you didn't even read, by your admission, the 1991 management letter? How could you discharge that onus?

MR. STEWART: Well, Mr. Speaker, I have attempted on many occasions in a variety of arenas to convince the hon. leader that indeed I did fully read that letter in 1991.

MR. DECORE: You're changing your evidence now.

MR. STEWART: That wasn't it, Mr. Leader.

MR. SPEAKER: Order, hon. member. You asked your questions. This is not the time for it.

MR. STEWART: I went through that. We took action immediately. We contacted the chairman of the management committee and instructed him to make sure that all matters pertaining to the recommendations of the Auditor General had either been accomplished already or indeed would be accomplished. The Auditor General's report for this year verifies and confirms for the 19th time, Mr. Leader, that all of those matters were taken care of, and the Auditor General is completely satisfied.

3:00

#### **Family Violence**

MR. DAY: Mr. Speaker, it's fair to say that virtually all Albertans are concerned about violence, be it domestic violence or otherwise. When the Premier's council on the family was talking about this issue with some 3,000 Albertans over the last year, one of the

things that we heard is that there are a number of components in place to address family violence, but there's a concern about different things happening at different levels and the co-ordination of those different levels. As I look at the recently released document, Working Together to Prevent Family Violence, I'd like to ask the Minister of Family and Social Services what indications he might give of what the department or what he will be doing to co-ordinate the various levels so that the resources that are available will be spent in the wisest manner possible.

MR. OLDRING: Mr. Speaker, the Member for Red Deer-North touches on a very important point. I think that all of us in Alberta recognize that family violence is a very complex problem. It's a problem that impacts on all Albertans. It's a problem that goes beyond political boundaries. I know that the members on that side of the House are just as concerned as those of us on this side of the House as it relates to the issue of family violence.

As it relates to co-ordination, Mr. Speaker, I was delighted to be able to table earlier the Working Together to Prevent Family Violence document. It's very significant that this document reflects the co-ordinated efforts of some 11 ministries and government agencies. That is to say that through an interdepartmental task force we were all able to come to work together in a very cohesive and a very effective way to make sure that our programs were complementing each other, to make sure that our programs were in sync with each other. We also took into consideration the efforts of the task forces in the city of Calgary and the city of Edmonton, and again I would want to say how encouraged I am to see the way Albertans are coming together right across this province to be able to address this very serious issue.

MR. DAY: One of the other things we heard in our discussions with Albertans, Mr. Speaker, is that more money is not necessarily the only answer to dealing with the problems. However, there must be some dollar figure in the minister's mind in terms of targeting these initiatives. Could he please give us some indication of that.

MR. OLDRING: Again, Mr. Speaker, the member is quite right when he points out that obviously dollars are not the only solution, that it's important for all of us to participate and do our share in our own way. Obviously dollars are an important component of it, and I think that it's very significant that at a time of fiscal restraint, at a time of many, many ministerial budgets being slashed significantly, our Premier and this government committed an additional 25 percent in funding to be able to address again this very serious issue. As I say, that speaks of our commitment. We are serious about working with Albertans to resolve this outstanding issue.

MR. SPEAKER: Edmonton-Avonmore.

MS M. LAING: Thank you, Mr. Speaker. My questions are also to the Minister of Family and Social Services. We, too, welcome the announcement the minister made today regarding the initiatives dealing with violence in the family. The additional funding for women's shelters and satellites is a step in the right direction. However, the increase in funding for existing shelters is only 2.5 percent and does not address the need for core funding, 100 percent core funding, which includes adequate staffing levels and wages. Will the minister now commit to immediately putting in place 100 percent core funding to ensure that women employed in shelters will receive a fair and equitable salary?

MR. OLDRING: Mr. Speaker, I always appreciate the concern that the Member for Edmonton-Avonmore brings forward in this Assembly. I know that she, too, is very committed with us towards addressing the issue of family violence in a very meaningful way. As it relates to the funding in this year's budget, you can say that 2.5 percent isn't very much. I think that any increases at a time of restraint are fairly significant. We put our priorities in other areas this year, in introducing new initiatives. The member pointed out the substantive increase to our satellite shelters introduced not that long ago, and this year we're almost doubling our funding commitment there.

As it relates to our existing shelters, Mr. Speaker, I will say this to the member: I am committed to working with the Alberta Council of Women's Shelters to come forward with an appropriate funding model. I think it is fair to say that we both recognize that there is some need for additional dollars. Through some of the changes that we've introduced this year, through some of the systems that we've been able to put into place to evaluate the services that are being provided, we hope to be able to establish that appropriate model.

MR. SPEAKER: Supplementary, Edmonton-Avonmore, followed by Edmonton-Meadowlark.

MS M. LAING: Thank you, Mr. Speaker. Well, I think that in the meantime services to women and their children are on the backs of poorly paid women.

My second question. Children who witness or are targets of abuse are particularly vulnerable to developing behavioural and mental health problems. At the present time treatment for these children is not an option unless the child is in the care of the director of child welfare. My question to the Minister of Family and Social Services: will the minister now commit to funding treatment services so that they will be available to all children who have witnessed or are targets of violence, whether or not those children are in the care of the director of social services, whether or not their mothers are in shelters, and whether or not the perpetrator is a member of the family?

MR. OLDRING: Mr. Speaker, the Minister of Health might want to supplement my answer, but again I can only say that the package we've brought forward this afternoon – and I realize that the member has just received it – includes some 27 new initiatives. Part of those initiatives will help to address that specific concern, and I would ask the Minister of Health to provide that information.

MS BETKOWSKI: Mr. Speaker, included in the estimates of the Department of Health is funding specifically targeted for the issue of treatment and prevention of family violence, including potential funding for adult victims, adult survivors of family violence, and child victims.

### Provincial Debt

MR. MITCHELL: Mr. Speaker, the internationally respected Moody's bond rating service has reported today in this document that the government of Alberta's debt is \$25 billion: \$10,000 for every resident of Alberta, \$40,000 for a family of four. Will the Treasurer tell us who he thinks he's fooling when he continues to state that the province's debt is only \$12 billion while Moody's bond rating service establishes it with credibility at \$25 billion?

MR. JOHNSTON: Well, Mr. Speaker, it takes a long time to provide the information to the Member for Edmonton-Meadowlark.

I've got lots of patience. I don't mind having an opportunity to speak to Albertans about the strength of our economy, about the way in which we have well managed the position of the government.

Right now, Mr. Speaker, as disclosed in the Budget Address – and I'll make it very clear for all members; they can check on page 39. It shows the total debt of the General Revenue Fund at \$12 billion. That's just about equal to the amount of money we have in the heritage fund. In fact, it is true that right now the assets and liabilities as of March 31, '92, are about balanced: \$12 billion in the heritage fund and \$12 billion outstanding. So we could borrow, using the strong credit rating of this province of Alberta, on all capital markets at a premium compared to other provinces to ensure that we could work our way on plan through the very difficult times we experienced in 1986, '87, and then again in 1991, when both the price of oil and the price of gas fell dramatically.

We did that, Mr. Speaker, by maintaining the lowest possible income taxes of any province in Canada, not having to go to the sales tax. In fact the Liberal Party have already advocated that they would not control spending; they would go to the sales tax base. We have done that by using the financial strength of this province. The debt is \$12 billion. That's what we have said, and that's what has been confirmed by Moody's, and the member knows that full well.

MR. MITCHELL: Earth to Treasurer. Earth to Treasurer. Will the Treasurer please come in and indicate to us how much worse the province's bond rating is going to become once Moody's and all the other bond rating services have a chance to digest fully the NovAtel fiasco?

3:10

MR. JOHNSTON: Mr. Speaker, we have already indicated that the losses in NovAtel have been spread back over the past three years. As a matter of fact, I took the time about two months ago to be in New York to discuss with the bond rating agencies the revenue price shock which we experienced, which caused the deficit this current year, and to talk about our loans and guarantees. In fact, the rating agencies were very impressed with some of the adjustments which the government has made over the past year.

First of all, they understand and fully agree that we have recognized what the Auditor has said about the timing of losses in those financial institutions which we're directly responsible for, including, for example, the losses in the credit union system, the losses in NovAtel. All of those had been booked and taken care of before the year ended March 31, '92. Secondly, Mr. Speaker, they agreed that on the pension side we have eliminated over \$5 billion worth of debt as a result of our reform of the pension plan. On top of that, Moody's said that the province of Alberta, because of its strong economic base, its strong employment characteristics, and its heritage fund, is in the best financial position of any province in Canada.

MR. SPEAKER: Cypress-Redcliff, followed by Calgary-Mountain View.

### Dairy Industry

MR. HYLAND: Thank you, Mr. Speaker. My question is to the Minister of Agriculture, and it's about the dairy industry in Alberta. It is my understanding that the dairy industry in Alberta is operated by or under the direction of the Dairy Control Board

but that there are discussions by the Alberta Milk Producers Association related to the formation of a marketing board. I wonder if the minister can assure the Assembly that these discussions that are going on now are not being led or guided by either him or anyone in his department.

MR. ISLEY: Yes, Mr. Speaker, I can give that assurance.

Just a little bit of history. The Alberta Milk Producers Association, working under the Marketing of Agricultural Products Act, initially was exploring the possibility of a milk commission. They have since decided that they might look at a milk marketing board. At this point in time they have not started discussions with producers in the country. Whether they will or not is a decision for them to make.

MR. HYLAND: Mr. Minister, can you additionally assure the Assembly that at the stage when they come to vote, because of this industry being one where we know who the producers are, they will be guaranteed that the grass-roots or basic producer will be making the decision or the ballot directly, not a percentage of it?

MR. ISLEY: There is no doubt, Mr. Speaker, that with this industry, in which, as the hon. Member for Cypress-Redcliff indicates, we know all the producers, if they move toward a commission, it would be a mandatory one, carried out by vote. If they decided to move toward a marketing board, it would be carried out with a vote of all producers.

MR. SPEAKER: Calgary-Mountain View.

### NovAtel Communications Ltd.

(continued)

MR. HAWKESWORTH: Thank you, Mr. Speaker. The Provincial Treasurer said that the \$566 million bill for NovAtel won't hit the deficit in his budget for this year. That's because he simply added the loss to the deficits of previous years. It may be glib and slick accounting, but it all adds up to a lousy deal for taxpayers. Unfortunately we've had big deficits in the last few years, so what it means is that the Provincial Treasurer has had to go out and borrow money to pay for these NovAtel losses. Given that \$566 million is being financed by extra borrowings on which we are already paying interest, why has the Provincial Treasurer tried to hide from taxpayers that they've already paid an extra \$50 million in interest costs for this NovAtel financial disaster, that the real cost is closer to \$630 million, and that they will continue to pay \$50 million and \$60 million each and every year into the future for these borrowing costs?

MR. JOHNSTON: Mr. Speaker, I don't know if there's any question there.

MR. HAWKESWORTH: I guess the Provincial Treasurer doesn't have a grip on his responsibilities as Treasurer in this place.

The price tag for this government's incompetence is approaching \$2 billion for all of their failed business ventures and regulatory failures in this province. We've seen cuts in senior citizens' programs, students denied access to higher education, and hospital beds and services have been cut. This government's destroying the best province in Canada. I'd like to know what programs the Provincial Treasurer is going to target for cuts to pay for these NovAtel losses. Will it be programs for seniors? Will it be education for students? Will it be services for the sick? Who is going to be asked to pay the price tag for this failure?

MR. JOHNSTON: Well, Mr. Speaker, the member made up for his mistake of the first time around by putting five questions into the second question. I don't have to remind the member that if he thinks this is time for scaremongering and that kind of cheap politics, then he can play the game. That's not the way in which the government operates. We play in a very stable, evenhanded basis.

Since the member has made a long, fairly misrepresentative statement with respect to his position, it's only fair that I have an opportunity to correct the record, and the record is very clear. Since 1985-86 this government has maintained its commitment to Albertans in two very important ways. The first way was, of course, to maintain higher than average expenditures in the areas of health, education, and social services. There's no doubt about our commitment, and the record is clear that we have done just that. In the meantime we have controlled expenditures so that the overall aggregate expenditure growth has been less than any province in Canada. At the same time, on the tax side, as I said earlier, we have maintained the lowest possible income tax in this province. So Albertans know that we will not transfer any particular unusual or unforeseen losses onto their backs via the tax system. That, Mr. Speaker, is our clear commitment.

