

Legislative Assembly of Alberta

Title: **Monday, April 10, 1995**

8:00 p.m.

Date: 95/04/10

[The Deputy Speaker in the Chair]

THE DEPUTY SPEAKER: Please be seated.

head: **Government Bills and Orders**

head: **Committee of the Whole**

[Mr. Tannas in the Chair]

THE CHAIRMAN: I call the Committee of the Whole to order. A reminder once again that we will continue to abide by the convention in committee that only one member stands and talks at the same time.

Bill 29 Appropriation Act, 1995

THE CHAIRMAN: To begin this evening's discourse, we would call upon the hon. Provincial Treasurer, in whose name this has been brought forward.

MR. DINNING: In the interests of setting a good example, Mr. Chairman, I'll refrain from making any remarks.

THE CHAIRMAN: The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Chairman. I rise to speak to Bill 29, the appropriation Bill for this year's budget. There are several points I want to make. I had discussed in stage 2 some of the principles underlying this, and I think it's fair to say that we have gone through in great detail, department by department in the estimates many, many questions about the specific programs and the specific votes. We've done that both on operating and on capital, and we've done that through two different methods, both in the Legislature here as well as through subcommittee. I certainly know, speaking for members on this side of the House, that it is subcommittee that is preferable, because you can actually have an intelligent conversation and get questions and answers almost immediately.

To the specific details, then, that should be addressed at Committee of the Whole stage and first in terms of concerns that we have about the budget in its entirety. When one looks at a budget and the budget documents or the business plans, one hopes, Mr. Chairman, that you have an idea of what the province will look like three, five years down the road, given the budgets and given the financial plans set out in the business plans. Many of the questions that we asked of the government as we went through department by department in the estimates were an effort not only to find out how the money was going to be spent in this year but how it tied into a longer term plan that would tell Albertans what the province would look like three to five years down the road in terms of its health care system, its education system, its advanced education system, and the social services department. Unfortunately, in many instances the answers we got didn't give us much of an idea of what in fact Albertans could expect the province to look like or the structure of government to look like.

We know that government will be providing less, but we don't know the outcomes that we will be getting. Perhaps more importantly I think that in terms of the questions we asked in estimates on health and education, we got the impression of a very

balkanized province, one where there are, for example, in health care 17 regional health authorities but no integration across them, no effort to provide health care and health care services to a common standard, no mechanism yet in place to ensure transferability, that in fact money would follow the patient, no idea of common goals in terms of how those workers being laid off would be treated in terms of being treated fairly with severance packages and the like. What we got was an idea of massive cuts downloading onto 17 regional health authorities, a wave of the hat and: "Go do your best. We hope you can provide it, but it's your responsibility not ours."

That also came across but in a different way in education with the province in fact seizing the tax base, still leaving authority with various school boards, but with no effort, then, to provide, for example, education services to a common level. Although there's equity in place with the equity financing, when you see an education system where there are in fact three tiers to early childhood schooling – some areas offering it with user fees, some without user fees, and some not even offering more than 260 hours of ECS – you have to have a concern, Mr. Chairman, that there is not a plan in place that is set out in the budget.

So one set of criticisms that we have about the appropriations Bill is that there is not any coherent vision of what this province ought to look like five years down the road. It is in fact an experiment in social engineering with an outcome that – who knows what we're going to look like? We find that very surprising. To the extent that the government has talked and talked extensively about the Alberta advantage, about economic development, Mr. Chairman, when you look at where the new industries are coming, how they're growing, it's very clear that they rely on infrastructure, education, quality of life, amenities, and a highly skilled labour force. But when you read the business plans, you don't know whether that outcome is going to be in place to attract firms that are now on the cutting edge, the information highway, in terms of biotechnology.

We had, for example, evidence of no venture capital from any of the 67 funds coming to Alberta. It's going to Quebec; it's going to Saskatchewan; it's going to Ontario, B.C., and countless American states. It's not coming here. Venture capital follows brains. It comes to where there is the infrastructure in place. So that's again one of the warning signs. When we have gone through the budget in detail, as we have in estimates, and we try, then, to extract where we see the province being three to five years down the road, we haven't seen it.

A point I would make that we made in terms of second reading is that, again, in an appropriation Act – and we're not going to do this – we're not going to bring in amendments that would require the government to specifically link outcomes under each of these appropriations to the money voted. We think that is something that the Provincial Treasurer ought to be considering. It's been considered and undertaken in a number of states, and basically it says that although you're spending 10 and a half billion dollars, these are the outcomes that are tied explicitly to the money that you're spending. In terms of the appropriation Bills, in terms of the estimates, we're still on that track of how much we're spending but not what we're getting. One of the reasons I think that government is in such disfavour today is that people don't see value for money. I think that explicitly looking at outcomes to the extent that they can be quantified at an aggregate level for these various departments makes a lot of sense.

The other issue that I would want to bring up at this stage again concerns the fact that now through the Financial Administration

Act we vote a lump sum of money to a department, and ministers have freedom to move that among the various programs or votes within the department. We vote upon the gross amount here. In the process of estimates, we go through program by program and ask questions about the moneys linked to that particular program. In one sense, it's almost at this stage an academic exercise in that there's no real constraint on the ministers. Money can be moved at will within departments as needs arise.

That in a sense suggests, then, that if that's the appropriation method we're going to take, if that's how the supply estimates are voted upon, it certainly would make sense to provide more detail on the objectives of departments and spend less time on vote by vote since ministers in fact have carte blanche to reallocate where and how they choose within a particular departmental operating budget. I mean, that is one of the outcomes of the Financial Administration Act. Here we vote on this lump sum of money, and although in the estimates we see that there's money tied to each particular vote, that is notional. The government isn't constrained to do that because of the way the gross estimates are voted upon.

So at some point we have to get in hand how we vote on the gross estimates and a tighter link between the blueprint that is set out in the budget and what we vote upon. Again, that is one of the issues that we face as an opposition party: trying to make sure that the government dots the i's and crosses the t's. Not only can we not see where the province will be three to five years from now in its health care system, in its education system, but given the freewheeling ability of government to shift funds within a particular department, it also means that the specifics that we look upon during estimates bear no relationship to what in fact the minister of a particular department may choose to do at the end of the day.

I know that several of my colleagues are very intent on speaking, so I will close my remarks at this point. Thank you.

8:10

THE CHAIRMAN: The hon. Member for Edmonton-Manning.

MR. SEKULIC: Thank you, Mr. Chairman. I think back to September of 1993, just four months after many of us, the majority entered this Assembly as newly elected MLAs. I remember that the budget we then were voting on was in the area of \$12 billion, I think. I stood up to speak against appropriating those funds. The reason I gave back then was that it wasn't to stifle government or government operations. It was to ensure that we had some accountability in the way we're expending public money; you know, the money that hardworking Alberta taxpayers are contributing to run government. So once again I must speak against Bill 29, the appropriation Bill, because there are so many questions that have been asked that are yet to be answered.

THE CHAIRMAN: Hon. member, have you got your microphone covered?

MR. SEKULIC: No, my microphone's not covered.

THE CHAIRMAN: Okay. We know that it's at the top of its volume. It just may be that there's ambient noise. I was just worried that you had it covered or something. Perhaps it's your height away from the microphone.

MR. SEKULIC: It was on, but thank you for your concern, Mr. Chairman.

So I thought back to September of 1993 and the reasons that I couldn't support this appropriation Bill. Like I said, it wasn't to stifle government. I take a look at this government, which is so intent on following a business model in delivering services. Yet they've overlooked the most basic principle of business decision-making, and that is that we need full information. The questions that we've asked, like I said, have yet to be answered, but in order for rational decision-making to occur, you have to have that information. We can't go on this model without rational decision-making. That's what we need, not Tory lobbyists that are trying to rationalize the government's decision. I think there's a distinct difference there that we have to look at. If there's one item, one approach that the government must utilize, it's the collection of information, the provision of information to the opposition and to the Alberta public so that they know how the decisions that government is making are being made and on what basis they're being rationalized.

I take a look at the estimates debates that we undertook for the last month, and although it's a process which permits the opposition some insight into the budget, the bottom line, the numbers that we allocate to the different departments – they don't answer questions of policy. They don't answer questions as to how Albertans are being affected by the dollars that are being expended on their behalf, in fact their dollars that are being expended.

