

## Legislative Assembly of Alberta

Title: **Tuesday, October 17, 1995**

8:00 p.m.

Date: 95/10/17

**head: Committee of Supply**

[Mr. Tannas in the Chair]

**head: Supplementary Estimates 1995-96**

THE CHAIRMAN: We have details from Environmental Protection, Health, and Transportation and Utilities. If it's agreeable, we will begin with Health and then proceed to Environmental Protection and then Transportation and Utilities. Is that agreeable?

MR. WICKMAN: Normally, Mr. Chairman, I thought it was standard procedure that we can kind of bounce around. As each person gets up, he can bounce from the three different areas.

THE CHAIRMAN: The hon. Deputy Government House Leader.

MR. EVANS: Thanks, Mr. Chairman. I appreciate the comments from Edmonton-Rutherford, but what had been discussed between House leaders, as I understand it, is that the three ministers would give their opening remarks so we'd get a context to the supplementary estimates and then allow members on both sides of the House to have at it with the three members. Of course this is a two-day limited review of the supplementary budget. So it shouldn't take too long, I would think, before we're into the debate.

THE CHAIRMAN: Is there general agreement that that's an acceptable way to go?

So we'll invite the hon. Minister of Health to begin.

MRS. McCLELLAN: Thank you, Mr. Chairman. It's my pleasure to speak on these estimates. I will try to be brief, but I will try to give members just an outline of why we are looking at supplementary estimates in Health. I would want to state again that this is not additional funding for Alberta Health, or that while it is additional funding in Alberta Health, it will not result in an overall increase in government spending. Rather it's a realignment of spending.

Alberta Health requires an additional \$35 million to fund increased costs in the seniors' drug benefit program as well as some increased costs related to implementation delays of programmed restructuring. The majority of it, I will tell you, is in the drug program. The Alberta health care insurance plan provides for three supplemental health insurance plans. They are administered by Blue Cross. They are designed for seniors and their dependants, and that's group 66; recipients of the Alberta widows' pension and their dependants, and that's group 66A; and Albertans who enroll in the program and pay premiums, and that's group 1. So we are talking about group 1; group 66, which is seniors; group 66A, which is the widows' pension group and their dependants.

Group 66, the seniors' program, and group 66A, the widows' pension program, are premium free. The group 1 plan, which has a premium, is run on the basis of less than full cost recovery. Premium rates in that program are set on the basis of the actuarial fair rates for a large representative group; for example, a government employee plan. The plan provides coverage to a

maximum of \$25,000 per participant for prescription drugs and ambulance services and some minor miscellaneous services. About 90 percent of the expenditure is in the drug program and drug benefits, and about 5 percent is in the ambulance side, just to give you some context.

I should tell you that throughout the 1980s the drug plan costs rose very rapidly. They increased about 15 percent a year. In the past three years we have introduced a number of cost-control strategies. These included the Alberta Health drug benefit list, which was implemented in July of 1991, and that defines benefits; the interchangeable list, which was put in place in July 1993, which assisted in the switch to the lower price products; the lowest cost alternative policy, which was put in in October 1993, which authorizes payment for only the lowest cost equivalent products; some administrative changes that we made, which eliminated percentage upcharges in the fees paid to pharmacists; and a reduction in the fees paid to Alberta Blue Cross for administration.

Growth in expenditures in the plan result from increasing numbers of seniors in the plan, the use of more expensive drugs, and certainly increases in utilization. With the movement to more community-based living, more plan registrants are staying out of hospitals and continuing care centres or are being discharged earlier, resulting in the increased use of drugs certainly, especially home parenteral therapy drugs, those that are administered intravenously or under the skin.

Under our changing system more people can receive palliative care at home with appropriate pain control; however, there is a cost attached, and that is another factor in this year's increase in drug program costs. We do continue to work with pharmacists, physicians, and the public to control costs and target resources where they are most needed.

Most of you are familiar with my concern over the drug roundup – not the program. It's a great program because it does allow us to round up dead drugs and dispose of them in a good fashion, which is at Swan Hills. But when in the third year of that program we have again rounded up 36 tonnes of dead drugs, I think that is a great cause for concern. That isn't the number that are probably being put down the sink or somewhere or perhaps going into our waterways, which is of more concern. This year the program has changed to a monthly roundup – it's called ErviR – and it's a collaborative program with the pharmaceutical manufacturers, the pharmacists. There are some veterinary products in that but certainly not as many. They're being collected on a monthly basis, and by doing that we think we can identify what types of drugs they are, whether they're over-the-counter, whether they're prescription, whether they're trial drugs, sample drugs, and maybe also get a better idea of the target area or population of where these unused drugs are coming from. So that information is being compiled on a monthly basis.