Finally, let me say, Mr. Speaker, that it is true that we will have to do some financing and that we have in fact financed part of the costs. First of all, we did sell the shares of Telus, and that generated about \$500 million in profit. Now, if you wanted to make the same kind of comparisons as the Member for Calgary-Mountain View did, you could argue that the profit we made on Telus, \$500 million, just about offset the losses which we expect to take on NovAtel, \$560 million.

Those are the facts. I have clearly said already that the loss this year on the budget will not be very great. We will not take any significant losses on asset write-offs or recognition of guarantees. Those have all been adjusted for previously. The Auditor General has asked us to conform to his accounting policy. We have done just that. This \$566 million loss on NovAtel will have no impact on the current '92-93 budget year.

### Labour Relations

MR. SIGURDSON: The Treasurer's advocate stopped working some time ago, Mr. Speaker. However, today my questions are for the Minister of Labour.

MR. SPEAKER: Let's get on to the question. [interjection]

MR. SIGURDSON: Automatic fingers, Dick.

MR. SPEAKER: On to the question, please, hon. member.

MR. SIGURDSON: Thank you. I apologize, Mr. Speaker.

Mr. Speaker, after six years of walking the picket lines, Zeidler workers continue to walk that line even though they accepted the company's final offer three weeks ago. Fair-minded Albertans are quite astonished that the government would continue to condone such action by the employer. The Minister of Labour said on May 11 that she has been urging a settlement of the dispute for some period of time, and I would like to ask the minister: what steps has the minister taken since May 11 to get the company to accept their own final offer and get the Zeidler workers back to their jobs?

MS McCOY: Mr. Speaker, we're all well aware that the matter is still before the Labour Relations Boards, which is a quasi-

judicial organization. Both the union and the employer are awaiting the board's decision.

MR. SIGURDSON: Mr. Speaker, Alberta seems to have a tradition of extraordinarily long labour disputes. There's another one that's taking place in Medicine Hat, and that's the Wittke workers, who have been out for four years now because, sir, they democratically joined the union and tried to secure a first contract, and when they couldn't, then ended up on a picket line. They've been there for four years. Clearly it's time to change the Labour Relations Code. However, I would like to ask the minister: what effort has she made to try and get the Wittke workers back to their jobs in Medicine Hat?

MS McCOY: Mr. Speaker, we have a tradition of much shorter strikes here than they do in Quebec, if you look at the statistics, but of course Quebec is the only province in Canada that actually prohibits replacement workers.

I don't quite understand the point that the member is making in terms of our legislation. I think the legislation in Alberta is pretty much the same as that across the country, yet when you look at the statistics, our strikes are shorter in duration and also we have a larger number of collective agreements that are settled amicably, without any work stoppage at all, something in the order of 95 percent.

MR. SPEAKER: Calgary-North West.

### 3:20 Economic Development Strategy

MR. BRUSEKER: Thank you, Mr. Speaker. Moody's latest credit rating expresses great concern about the rapid accumulation of loan guarantees entered into by this government, and the concern is that ultimately this is going to add budgetary pressures in the near future. My question to the Treasurer is: given the latest \$566 million loss on NovAtel, will the Treasurer finally admit that the economic diversification strategy of this government in trying to pick winners, and doing it badly I might add, has been a colossal failure?

MR. JOHNSTON: Mr. Speaker, if the member would take a second and simply look at the information, he would find that since 1985-86 this province has in fact had a stronger, more predictable growth rate than any province in Canada, even though we had the very sharp oil price collapse in 1986. What you find today, for example, is that over the past year when recession was troubling all parts of Canada, Alberta itself and B.C. were the only two provinces which had real economic growth, contrasted with other provinces, which have suffered severe economic recession.

That means that here in Alberta, as we said in our budget speech, we have generated new jobs for Albertans, provided new opportunities for investment to flow to this province. As a consequence, because we have invested significantly over the past decade in such things as infrastructure, including some of the first-rate universities and colleges and tech schools in this province, strong urban investment to ensure that we have some of the strongest and finest cities in Canada, as well as important training and retraining programs for those people both in the work force and moving into the work force in different forms, all in all, Mr. Speaker, we have the right place for people to invest. That's why you see firms like a variety of new high-tech companies coming to this province with new dollars, new ideas, and new investment opportunities.

Quite to the contrary, to the member across the way, Alberta is the place to be in the '90s, and new investment's going to come. We are concerned about jobs, and it's going to happen.

MR. BRUSEKER: Unfortunately, Mr. Speaker, what the Treasurer seems to be overlooking is that because the government has skewed the marketplace so drastically, we also have the fastest economic collapse rate in the country.

I just want to follow up here. NovAtel communications, \$566 million; MagCan, \$115 million: the list goes on and on. I won't read it all, because there are too many dollars and too many companies involved. Given the concerns that have been mentioned by Moody's, will the Treasurer today confirm that the message he and his colleagues from the Legislature on his side of the House are going to take to the Toward 2000 conference tomorrow is that the government will commit to immediately discontinue all loans and loan guarantees to the business sector?

MR. JOHNSTON: Well, Mr. Speaker, at least this member of the Liberal Party has recognized the importance of the discussion taking place in Calgary, his own home city, over the course of the next couple of days. As we have said before, we will not be dictating or giving a top-down position, unlike the other opposition parties. We'll be looking to find a consensus point of view, to listen carefully to ways in which we can respond, and listen fully to ways in which the government can participate.

I've already indicated that one of the ways which government does participate in this province is to do what governments do best; that is, to maintain a very level playing field for private-sector investment, to not confiscate by way of taxation, as the socialist parties across the way would, any real economic gains that take place, and to put the economic votes back in the hands of the consumer via low taxation. All of that is well understood here in the province of Alberta. At the same time, the second aspect of that economic growth policy, which has been working successfully in this province, is to ensure that we have some of the best trained, capable young people moving through our educational systems in this province, ensuring that well-trained people are available for these high-skilled, high-paying jobs that are taking place in this province.

We'll look for solutions. We'll listen carefully, Mr. Speaker. We will listen and try to form an economic growth policy for the '90s emerging from this very important conference in Calgary.

MR. SPEAKER: Wainwright.

### Mistahiya Ski Area

MR. FISCHER: Thank you, Mr. Speaker. My question is to the Minister of the Environment. Water is a very precious resource in this province. Your department has the responsibility of managing that resource in the best way possible. The Mistahiya ski resort, a private-sector enterprise, applied for a licence two years ago, and we still haven't received that licence. Could you outline the water policy for our Battle River and tell us why we haven't got that licence yet?

MR. KLEIN: Mr. Speaker, the Mistahiya ski resort is a good project, but we have to make sure that the viability of the river is maintained. We have determined that the minimum flow for the Battle River should be 25 cubic feet per second, and during the very low flow periods during the winter months we feel that it would be inadvisable to consistently draw water from the river when the flows are extremely low. Therefore, we're suggesting

that the company capture the spring runoff and store that water for winter use. We have issued an interim licence, which expires in 1993, but I'm afraid they're going to have to come to grips with a long-term solution to this problem.

MR. FISCHER: My supplementary question then: as some CTAP dollars are dependent on a permanent licence, has your department done everything possible in communicating and getting the proper information so we can get a permanent licence?

MR. KLEIN: Well, certainly we've had numerous discussions with the company, and I've been out to the site twice. We've provided them with virtually all the technical data that we have relative to the flows in the Battle River. It's still our considered opinion that, indeed, to go ahead with that project and to run it properly and not jeopardize the river, the water storage facility should be built.

MR. SPEAKER: Edmonton-Kingsway.

### Economic Development Strategy

*(continued)*

MR. McEACHERN: Thank you, Mr. Speaker. My questions were to the Minister of Economic Development and Trade. I guess they will have to go to the Treasurer. The most important issue facing Albertans today is of course the mess that the government has created by all these losses through ad hoc funding to companies like NovAtel, MagCan, Northern Steel – the list goes on and on – and misadventures like the bailout of Peter Pocklington's empire or the privatization of AGT for that matter. In fact, taxpayers have had to put out nearly \$2 billion, and if he doesn't believe it, he should look at the press release of the Leader of the Official Opposition in Calgary today. We document it thoroughly. Now, in light of the mess created by these ad hoc loans and loan guarantees, can this minister explain why the government's own document called Going Global suggests that the government should keep on giving ad hoc loans to foreign corporations?

MR. JOHNSTON: Wow. Mr. Speaker, in government circles these days we talk about disentanglement of government programs. I think we should recommend to the member that he should disentangle his thinking.

MR. McEACHERN: It's perfectly logical and simple to anybody that would care to look it up. I did ask a very similar question a couple of weeks ago, and again the other minister wasn't here. He was and could have found out by now if he didn't know.

It is rather curious, Mr. Speaker, that the document Going Global is not on the agenda for Toward 2000 Together. Could it be that it's because the government doesn't want to put on the Order Paper so that all Albertans can discuss it the idea of a risk-sharing fund because you've already lost too much money in risky adventures?

MR. JOHNSTON: Mr. Speaker, if the member wants to advance a particular part of a funding operation, I'm sure he could do it by way of a motion or some other way. Let me say that the member did raise a working paper which talked about Going Global, and certainly that reflects two things. It certainly reflects the government's position that Alberta is an international trading entity. That certainly has been confirmed for us by our private-sector participants, a private-sector group which competes favourably in all

markets around the world, particularly in the areas of energy, energy technology, agriculture, urban services, for example. A wide range of services are now exported out of this province because the intellectual property has been established and developed here and it's now an exportable product. We believe we are world traders. We believe that's the way the world is developed.

3:30

The second point of the paper, Mr. Speaker, is that in government we from time to time request all kinds of information. *Beauchesne* is quite clear that it is expected that we would have these kinds of discussion papers and decision papers and that those people who write the papers should have freedom from having them released, because they do reflect an option for policy. We want full options to be presented to us by our very capable people in our civil service. They do just that, and this is one of these papers which I think provides fodder for the discussion about how Alberta can best compete in the world markets. A lot has been written about it. I could give you a version and a chapter and author, if you like, about the global workplace, the global trading opportunities, but I think what we will find in the next two days in Calgary is that that'll be reinforced by many of the people who will come there to talk about the need for us to look globally in our competitive world, and we'll do just that, listen.

MR. DAY: Point of order, Mr. Speaker.

MR. SPEAKER: Before we deal with points of order and a Standing Order 40 request, might we revert briefly to Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed?

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

MR. SPEAKER: First, the minister of senior citizens, followed by the Member for Calgary-Millican.

MR. BRASSARD: Mr. Speaker, it gives me a great deal of pleasure today to introduce to you and through you to the Members of the Legislative Assembly 28 visitors from the Knee Hill Christian school. These students are accompanied by Miss Terri Miller, Miss Shirley Boese, both teachers, and parents Mr. and Mrs. Calvin Toews, Mr. and Mrs. Richard Toews, Mr. and Mrs. Murray Baerg, Mr. and Mrs. Gary Barkman, and Wanda Barkman. I wonder if they would stand and receive the very warm welcome of this Assembly.

MR. SPEAKER: Calgary-Millican.

MR. SHRAKE: Thank you, Mr. Speaker. I'm really pleased today to introduce to you and the Legislative Assembly 52 of the finest young people from one of Alberta's finest community schools, Sherwood community school. They're seated in the public gallery up here above me, and I would like for them to rise. They're accompanied by two parents, Paul Millar and Pat Grogans, and they've got two fine teachers with them, Sarah Drew and Kirsten Richardson. I would ask you to give them the warm traditional welcome of the Legislature.

**Point of Order**  
**Citing Documents**

MR. SPEAKER: Red Deer-North, point of order.

MR. DAY: Thanks, Mr. Speaker. Citing 23(l) and also referring to the fact that a point of order is to be raised as soon as possible, I'd just like to serve notice that I'd like to peruse the Blues on a statement brought forward by the leader of the Liberal opposition in reference to a supposed third letter. We're all in the Assembly trying our best to determine all elements of the NovAtel situation, and information that is introduced which could possibly throw a curve or hamper that pursuit I think would definitely qualify as a point of order. So I'd like to serve notice that I will be asking for the Blues to look to that reference and then to be following that up.

MR. SPEAKER: Thank you.

This is which?

MR. McINNIS: I'd like to serve notice that at that time I'd like to speak to the point of order.