Chairman's Ruling Decorum

THE CHAIRMAN: Hon. members, we now have seven members standing and talking. I wonder if we could limit it to one. Hon. members, we now have only four members wishing to stand and talk. Hon. ministers, I wonder if we could have . . .

Edmonton-Manning, we're sorry for this. Hopefully you can continue uninterrupted.

MR. SEKULIC: Mr. Chairman, it seems that every time I rise to my feet, so do a number of the government members to speak on the same item at the same time.

Debate Continued

MR. SEKULIC: Nonetheless, I go back to the estimates process, which we just underwent. Although to some extent it provides insight into the numbers that we're allocating and the dollars that we're allocating in the different departments, it provides no real insight into how those numbers translate into services to the Alberta public. There wasn't enough policy questioning permitted, and it's just by the nature of these debates apparently. So what it ends up being is a bottom line number discussion, a debate on spreadsheet, which, like I say, doesn't speak to the area of performance or outcome, yet this is something that we've heard as a theme within government for the last little while, that they're really trying to improve performance and outcome. This would have certainly been an opportunity, the debates in estimates, to provide an idea as to what level of performance this government has brought us to.

I take a look back to the comments of the Provincial Treasurer last week. This is on page 1115, April 6, of *Alberta Hansard*, where he goes on to say:

Albertans have said to us: "Stay the course. Stay out of our pockets. Do what needs to be done. Get it done, and get it done fast, and don't blink."

Mr. Chairman, there's only one thing there that I couldn't understand. Albertans clearly told him – and he acknowledges it – to stay out of their pockets, yet this government under the

direction of this Treasurer has collected a new amount of one-quarter billion dollars through user fees and licence fees. I believe I'm correct there. It may be \$235 million, in that area. So this new budget doesn't really present what the government claims it does, and certainly they're not following the instruction of the taxpayers and certainly those who elected them.

So, as I say, I will vote against Bill 29 and once again not to stifle government but rather to try to tempt it to be more accountable and more forthright in terms of its performance and outcome with taxpayers' dollars. With those comments, Mr. Chairman, I'll take my place.

THE CHAIRMAN: The hon. Member for Edmonton-Roper.

MR. CHADI: Thank you very much, Mr. Chairman. I once again feel compelled to jump to my feet and speak to this appropriation Bill. I never thought that I'd speak to it or even have reason to speak to it until I grabbed hold of *Hansard* of Thursday, April 6, and started to read the comments made by the Provincial Treasurer in introducing the appropriation Bill, Bill 29.

There are comments made in here that are rather confusing, and I don't feel that it would be right for any member, either on this side of the House or on that side of the House, not to get up and speak to this, particularly given the Provincial Treasurer's comments. Now, the Treasurer sometimes goes off on a tangent, and he starts talking about different things, and he tries to be as partisan as possible, but this comment that he made here is certainly worthy of debate, and I think that I cannot sit back and allow it to go undebated.

Mr. Chairman, allow me to refresh the Provincial Treasurer's memory. He says that Albertans are telling him to make adjustments wherever there are some mistakes that they've made. He says:

We're doing that, but we are determined to stay this course, determined to stay with reducing our spending by stopping running deficits, to prevent further deficits from being run up by making sure that the Liberals won't get into office.

Well, the Provincial Treasurer labours under the illusion that the deficits that created the debt were created by some Liberal government. Now, I can't remember in recent history that there was a Liberal government in this province that created these deficits. How could the Provincial Treasurer say these words with a straight face, other than the fact that those two cylinders he has in that brain are revved up to the maximum rpm, and he just loses control and says that it's the Liberals that created the deficit.

Well, I take exception to that, and I think it has to be noted and it has to be recorded that in fact it was this government. It was the government that had the Provincial Treasurer from inception, I might add, Mr. Chairman, right from the day that this Provincial Treasurer was elected, back in the 1986 election. It was the first year that we started to run deficit budgets in this province, the very first year. What a coincidence.

So you see, Mr. Chairman, it ran right from 1986 until today, and even today this budget and the appropriations that we're about to approve here will show yet another deficit budget. We are bound by the Deficit Elimination Act that by next year we cannot show another deficit budget, but I'm not so certain that is going to stop us from rejigging the books to make them balance. That's entirely possible to do. Who knows what could happen? I hope that the opposition stays powerful and stays strong and scrutinizes the estimates, as it has over the last 20 days, to provide Albertans that opposition that they so deserve.

I can tell you, Mr. Chairman, that the term I've often heard is "watchdog." You know, I view us here as being not only pit bulls but those bulldogs that'll stand back and watch and . . .

8:20

DR. L. TAYLOR: How about jackasses?

Point of Order Parliamentary Language

MR. CHADI: Mr. Chairman, somebody yelled out the words, "How about jackasses?" That was the Member for Cypress-Medicine Hat as he was leaving. I feel that is totally inappropriate, and perhaps maybe when he does come back in, you would do something about that. That's not right at all.

SOME HON. MEMBERS: He should apologize.

MR. CHADI: We'll leave that to your discretion, Mr. Chairman, as to what you want to do with him.

Let's go back to the appropriation Bill for a second and talk about the fact that parts of this Bill are redundant. When we approved Bill 8 and spoke on Bill 8 . . .

MR. GERMAIN: Did you report a point of order on that issue? When the member returns?

MR. CHADI: Yeah, that was a point of order.

Debate Continued

MR. CHADI: With respect to Bill 8, we already approved in Bill 8, the interim supply appropriation, Mr. Chairman, upwards of 100 percent of different votes in this appropriation Bill 29, so a lot of it is redundant, and we've already voted on it. I can tell you that there was 100 percent of the capital in agriculture. There was much in Energy that was approved. There is upwards of 61 percent in some department budgets that has already been approved. So this is merely a formality, and I understand that and will agree to proceed.

In speaking to this appropriation Bill, Mr. Chairman, the one thing we have to bear in mind is that we're stewards elected to ensure that the taxpayers' dollars are managed in a fashion that would be the most prudent. So when I got up to speak on a couple of the estimates of different departments, in particular Treasury and economic development, I can recall talking about things like trying to save money by a possible merger of AOC and FBDB. There's a fit there somewhere. It's all with a view to trying to eliminate overlap and duplication between the different government departments in this country.

Canada and Alberta spend an awful lot of money doing the same things. There was a study not long ago that was done. I keep harping about this because I believe we need to address this subject. If there is one area where we can save taxpayers' dollars in this province, it's in overlap and duplication, and the AOC and FBDB is the . . .

Point of Order Parliamentary Language

THE CHAIRMAN: Hon. members, I want to draw attention to the comments of one hon. member while leaving the Chamber. First of all, members are not to be making comments – Cypress-Medicine Hat, if you'd pay attention, I'm directing my comments to you in particular. When members are here and are recognized, you may speak from your seat, but people who are going out and

making unparliamentary terms I think are moving it beyond the pale. Hon. member, I am speaking to you. I would think you may wish to reflect on that for a moment.

AN HON. MEMBER: Name him.

THE CHAIRMAN: I don't need any assistance in this.
Hon. member.

DR. L. TAYLOR: What would you like me to do?

THE CHAIRMAN: Well, I think maybe request that you have the ability to withdraw the comment.

DR. L. TAYLOR: Certainly. It's just that some animal comparisons were being made. Unfortunately I thought that was a more appropriate comparison, but I certainly withdraw the comment.

THE CHAIRMAN: Hon. member, when an apology is made, a great long preamble that negates the apology is not acceptable. Do you have an unqualified apology and withdrawal?

DR. L. TAYLOR: Certainly.

THE CHAIRMAN: So make it.

DR. L. TAYLOR: Certainly. I withdraw the comment.

THE CHAIRMAN: And?

DR. L. TAYLOR: And apologize.

THE CHAIRMAN: Okay.
Hon. Member for Edmonton-Roper, in continuance.

Debate Continued

MR. CHADI: Thank you very much, Mr. Chairman. Going back to Bill 29, when we talk about trying to make the best possible expenditures in government, we start talking about ways to reduce government spending, and the government spending in the appropriations Bill hasn't really changed at all from what we discussed in the estimates of every single department over the last 20 days.