I would be most happy if we could reduce that number by half. For those of you who are agricultural or industrial in your bent and are used to large loads or super B trains, try and visualize 36 tonnes of unused drugs or bigger – because you have to look at the weight of these. It really is a terrible waste. If even a third of those came from the program where we pay for 70 percent of the cost plus the fee, there are savings that could be found there.

I thought I'd take this opportunity to discuss that area because the problems we face in supplementary estimates are in the drug area mainly. I think there is a lot we can do in that area, and I am really appreciative of the support that we're getting from the

pharmacists and the drug manufacturers in trying to deal with waste and proper utilization.

There was a study done in Quebec that showed the highest incidence of illness and admittance to hospital for seniors in that province was inappropriate utilization or prescription of drugs. There are a lot of things we can do in this area to improve. I think we need to work collectively with our caregivers in those areas and perhaps we can reduce these numbers and ensure that we're able to add drugs to this list that improve quality of life, improve the ability for more community care, and just in general use our dollars more effectively.

With those comments, I'd like to leave time for questions and I hope some good constructive solutions or suggestions as to how we might approach the waste in this area, which is of most concern to me.

Thank you, Mr. Chairman.

**8:10**

THE CHAIRMAN: Are we not going to go as we seemed to agree: from Health to environment to transportation, and then we'll have three cracks at it there?

Hon. Minister of Environmental Protection.

MR. LUND: Thank you, Mr. Chairman. We're coming before the committee and the Legislature asking for \$147,500,000 if we want to be exact and precise, to enter into our buying our way out of the joint venture agreement with Alberta Special Waste Management Corp.

Maybe just a brief bit of history. Back last fall we put in place a new board chaired by the hon. Member for Calgary-Shaw, and one of the main objectives of this new board was to work our way out of the joint venture agreement and our 40 percent ownership in the Swan Hills plant. Of course, when this plant was built the objective was to have in Alberta the state-of-the-art facility that could in fact destroy hazardous waste, special waste, and it has served the purpose very well. We became 40 percent owners in the plant; Bovar with 60 percent.

The funding we're asking for tonight actually, under the letter of intent, would be used for a number of things. First, \$5 million to Bovar in exchange for a release of the province in the Alberta Special Waste Management Corp. of all of the obligations of the province and special waste pursuant to the joint venture agreement and the Swan Hills agreement other than the provisions for some insurance backup; \$2.2 million to 542936 Alberta Ltd. in order to provide funding for the provision of an adequate water supply at the Swan Hills facility; \$3.3 million to Bovar in order to provide funding for the provision of an adequate water retention and recirculation system at the Swan Hills facility; \$1 million to 542936 Alberta Ltd. in exchange for an indemnification of the province by 542936 Alberta Ltd. related to the liability of the province with respect to the guarantee of the obligations of Bovar Inc. to the Royal Bank of Canada; and \$136 million to 542936 Alberta Ltd. in order to provide 542936 Alberta Ltd. with funding necessary to satisfy estimated joint venture costs and the loan guarantee which the province would otherwise have had to fund but of which obligation the province will be released.

So that, Mr. Chairman, basically outlines where the dollars that we're asking for tonight would be spent. As I said earlier, this is part of the phase 1 transaction. The hon. Member for Calgary-Shaw has been working diligently along with his members to bring this to fruition, and he, of course, knows the ins and outs of the deal much better than I. So as we develop questions during the course of the evening, he will be speaking to this estimate.

THE CHAIRMAN: Okay.

DR. WEST: This request tonight is due to the southern flood and the amount of money it's taking in order to meet the needs of that flood. In the early running we thought we would need about \$59 million on estimates, but we're down to about \$54 million in requirements. For this year we'll need some \$41 million; then next year the balance of whatever the demand is will be brought forth in that year. The federal government of course pays 90 percent of it. The total exposure to the province will be about 11 and a half million dollars on this disaster, but up front we must fund the total cost of administration plus the payments.

MR. BRUSEKER: What percent from the feds was it?

DR. WEST: Ninety percent of the last. We fund the first dollar per capita; that's \$2.7 million for the province. Anything over that then goes on a prorated basis. The next \$3 million to \$4 million is at 75-25, and then it goes 50-50, and then in this one here anything around the \$10 million mark goes on a 90-cent dollar. That's been consistent with the federal government's policy with the tornado in Edmonton and the floods in the north and other disasters that we've had.