MR. SPEAKER: No, that's not necessary, hon. member. When the point of order is dealt with, then we will have one spokesperson from each caucus. Thank you.

Additional points of order?

**head: Motions under Standing Order 40**

MR. SPEAKER: A request for urgency of debate, Standing Order 40, the Member for West Yellowhead.

**NovAtel Communications Ltd.**

Mr. Doyle:

Be it resolved that the Legislative Assembly give unanimous consent for a motion to order that the Public Accounts Committee convene on Wednesday, June 3, 1992, and call witnesses, including the Minister of Technology, Research and Telecommunications and the senior management of NovAtel Communications Ltd., and that they be asked to produce all relevant documents pertaining to the management and sale of NovAtel Communications Ltd., including pertinent management agreements, financial records, and any management letters from the Auditor General of Alberta to NovAtel.

MR. DOYLE: Thank you, Mr. Speaker. Today I rise under Standing Order 40 due to the urgency of the NovAtel fiasco because later this afternoon the Legislature adjourns for seven days. While the Legislature is adjourned, the Public Accounts Committee does not sit. With the request of many Albertans – they feel that this situation has to be dealt with with great urgency and immediacy so we can discover how all these things went by the wayside. There's no meeting of the Public Accounts scheduled until June 10, '92, two weeks from today. Albertans want to know more presently as to what has happened with the mismanagement of this particular venture.

The Legislative Assembly Act, section 14(1), allows the committee to summon “any person . . . and require him to give evidence . . . orally or in writing and to produce any documents” or other things. The Standing Orders permanently mandate the Public Accounts Committee to review the public accounts. Therefore, the committee is fully within its right to summon the minister and senior officials of NovAtel for the purpose of hearing

evidence that would not otherwise be available. The Auditor General, for instance, is not allowed to call witnesses.

We believe, Mr. Speaker, that this mess could only be cleaned up when Albertans know the full facts. That's why the importance that the minister and NovAtel officials come before Public Accounts prior to the Legislature coming back to explain what happened to NovAtel from the time Alberta Government Telephones was privatized as Telus Corporation until the time of its sale announced last week. Albertans particularly want answers in respect to the false prospectus that led to the collapse of the sale of NovAtel to Bosch, the massive losses recorded in 1990 and 1991, the details of the discussions leading to the sale of the company. These are urgent things that the people of Alberta would like to know, and the implication to Albertans of the government's continued operation of NovAtel system's finance division, the least profitable, most troubled part of the company.

So the great urgency, Mr. Speaker, is that only the minister and the senior company officials can supply this information, and the committee has an obligation to Albertans to hear what they have to say. In fact, the New Democrats . . .

MR. SPEAKER: Thank you, hon. member. There's been a fair amount of latitude with respect to your plea for urgency under Standing Order 40.

All those willing to allow the matter to proceed, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The matter fails.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Schumacher in the Chair]

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

head: **Main Estimates 1992-93**

**Technology, Research and Telecommunications**

MR. CHAIRMAN: These estimates commence at page 299 of the main estimates book with the elements to be found at page 125 in the elements book.

Would the hon. Minister of Technology, Research and Telecommunications care to introduce these estimates?

MR. STEWART: Thank you, Mr. Chairman. Indeed I would. Before doing so, I know it's sometimes come to be a tradition in this committee that we recognize the work of a number of officials and officers of Crown agencies and so on that are working for the province of Alberta in such a significant and effective way. I know it's a tradition, but in my case even if it weren't a tradition, I would certainly want to do that because, quite frankly, I'm very fortunate in having a number of key effective people with whom I have the great opportunity to work. I'd just like to briefly introduce them.

Firstly, from my department, headed up by Mr. Ken Broadfoot, the deputy minister; Mr. Don Keech is our financial wizard and director; Mrs. Pauline Ma, budget director; Dr. Rand Harrison,

the assistant deputy minister seconded recently from the Alberta Research Council where he's been so effective; and Mr. Ken Murrice, also assistant deputy minister.

3:40

Moving over to the Alberta Research Council, we have Dr. Brian Barge, the fairly recently appointed president of that great institution, who I believe has taken hold of the institution with its new directional plan and given it the type of thrust that I know will be welcomed by all Albertans and certainly will be an effective key in our economic diversification of our province. I'm hopeful, Mr. Chairman, that the chairman of the Alberta Research Council, the MLA for Pincher Creek-Crowsnest will have the opportunity to address some remarks about the important work of the Alberta Research Council.

From Access we have Mr. Don Thomas, the acting president and CEO, who has come into that position in a very, very effective way, carrying out the operations and continuing in the good service and quality programming that is so evident on that network. Also with him are officials Malcolm Knox and Dave Muylle. We're happy to have all of those officials with us today.

I want to also recognize, although they may not be in the gallery at the present time, my own office staff who have just done a tremendous job. They are key people in the public service. They are dedicated, committed, and enthusiastic, and quite frankly I don't know what I'd do without them. I refer, of course, to Randy Thompson, my executive assistant; Lorna Hallam, a special assistant; Terri Betke, my secretary; and Tammy Tarnowski, a further secretary that is performing so well within our office staff. So I just want to recognize the contribution they have made and continue to make in what you might say are some difficult times in the department at times. They work so effectively and so diligently and are so committed that I feel they warrant this sort of recognition.

Mr. Chairman, vote 1 of my estimates deals with the office of the minister. One of the areas of my responsibility obviously is in the area of telecommunications. I don't want to let this opportunity go by without having the full opportunity for comments to be made that relate to my responsibilities as minister. I'm an accountable minister, and I don't believe in shirking away from any of those responsibilities that relate to this very difficult decision of government that has given such a tremendous unfortunate impact on the taxpayers of Alberta. So I want to address a few comments in that area, and I also want to encourage members of the Assembly to feel free to engage upon that particular vote in the matters and issues of NovAtel.

Firstly, I want to provide you with a perspective which I believe really has not been heard as yet on the issue of NovAtel. I really believe that the sale of NovAtel is both a very necessary and a responsible decision for the government of Alberta, a decision that we have taken, not an easy decision but a tough decision, a necessary one. Last Thursday Albertans first heard about the sale of NovAtel. Quite frankly, they were shocked and concerned by that final cost of \$566 million, and well they should be. It's a significant number, a significant cost, and not one that we have any joy in bringing forward to this Assembly or to this committee.

Certainly for me, Mr. Chairman, the matter is one of the most difficult, really, that I have ever faced in public life, and the questions which I have myself confronted are no different than those questions that confront all Albertans as events have unfolded. Basically, they surround the two words, "What happened?"

I look back at the steps that we have taken since we first learned of these problems with NovAtel during the Telus share offering, and I can say that at each step we did what needed to be done in

order to make a realistic and informed final decision about this company.

Now, just to deal a bit, Mr. Chairman, with how this loss happened. I'm not endeavouring to second-guess the outcome of any review that is being undertaken by the Auditor General or any conclusions that he may come to, but may I say that in 1990 we moved to privatize Telus in part because of the billions of dollars of new capital investment that were required. Those dollars were best to come from the private sector. If we had kept NovAtel and Telus within the government's ownership, then that new investment and indeed some of the problems that have shown up in NovAtel would be on our doorstep and would continue to be on our doorstep.

We must remember that at that time we believed that NovAtel also should be owned and managed by the private sector, but as everyone here recalls, in the middle of the largest share offering in Canada's history, the government was advised that the numbers in the prospectus were wrong, and we were forced to take NovAtel back. We were told that the forecasts, that were audited both internally as well as by two national chartered accountant firms, were wrong to an extent that I still find unbelievable. Of course, the depths of that problem were to become all too clear in the months which followed. In effect, when the people wondered what went wrong with NovAtel, we primarily needed to look at the period before the Telus share offering.

Although as I said before, Mr. Chairman, I want to be careful not to anticipate the Auditor General, I am prepared to say that in broad terms these are some of the factors which contributed to what went wrong. Firstly, I think we have to recognize that in that particular industry competition was very, very intense, and the overall market was in recession. In fact, the economy of one of the largest customers of NovAtel, the United States, was in quite a deep recession. Secondly, NovAtel grew too quickly at a time when the world market in wireless was narrowing down to the large multinational players. Also, moves were being made in the areas of technology – from analog to digital, for example – which impacted on the circumstances of the company at the time. Management never anticipated nor acted soon enough to respond to these rapidly changing conditions. Then in addition to misreading and misunderstanding these external factors, there were serious gaps in the internal information and controls of this company. One prime example of these internal problems came to the surface when the share offering was made, because neither the boards nor the government had been provided with accurate readings of the company's financial picture at that critical juncture.

**3:50**

So who is responsible? In trying to assess the responsibility for these massive costs, Mr. Chairman, it's important to me that there be an objective assessment, and in these past 18 months since we were handed this issue of NovAtel, this is what we did. Firstly, we appointed a strong independent management committee, people with knowledge in telecommunications, people with solid business backgrounds based on experience. Secondly, they cut the size of the company by about 600 employees and placed new key senior managers into position. It must be remembered that the company in a short period of time, in a matter of months in one year, ramped up from approximately 1,200 employees to 1,800, an incredible and probably unmanageable type of growth. Thirdly, the auditors were changed. The information systems, as I indicated, had had some problems. The numbers obviously were not as had been indicated, so a change was made in the auditors. Fourthly, the top three executives of the company were dismissed. Fifthly, the monthly losses then were able to be decreased

dramatically although they did continue, and there was dramatic, effective work done by the management team and by the management committee in order to reduce and stem those losses and to bring the company more towards a businesslike and viable operation. Then we found buyers who would retain technologies and significant numbers of jobs in Alberta. That was one of the key objectives, to save those jobs and retain that sort of technology here in Alberta.

Which leads me, Mr. Chairman, to my own position, and it can be stated very simply. As the Auditor General and other objective parties look at this issue, if they find that there was negligence on my part which contributed to the losses of NovAtel, then I will not hesitate to do the right thing and do it instantly. But today as well there are other senior people, the company's advisers and consultants and those appointed to these boards, who must also be prepared to be accountable. When board appointments were made, they were done with that high yet reasonable expectation of performance and accountability.

So what are we doing about it? Now that the NovAtel company has been sold, we can open up some of these issues which were not appropriate until now. Quite frankly, Mr. Chairman, it's almost impossible to negotiate in any meaningful sense any sort of a sale when you're under a cloud of investigation. We have asked the Auditor General to review and report, and the government has sent to the key parties requests that they bring forward all the information that is essential and that they will secure and find any information that would be relevant. Those are the types of actions that are essential for the Auditor General in order to carry out his review.

I suppose, as has been questioned in the Assembly, the question is whether or not this sort of review is an effective means of finding these answers. We believe it is for a number of reasons. Firstly, the Auditor General is independent. He's a respected officer of this Assembly, and he's accountable to this Assembly. He's not responsible to the government. He's not appointed by the government. He is in fact appointed by this House and responsible through the House to all Albertans. The Auditor General can move quickly to find answers rather than taking a year or two years through public inquiries as we have seen in the past. If the Auditor General indicates that he has any difficulties whatsoever in obtaining any of these materials or co-operation that is so essential to his review, I'm sure that he will contact us and we will do our very best to act upon that. Thirdly, a review by the Auditor General will probably save millions of dollars, Mr. Chairman, and I know the taxpayers are very concerned with that aspect. As you well know, our last experience in a public inquiry cost in excess of \$25 million. Finally, his report will be made to this House, not to the government but to this House. So I welcome this as a viable and systematic basis of thorough review of this important matter.

For now the positive aspects have almost been buried. There really are some benefits that should be mentioned, benefits that relate to the sales. Those were important because, quite frankly, the alternative to effecting those sales was to shut that company down. Mr. Chairman, analysis was done of that particular option very closely, and we determined that the costs involved in that financially and in human resources and the loss of technology from this province were costs that we didn't feel were in the best interests of Albertans. So we made sure that through that sale the core of a wireless industry would stay in Alberta instead of moving to the United States or Europe. As wireless technology in those markets grows – and no other industry really has prospects as promising for companies which can compete – the economic benefits will be felt right here in Alberta. We have secured more

jobs than were possible under any other alternative, and we believe that there is a potential for more than 1,000 jobs for Calgary and Lethbridge as these two purchasers consolidate NovAtel's existing businesses in the area of cellular and wireless and grow from there.