Now, time and time again, the Premier would get up and say: give us some positive suggestions; tell us what you would have done. Every time in estimates that you do that, provide some positive suggestions and some really decent ideas that I know and heard in this Assembly, certainly from this side of the House, they are not taken into consideration at all. It's almost like an exercise in futility. I'm not sure why we would consider even debating the estimates if nothing would ever come of it other than just the government members sitting back and listening to what goes on in debate, never participating in the debate. It's awfully frustrating.

I know that there were times when we talked about the collection of taxes. There's a great deal of money that Treasury pays out towards the collection of the Alberta corporate income tax. The Treasurer made it clear a couple of years ago that the federal government will do it, collect the taxes, at no cost at all to Alberta, yet we find that the negotiations went sideways. Well, in speaking to that earlier in Treasury estimates, Mr. Chairman, I made an appeal to the Treasurer that what we need to do is perhaps put together a committee of two or three people and send them down to negotiate with Ottawa. I know that there can be a deal. If we're deal-makers, let's make a deal. I know that there's

one in there somewhere, and if it would save taxpayers some money, let's try to do it. But that hasn't happened, and I don't think it will happen at all.

The fit that I spoke about between the AOC and FBDB is one with a view to eliminating overlap and duplication. You've got two government agencies doing exactly the same things, one doing more than the other in this province right now. Both are well represented in most small communities, certainly in every part of the province. So again, you don't really need to have those two. I know that you could save an awful lot of money there. I notice that in economic development it's somewhere in the range of about \$27 million that the AOC will get again this year, and there could be a great deal of money that could come back to Treasury to pay down some of our debt if we could make a deal with the FBDB.

Another area of concern of mine would be again with respect to paying down the debt and thus having to spend less money, and less money to approve in appropriations would be things like the Vencap loan that we had, \$200 million that was given to Vencap back in 1983. This, Mr. Chairman, when calculated, the present value of the future dollar, because it was one of these loans that bore no interest up until the year 2003, I believe – it was set at 20 years – we could in fact have negotiated with Vencap, and I don't know what ever became of those sorts of negotiations. Why is it that we're not after trying to reduce our debt? It seems to me that if we can reduce our debt – as minute as it may sound to the Provincial Treasurer, \$150 million is an awful lot of money to reduce debt by. It would help us out in the long run if we could reduce our costs of debt servicing.

8:30

Mr. Chairman, again in the best interests of reducing overlap and duplication between departments, I note that not long ago the Energy department came out with the creation of a research authority of their own, a research committee if you will. It wasn't so long ago that the Premier and the minister for research and technology stated with pride that in fact there would be a research authority that would look at controlling all different government departments' research funding. Again, we would probably save a great deal of money if we just did what we said we would do. Now, it makes sense that all of those research dollars would flow to a certain minister or a certain department. It would be very similar to what public works does with all different government departments currently. When Health wants to build a hospital or a clinic or a nurses' unit up north, they go to public works and say, "This is what we want to build; put it together for us," and they do that. I would have thought that the research from all different government departments would then flow over to the minister's department, the minister for science and research, and she would co-ordinate that and thus try to save us some more money by eliminating overlap and duplication wherever possible.

So, Mr. Chairman, with those comments, I would allow other members to speak on Bill 29, the Appropriation Act. Thank you.

THE CHAIRMAN: The hon. Member for Clover Bar-Fort Saskatchewan.

MRS. ABDURAHMAN: Thank you, Mr. Chairman. I rise also to speak to Bill 29 with regards to the concerns on no outcome measurements being put in place by this government.

The area that I'd like to address very briefly is something that the Scientific and Technical Activities Overview that was tabled in this House today highlights, the concern that I've raised before when we get into business plans and into the budgeting process

that clearly shows that the Appropriation Act really doesn't do the job of effective expenditures on behalf of Albertans. The reason I would indicate that, Mr. Chairman – because of the time line in getting this document – is if you look at 9.8, Alberta Health, quickly scan the contents of this document, and then take the business plan for Alberta Health and try and look at a short- and a long-term plan with regards to health care planning, I would say that confusion reigns.

Over and above the fact that this government obviously has an agenda other than keeping the health care system intact as we have known it, as a public system, and creating a two-tiered system, it becomes evident from this Scientific and Technical Activities Overview that quite frankly they're all over the map. From a research perspective there's nothing in this document that would show clearly and concisely what the needs of Alberta Health are going to be in the future. In fact, where the regional health authorities have been identified, it even goes into saying that in the future there will be more of a consultative approach taken with the planning of health care. Surely now is the time for that in-depth consultation program to have been taking place, when you're looking at the restructuring of health care.

Mr. Chairman, when you look at Ten Year Strategic Direction on page 126 of this document, it becomes quite clear to me that it's by the seat of the pants that we're going into this restructuring of health care. That's just a small component of Bill 29 when we're dealing with the appropriation of the dollars for Alberta health care. We could probably take any business plan or any component of this Scientific and Technical Activities Overview: Summary of the Proposed 1995/96 Alberta Government Science and Technology Program and Budget and Three Year Plan, and you would see the same lack of concise short- and long-term planning.

Those very briefly are some reasons why I certainly will not be supporting Bill 29: the fact that we don't have benchmarking, we don't have meaningful short-term planning, and we don't have meaningful long-term planning. This document, Mr. Chairman, clearly shows the confusion when you look at research and short-term and long-term planning when it comes to health. I wish that I had had longer to be able to peruse this document in light of Bill 29, but unfortunately at this point in time that's not been possible.

So with those brief comments, Mr. Chairman, I thank you.

[The clauses of Bill 29 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall the Bill be reported? Are you agreed?

SOME HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed?

SOME HON. MEMBERS: No.

THE CHAIRMAN: Carried.

Bill 30
Appropriation (Lottery Fund) Act, 1995

[The clauses of Bill 30 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall the Bill be reported? Are you agreed?

SOME HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed?

SOME HON. MEMBERS: No.

THE CHAIRMAN: Carried.

8:40

Bill 22
Science and Research Authority Act

THE CHAIRMAN: To begin the deliberations, we'll call on the minister responsible for science and research.

MRS. MIROSH: Thank you, Mr. Chairman.

SOME HON. MEMBERS: Question.

MRS. MIROSH: Yeah, question.

THE CHAIRMAN: The hon. Member for Edmonton-Roper on Bill 22.

MR. CHADI: Thank you, Mr. Chairman. It's rather surprising that the minister responsible for this Bill got up to speak to it and then just decided to sit down really quickly when she felt that nobody on this side of the House would get up to speak.

MR. BRUSEKER: Best speech she ever gave.

MR. CHADI: It's been said, Mr. Chairman, that it was the best speech she ever gave.

Well, I spoke to Bill 22 in second reading, and of course I'm going to speak to it again now in committee, because I feel that the objective of the MLAs that are in the House speaking to the different Bills that are presented is to try to make the best Bill possible. In second reading I highlighted some of the concerns to the minister responsible for science and research. I would hope that the minister would not sit down so quickly after I've had a chance to speak but would in fact get up and respond to some of the concerns that not only I have but members on this side of the House are going to have.

Mr. Chairman, I said in second reading that in fact I realize that Bill 22 is a necessary Bill to facilitate the Science and Research Authority. Indeed, I look forward to having that authority begin to function in this province, because I feel there are a great deal of projects that need the authority's immediate attention.

An area that concerns me, though, in this government is that not long ago the headlines were blazing that in fact the Minister of Energy had created a committee designed for research within her own Department of Alberta Energy. I believe it was the oil sands and research division of Alberta Energy, which encompasses AOSTRA. I always thought that this authority would be taking the different government departments that we have, everything from agriculture right to the last one, which may be Treasury, looking at the different research projects and the research funding that was allotted for each of those different departments, and do the research on behalf of those departments. Now, I could be wrong, but I think the minister ought to jump to her feet at the appropriate time and tell me that that is not the case or that that is the case. If it is the case, then we see a government

department that is not complying right now with the intent of the ministry to begin with; that is, the ministry for science and research, which the minister has responsibility for. I know that the Premier created this ministry and this department for that very reason.