Now, asked here tonight is \$11,425,000. I'm not an accountant, and maybe one of you mathematical geniuses can get up and wax eloquent about the authorization that was given to our department to take a reduction for the amortization of capital assets of \$30,263,000. We have capital assets that we transferred over to the improvement districts. As you'll remember, we created municipal districts of the 19 or so improvement districts and transferred a tremendous amount of capital assets. When Treasury looked at that, they wrote off part of this disaster in the reduction of amortization of those capital assets. So that takes away from the \$41,688,000 and leaves an estimate here of \$11,425,000.

I'm not going to go into any more detail. I think it's self-explanatory, the reasons why you couldn't budget, you know, in a regular fashion and project for a disaster of this magnitude. I have to say, though, that it's something that in future years we will have to certainly look at, the policy with the federal government of how we administer these. I'm concerned and the Auditor General is concerned also that we're still waiting for \$10 million plus in accounts receivable from the federal government for the tornado in Edmonton. They just keep going through the most convoluted process of looking at our records and wanting us to justify every penny. I think we're going to have to sit down and have a good discussion on the timeliness of their delivery, because the tornado I believe was back in 1987.

At any rate, I'll leave it at that. Please, if you can shed some light on the reduction of the amortization of capital assets, it would be wonderful.

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

DR. PERCY: Thank you, Mr. Chairman. My comments are going to be primarily directed towards the Environmental Protection supplementary estimates. What we're seeing is either the end of the beginning or the beginning of the end when it comes to the Swan Hills saga. It's clear that the negotiations, the letter of intent which was signed on the 21st of July sets out the framework for an agreement, and the value set out in that letter of intent on July 21, 1995, is what we see before us tonight in

terms of the \$147,500,000. My remarks and my questions are going to be both directed to the specifics of the supplementary estimates as well as to the joint venture agreement and subsequent contractual agreement to get us out of this financial fiasco.

8:20

With regards to the nitty-gritty of the vote itself for supplemental estimates, I note that under 6.3.1, where it talks about the Alberta Special Waste Management Corporation, there's a little addendum, and it says that it's "fully offset by a reduction in Valuation Adjustments, Obligations under Guarantees and Indemnities, and Other Provisions." So the argument is that this is in fact a wash, that we're going to make this supplementary allocation of \$147,500,000, and then our contingent liabilities elsewhere on the balance sheet disappear.

Well, I have several sets of questions. The first is: since in fact the payout to get us out of the joint venture agreement has a provision which is net present value terms, the value of the subsidy from 1998, '97, '96 – so far as I know, it wasn't included in the budget. It wasn't included in the contingent liabilities. It lies in '96-97, '97-98. So how could it in fact be a wash, as it says here in footnote (a), when in fact what we're looking at is the net present value of our obligations under the joint venture agreement? This reads as though it is a complete wash, and again, I don't see how it can be since these are contingent liabilities down the road. So I would like some clarification on page 9, the little subnote (a), "fully offset." I just don't see how that can be the case, given the time sequence of the contingent liabilities.

As well, when I look at this and the discussion in there, it notes that in the 1994-95 public accounts it provided for a "loss in anticipation," which was basically a breakdown of our equity. But since we're working on an accrual basis, all of this agreement itself has to be covered in the '95-96 budget because in fact the letter of intent was signed on July 21, 1995. To the extent that the books are kept on an accrual basis, it's fine and dandy to know that we wrote off our equity in it in the 1994-95 public accounts, but the real issue is the \$147 million, where it's going to be borne. It's going to borne this fiscal year. The comments about the public accounts last year really aren't very relevant to assessing the \$147,500,000 to pay out the joint venture agreement.

Now, one of the issues that you face when you're an opposition critic is: do you shoot the messenger? The issue, as I see it, is that in 1987 a joint venture agreement was signed. This joint venture agreement set out the rules of the game between the province, the Alberta Special Waste Management Corporation, and Bovar, the private-sector partner. The rules of the game were clearly set out there. This agreement – again, the reason I'm focusing on the agreement is because it clearly defines the \$147,500,000 – could have been and should have been amended, assessed, terminated in 1989 by the then environment minister, but that was not done. It was renegotiated and amended in April of 1993 by the Premier, who was then, in 1989, the environment minister.

Now, there are a number of issues that come to mind. When you go over the provisions of the original joint venture agreement and you go through the amended joint venture agreement, it's very clear that the degrees of freedom that are open to the province are minute, to put it mildly. The private-sector participant, Bovar – Bud McCaig and crew – fully protected every conceivable contingency that they could have been faced with and have done so in a way which I view as being to the utter detriment of the taxpayers of the province. All of the risk was borne

by the public sector; none of the risk was borne by the private sector.