NovAtel's key business units, Mr. Chairman, will be managed by the private-sector owners with their own successful track records. We have removed the government and the taxpayer from the role of having to keep this company going. In other words, from the standpoint of government involvement in this particular business it's over, and it should be over.

Alberta is proud to have the Northern Telecom centre of excellence and its new wireless manufacturing plant. This province is now the only jurisdiction anywhere to have two world mandate centres for Northern Telecom manufacturing, both located in Calgary. One of those centres relates to the business products section of Northern Telecom's operations. Mr. Chairman, I must just add that anytime I am at that establishment and walk in and see the flags of 60 different countries around the perimeter of their plant and talk to the employees and find out how proud they are that this company in Calgary can do a turnaround time in 48 hours and send sophisticated business systems and telephones to 60 different countries around the world, of course, including the Pacific Rim . . .

Now, Mr. Chairman, the other purchaser, Telexel, will also provide jobs to Albertans, and the company brings with it a real solid reputation as a manufacturer and a marketer of consumer products, a company which has many international connections which build the opportunities for strategic partners and other types of joint venture arrangements that will lead to the further development of telecommunications in this province. This company undoubtedly, with those sorts of criteria that they bring to the table, will be an excellent fit with the NovAtel name and with the NovAtel products.

The economic spin-offs of maintaining these business units in the private sector here in Alberta are considerable, and quite frankly the other options that I mentioned were just too costly and too risky for the taxpayers of Alberta to bear.

Mr. Chairman, we negotiated with these buyers through the management committee and through a consultant, Warburg & Co. We received two purchase packages for these businesses, and those were recommended to the government unanimously by the management committee and by this international adviser. Those have a value for Alberta of \$78.8 million, and I would suggest that that value reflects the condition of the company and the other circumstances prevailing in the industry and more specifically focused on NovAtel.

As I said, Mr. Chairman, my feelings are mixed, but I believe that by selling NovAtel, the government has taken the only right action. I'm prepared to make that case to Albertans in the coming months. Then I will take whatever steps are necessary to make those assurances and will fully disclose whatever information is available to me to have the people's questions answered properly and fully.

Today, Mr. Chairman, NovAtel has new owners, and we have before us the prospect of a continuing industry in telecommunications in both Calgary and Lethbridge, an industry which certainly belongs here and can certainly prosper here because of a very strong base in Alberta telecommunications, part of which success and part of which strength come from the foundations of infrastructure that have been previously established here in Alberta and now are beginning to make their mark as an effective element of our economic diversification.

Mr. Chairman, the Premier said just over a year ago that if we couldn't fix NovAtel, we would sell it or shut it down. Well, we have today undoubtedly arrived at the best of those two options, but we are faced with the harsh reality that this sale and the final cost to the taxpayers of Alberta is very high. The issue is serious, and it must be addressed responsibly and objectively, which brings me to one final point on NovAtel today, and that is the false issue created by the opposition about a so-called cover-up. They base their case for this so-called cover-up on two management letters sent to NovAtel which the Member for Edmonton-Glengarry has made great issue of every day for the past several days. Well, let me just set the record straight on this issue once and for all.

**4:00**

First, two letters were sent to NovAtel management: one to its auditors in 1990 and one to its management committee in 1991. This was done in the normal course of the Auditor General's business. As we all know, every company and every auditor for every company in every year send such management letters to the client in order to point out various aspects of their accounting procedures which should be rectified or changed or reflected in one way or another in order to accommodate accounting principles. The letters, as would be expected, outlined issues regarding accounting practices and the management information systems of the company which the Auditor General wanted to see addressed. I was copied on the second of these two letters; I was not copied on the first.

This second letter was a letter addressed to Mr. Bill Grace, the chairman of the management committee. It pertained to the fiscal year 1990, and the letter was received at the end of July or early August of 1991, halfway through the subsequent fiscal year. As I say, it was addressed to Mr. Grace. I would suggest that if that letter had contained sinister types of observations by the Auditor General, it certainly would have been addressed to me in my capacity as minister. In fact, it related to management systems and was therefore addressed to the management committee. In fact, that letter was not only read by me but acted upon by me. In consulting my files, I noticed a note that we had made sure that Mr. Grace was aware of these and was following up on each and every one of them, and in fact he was. Further, as a matter of fact, many of the points that had been raised in that letter had already been accomplished by the time the letter was received, halfway through the next fiscal year. In fact – and this is the bottom line, Mr. Chairman – in the next public report of the Auditor General which was filed in this House, the Auditor General said that the issues in these letters had been addressed satisfactorily.

So let me just say: how on earth could there ever be a cover-up under these sort of circumstances and when the letter came from the Auditor General, the man who is doing the investigation at this point in time, when the very information that is alleged to be covered up is obviously within the realm and knowledge of the person who is conducting the investigation? Mr. Chairman, this is so important for the people of Alberta that we don't need that sort of political grandstanding or red herrings. How could there ever have been a cover-up in these sorts of circumstances? I would suggest that obviously there was no intention nor will there be any cover-up. It is our intention to ensure that there is going to be full disclosure and full opportunity for the Auditor General to proceed in an unfettered way with his review.

Further, with respect to the Auditor General I would suggest that rather than the Liberals attempting to do their own investigation or the NDP attempting to do their own investigation or this government attempting to do any sort of investigation on its own,

that's the purpose of the Auditor General. He is the independent official of all parties in this Assembly and is the one that can most effectively and objectively carry out those sorts of responsibilities. I would hope, Mr. Chairman, that in that connection the Auditor General will receive the co-operation of all members of the House in order to ensure that the integrity of this review is able to be preserved. That's certainly the attitude that we on this side of the House have.

Mr. Chairman, those are the comments I wish to make with respect to NovAtel.

I'm not going to go over in detail all of the votes and the elements of my estimates, Mr. Chairman, but there are one or two things that I think would be valuable to members just by way of introduction that would explain some of the areas in which there have been changes from the past year. I think that would be helpful and would expedite the discussions within the committee. I do as well want to leave sufficient time, obviously, for the members of the committee to address any matters that pertain to my estimates and to answer questions as fully as I can. I will, of course, undertake to provide responses to any questions that I'm not able to answer by virtue of time in the committee. I also wish to allow the chairman of the Alberta Research Council, the hon. Member for Pincher Creek-Crowsnest, some time to deal with the Alberta Research Council.

While I'm not going to spend virtually any time on vote 4 – we're obviously pleased to answer questions in that regard – I do want to point out, though, that the Access Network continues to provide to Albertans quality programming through a wider and wider audience. It's carrying on its responsibilities in pursuing educational opportunities and utilizing technology in that education in a very, very effective way. It has recently had an additional number of new members to its board; it has had some management changes. They have taken hold of that corporation, developed in a very thoughtful way new directions for the Access Network to make it even more effective in the future, keeping in mind the difficult times that we have relative to providing financial resources for this important work.

I just want to say that I appreciate the work of the chairman, Mrs. Gail Hinchliffe, and the board members and the senior management and all the members of the Access family and CKUA who are doing a very effective and meaningful job. It's something that is a very important part of the programs and services to Albertans.

I'd like just briefly then, Mr. Chairman, to mention some of the elements in vote 2, and I single that out because it deals primarily with the infrastructural support that the government provides to Alberta's advanced technology community. I would point out that infrastructure is one of the four major objectives that we have in our budget and in our program and in our goals of our department, infrastructural support that provides a basis whereby there can be appropriate linkages with universities and other educational institutions, with research institutes networking within the industry, bringing these people together with the private sector and government in a partnership endeavour. This is the way in which government has in the past and will in the future be assisting the advanced technologies. It's a very important aspect and objective of our department to provide this sort of support and this sort of opportunity.

Other areas that are obviously important which I will deal with in response to questions but not in my comments – I just want to mention them – are in the important area of technology transfer, which is taking on in this global context a greater and greater significance and opportunities for Alberta business. Secondly, the area of commercialization: ways and means of pulling that

research and technology out of the labs and into the marketplace in an effective way that would bring jobs and opportunities for our young people in Alberta. Then lastly but certainly not the least significant, the whole matter of awareness: bringing a greater awareness of the importance of science and technology in our lives and in the economic and quality-of-life issues of our province, because technology does have that two-pronged attack of being able to assist in preserving and improving our quality of life – certain social programs and health and environment and other areas – and as well providing an economic thrust for the creation of wealth that is so necessary if we are going to have the wherewithal to meet the types of obligations in the future for programs and services for Albertans.

#### 4:10

Let me just briefly then, Mr. Chairman, mention the elements of vote 2. I want to point out that you will notice there is a reduction in the allocation of the budget this year for the Alberta Microelectronic Centre. It's in its first year of another five-year plan, and it has changed its direction somewhat. It's certainly going to continue in the educational awareness program and provide consultation and technical assistance to industry and expand its research programs with the universities, but it will not be dealing in the area of fabrication to the extent that it was before. So there is a significant new development there, and they are operating in a more effective and focused way in the micro-electronics area. This will enable the lab to be upgraded, and it will also allow a new microchip educational program to be developed.

The TR Labs or Telecommunications Research Labs, which were previously known as the Alberta Telecommunications Research Centre, again are finding themselves in the second year of a five-year plan. I think we're fortunate that this longer term planning, which is so essential, is now starting to bring rewards. The Telecommunications Research Lab is a model . . .

I'll be pleased to continue comments a little bit further later on, Mr. Chairman, seeing my time is up. I'll be prepared to answer questions as fully as I can.

MR. CHAIRMAN: The hon. Member for Pincher Creek-Crowsnest.

MR. McEACHERN: They've had their half hour. It's our turn now.

MR. CHAIRMAN: Hon. member . . .

MR. McEACHERN: If he was going to speak, he should have had half of his time. We did that before. [interjections]

#### Chairman's Ruling Speaking Order

MR. CHAIRMAN: Order please, hon. member. I'm recognizing the hon. Member for Pincher Creek-Crowsnest to briefly discuss . . .

MR. McEACHERN: I protest. This is not acceptable.

MR. CHAIRMAN: Order please. It may be unacceptable to you . . . [interjection] Take your place. [interjection] Take your place.

The hon. Member for Pincher Creek-Crowsnest.

MR. McEACHERN: I suppose he gets a half hour too, does he?

MR. CHAIRMAN: Order.

MR. McEACHERN: This is ridiculous.

MR. CHAIRMAN: We'll see how much time he uses.

MR. McEACHERN: What the hell kind of game is this?

MR. CHAIRMAN: Order please. Speak properly in this committee, or you will be removed from the committee. Do you understand?

MR. McEACHERN: In other years he has always shared the half hour. This is not acceptable. [interjections]

MR. CHAIRMAN: Order please.

MR. McEACHERN: Why change the rules today?

MR. CHAIRMAN: Do you want to use up the time arguing back and forth, hon. member, or do you want to get on with the business?

The hon. Member for Pincher Creek-Crowsnest.

#### Debate Continued

MR. BRADLEY: Mr. Chairman, thank you for the opportunity to speak briefly on the Alberta Research Council estimates today in committee. I, too, would like to acknowledge, as did the minister of technology, the work of our new president, Dr. Brian Barge, who is just coming to the conclusion, I believe, of his first year as president of Alberta Research Council. He's doing an outstanding job during some very difficult transition years for the Alberta Research Council. I'd also like to acknowledge the involvement of our minister, the Hon. Fred Stewart, who's a member of the board of ARC. He's provided outstanding advice and guidance to us throughout the past numbers of years.

The Research Council's budget is based on ARC's corporate plan, A Vision to the Year 2000, which was approved by cabinet in 1991. Members may recall the corporate plan focuses on the future wealth-generating capacity of the province and in particular on technology development to assist Alberta companies to compete in the global marketplace. The plan builds on the council's and industry's strategic advantages to linking advanced technologies to the resource sector. Sustainable development through contributions to sound environmental practices is also an integral component of the plan. This year's budget was developed against a background of an economic downturn and a need for Canada to become more productive to compete in the international marketplace of which we are a part. A competitive Canada is vitally needed to ensure quality of life for all our citizens.

I'm sure members of the Legislature are aware of the council's recent staff reductions which necessitated approximately 70 staff at all levels, including management, to leave the corporation. This necessary but unfortunate event was caused by a drop in contract revenue from the private sector during 1991. The organization implemented cost reduction measures and a hiring freeze during 1991 to counteract declining revenues. These measures in themselves were not enough to counteract the \$4.5 million shortfall in contract revenue. The projections for this fiscal year indicate that this shortfall in revenue will continue. The grant from the Alberta government represents about half of the corporation's revenue base. I should note that the board of directors of the Alberta Research Council appreciates the government's

commitment to the Research Council by not only maintaining but slightly increasing the support requested in this vote.