The Premier from time to time has said in this House that indeed there would be research dollars flowing from the different government departments into the science and research minister's department. I don't think that is happening, and I caution the minister now: I believe that it's not going to happen, and I would encourage the minister to put my fears at rest not just with rhetoric, but in fact tell me that you will stand up and fight for what you and the Premier both agreed to do by creating this ministry and by creating the Science and Research Authority.

Mr. Chairman, there were areas in the Bill that I had concerns with, and I want to speak to them. I spoke to them in second reading, but again in committee now I want to highlight them, because I think it's appropriate that the minister now respond to them. The area that concerns me is the ability of the minister not to create a level playing field. It appeared to me that there were sections within the Bill that would allow the minister to change the rules of the game in midstream. So if somebody were coming forward and had a proposal for research grants and the minister found it unacceptable for any reason, then of course they wouldn't be able to access that funding. I believe it's part of the regulations. The regulations start with section 9(1), where it says:

The Lieutenant Governor in Council may make regulations

And that's essentially cabinet, Mr. Chairman.

- (a) authorizing the Minister to make grants
 - (i) on the recommendation of the Board, if the amount of the grant is less than the amount prescribed in the regulations.

Again, we've got regulations here, or at least a framework of regulations, but we have no amounts specified in those regulations.

Members on this side of the House find it appalling, to say the least, Mr. Chairman. We don't know what it is in fact that we're approving when we talk about Bill 22. So I think if an amendment is in order, then the minister ought to be making an amendment to that to try to alleviate the concerns of members on this side of the House and I'm sure members on the opposite side as well.

Mr. Chairman, I have other concerns, and I want to be able to go through my notes at an appropriate time and come back and speak to this Bill shortly. If there are members on this side of the House that feel compelled to speak to it . . .

MR. GERMAIN: Do you want more time?

MR. CHADI: Yeah, I want time.

MRS. MIROSH: Mr. Chairman, actually, I did want to make a few comments before the other members rise, just to clarify a few comments that were made in second reading. One of the comments, with respect to the makeup of the Alberta Science and Research Authority management board, has already been identified. I'd like to file copies of the names of the members because it was mentioned several times by members opposite that they should be professional people, and they are. You just couldn't describe the kinds of qualifications that the members of this authority have. They are so well qualified for this job that I don't know how you would ever describe it. It is the intent of this ministry to make sure that we have a variety of qualified professional people for this.

So I'd like to table first of all the names of the management board, who are in place currently by ministerial order for three

years. We intend to take that through the order in council. I'd also like to file with the House the executive summary of the science and research workshops that took place in Calgary and in Edmonton so that members opposite would realize that there was an extensive consultation procedure that occurred. It was as a result of this extensive consultation that we have this Act before us.

I'd like to just mention about the duplication of overlap that was also brought up before this House in second reading. The intention of the authority is to reduce that duplication. We had also tabled this afternoon a report, Scientific and Technical Activities Overview, which is an indication of how all the departments are now working together. Called TRAC, they're the Technology and Research Advisory Committee, and they're made up of all department people in all sectors of government who have a budget for research. It is the intention of this Act that all those dollars that are allocated to research will come before this board for review. Their budget will come before this board for review before those dollars are allocated specifically to research.

AN HON. MEMBER: All government departments?

MRS. MIROSH: Yes, every single department right across government. It's all listed in this book. They all sit on the committee, and they advise the minister.

It is the intention of our Premier to leave intact the boards who operate on a day-to-day basis: the Alberta Research Council, the Energy Council, the agriculture council. They operate a facility, have a large number of people who are focusing on research, and they are experts. Their budget with regards to specific research projects will be brought back to this authority so there is no duplication and no overlap. Universities will be part of this too, and they welcome this concept. They welcome the fact that there is one governing board overseeing all research, and they want to be part of it.

8:50

We're not interfering with the research money of universities, and we never intend to, but they do want to also be part of the list of the criteria so that we can focus on our research being number one in this country. Alberta will be the area where research will be centred. As you can see in our proposed budgets over the next three years, dollars from government are shrinking. We are identifying areas of excellence so that we can bring private-sector partnership with universities and with the government so that we can have those dollars leveraged. For every dollar we invest, we can get at least \$4 for leverage. It takes time, of course. Some of the research projects take up to eight years before you see this happening.

Mr. Chairman, I think at this time I should also mention that in second reading I was quite taken aback by the Member for Clover Bar-Fort Saskatchewan, who actually said that she did not support this Bill, yet a good example of private-sector partnership is right in her constituency. It has brought in hundreds and hundreds and hundreds of jobs. It is the partnership with Sherritt Gordon, and they have submitted \$70 million towards research. Called Westaim, it is a partnership with Alberta and the federal government and the private sector. She knows about that, yet she disagrees with this Bill. That is a prime example of where there's research that has been going on for four years, and they're now ready to move a lot of this research into commercialization. That's where AEDA, the Alberta Economic Development Authority, ties in: helping us move that research component into

commercialization so we get partnerships from all over the world, not just here at home.

The other very important part of this Bill is the fact that we have peer evaluation. It was members of the Alberta Economic Development Authority and members of this authority, in fact, that went to evaluate that research with Sherritt Gordon in that member's riding. I was very shocked that she wouldn't support the intent of a Bill like this, because the private sector certainly is welcoming the intention of this government to make research the number one priority in our economic growth and producing more jobs.

As a matter of fact, just this past Friday the Liberal Member for Lethbridge-East attended the whole morning and heard from the community and the private sector on how they support this authority and the way this authority is moving. There was clarification, there were questions, and it is our intent to continue to have these kinds of workshops and this network so that we are working together with the opposition members, with the community. The one the Member for Calgary-Fish Creek and I had in Calgary was absolutely positive. We had 500 people attend, and we had to close the doors because we ran out of room.

AN HON. MEMBER: Doughnuts too.

MRS. MIROSH: Well, the doughnuts were paid for by the members of the community.

AN HON. MEMBER: Did Treasury pay for them?

MRS. MIROSH: No. It was a private-sector operation where the community paid for the coffee and doughnuts. The ministry paid for the workshop, and the members paid for their lunch.

MRS. FORSYTH: I paid for coffee.

MRS. MIROSH: Heather paid for coffee.

Mr. Chairman, in fact it is welcomed with open arms by the private sector and the universities. We are planning on getting help from the private sector to invest to create this fund, that will start out as a small fund and hopefully build as we move along in examining what kind of research will meet the priorities of this government and will meet the capability of transferring research into commercialization so that we can in fact create more jobs.

So I'll stop there. I think I've answered pretty well the questions that were there, the ability of the minister to create a level playing field.

I just want to clarify one area. This authority is not a granting agency. We aren't necessarily there to have all the groups in Alberta come with their deliberations on \$3,000 or \$4,000 or \$5,000. What we're trying to do is get areas of expertise – people in energy, people in agriculture, people in their expertise area – to help us develop the criteria so that when we do grant dollars, they will be in the areas of excellence. So we're examining the areas of excellence, and then those dollars will be determined on the basis of that priority.

I'll sit down and listen to the other members who want to speak. If there are any questions that haven't been answered, I'd be happy to do it this evening. If I can't get the questions answered, I'd be happy to do it when we have recessed.

Thank you.

THE CHAIRMAN: Okay. The hon. Member for Calgary-North West.

MR. BRUSEKER: Thank you, Mr. Chairman. I want to start just by making some comments about a document we had on our desks earlier today, Scientific and Technical Activities Overview: Summary of the Proposed 1995/96 Alberta Government Science and Technology Program and Budget and Three Year Plan. Quite a long title. I obviously haven't had time to read the whole thing and analyze it in detail, because it's a fairly lengthy document, 170 pages, and as I said, we just got in on our desks today.

One of the things I did come across in looking at the recommendations is that it says, "The Technology and Research Advisory Committee supports the intent of the recently created Science and Research Authority." I always find it curious how this government operates. They create the authority, and then they come into the Legislature and say, "Well, let's pass a piece of legislation now that allows us to do what it is we've already started to do anyhow." The Science and Research Authority Act is what we're debating here this evening, yet of course the authority has already been created.

One of the first questions that I want to ask is under the section on definitions. There's no definition for what kind of research or even what is meant by the term "research" itself. I know that the hon. Member for Cypress-Medicine Hat, I'm sure thinking back to his days in academia, would reflect upon some of the research projects he's seen occurring and would probably question granting of funds to some of those research projects. So I think it would be certainly useful to define what is meant by the term "research" in terms of science and technology, because of course that is the main focus of this.

Now, I must admit that another peculiarity we are seeing here – I find it rather unusual, but I suppose not totally unbelievable – is that the government, after creating the authority, would decide that maybe they'd better pass some legislation. Of course, really the underlying message here that at least I receive from this is that in creating the Science and Research Authority Act and therefore concomitantly in section 12 repealing the Premier's Council on Science and Technology Act, what it's saying is that the Premier's Council on Science and Technology didn't work.

The reason I raise that is because the council was defined, in terms of its activities and powers, in that Bill as basically being an advisory body. Yet in this Bill, the Science and Research Authority Act, Bill 22 that we're debating this evening, in section 8 we have "an International Expert Review Panel consisting of not fewer than 6 members" – not fewer than six, but there's no upper limit, at least in this legislation. Conceivably there could be 16 or 26 or perhaps 106, but we have no way of knowing from this particular Bill the upper limit or indeed if there is an upper limit. The Premier's Council on Science and Technology, as I review that piece of legislation, at least had an upper limit of "not more than 29 other members," in addition to a chair and a vice-chair of the council.

So I'm wondering why it is that in section 8 of this Bill we have an international expert review panel but no upper limit set on potential growth. I'm sure that the Provincial Treasurer would have a conniption if he saw the membership on this panel grow and therefore the expenses and the costs of this panel grow. Knowing what a fiscal conservative he is, I'm sure he would have some concerns about that, and so I expect that he will have some comments on that particular section as well at some point in the future. I see the hon. minister has perked right up there at the mention of his name.

9:00

Now, as I review that section, Mr. Chairman, section 8 talks about the panel, and it talks about what it is that they do. It says: "review the operations of the Board". It is to report to the minister. In section 2(4) it talks about: "paid remuneration and may receive reasonable living and travelling expenses . . . in the course of their duties," but again it doesn't really tell us why they should be traveling. To do what? The section is I think inappropriately brief in its description of the role of these members, because all they're doing is "review the operations of the Board and submit a report." That's all it really shows that they are to do in here. So the questions are: why would they be traveling, and what are they doing, and what exactly are these people supposed to be doing for the authority? It really doesn't define that particularly well.

I guess the question I have to ask is: how would this panel, the international expert review panel, differ from the Premier's Council on Science and Technology, which is being repealed in this section? It seems rather odd that on one hand we repeal one group of experts, only to replace them with another group of experts whose job description seems similarly vague. If, in fact, we are repealing the Premier's Council on Science and Technology in this piece of legislation, that implies that that council didn't work. So why would we replace it with anything else at all? That maybe took longer than I wanted to take on that, Mr. Chairman, but I think it's an important point.

Now, the minister in her comments said that this is not a granting agency, yet section 4(g) talks about: "evaluate applications for grants." Section 7(1) talks about: "The Minister may request that payments be made from the Fund for grants authorized by the regulations." So there are a couple of references that deal specifically. Also, 7(2)(a) talks about: "pay money from the Fund for making grants." So there are a number of locations in the Bill that refer specifically to the making of grants, yet the minister says that it's not a granting agency. The legislation itself seems to contradict what the minister has said in her opening comments. So I'm wondering if the minister could clarify that, because it seems to me that there is clear indication that the minister and certainly "the Board, at the direction of the Minister," as it says in section 4, can give grants.

Now, when I look at section 4(g), it says: "The Board, at the direction of the Minister, is to evaluate applications for grants under this Act". So that says to me that money is going to be handed out, yet section 4(b) just a few lines above says:

The Board, at the direction of the Minister, is to develop a science and research policy and priorities that are compatible with the economic and social policies and priorities of the Government.

It seems to me that the Bill itself creates some policy, because it says that grants will be given out. So the two sections 4(b) and 4(g) seem to be in a bit of a conflict, or at least it seems to a certain extent that policy has already been created, because grants will be given under this particular piece of legislation.

Now again, I note 4(b): "develop a science and research policy." In fact, when I look at the end, the Premier's Council on Science and Technology, one of the things that is mentioned in that particular Bill is to advise the government on the objectives of a science and technology development policy. So I guess the question has to be asked, then – and this Bill is dated September 1, 1990 – has there been no development of policy from September 1, 1990, to today? Certainly it would imply that if we are just now under this Science and Research Authority Act going to be developing a science and research policy, then I guess the

Premier's Council on Science and Technology didn't achieve any policy development over the four and a half years of its existence. So I guess the question is: how much money have we flushed down the drain on that one? I'm sure the Provincial Treasurer and his watchdogs will want to get on that particular money-losing boondoggle, I think was the expression that was used with respect to another issue. [interjection] That would be a good question for question period. That's an excellent idea; yeah.

MR. DINNING: Make a note of that. Send me a memo on that; will you?

MR. BRUSEKER: I'll do that, hon. Treasurer.

Section 6 talks about the science and research fund. It says: The Science and Research Fund is established, into which must be deposited

(a) all money from time to time voted by the Legislature for the purposes of the Board.

But there's no mention again of an amount. So the question I have for the minister of science and research is: how much money is intended to go into this? One of the things that I have done in various discussions over the years – I've spoken to people in the research area, and they've talked about the Alberta Heritage Foundation for Medical Research, which was granted an endowment fund for research in the medical area. Of course, the capital was not to be touched, but the interest could be taken off for various research projects. One of the suggestions that has been made to me with respect to science and research, outside of the area of medicine, that is, is that there should be a similar endowment fund. Is that what is being envisioned by section 6, that there would be an endowment fund created, that the interest will be drawn off for certain research projects to be determined in some fashion?

So I guess that's certainly one question: is this going to be an endowment fund? If so, how much money is going to be going into the endowment fund, or how much money will be going into the science and research fund?

Then, I'd like some explanation from the minister as well in terms of how it is that funds will be allocated for research from the science and research fund. In other words, how will the dollars be allocated to certain areas? Now, I know that it says that the Board will "evaluate applications for grants," and I'm wondering what kinds of criteria will be used in deciding what projects will or will not receive funding from the science and research fund. I think that is an issue of concern, certainly to members of the Legislature, but also of course to members of the research community, if I can describe it that way, who may in fact be looking at accessing dollars from the science and research fund. So those are a few questions I had.

Again I want to skip over to section 9. You know, this is déjà vu all over again. Again we see the phrase that we've seen in so many other pieces of legislation: "The Lieutenant Governor in Council may make regulations." Then there's a list of six subsections under 9(1) that talk about how the grants can be made, projects related, et cetera, et cetera, et cetera, et cetera. So again, to the minister, I'm wondering: are the regulations already prepared? Are there some draft regulations we could have a look at before we vote upon this Bill, before we take it any further than where we are today? We're now at the committee stage. If we pass this Bill, the way I read it right now, it is a Bill that would create an authority that will be given some money to do something somewhere and the regulations will follow. I must express a certain amount of discomfort at a Bill worded in that fashion,

because as I pointed out, we don't have a total amount authorized under section 6 in terms of how much money will be going to the science and research fund, we don't know exactly what projects will be funded, we don't know how much they will be funded, we don't know what the criteria will be to evaluate those funds, and somewhere down the road we'll get regulations that will make it all work.

9:10

Now, pardon me for being a cynic, Mr. Chairman, but when I look at such an open-ended Bill, I find it difficult to come out enthusiastically in support of it. Conceptually it seems like a good idea: let's create an authority; let's develop a policy; let's eliminate duplication and overlap. I mean, those are all fine concepts. Certainly I think it's a worthwhile objective. As the minister has pointed out, in this government we spend about \$200 million - I think that was the figure she used - in terms of research in the various government departments. So it's certainly an area that needs to be addressed, but I think it's an area that needs to be addressed with a little more control on it. I don't see the control in the Bill, and not having seen the regulations, I don't know if the regulations address those issues in particular.

So those are my comments on Bill 22, Mr. Chairman. I look forward to the minister's response to some of those questions because I think they are certainly accountability questions, if you will, that the minister should be addressing before we pass this Bill through Committee of the Whole.