You may well ask if this significant downsizing will impact on the goals and objectives of the corporate plan. Naturally, this situation has had an impact on ARC. However, the goals in the plan are every bit as valid as they were a year ago. One should keep in mind that from 1986 to 1990 the corporation's contract revenue rose from \$5 million to \$20 million. Therefore, management is confident that in the next eight years they will reach the goals they have set out in the plan. Management is currently taking steps to reposition the corporation so that by 1995-96 we'll be in a solid financial position. The key elements of the repositioning are to re-establish R and D programs, balance expenditures with revenues, increase contract revenues, increase the investment and fixed assets, select staff most suited to build ARC's future, internal restructuring, introduce total quality management concepts and processes, and place a higher priority on staff training and retraining.

I will elaborate on a few of these issues. Increased investment in fixed assets is required to ensure that the corporation's infrastructure does not become obsolete and that the corporation is able to take advantage of new technologies and tools for R and D activities. A key objective is to establish and maintain an appropriate balance among staff, supplies and services, and fixed assets. Management has set a target of 10 percent of total budget investment and fixed assets to address this critical area. The corporation will also focus increased attention on its business practices including the introduction of total quality service practices. The board of the Alberta Research Council strongly believes that there are direct links between the province's earlier investment in science and technology and the creation of our current wealth in jobs. This applies not only to investments in ARC but to other government initiatives as well. We can say with confidence that our oil sands, agriculture, forestry, and high-technology wealth generators and job creators today are due to the province's foresight in investing in strategic research and development.

The Alberta Research Council has its imprint on virtually every sector of the province dealing in tradeable goods and services. I'd like to share with you several examples of our accomplishments in the past year which demonstrate the connection between ARC science and technology and the wealth and jobs created in industry.

First, Mr. Chairman, I'd like to talk about Gienow Building Products of Calgary, which had its plant opening last Wednesday, May 20. This joint research venture is warmly referred to as the Gienow experience. In its joint research venture with the Alberta Research Council, Gienow Building Products has automated its production of windows. Calgary and Alberta now have a world-class window manufacturing facility and as a consequence are penetrating the tough Japanese market and have created 85 additional jobs. They report a 70 percent increase in sales, a 40 percent increase in efficiency within their manufacturing operations, higher quality product, and improved services to customers. In addition, they've expanded their marketplace in Canada, the United States, and the Orient. Their future is very positive. This is the type of repositioning and restructuring Alberta companies must aggressively pursue if we are to be competitive in the global economy of the 21st century.

Secondly, I'd like to talk about Western Archrib structures. Five years ago, ARC's forest products laboratory did the research and development necessary for Western Archrib in their quest to produce glue-laminated beams using Alberta grown spruce and pine. The result: today Western Archrib is a major supplier of

glue-laminated beams in Canada. The research ARC did has resulted in a 15 percent reduction in their material costs, a 5 percent reduction in labour costs, and most importantly, \$2 million previously spent on importing Douglas fir is now spent in the province, not to mention the number of jobs created at Western Archrib. Western Archrib realizes a significant annual return based on a single investment of approximately the same magnitude.

4:20

Greyhound bus lines of Canada, headquartered in Calgary, has some 400 buses across Canada. It has to keep track of its schedules, has to schedule maintenance and make decisions on purchasing new buses versus retrofitting old ones. That represents a major factor in that company's ability to remain competitive. A planning system developed by ARC now gives Greyhound the ability to plan immediate efficiencies. Greyhound officials suggest that this new system will save them at least \$350,000 every year, the cost of one new bus, in return for their \$80,000 investment: a \$4 return for each dollar invested every year from now on.

Now I'd like to talk about Alberta Ag-Industries. With the help of the Alberta Research Council and the National Research Council, this Westlock-based company has developed automated technology for folding large plastic silage bags. This improvement has allowed the company to develop markets in Europe, Asia, Africa, and South America, increasing revenues from \$1 million to \$10 million in just a few years, increasing their employees from 21 to 40 in just one year. Total investment was \$100,000; an annual revenue of \$10 million represents a 100 to 1 ratio of return on research investment. This company was named Alberta export firm of the year in 1991.

Smoky River Coal Limited, a major employer in the town of Grande Cache, has saved more than \$5 million in land reclamation costs as a result of a new reclamation technology developed in a joint research program with the Alberta Research Council.

Nova Husky will save an estimated \$3 million per year by using new technology developed jointly by Nova Husky Research and ARC that will extend the life of the hydrocracking catalysts in the biprovincial upgrader.

ARC has also developed a soil cleanup technology to clean hydrocarbon contaminated soils which is ready to be commercialized.

Most Alberta telecommunications and electronic manufacturing companies use the Electronics Test Centre to readily get their products certified for national and international markets.

The biotechnology pilot plant is the world's largest fermentation scaleup facility in public ownership. It has clients from Prince Edward Island to Palo Alto, California. ARC has helped companies to develop and manufacture products from an Edmonton base that are sold in international markets.

Mr. Chairman, the provincial economy will be enhanced by an estimated \$20 million per year through decreased payment maintenance costs and an increased profitability of trucking companies as a result of regulatory changes affecting truck weight limits. These changes were based on pavement research conducted by the Alberta Research Council as part of a national program.

The past record and results of research investment, together with these types of examples and many other projects of the Research Council, lead the board of ARC to the conclusion that a decrease in research investment at ARC and elsewhere would be counterproductive to wealth generation in the province. The board of the Alberta Research Council is of the opinion that investment in research and technology development in general and at ARC in particular should be seen as an imperative to ensuring continued

generation of wealth and therefore the economic and social well-being of the province in the future.

#### Point of Order Reading a Speech

MR. McINNIS: A point of order, Mr. Chairman.

MR. CHAIRMAN: The hon. Member for Edmonton-Jasper Place is rising on a point of order.

MR. McINNIS: Under the provisions of our Standing Orders it's my understanding that the orders of the Assembly apply in committee to the extent possible, and the Standing Orders make it very plain that a member shall not read a speech into the record.

Now, it's one thing for these guys to rag the puck all afternoon so that the opposition doesn't get to speak on this important matter, but it's quite another to sit and listen to him read somebody else's words into the record. He hasn't lifted his eyes off the page since he started. What's going on around here? When do we get a chance to speak?

MR. CHAIRMAN: The hon. Member for Pincher Creek-Crowsnest, the Chair believes, was merely referring to his notes.

MR. McINNIS: Who wrote that? Are you the penalty killer this afternoon? Beat the clock? Is that it?

MR. BRADLEY: For the information of the Member for Edmonton-Jasper Place, Mr. Chairman, I'm referring to notes which I had prepared. If he objects to the fact that my eyesight is poor and I have to hold my notes up so I can look at them, that's his problem.

#### Debate Continued

MR. BRADLEY: To continue, Mr. Chairman, I should point out that the highly successfully joint research venture program is one that provides benefits in the shorter term as well as the longer term in that it helps companies to develop products and get them to market sooner rather than later. It also encourages much-needed industrial investment in research. Each ARC dollar invested in joint research ventures results in an industrial dollar invested. This is a major program assisting diversification in Alberta. Our joint research venture program has proven to be one of the most effective ways in which we can make our pool of scientific and technological knowledge available to industry.

Health care is often considered a consumer of wealth; indeed it is. To assist the province in the management of expenditures in the health care area and to help capitalize on the previous investments in health-related research, the ARC is proposing a modest activity consistent with the government's response to the Premier's Commission on Future Health Care for Albertans. This investment will be directed in two ways to apply to new technologies in an effort to develop efficiencies in the delivery of health care services. An example is the use of information technologies to more efficiently manage health services, including delivery to rural communities. In addition, the Alberta Research Council recognizes the significant future potential in the medical devices industry, especially if the province can build upon investments in health-related research as represented, for example, by the Alberta Heritage Foundation for Medical Research. We plan to expand activity in this area to help the future wealth generation process and help better treatment of the aging and sick of the province and beyond.

Mr. Chairman, members will recall that in 1991 the Alberta Research Council took over the research activities of the former Chembiomed company. ARC was given a mandate to find an appropriate private-sector partner to support the research activities of this group. In April the Alberta Research Council announced that it had been successful in its search for this strategic partner, which resulted in a \$10 million R and D contract with Glycomed Incorporated, a California-based company. This alliance will accelerate the development of this carbohydrate research program which is aimed at discovering and developing inhibitors of inflammatory and immune diseases such as arthritis and cancer. This is, of course, a health care related achievement and should be linked to the other two examples. The Glycomed contract will not only continue the world-class research of Ray Lemieux, but it also has the potential to provide a significant return on the province's original investment.

In closing, Mr. Chairman, I'd like to state that the Research Council, as a key player in Alberta's technological future, appreciates the support of the province through this proposed grant of \$27.9 million. I would ask that all members support vote 3.

MR. CHAIRMAN: The Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you. Finally, Mr. Chairman. I'm going to start out the way I did on Friday: the minister should resign. This is such a major boondoggle that it is totally unacceptable that somebody doesn't pay the price. The buck is supposed to stop with the minister; he should resign.

Mr. Chairman, knowing he's already said that he isn't going to – he's going to hang around and wait for a year and a half while the Auditor General does a half study to find out what we already know before he decides whether he should or shouldn't resign – I'm going to start by reading into the record a letter that I mentioned in the earlier part of today. Today I wrote a letter to Mr. Stewart. [interjections] It's only two small paragraphs. Don't get excited.

Dear Mr. Stewart:

I am writing in the interest of resolving outstanding questions relating to the loss of \$566 million Alberta taxpayers suffered as a result of the government's repurchase of NovAtel from Telus in January, 1991 and the subsequent sale of NovAtel announced on March 21, 1992.

Toward this [end], I request that, in order to assure thorough discussion of this matter, you table in the Legislative Assembly at the time of the estimates debate for the department of Technology, Research and Telecommunications this afternoon, all relevant documents pertaining to the management and sale of NovAtel Communications Ltd., including pertinent management agreements, financial records and any management letters from the Auditor General of Alberta to NovAtel.

Thank you in advance for your anticipated cooperation in this matter.

Well, of course, Mr. Chairman, we have not seen any such documents.

4:30

Mr. Chairman, the minister says that there's no reason why he should resign, but as I go through my talk this afternoon, I will point out a number of them.

I do want to spend just a moment on the estimates. It's really interesting. I've talked to several Conservatives in the last few days who have been complaining that the opposition doesn't ask a lot of questions in estimates. Now, it's because we never get answers if we do, and who is going to spend time asking questions about a few million dollars? This budget is something in the

neighbourhood of \$65 million. You're not going to spend a lot of time on that when the government has invested, through loans, loan guarantees, and investments of one kind or another, \$2.3 billion in the private sector of this economy and has lost a major portion of that money. Government economic policy and losses such as the NovAtel issue are much, much more important than a few questions about the estimates themselves.

[Mr. Jonson in the Chair]

However, I do have just a few points about the estimates, and I want to take a quick look at them. I notice, for example, on page 299 of the estimates book that this is about the only department that doesn't start off by saying that vote 1 is for departmental services. Departmental Support Services is the usual title. For some reason, this minister doesn't bother. He calls it Development and Commercialization of Advanced Technologies. I guess trying to link the fact that he gets a ministerial salary – it has something to do with helping people out in the private sector make a go of it. I guess if NovAtel's a good example, he should resign.

There are a number of other points, actually. While the comparable estimate for last year was \$65.8 million, in fact the forecast is \$92.9 million, so it would be interesting if the minister would stop to explain why some of that change.

I would like to just take a moment and take the opportunity to also congratulate the people in Access. Yes, they do an excellent job. It's a program of which we are very supportive.

I also wonder, though. The minister is not too forthcoming with information in many areas, particularly to do with NovAtel, and I'll get to that later. But I notice also that when you look at vote 2, which he was referring to earlier, there is nothing there that really tells you what the money is for. I mean, he did mention the Microelectronic Centre, and I guess you can figure that one out from 2.1.2 when you look in what's called the supplementary information, element details, but the other ones are just general categories. Things like Advanced Materials/Processes: it doesn't say who got the \$600,000. He's very careful not to give out any more information than he can possibly help.