Thank you.

THE CHAIRMAN: Okay.

The hon. Member for Edmonton-Roper.

MR. CHADI: Thank you, Mr. Chairman. I am pleased to be able to rise again today, because earlier I thought I'd give a few members the opportunity to engage in debate, and I did have a couple more questions that I needed to ask the minister with respect to Bill 22. I notice that earlier tonight the minister tabled four copies of the Alberta Science and Research Authority Board of Management, which highlights the different people that have been appointed to the board. To echo the minister's comments, for the most part they're all extremely qualified individuals that certainly I would not only recommend but concur with the minister's choice.

There is one that I am concerned with, and that's of course the vice-chairman. The vice-chairman is a member of this Legislature, the Member for Cypress-Medicine Hat, a member who already sits as chair of the Alberta Research Council. As chair of the Research Council this individual MLA earns an additional \$15,000 per year over and above his salary. He's now appointed to the Science and Research Authority as vice-chair. I'm wondering if in fact there aren't additional moneys now that are going to flow from the research authority straight to the vice-chairman.

Of course, in the Bill itself it goes on to say that "the members of the Board who are not employees of the Government . . ." - and I'm wondering if in fact he would be considered an employee of the government - "may be paid remuneration." Perhaps the minister could clarify that for us and for all members of this Legislature. Indeed, all Albertans ought to know.

Mr. Chairman, also with respect to the board of management I note that including the Member for Cypress-Medicine Hat they amount to 15 members. The Bill indicates in section 2(1) that

the Science and Research Authority Board [would be] established . . . of not more than 20 members appointed by the Lieutenant Governor in Council.

I'm wondering if the minister has any thoughts about appointing five more. If that is in fact the case, would she advise us? I know that the minister and I had some earlier dialogue, and she mentioned to me, Mr. Chairman, that we were looking for perhaps one more, that we had one vacancy on the board of management. I'm wondering if the 15 included that one vacancy, or are we going to go for the 20, or what the story is.

Mr. Chairman, in looking at the Bill and indeed the regulations, I must also reiterate that again with the lack of detail in the regulations, it's very difficult to be able to continue debate with respect to regulation. The one area that is of particular importance, I think, that the minister needs to look at immediately or to clarify for us is with regard to regulations under section 9(2) and (3).

Notwithstanding subsection (1)(d), the Minister may impose further conditions not prescribed in the regulations on the making of a particular grant.

When we go to (1)(d), it is clear. It says:

Respecting the conditions required to be met by an applicant to render it eligible for a grant and respecting the conditions on which a grant is made, including requiring the repayment of the grant to the Fund if the conditions are not met.

It says and my understanding is that the minister can impose any condition not prescribed in the regulations on any particular grant, "on the making of a particular grant." Now, I'm wondering what it is that this clause is in here for. When I talk about not having a level playing field, this is what I'm speaking of. I'm speaking of the situation that I could see arising where someone comes and for any reason whatsoever the minister imposes further conditions not prescribed in regulations: it was good for one but not good for somebody else. I don't mean any disrespect for the drafter of this document, but I'm seeking an explanation of why that would be in there, a reasonable explanation as to why it would be included in these regulations that are in this Bill. I would appreciate the minister responding to that.

Mr. Chairman, with those comments I would ask perhaps if the minister would rise and answer that, and maybe we could go to the question.

THE CHAIRMAN: The hon. Member for Calgary-North West.

MR. BRUSEKER: Thank you, Mr. Chairman. Just a couple more questions that did spring to mind with respect to this Bill. I'm wondering if the minister might comment about the liaison between this authority and private-sector research that goes on. The reason I raise that particular area is that in the book which I mentioned earlier on, there is a chart, table 7.1, that talks about the scientific activities budget. In the little note down at the bottom it talks about additional "funding for operational and infrastructure support for" research and development "at Alberta Universities, estimated to be roughly \$189 million." So there are other research activities going on elsewhere, and I'm just wondering if the minister might make some comment about liaison between the authority, the different departments, and the private sector as well. Just an additional question.

Thank you, Mr. Chairman.

MRS. MIROSH: Mr. Chairman, I'll be very brief. Those were very good questions. There are a number of areas in research that come up from time to time that pertain to health, for instance,

whereby the minister has a provincial board in place to look at small granting of dollars to research that is over and aboard the university's research and not at the magnitude that this authority wants to get into. It's related to health sciences or social sciences. They are not scientifically related and are not going to be transferred into those leverage fundings, and that is occurring on an ongoing basis.

The Minister of Health, for instance, has a budget that is separate from the AHFMR, the Alberta Heritage Foundation for Medical Research, from which she grants small amounts of moneys for specifically related research. It could be in gerontology. It could be in other areas. This board isn't planning on getting into that kind of granting. It's necessary, but it's also necessary for the Minister of Health to focus on those areas for specific reasons. It is this authority's intention to get into granting in the millions of dollars that'll be described in regulations. So when those smaller amounts come – maybe even the minister of environment has areas of specifics that he wants to get into, but they're not necessarily areas that transfer into areas of economic development. So that is why that is in there the way it has been stated.

9:20

The board chairman, Dr. Church, welcomes input from the Liberals with regard to people that they want on this board. We want qualified people, and we invite you to participate or even make a presentation to this board.

There has been a lot of input from the Premier's council on science and research in the past. As a matter of fact, it was their recommendation, through the Premier's council, that this authority be set up, and there have been ongoing task forces that have been set up, through the Premier's council, on information technology, on education, and on advanced education with regard to changes that should occur, and they have.

The development of policy is an ongoing thing. It's updating what we are doing in changing government. That never stops. Yes, there's been policy developed, but it is ongoing.

With regard to an endowment fund, that is the intention. It would be nice to take that \$200 million, put it in a pot, and let it create some interest. In this report that I tabled today, it shows where those dollars are allocated. They are budgeted for the next three years, but a lot of it will be examined on an annual basis to see in fact that those research dollars should be directed in that way. It is the intention to develop an endowment fund, but the Treasurer at this time doesn't have the kind of money that we had years ago to put in the AHFMR. I wish we did.

MR. BRUSEKER: Blew it all.

MRS. MIROSH: No. The \$300 million for AHFMR is still there and has now leverage of about \$650 million. That will happen here in a matter of time.

So, Mr. Chairman, I think that answers the questions, and I'd like to call for the question.

[The clauses of Bill 22 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall the Bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

The hon. minister responsible for science and research.

Bill 23

Treasury Statutes Amendment and Repeal Act, 1995

THE CHAIRMAN: I'll call on the hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Chairman. I rise to speak to the amendment that is on the floor. The amendment strikes out clause 50(2). Section 50(1) exhorts the Treasurer to be prudent and to conduct the affairs of the various funds and revenue cushions that he will manage in a prudent fashion. We certainly on this side of the House very much could commend the spirit of section 50(1), on page 10. I would ask all members to look at page 10, section 50(1) of Bill 23, because it's a very fine statement of intent, and I think – and I've said this before – it would make an excellent recommendation to the heritage savings trust fund board in terms of a management strategy.

The fly in the ointment, though, is in fact that for every step forward the Provincial Treasurer takes, he takes two back. Then the next paragraph says that notwithstanding anything he does, it doesn't matter; the contracts are still in place. We know that the Treasurer has argued that he has a commitment to honest government, to less government, to very straightforward government. How the Provincial Treasurer, then, can reconcile the two conflicting ideas in section 50 in paragraph 1 and then paragraph 2 is a paradox to me.

[Mr. Clegg in the Chair]

I would think that the Provincial Treasurer would not want section 50(2), in fact would welcome what we brought forward as a friendly amendment, because it then requires him, constrains him, in fact . . .

MR. SEKULIC: Makes him prudent.

DR. PERCY: Makes him prudent.

I would think that when you look down the road, Mr. Chairman, at the amount of revenue right now that the Provincial Treasurer is toting around in his cushions – and some of it as it comes due will be invested, will be invested prudently we know. It's our cushion, our safeguard to ensure that when Bill 6 is passed, that cushion is there to stabilize us and the economy against the inevitable volatility of provincial resource revenues, of provincial corporate tax revenues. Those cushions are all that stand between us and the Provincial Treasurer imposing and implementing downsizing on local governments within the budget year. So we view section 50(1) as a very significant positive step.