Vote 2.1.7, Advanced Technology and Engineering Support, \$1.2 million. It doesn't say who gets that. At least in one part of the Economic Development and Trade estimates there were at least some companies mentioned when it was specific companies. The minister could have done at least a little bit of that or given it to us in some other form, a supplementary form if he wanted. No, he likes to keep the opposition and the people of Alberta as much in the dark as possible.

Right now, of course, the major item on the loans and loan guarantees that I've mentioned is the NovAtel/Telus fiasco. I want to start by saying that we on this side of the House said quite some time ago that the department should be disbanded and that the minister – at that stage we weren't saying he should be fired, but now, of course, we are. So I've got a motion, prepared the other day, to reduce the minister's salary to a dollar and to cut the amount of money needed, which would go along with disbanding that department over the next few months.

The Telus fiasco, which is what I will spend most of my time on, of course has many aspects to it. The minister mentioned the management problems within the organization. He was suggesting that when the Auditor General reports, not only the minister might have to resign, if the finger is pointed at him, but also some of the management. If he was on top of his department, he would know which managers should be fired and get on with it and do it. Then if he was prepared to take the ministerial responsibility which is

his, he would also resign. He wouldn't have to wait for the Auditor General's report.

The Premier's letter to the Auditor General is the cheapest and silliest little attempt to push this thing aside and make us wait for months on end to get the final word. They'll put off question after question, saying, "Oh, the Auditor General is going to find that for us." The Auditor General isn't going to find anything that you and your department people don't already know, and you could put together some papers over the next week or two that would totally outline everything that the Auditor General is going to find out. If you want to get anything beyond that, you'll have to go to a public inquiry. The minister stands there and glibly says, "Oh, everybody would co-operate with the Auditor General." Well, tell that to Telus and make darn sure they do, although you're a little late on that one, probably.

There is a point I want to make about Telus. The minister, in our view on this side of the House, made a double mistake. Part of his mistake is the mess within NovAtel itself. Okay. Somebody got carried away; some people that were in charge didn't do the job. We accept that part. But the sale of AGT was also a mistake. This government had the gall to make the decision in 1988 that they were going to sell AGT yet still ran an election in 1989 claiming all over Alberta that they had not made the decision yet, that that was not decided, that it would not be done, that there were no plans to sell AGT. I remember it distinctly. Oh, yes. Don't look at me as if I'm not telling what was going on here. I got it right from Mr. Ackroyd. The resigning chairman of the Public Utilities Board stood up at a little banquet and let it slip that the decision to sell AGT had been made in 1988, but you know how governments work. It takes them a couple of years to get around to doing those sorts of things. Yet you guys went through an election denying that you were going to sell AGT, so again there's another reason why the minister should resign. He must have known that decision, and certainly his Premier did, yet they went around and told the people of Alberta something that was not true.

Now, the sale of AGT was quite interesting. The government was able to come up with quite a bit of money, or so they thought, and said, "Look how much money we made out of the sale of AGT." Well, Mr. Chairman, this is a \$3 billion corporation we're talking about here, and the 1 and a half billion dollars that the heritage trust fund had invested in AGT was not the sum total of the government's commitment to AGT. AGT was a Crown corporation, and AGT borrowed money from sources other than the heritage trust fund as well. What we did was we sold the heritage trust fund shares and then said, "Now the company is privatized." The fact of the matter is that AGT had borrowed \$1.2 billion elsewhere. According to the 1990-91 public accounts, the latest ones we have, the Alberta government still has a guarantee on \$1.2 billion of AGT long-term debt financing. Now, the minister in the House the other day tried to disclaim any problem with that. He said, "Oh, the debts have been paid off." The debts that were paid off were the heritage trust fund investments in AGT. I agree that that's been paid, but there's long-term debt financing from other sources, including American bond debentures payable in United States funds maturing 1991 to 1996, bearing interest at some 6 percent to 10 percent or something – it's hard to read the other number – and debentures payable in Canadian funds maturing 1991 to 2003. The total on those figures is \$1.2 billion as of March 31, 1991. Now, the minister didn't seem to be aware of that.

What I can't understand is why the Alberta government would cut itself loose from AGT, sell it at a fire-sale price so shareholders can make a profit and, in order to guarantee the integrity of

the share offering, put the Alberta people in the situation they did, where we ended up with a \$900 million potential liability, of which we've already lost \$566 million. There's still over \$200 million at risk in that deal.

There are some other aspects of the deal that I intend to get to in a minute. We did not have Telus or AGT, whichever way you want to call it, cancel the loan guarantee on this \$1.2 billion. Now, that might be down. I was looking at the latest annual statement from Telus, and the figure is at least \$900 million and some yet, if not \$1.4 billion, depending on which numbers are counted into the Alberta government guarantee. You can't tell from here. There are two other categories besides the long-term debt one, which is the one I assume is the part that we're still guaranteeing. I mean, so here we've got a private corporation that has still got a hold on the taxpayers of this province, and this minister didn't even seem to know it. There is another reason the minister should resign.

#### 4:40

Now, the minister made a deal with Telexel for something like \$3 million. That's all we're going to get immediately. We may get another \$20 million over the next five years. It's not clear whether we get \$4 million at the end of each year over the next five years or whether we get it all in one lump sum at the end of five years. Telexel is going to lease the buildings and the facilities. Why is that? Does that mean that we may be left holding the bag? Telexel has put in \$3 million. In a few months or a few years they could walk away and say that that's limited investment and leave the taxpayers still holding this facility, along with the \$216 million we've got in loans and loan guarantees that's still hanging over our heads. It's not clear that the minister has really come clean on all the terms, the reasons why, and exactly what's going on around here.

I mean, we thought we had sold NovAtel along with AGT earlier – not that we were ever in favour of that, but the government said that's what they were doing – and then all of a sudden they're turning around and taking NovAtel back again, and look at the mess that's cost us. Although it would be on a smaller scale, we can't help wondering about this Telexel deal. Why can't we get more information about it? Why do we only get just a vague statement that Telexel hopes to be able to retain the jobs? That's as near as we get to any kind of commitment. Why aren't there some performance guarantees? Why does the minister count the \$5.8 million or something that he's going to get in some tax rebates or something as part of what he got out of this deal?

Again, the Northern Telecom deal. It was rather interesting when I asked the minister in the House the other day about this retaining a thousand jobs. He suddenly came clean because he saw that he couldn't continue to fool anybody. Of course, in the original documentation he made, it looked like we were going to save about a thousand NovAtel jobs. There's nothing in there which says that that wasn't the case. It was sort of the obvious conclusion reading it.

In fact, I read the other releases from the companies as well and looked very, very carefully to try to figure out exactly what was going on there, and it was not possible to tell. There is a statement in one of the Telecom releases basically saying something about the company having 400 workers and that the intention was to build that to 600 over the next couple of years. It was impossible to tell whether that referred to Telus, which they were taking over and which just happens to have 400 employees in the part they took over in Calgary, or whether they were talking about NovAtel. The minister should have been very clear and very specific on that. That's another reason he should resign, because

he's been misinforming the people of Alberta about what's actually going on. The fact of the matter is that Northern Telecom is only going to hire 140 NovAtel workers initially. They may hire another 180.

Why also would the minister brag about this \$12 million that we got for this wireless R and D centre? I mean, I'm glad that it's there, and I'm glad Northern Telecom is doing that; that's fine. But how can he possibly claim that that's part of the NovAtel deal?

Now, what both of those things that I just talked about, the jobs and this, imply is that Northern Telecom was in some way pushing on the minister and saying: we're going to shut down these things; we're going to shut down these jobs and move out if you don't give us this sweetheart deal and let us buy NovAtel at a low price and at very little value. That seems to be what was implied by the minister's answer to my question the other day.

Now, I'm sure the people at Northern Telecom don't appreciate that, and I think the minister better just clarify exactly what did go on and what he did and what he didn't do. Maybe that should be the subject of a public inquiry. Maybe that's why we need a public inquiry rather than having the Auditor General do the checking. The Auditor General doesn't want to get into that kind of thing, but a public inquiry would, and it would decide whether or not the minister should be fired or not. If he doesn't have the courtesy to resign after this kind of a fiasco, he certainly should be fired.

Now, Mr. Chairman, this fiasco is one of the amazing ones, but it's only one in a long string. Our researchers had put together a document earlier about the number of losses this government has incurred in its ad hoc funding programs. I remember the Minister of Economic Development and Trade crying the blues about the fact that we'd put the credit unions on the list. So our researchers said, "Well, okay; poor Peter," and I said: "Yeah, it probably shouldn't be there. We should make a separate list and add some of the other financial institutions that we've had to bail out on that list."

That's what our researchers did, and the Leader of the Official Opposition today released this document down in Calgary. It lists 31 companies, from NovAtel right down to the Stampeder football club, which have got money from the government. I see that John was very scrupulous – John Kolkman, our researcher, a very excellent researcher – in choosing to put down only those that came out of the ad hoc funding. Yet we know that once a lot of these companies got ad hoc funding, they also got program funding. A number of them – Myrias and GSR, which the minister would remember all too well – didn't get their funding only from ad hoc handouts by the minister. Once they got that, they also were sent off to get some from export loan guarantee programs and Alberta Opportunity Company or Vencap or other government programs.

In this list of 31 companies the total losses come out to \$1.1 billion. Now, if I remember right – well, I said a minute ago that the Minister of Economic Development and Trade was particularly insensed that we should include the credit unions, so we moved that out and made another list. We talked about losses due to regulatory failures. We have four examples: the Rocky Mountain Life Insurance Company; credit union assistance, which is \$563 million at this stage; 354713 Alberta Ltd., Softco; and the Principal Group. The total there is \$770 million. The two together add up to \$1.87 billion, so that is why we talked about how Toward 2000 Together really should be called Toward \$2 Billion Debt Together, and the poor taxpayers are the ones paying the bill. Mr. Chairman, the minister should resign because he's

been a major part of that ad hoc failure on the part of the government to take proper care of the Alberta taxpayers' dollars.

The whole sale of AGT and the minister saying there would be no effect on the people of Alberta, the residential rates of rural Albertans, and the number of times he promised that during the Bill debate in 1990 is another reason why the minister should resign. Even while he was saying those things while he was fully in charge himself, he was raising the rates for small businesses and residential users in Alberta, in fact anticipating the direction that the Unitel application is going to take to the CRTC and the federal government, where they are going to lower long-distance rates and increase residential rates. Just to put the finishing touch on that, Telus just yesterday was turned down by the CRTC on a rate increase application for residential rates. It could be that the CRTC temporarily is going to protect local residential users, but I think the minister would have to be a little uneasy that the Alberta government now can no longer protect Albertans in any way, shape, or form.

You know, they lost the regulatory fight with Ottawa by the Supreme Court decision in August of 1989. That effectively made it difficult for – well, the Public Utilities Board could no longer regulate AGT. The minister's response at first was to get angry and say that he was going to join the two telephone companies and governments of Saskatchewan and Manitoba and fight that change. Then all of a sudden in the spring he just said: "Oh, forget it, the fact that they've tied one of our hands behind our back and we won't be able to protect Albertans. We'll voluntarily sell the company and tie the other hand behind our back and give up any possible chance that the Alberta government can protect the people of Alberta." That's what they did with the privatization, and we have seen the consequences and are seeing the consequences every day.

#### 4:50

The minister promised to be very forthcoming and make sure that the information we needed was always out there and available, and he was going to give everything to the Auditor General and make sure that he's always open and honest. I'd like to ask him: where was the 1989 annual statement? The government of Alberta became the sole owner of NovAtel on January 18, 1989. Nova Corporation must have seen the writing on the wall and got out, and I can't really blame them, given subsequent events. They said they needed their money for other things, and everybody believed it, gave them the \$60 million and basically let them off the hook, and then the taxpayers were totally on the hook. Because the sale of AGT did not take place until September of 1990, the Auditor General should have reported the 1989 annual statement for NovAtel. He never did. All we've ever seen between 1983 and 1990 was one line in the AGT annual statement indicating how much AGT had put into NovAtel. Now, during those years AGT acted like a buffer between this high-tech, high-risk company and seemed to be in a position to handle the kind of dollars that they were putting into it, until the government decided to get more directly involved, I guess, or something. I don't know.

Certainly when that sale in '89 took place, all of a sudden NovAtel is becoming the saviour of the world. It's rather ironic that the editor of *Alberta Report*, Ted Byfield, was bragging in his paper one day that the best high-tech company with the best prospects in Alberta was not a private enterprise company but NovAtel, a subsidiary at that stage of AGT, a Crown corporation. Within a very short time this government messed it up. Now, the management problems that caused the major trouble are something that the minister would know more about than I do. I think he

should know enough about it to decide who the culprits are and fire them and then resign himself, but he doesn't want to do that.

In any case, we know that was a major problem, but the government itself also messed up by privatizing AGT in the first place. So now the shareholders have this nice company that's making good profits because we sold the shares at a fire-sale price; in fact, at half price on the initial offering. We sold workers three shares for the price of two, we made a lot of work for stockbrokers and underwriters, and it cost us a small fortune to pay them off. Nonetheless, we had to ensure and preserve the integrity for the shareholders so that they could get a good profit, and yes, they're getting good profits. The annual statement says, yeah, you bet. Good payback for the people that bought shares, the 140,000 people that bought shares in AGT. They did all right, but the people of Alberta got hosed.

In fact, while they were proposing to sell it, this government was using taxpayers' dollars to make, I'll grant, a better service out there to all Albertans: the individual line service. But the taxpayers paid for that, not the company, not the shareholders. And what did we get left with? We got left with NovAtel and \$900 million in obligations, we got left with a \$1.2 billion loan guarantee against the long-term debt of that private company which we have no control over whatsoever anymore, and we got left with a situation where we're going to be paying higher and higher rates for our residential and rural services. Mr. Chairman, those are all good reasons why this member should resign.

The government has decided that it should conduct a bit of a public process to ask for input about its economic policy, so it has embarked upon the Toward 2000 Together process, and I commend them for that. It was a good idea. The fact that it was prompted mainly by the degree to which we gave them a bad time about their ad hoc funding last spring is to my mind a feather in our cap. It shows that we were doing our job; we were pointing out where the government is failing in its economic policies.

The government decided, well, gee, maybe we'd better back off here and go and consult Albertans. So they have set up a process that, quite frankly, has engendered some pretty good discussion on the part of many people. The people of Alberta, given half a chance, are quite willing to come forward and tell the government what they think. I remember that when this project was first proposed, I said, boy, I'm all for it. What I said was that I thought the questionnaire was pretty mushy, and I thought the closed hearings idea was rather poor, that it's not very good public process. In fact, there was such an outcry about that that they ended up holding some public meetings as well as the closed hearings. We've ended up with this process going on and a number of people putting forward their ideas, and the one thing that all groups are agreed on is that the government should get out of the ad hoc funding of companies. Yet we still find that the government can't quite bring itself – and one of my early criticisms was that the government couldn't bring itself to put an assessment of the Alberta Opportunity Company on the agenda or an assessment of Vencap or of the export loan guarantee program or couldn't put some information out to tell us what happened with the Alberta stock savings plan to see if we should revive that or not. We had a three-year disaster with it, I guess, because the Treasurer has refused to give us any information about it whatsoever. Now we're coming to the culmination of this process, and what I find rather disturbing is that the government, at the same time that it's supposedly consulting Albertans, leaked from the Department of Economic Development and Trade a draft strategy in February on Going Global: Alberta's Manufacturing Strategy for the 1990s. Now, for heaven's sake, we know we need one, and this paper has some pretty good ideas in it and a variety of ideas.

It has one particular one that I want to just spend a few minutes on, and that is this risk-sharing fund idea for

fixed asset financing; new product development, design, testing and marketing, and other business activities of threshold companies.

Now, there is something that worries me a little bit in here, and that is that they talk about these threshold companies as if somehow government bureaucrats can look over companies and pick out A, B, C, F, and G as being the ones that are going to make it in that global market out there and therefore should be eligible for extra government financing. The very first sentence of the description under this headline goes on to say,

This is intended to be a major new initiative, replacing the present ad hoc system of financial support for Alberta companies.

[Mr. McEachern's speaking time expired]

MR. DEPUTY CHAIRMAN: The Member for Calgary-North West.

MR. BRUSEKER: Thank you, Mr. Chairman. The Department of Technology, Research and Telecommunications probably deserves some kind of award for having the most consistent number of failures of any department in this government, and I want to talk about that today in going through the departmental estimates for Technology, Research and Telecommunications.

Mr. Chairman, when we look at the program expenditures in this department, we see a 16 percent cut in funding. This is in vote 2 in particular. We see that the programs, which I guess are really the heart of the departmental activity in a lot of ways, have been reduced. Overall, the whole department shows a smaller decline, a 1.1 percent decline, but that includes a commitment to Access, which the minister did talk about. He said it's doing a good job, and quite frankly I agree with him. That's probably about the last point of agreement we're going to have, so I thought I'd mention it first, even though it's one of the last votes, and say that that's one thing that's going on well in the department.

When I look at virtually every other area in this department, however, we see cuts, and I have mixed feelings about seeing cuts to Technology, Research and Telecommunications. On one hand, I do believe that's our future, Mr. Chairman, yet on the other hand, given the record in Myrias, in Chembiomed, in GSR, and now in NovAtel, maybe reducing our exposure in these areas is exactly what we should be doing. The first question I have for the minister is this: I'm sure that the minister saw the writing on the wall with NovAtel, or do the cuts in this department reflect the loss that was going to happen there? Is there any correlation between those two events?

5:00

Mr. Chairman, I know that the minister, being a member representing a Calgary constituency, is probably in contact through his department with the CRDA, the Calgary Research and Development Authority. There's an interesting paper that has been produced by the president of that, Mr. Bill Croft. He highlights two particular concerns with respect to diversification in high-tech sectors. One is a shortage of knowledgeable entrepreneurs, people who have on one hand technical ability, and on the other hand people who have business smarts, business ability. There was a company in the city of Edmonton not too many years ago called Applied Polymer Research. I'm sure the minister remembers that on one hand they had the technical research, but they didn't have the ability to really put the business together. I'm wondering what the minister is doing to address those concerns that have been put forward by people in, I would say, a very knowledgeable position

to resolve the lack of harmonization between the business sector and the technical sector, because that's what we really need.

The second issue that I've referred to, that was pointed out in this particular paper by Mr. Croft, is he talks about a local engine. We've heard pump priming before; we've heard kick-starting the economy. I really don't think it matters what terms you use, Mr. Chairman. The concern that has been highlighted is that government, because of the expenditures that occur in government, can be a driver of the economy just in purchasing supplies and knowledge, technical expertise. I'm wondering what the minister's department is doing in that particular area to ensure that they are acting as a procurer of knowledge to help develop the technical side of our economy.

Mr. Chairman, I have to say right off the bat, looking at vote 1, I cannot agree with 1.0.1 and 1.0.2. We're seeing a decline in total budget. We're seeing a decline in program expenditures. We're certainly seeing a decline in quality with what's happening in the NovAtel fiasco. I wonder how on earth the minister can justify a 5 percent increase to his office, a 4.6 increase to the deputy minister's office, given the horrible fiasco that we've seen in NovAtel. I have to wonder why we're increasing administrative costs when the department appears to be downsizing. It just doesn't make sense.

Mr. Chairman, vote 1.0.5, Business Development and Marketing. We see an 8.4 percent increase. I'd like to know the specifics, please, of that funding increase. What is going on? Are there agreements with other countries, will there be, and what will be the economic benefits to the province of Alberta under that particular vote?

Corporate and Public Relations, Mr. Chairman. I have to wonder if maybe this isn't the one that the minister should be pumping a whole bunch of money into, because given the disaster of NovAtel, goodness knows public relations are certainly kicking the heck out of the minister and his department with what's been happening in that particular area. Either he should put it up or he should get rid of it, because it obviously ain't working.

Vote 1.0.8, the Premier's Council on Science and Technology, is showing a slight increase. I'd like to know: what are the reasons behind the increase in that particular department?

I'll move along quickly to vote 2. This is the financial assistance for R and D. As I mentioned, Mr. Chairman, this is really sort of the heart of the program development, I guess, for this particular department, and we see a number of different areas in there. I know the minister did make some comment, particularly with the Microelectronic Centre in vote 2.1.2. I'm wondering: of the \$1.8 million that is allocated there, how much of that or is it all going to the Alberta Microelectronic Centre? If it's not all going there, who else is it going to? Since we see a decrease in funding, some 23 percent decrease, I'm wondering: is there a move or is there a plan to eventually phase out funding for this altogether and have it as a self-funding, self-regulating type of activity, which of course is where we want to go long term?

The minister talked about the Telecommunications Research Centre, vote 2.1.3. Again, Mr. Chairman, we see a slight decrease in here. What I would like to know: is the private sector involved in this particular centre? The minister has said that something's going on there. I'm wondering how much of that \$1 million, ballpark, is in fact going to the telecommunications centre. Is there going to be any future expansion of the private interests in that telecommunications centre so that ultimately we can see this as a budget line item reduced down to zero, have the private sector pick it up altogether, and we reduce the obligation on behalf of the taxpayers of the province of Alberta?

Vote 2.1.6 is the Advanced Materials/Processes section. Estimates are down quite a chunk, 77 percent ballpark. They basically hacked away \$2 million here. This is the Alberta Laser Institute and Westaim in Fort Saskatchewan. The first question is: why the large decrease? What's the rationale for that? I'm wondering: what is the status of Westaim? The minister has been surprisingly quiet on Westaim. I know that when it started, he was announcing all kinds of wonderful things that would come out of this. I know it's a five-year agreement. What research has come out? Have there been new materials that have some potential economic return to the province of Alberta, and how many jobs have been created under this particular section? So research, jobs, and materials are my three questions with respect to that particular vote.

Advanced Technology and Engineering Support. Again, a healthy reduction here, better than chopped in half, Mr. Chairman. This is the Centre for Frontier Engineering Research, and I wonder if the minister could tell me what projects are being funded through C-FER. What about the centres of excellence? Is there, again, a reason for the decrease in the technology sector in this particular area, and again is this going to be ultimately self-financing, which seems to be the trend that we've got here?

Vote 2.2.1 is Biotechnology. We see it's reduced. In previous years it was as high as \$7 million. Last year we see it was \$650,000, and now it's down to zero. Is that a reflection of Chembiomed being taken out of here and put into the Alberta Research Council? I'm wondering what projects have been funded and what benefits are there to Albertans that we can directly see in either the form of jobs or new products or patents or licences, that kind of thing. I guess my question is: if there were no benefits, is that the rationale behind cutting the funding down to zero? I'm not objecting to the cut to zero; I'd just like to know why.

Moving over to advanced materials, 2.2.6. Again, we see an increase here. I'm wondering: is this increase in advanced materials occurring in 2.2.6 an attempt to balance off the decrease that we saw earlier on for Westaim? In other words, is this increase in money going to Westaim, and is this for commercialization of new products that are occurring out there?

Emerging Technologies. We just note that it's declining. The minister didn't comment on it. I'm wondering what the rationalization is for that.

Overall, we see there's still quite a chunk of money being put forward in investments. The funding has been cut, as I mentioned, 22 percent here, from \$18 million overall down to \$14 million. According to our budget book here, we still have a number of investments. The figure that I came up with is \$147,000 worth of investments by the government under this particular vote, and I'm wondering if the minister could break down how we are spending that money.

Moving along to vote 3, Natural Sciences and Engineering Research. This, as we know, is the Alberta Research Council. As I understand it, this is supposed to be more and more financed through the private sector, yet despite that, we see an increase of 12.6 percent going to the Alberta Research Council. I'm wondering why it is that those two things seem to contradict one another. On the one hand, they state a desire to reduce government responsibility for the Alberta Research Council, and on the other hand we see an increase here. Now, the minister has talked about finally unloading or getting rid of Chembiomed and saying that we're going to put it into here, and this Glycomed relationship, marriage, whatever you want to call it, is going to be a wonderful thing for the province of Alberta if – and this is the big question – they actually produce any future products that can be sent to

market. Hopefully, that will come to pass, but we don't know that for sure. I guess my question here is that if it's supposed to on one hand become more self-financing and if Glycomed is supposed to be putting money in for salaries and funding for the Chembiomed activities that are now being picked up by the Alberta Research Council, why on earth do we have to have an increase of funding of a little bit better than \$3 million? Those two supposed goals of the department seem to be in contradiction with one another.