There are other positive elements of that Bill. Of course, since I'm speaking to the amendment, Mr. Chairman, I can't really refer to them, but I would say that the requirement for disclosure of various loans and guarantees within 45 days of the House sitting is a very good step forward.

It is this particular facet of the Bill that we find really worrisome, because it really makes meaningless section 50(1). If you're going to say that we require the Provincial Treasurer to be prudent but it really doesn't matter, then why have either clause in there? All it is is window dressing. We know that the Provincial Treasurer wants more than just window dressing; he wants amendments to the statutes that have teeth in them. So we

would think that deleting 50(2) is in the best interests of good government, and we're sure that he will receive this amendment in the spirit in which it is offered, as a friendly amendment, and subject to any form of amendment he would choose to introduce.

With those comments I will take my place and allow other speakers to go forward.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Manning.

MR. SEKULIC: Thank you, Mr. Chairman. I rise to speak to this amendment. I've heard so many times over the last two months, since the spring session reconvened, the members opposite, particularly ministers and particularly the Premier himself saying: be positive; give us some positive suggestions, something we can sink our teeth into to make Alberta a better place for all Albertans. This amendment does exactly that. We are providing the government with specifically what they requested from us.

Take clause 50(1). How do you say that properly, Adam? [interjection] Clause 50, sub (1): it doesn't go far enough. There's no insurance with it. It's fairly open ended. It states that the Treasurer has to exercise the judgment of a "reasonable and prudent person." What 50(2) states is that, well, he really doesn't have to, because if he doesn't comply with 50(1), there are no consequences. What we're doing here in this positive amendment, in the spirit of accountability and openness is trying to buy some insurance for the taxpayer. If anything it's elevating the level to which the Treasurer will be reasonable and prudent.

I know that when he rises to speak, he will accept this amendment. Mr. Chairman, the Treasurer has often spoken of openness and being positive, and he will support this amendment because it is exactly that which he has requested from this side. When I first stood up to speak to Bill 23, the Treasury Statutes Amendment and Repeal Act, 1995, I said I'd be supporting it. I believe that we have to, at some point as an opposition, work with government, because everything the government does is not wrong. However, there is always – always – room for improvement. Certainly this is one area where there was room for improvement, and we took that opportunity and now we're providing that input to the government. I would expect there'd be a great degree of reciprocity in the spirit of co-operation to adopt this amendment, and then we can put Bill 23 into law.

With those comments, Mr. Chairman, I'll take my place, and one of my colleagues I'm sure will rise to speak to this.

9:30

THE DEPUTY CHAIRMAN: The hon. Member for Fort McMurray.

MR. GERMAIN: Thank you very much, Mr. Chairman. I had the honour of addressing the Legislative Assembly on the second reading of this Bill on this particularly odious section found on page 10. I know that all of the members have now got Bill 23 out, and I know they're all looking at page 10. I know that particularly the hon. Member for Stony Plain would be looking at this section, because he will not want to take part in a piece of legislation that so shocks the sensitivities as this particular legislation does. And I know that the hon. Member for Cypress-Medicine Hat will stand up again, like he did this afternoon, and show rare courage and say that enough is enough. I know that other members will stand up and say to the Provincial Treasurer: "This is a good amendment, Provincial Treasurer. This is a good amendment."

This proposal that you have contained in section 50(2) of this legislation is in fact almost indescribable in terms of its impact. You know, it is a milestone for mediocrity, if I could use that phrase. It invites failure, and it invites this Legislative Assembly to vote for failure. You take on a discretionary mandate in this particular legislation to do the very best you can. Fair enough. You won't win every investment decision; no investment manager does. If you could win every investment decision, Mr. Treasurer, you would likely be picking up some of the big income that investment advisers make for predicting the future in money-making achievements. But to have in legislation a specific section that says – and I quote into *Hansard*, into the record – "the contravention of subsection (1) does not by itself make any agreement or transaction void or invalid," has two difficulties, hon. Provincial Treasurer.

The first difficulty is that it admits the possibility that some transactions will in fact be invalid. It says, "does not by itself" make a transaction invalid, thereby admitting that some transactions that the minister deals with could in fact be set aside. I don't think the Provincial Treasurer intended that. I think the Provincial Treasurer in fact intended that our sensibilities be shocked, Mr. Chairman, by allowing the Provincial Treasurer the opportunity to make errors and have those errors stand in the contracts that he has made.

We indicated in second reading of this Bill that one of the problems the government has gotten into in the past is by making bad investments, failing to rely on good commonsense advice and making bad investments. Now we are going to legislatively guarantee their right to make bad investments. Surely the Member for Bow Valley will not vote to make bad investments. Surely the Member for Calgary-Fish Creek will not stand and vote for bad investments. Why would we as a Legislative Assembly ever want to be something less than we're able to be? Shouldn't we always strive to have the best legislation that best protects the people of Alberta? All that we can say to this particular amendment is: government members, either adjourn this amendment to get further and better legal advice and counseling and financial advice on the amendment, give yourself that opportunity, or let this amendment go through.

To do otherwise, I can just describe how the canvass is going to go in Calgary-Lougheed in the next provincial election, when some rookie MLA aspirant will be running against the battle-hardened and wizened Provincial Treasurer. He or she, probably with many good quality candidates, will be knocking on the door, and she'll say, "Do you know that the Provincial Treasurer allowed legislation to be passed that in fact permitted and allowed him to make errors, and the contravention of his own legislation would not make the transaction invalid? Do you know, Madam Housewife or Madam Person At Home, that your particular Provincial Treasurer bought into legislation that allows him deliberately – deliberately – to make bad judgments of investment and have those condoned?" Or "Mr. Businessman or Mr. Student, do you know that your Provincial Treasurer did that? Do you know that the Legislative Assembly did that?" I know that the hon. Member for Vermilion-Lloydminster will want to stand up and say no to this. He'll want to say no to this because this is frightening phraseology to find in a Bill.

The government should do what is right and proper now, and that is adjourn the vote on this amendment to get better advice or to say, "Yes, we accept the amendment; we will strike that section out of this legislation." We will then be left with a permissive section that simply obliges the minister to

adhere to investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio.

Those are an encodification of generally accepted accounting principles. Do we want any Member of this Legislative Assembly, any Provincial Treasurer, no matter how competent, no matter how skilled, and no matter how well meaning, to have the ability to make investments without relying on that? On the streets and in the bars and in the church basements of this province, do we want this section to read that the Provincial Treasurer may make investments and when doing so shall not adhere to investment and lending policies, shall not adhere to standards and procedures that a reasonable and prudent person would do? With this subsection, that is exactly the meaning that you ascribe to section 50(1). It says that "the Provincial Treasurer may make investments" and shall not "adhere to investment and lending policies, standards and procedures that a reasonable . . . person" would take.

We have passed much legislation, my friends, that raises the eyebrows of the commonsense, down-to-earth citizens of this province. Do we want to pass this legislation tonight that says that the minister, the Provincial Treasurer, can make business decisions not based on general and reasonable financial criteria? I hope not, and I hope that you will signify that lack of desire by voting in favour of this amendment, which will excise subsection (2) out of this legislation. To do otherwise holds every member of this Assembly up to the scorn and ridicule of Albertans by being not even able to analyze a Bill based on common sense and vote based on common sense. You do not have to be a lawyer, an accountant, a businessperson. All you have to do is have some common sense and vote for the amendment which would strike this odious – this odious – subsection out of this Bill.

I began by saying that this was a shock to the sensibilities of Albertans. I have referred in my comments tonight to this being a milestone of mediocrity, and I can only say that this is a recipe for failure. I hope that the Legislative Assembly will not let this side of the House down and vote for failure on this Bill. How do you not vote for failure? You vote against failure by voting for the amendment now. The amendment excises that odious subsection out of the Bill.

THE DEPUTY CHAIRMAN: The hon. Provincial Treasurer.

MR. DINNING: Well, Mr. Chairman, I've been galvanized to rise to respond to the comments, very good comments, of the members for Edmonton-Whitemud and Fort McMurray. I went back and sought some advice from my colleagues in the legal – um, um – profession on this matter.

MR. GERMAIN: Point of order, Mr. Chairman. Point of order.

9:40

THE DEPUTY CHAIRMAN: On the point of order, hon. Member for Fort McMurray.

Point of Order Imputing Motives

MR. GERMAIN: Thank you very much. When the hon. Provincial Treasurer in fact makes that kind of snide comment like he cannot remember that the legal profession is a legal profession, he insults all lawyers who are Members of this Legislative Assembly, and he insults a profession that in fact has been very supportive of his objectives and goals over the years. I would ask him to clarify those comments.

THE DEPUTY CHAIRMAN: Do you want to speak on the point of order?

MR. DINNING: No, Mr. Chairman.

THE DEPUTY CHAIRMAN: Well, hon. Member for Fort McMurray, I really can't help that the hon. Provincial Treasurer's memory is fading. I didn't personally see anything. He said "legal profession." I really couldn't see anything happen in the House that made me think it was a point of order.

Debate Continued

MR. DINNING: Mr. Chairman, to continue, I sought the advice of my colleagues in the legal profession, and clearly the hon. members have acknowledged the wisdom of section 50(1), at the bottom of page 10, of Bill 23. It is most in keeping with legislation of its kind now in place across the country as it relates to investment powers, whether it's pension funds, whether it's other governments in their financial administration Acts. You'll also find, Mr. Chairman, I'm told now, that a similar clause to 50(2) is found in such Bills as the Business Corporations Act, that follows the reasonable and prudent person rule, and as well in the Bank Act, that's passed by the Parliament of Canada.

I ask the hon. member to consider more recently, for example, Confederation Life. Two years ago, maybe three, members in this Assembly in looking down a list of investments of the general revenue fund or the heritage scholarship fund or the Heritage Foundation for Medical Research might consider a debenture offered by Confederation Life to be a reasonable investment, to be an investment that a prudent person might make. Three years ago that was probably the case. Clearly I don't think it would take a standing vote in this Assembly to come to the conclusion that investing in such a debenture of Confederation Life, with all due respect and deference to those who lost money in Confederation Life, would now, today, not be a prudent investment.

What 50(2) does, Mr. Chairman, is prevent someone on either side of this House from coming before the Assembly or, more importantly, from going before the courts and saying clearly that in hindsight that was an imprudent investment and therefore asking the courts to determine the imprudence of such an investment and, in fact, overturn the transaction of three years ago, which, without 50(2), might be allowed to happen. If that's the case, then I know hon. members across the way would agree with those who would be wary of engaging in a contract with the Provincial Treasurer at the best of times, but with retroactive ability to go back and have the courts determine three years later the imprudence of that investment after a serious, negative turn of events would put the Treasurer and anyone with whom the Treasurer was engaging in a contract in a very difficult position in that that person would not know and would not be able to enter that contract with the certainty that somebody wasn't going to come back later and ask the courts to overturn that investment.

I would say the same thing, Mr. Chairman. In the glory days some 16 years ago, in 1979, my former employer Dome Petroleum: it was thought that no one could stop it. No one could stop it, Mr. Chairman. There wasn't enough paper on the street offered and supported, backed up by Dome Petroleum. I'm sure even the member for – well, some members across the way might even have been tempted at one time to invest in their paper. Even the Member for Fort McMurray could stand and give us a blinding glimpse of the obvious with respect to Dome Petroleum.

Let's go back. I'll even turn the clock back to a time – gosh, Mr. Chairman, I bet you couldn't recall this time – when the Alberta government, when this government, when Her Majesty's government in the province of Alberta could not, in fact, would not and indeed did not honour the paper that it had issued to finance its operations. You'll recall that in 19 . . . Help me, Mr. Chairman. You were but a child at the time, I'm sure, sir. Was it in 1936, '37, '38? The legal historians in the crowd aren't helping me here, but I think it must have been in the mid to late '30s when the government of the day failed to achieved its obligations. Who's to say? Was there somebody who wanted to take that investor to court, who had invested somebody's savings in that paper, in that credit offered by the provincial government? Well, who would have known that the government of the day in 1938 would not honour its obligations? Was someone going to in fact go back and say: "Well, only an imprudent person would make that investment. Therefore, it didn't pass the prudence test, it didn't pass the reasonable test, and it ought to be overturned." That is the sole purpose of this amendment, this provision in 50(2), that "the contravention of subsection (1) does not by itself make any agreement or transaction void or invalid" such that a court would come back and make an after-the-fact determination that imprudence prevailed at the time, never should have happened, and therefore in effect the contract is null and void.

Mr. Chairman, I have taken the best advice of legal minds in the province, in the government. I have gone as well to the likes of the Business Corporations Act, the Bank Act passed by the Canadian Parliament, and have asked my colleagues in the departments across government to advise whether this is necessary. This is the advice on which I am acting and would so recommend same to the Assembly.

MR. GERMAIN: It is true that a bank contract, Mr. Chairman, between a customer and a financial institution has certain immunities against being set aside if the internal breaches occur inadvertently. It is also true that in a different context in the Alberta Business Corporations Act this applies. What the Provincial Treasurer does not address himself to in this debate is the willful failure to use generally accepted accounting principles, still make an investment, and have that investment condoned by legislation passed in advance.

If the case was as you have said, Mr. Minister, with respect, that would have said: the inadvertent contravention of subsection (1). Of course, you gave us a bunch of examples where hindsight is always better than foresight, but that is not what this speaks of. There is no penalty here for making a bad business decision. The penalty here should be for making a business decision when you do not properly rely on generally acceptable accounting principles. What you have done here is legislated a deliberate opportunity to breach this section with impunity. That's what's here: a deliberate opportunity to breach this section.

9:50

If you were really concerned about the situations that you've described, Mr. Treasurer, you yourself would move an amendment to make section (2) read: the inadvertent contravention of this section. This section, staying the way it is, coupled with the specific wording of subsection (1), basically says that tonight we pass legislation in this House that says that the Provincial Treasurer may make investments on behalf of funds and when doing so shall not "adhere to investment and lending policies, standards and procedures that a reasonable and prudent person would apply." I mean, that's what you do, that's what you say,

and that's what you legislate. If you had wanted to talk about inadvertence, you could have done so in that amendment, but you failed to do so. With respect, Mr. Chairman, the Provincial Treasurer has failed to do so. As a result, he must therefore take the constructive criticism that what he has done is allowed himself now by legislation to make investments throwing complete caution to the winds and throwing generally accepted accounting principles to the winds, and I suggest that that is a minefield that he does not want to walk down.

[Motion on amendment lost]

THE DEPUTY CHAIRMAN: On the Bill itself. On the clauses of the Bill, are you agreed? [interjection] Sorry, hon. member, but I looked twice before I called. Everybody was yelling. I'm sorry you missed your . . .

MR. CHADI: Mr. Chairman, looking twice on one side of the room doesn't mean . . .

THE DEPUTY CHAIRMAN: Absolutely not. I looked on both sides of the House, just like that.

[The clauses of Bill 23 agreed to]

[Title and preamble agreed to]

MR. DINNING: Mr. Chairman, if you would wish, I would move that the Bill be reported.

THE DEPUTY CHAIRMAN: The hon. Provincial Treasurer has moved that the Bill be reported. Are you agreed?

SOME HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed, if any?

SOME HON. MEMBERS: No.

THE DEPUTY CHAIRMAN: Carried.

MR. EVANS: It's been a wonderful time this evening, Mr. Chairman, and I now move that the committee rise and report.

[Motion carried]

[The Deputy Speaker in the Chair]

THE DEPUTY SPEAKER: The hon. Member for Dunvegan.

MR. CLEGG: Thank you, Mr. Speaker. The Committee of the Whole has had under consideration certain Bills. The Committee reports the following Bills: 29, 30, 22, and 23. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

MR. DINNING: There's another sheet, Glen. Read the other sheet.

MR. CLEGG: Sorry. I'm getting like the Provincial Treasurer.

Mr. Speaker, I would also like to table copies of the documents tabled during Committee of the Whole for the official records of the Assembly.

THE DEPUTY SPEAKER: Does the Assembly concur with the whole report by the hon. Member for Dunvegan?

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

[At 9:58 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]