5:10

Mr. Chairman, I just want to refresh members' recollection of what dollars we put into Chembiomed that we now have in the Alberta Research Council. We had \$30 million in preferred shares. We had a 12 and a half million dollar guarantee on a lovely building that I guess is now sitting vacant in the Karl Clark research park down in the south end of town, \$7 million in operational losses for the '91-92 fiscal year, \$1.4 million just to shift it over. So we've got a fair chunk of money in there, about \$50 million, and we put in \$50 million. I wonder if the minister has any kind of a schedule or any kind of a time line when we might get some return on that \$50 million out of it again, because we put a lot of money in. The minister always likes to see the silver lining in all of these big rain clouds we've got hanging over our heads. Well, here's a \$50 million rain cloud with Chembiomed; I'd like to know what the silver lining is with this particular project.

Access is doing a fine job, Mr. Chairman. I have supported it in the past; I continue to do so. I note a slight decrease. I have a couple of questions that I'd like to ask. You know, we're looking at tough financial times. Is there any way to continue the services? Have they looked at, for example, corporate sponsorships? I'm not talking about ongoing commercials like any other commercial TV program. I'm talking commercial-free TV but corporate sponsors of programs, membership drives. I'm sure the minister knows about KSPS out of Spokane, which has membership drives and solicits, in fact, in Calgary and raises dollars there. Has that concept been considered? What about the concept of commercials? I know the idea is to produce commercial-free TV, particularly for the young children that watch it in the mornings. Maybe there are some places where commercials could be sold, fitted in to raise a few dollars to keep delivering what I honestly believe is a quality service, by the way. I guess my question really is: what's the long-term strategy for keeping this thing going? We're talking toward 2000 together. Well, toward 2000 together with or without Access? Where are we going with it I guess is my final question.

Mr. Chairman, that's a quick overview of the department and my questions with that particular area. Of course, I would be remiss if I didn't ask a question or 20 on NovAtel, which the minister has referred to as well in his opening comments. I want to begin with the saw-off, I guess it's been called, between the revenues generated on one hand by the sale of AGT, now Telus, \$520 million, and the loss over here on the other side of \$566 million on NovAtel. Back when the government purchased NovAtel from Nova, surely to goodness they must have had some indication at that time that this was a company that was not looking rosy down the road. The question I have to ask is: why on earth was no action taken then to turn things around? They had never ever in the life of NovAtel turned a profit. They hadn't turned a profit up until that time. Why wasn't something happening? Why wasn't something imposed upon them, if it had to be done, to make them profitable or wind them up back then?

At that point we had, I think, about \$40 million into it. It was starting to lose as much as a million dollars a month. At that time, if we'd cut it down, we would have lost some money, true, but it would have been a lot less than the half billion that we've got now, which, as I said, really effectively wiped out all of the gains that we made selling AGT. I don't think there's anything wrong with the idea of privatization, but the net effect here is that in essence Albertans paid \$46 million to take AGT off our hands, because from the government's own figures we brought in \$520 million and we sent out \$566 million. That's not a good business deal, and that's the concern that I have with that particular area. When I look at the sale price, the \$78.8 million that the minister has talked about – \$50 million from Northern Telecom, \$28.8 million from Telexel – I have a couple of questions. There have been some receivables retained by the government, the land and the buildings. Are they considered to be part of the sale price? Are they factored into that \$566 million, or are they going to be something that we're going to see extra down the road?

The \$20 million that Telexel is proposing to pay over five years. Given inflation rates, given that we're not going to get that money right now, I'm wondering what the deferred value of that actually is going to be. It's one thing to say, "Here's \$20 million." Twenty million dollars in my pocket today is substantially different from \$20 million in my pocket five years down the road. Our calculation says that that figure, calculating loss and interest and so forth, is really more like \$17 million.

In fact, as we mentioned yesterday, Mr. Chairman, the management committee of NovAtel has said that the realistic figure that is actually going to be received out of the sale is more like \$47 million by the time you take all of these deferred shares in. The \$12 million that, granted, is coming into the province unfortunately is not going into the General Revenue Fund. It's not going into the coffers of the government. I think we need to be absolutely clear on that. It's one thing to say it's coming into the province, but let's assume everything stays that we've got here and the jobs continue. We will never ever get the return on our investment of a half billion dollars. That's certainly something that needs to be considered.

I've got a number of questions that I'd like to put to the minister. I don't know if he'll have time to answer them. He did make a commitment to get responses to them earlier on, so I'm going to go through them, and perhaps if he has time, he can respond today, and if not, I'll look forward to receiving them in the mail at some point.

The Telexel sale price. I've mentioned the land. I've mentioned the buildings. Are there other receivables that are being retained by the government in the Telexel portion of the sale?

I've mentioned the \$20 million, Mr. Chairman. I guess the question I have to put to the minister is: why not demand that up front? If you had that in your pocket, figuratively speaking, if the government had that 20 million bucks in their pocket today, they've got that money to work with. They've got it for the next five years as opposed to phasing it in. It's worth more today. Did the government demand it up front? If they did not, why not? I think we're certainly losing out on interest there. We know the government likes to give interest-free loans to people who buy shares in AGT, for example, so maybe interest isn't a big deal. But I know every time I go to buy an RRSP, my adviser always tells me the miracle of compounding interest, so maybe the minister should take some advice from my investment analyst and suggest the same thing to government.

Mr. Chairman, the Telexel deal says it's five years; they're going to be here within the province for five years. I guess my question, then, is: after the five years, can Telexel pack up and

leave the province, take the technology, or do we retain any kind of a patent on the technology to keep the technology here and also, of course, to keep the jobs here? Because if the technology goes and the jobs go, we're not going to get anywhere near our half billion dollars. At least if the jobs stay, over time there will be some return, as minimal as it is. So can we be assured that they will stay, that Telexel, the technology, and the jobs will stay in the province of Alberta?

Mr. Chairman, the Telexel Holding conglomerate. We know of four people who are on the board there, but there's a numbered company that owns, we understand, 51 percent of Telexel. I'm wondering: what is the numbered company that owns it? Who is on that board of directors that owns the 51 percent of Telexel?

The \$5.8 million in receivables. Telexel is getting some receivables in this particular deal. The figure that we've heard is \$5.8 million receivables retained by the government. I'm wondering how that really can be factored in as part of the sale price when in fact we're not selling the whole thing off at one time. It seems like a contradiction in terms.

5:20

The Member for Edmonton-Kingsway has raised a number of questions about job losses. My question about jobs is: I'm wondering how many jobs are going to be lost in the Lethbridge area in particular, in terms of jobs being shifted from Lethbridge to Calgary to work in the presumably expanded Northern Telecom plant that's going to be going on there. The press release says that somewhere in the neighbourhood of 300 existing jobs are going to be lost. [interjection] One hundred jobs? Okay. I'm wondering about the details of what's happening, particularly in the Lethbridge area.

Mr. Chairman, the big chunk is a \$525 million loan guarantee. Now, the minister has said that \$514 million of that has been accessed in total, and we've got \$216 million under systems financing. Is that \$216 million in systems financing part of the \$514 million? I guess the other concern that we have is: are there any further guarantees that are going to be offered? I mean, there's \$11 million, then, that's still outstanding. There was \$525 million offered at one time, at January 11, I believe, in 1991. The figure that was put was \$525 million; \$514 million – this is millions of dollars I'm talking now, so these are staggering figures – has been accessed. That leaves \$11 million kind of in limbo. Is that going to stay in limbo, or is there any chance of that being accessed?

With respect to the \$216 million, Mr. Chairman, my understanding is that this is for systems financing loans. The obvious question I have to ask is: how secure are those loans? The loans are to somewhere between 70 and 75 U.S. cellular systems customers, so we've got loan guarantees out to 70 different people. Now, I know the minister's very optimistic about this, but I have to wonder. When you've got 70 players out there in the United States looking after \$216 million, there's just too many wild cards, as it were, and I'm concerned about that. [interjection] Secured by used phones that don't work; that's not really reassuring.

The other question I have to ask – and the public accounts show this – is why would the minister, why would the department, and why would NovAtel be allowed, on one hand, to borrow money at Canadian prime plus 1 percent and then turn around and loan it at U.S. prime plus 2 percent? Mr. Chairman, the tradition that we've had between our two countries for years now is that Canadian prime is always 2, 3, 4 percent higher than the U.S. prime. So what this says – and this is in our public accounts book – is that they borrowed high and they loaned it low. That's not good business sense. Why on earth would the minister allow that

to occur? I do not understand that. If these companies needed loans, then they should have just gone to the bank and borrowed their own money instead of borrowing it from NovAtel, who in fact was borrowing it from the people of Alberta. That doesn't make any sense.

The \$216 million: I want to just ask, then, about the details of the systems financing loans. What is the repayment schedule? Can we anticipate seeing that repayment occurring fairly quickly, within a year, two years, or whatever?

I guess my final question with respect to the systems loans, then: is the minister going to ensure that no more loan guarantees go out for this kind of activity? We've lost a bundle. We know; I think we've learned the hard way. The minister I think has been quoted as saying that we've learned our lesson. We've learned a very expensive lesson, Mr. Chairman, and I hope that it's not going to become any more costly.

With respect to repayments of loans, I noted in the public accounts book that there was a reference that NovAtel in this year was supposed to pay back \$200 million in loan repayments in one year. Yet as we've learned now, Mr. Chairman, the actual losses were somewhere in the neighbourhood of \$170 million. My question to the minister is: how could anyone – the management committee, the department, or the government – believe that a company that had never ever turned a profit could suddenly pay back \$200 million in one year? That's absolutely mind-boggling.

Mr. Chairman, the news release that the government gave on NovAtel talked about \$250 million “final cost at point of divestiture.” I'm wondering if we could have a breakdown of where that \$250 million is going to go.

Mr. Chairman, there was another interesting thing that came out with respect to NovAtel. When they finally got in and started looking at the books, they found that NovAtel had \$59 million in a current account. My question is: how could a company that had never turned a profit have \$59 million sitting in the bank? I find it absolutely astounding that that could occur. You've got \$59 million in cash in a current account. Now, if it's a chequing account, it's not even earning any interest. Again, I want to just point out to the hon. minister that if you put it in a bank account that earns some interest, 59 million bucks is going to generate a nice little income for you. Assets are worth about \$24 million in land and properties, which I suppose is finally a little bit of good news, that we're going to hang on to something.

Mr. Chairman, finally, just to sort of wrap things up here, the Auditor General is being asked to do an inquiry. I guess the terms of reference for this are fairly broad. The question is: is the government going to be pushing him to get his response back to all members of the House as soon as feasibly possible? I don't want to see something that drags on. I think the minister talked about the Code inquiry report, which went on for two years. I don't think we want to see something like that. I would like to see a response coming back to this House certainly before the next election, and I would like a commitment from the minister in this particular case that the Auditor General is going to have opportunity to act totally freely, without any interference, without anything being hidden, that in fact all the papers are going to be presented to the Auditor General to work with.

Mr. Chairman, those are my questions. I see we're running short of time. I look forward to the minister's response in whatever way he finds practical.

Thank you.

MR. STEWART: Mr. Chairman, just a word or two with respect to the estimates. Obviously, I'm not going to have time to deal with them orally in this committee this afternoon. We'll be giving

answers to each of the critics, who have raised a number of good questions, particularly the Member for Calgary-North West, who has made some very thoughtful comments and put forward some very important questions.

With respect to the Member for Edmonton-Kingsway, I am absolutely astounded by this letter. My office has no record of having received it, yet he makes a demand of me to table in this committee this afternoon a bunch of documents. I just don't think that sort of charade is very appropriate from any hon. member, in particular the one from Edmonton-Kingsway.

Mr. Chairman, I regret that I'm not able to go into more detail in the answers today, but as I indicated earlier, I will certainly undertake to provide those answer to the hon. members.

With that, Mr. Chairman, I move that the committee rise and report.

[Motion carried]

[Mr. Jonson in the Chair]

MR. MOORE: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions of the Department of Technology, Research and Telecommunications, reports progress thereon, and requests leave to sit again.

MR. ACTING DEPUTY SPEAKER: Having heard the speedily read report, all those in favour, please say aye.

HON. MEMBERS: Aye.

MR. ACTING DEPUTY SPEAKER: Those opposed, please say no. Carried.

Pursuant to Motion 19 the House stands adjourned until Thursday, June 4, at 2:30 p.m.

[The Assembly adjourned at 5:30 p.m.]