Moreover, when you look at the provisions of the joint venture agreement, it was set up in such a way that there was no set of incentives whatsoever for the private-sector participant to act in a cost-efficient and cost-minimizing fashion. In theory the reality for having a joint venture agreement was to have the benefits of a private-sector participant who would work to minimize cost, bring in new technologies, and strive to mimic the market. The reality in this joint venture agreement – and it's an obscene agreement; I've said that before, and I certainly will say it again – is that it provided no incentive. By providing a guaranteed rate of return, by ensuring that the private-sector partner could use bank debt as opposed to equity to finance the project, you had what was here a golden handshake to the private sector.

Many of the people involved with Bovar or Trimac have been always arguing about spendthrift governments: they just don't know how to manage money. I'll tell you one thing: the guys that negotiated this agreement knew how to take money out of the pockets of taxpayers and to protect themselves. So the joint venture agreement is an absolute abomination. It should not have been signed. It should have been terminated in 1989 when we first could have, and it should have been not amended in 1993 but terminated in 1993. It was not.

The Liberal opposition then highlighted the existence of this loan guarantee, which was buried under layers and layers and layers of paper, the hundred million dollar loan guarantee. I think that brought home to a number of individuals that in fact this was a real financial fiasco. Also, with the expansion of the plant, the operating subsidy that the province was obligated to provide to ensure that Bovar had a guaranteed rate of return rose exponentially as well. So from 1993 on the real bad news associated with the joint venture agreement started to come home and became increasingly visible and certainly articulated in this Legislature.

What we see today now in this \$147,500,000 is an effort to get out of a bad deal. Now, the government was faced with one of three options. One option was to litigate until hell freezes over, which was in fact a Pearson airport, which basically is to say that this deal was so lopsided, so obscene from the perspective of the taxpayer that it would be better to hang Bovar in the court of public opinion as opposed to paying this out. That was one option.

The second option was to do nothing, which is in fact to maintain the status quo. Well, it's very clear when you look at the status quo that the costs are rising there exponentially because of the ill-conceived and poorly thought out expansion of the plant to begin with.

One of the reasons we have a larger plant today than in fact was economic for the province of Alberta and, for that matter, economic for the country of Canada was that all of the incentives were to ensure a guaranteed return to Bovar. They made more money the larger the capital stock of the plant. So every incentive was there for them to make for a larger capital base, and they did with the compliance of the NRCB.

So here we are. There's option 1, which was not followed, which was to litigate until hell freezes over; option B, which is the status quo, to continue to pay out on an annual basis the operating subsidy set out under the joint venture agreement. Another, the final option, is in fact to terminate the agreement. What we see before us, then, is the cost of terminating this agreement. Again, if you think about this, we are paying Bovar \$147,500,000 to take over our 40 percent share. We're paying

them the net present value of the subsidies over the next three years, a variety of other liabilities that are set out in the July 21 letter, and we're basically eating the loan guarantee or the capital value of the plant, the lesser of the two. So it's going to cost us \$147,500,000, and we're to vote on this.

We haven't yet seen the agreement. It has not yet been tabled in the House. We know from the letter of intent that this is where that number comes from. The question that we have to ask ourselves is: what do we do?

**8:30**

The joint venture agreement is an abomination. This is, then, a way of paying ourselves out of this. Is this a good sum or a bad sum? Well, at a time when we can't afford to fund 400 hours of kindergarten, at a time when we can't keep doctors in rural Alberta, at a time when we're closing rural hospitals, at a time when we can't provide infrastructure for our universities and schools, one has to ask: does it make a lot of sense to pay to pay \$147,500,000 to a private-sector participant to take our 40 percent share of the operating expenditure? The bottom line is that I think Albertans will judge the joint venture agreement extraordinarily harshly and the people that signed it. This agreement, the \$147,500,000, reflects the constraints of the joint venture agreement. It reflects a government that in the '80s was willing to sign anything and cozy up as tight as possible to its private-sector friends. Now, today, we're going to be paying the price of it.

As an opposition we have to ask: what do we do? Do we vote no and say that we think this is an obscenity? Well, one of the problems we face with that is that the status quo costs us even more, and that is a real problem. The other alternative is to litigate and just hang them in the court of public opinion, and it would be a pleasant experience to watch them twist and turn in the wind. But again the problem with that is you get tremendous pleasure, but you're still stuck with the liability of paying lawyers day after day after day and with whatever consequences that we have for what is viewed as the sanctity of contracts.

Just as an aside it appears to this government that some contracts are sacred with private-sector participants. Others, though, such as contracts with nurses and doctors, physicians, can be subject to moral suasion, but I don't see a lot of moral suasion imparted on this agreement. I don't see Bovar saying, "Well, we're going to chip in and throw in our 5 or 15 or 20 percent for the general good." That doesn't happen; it hasn't happened. They have lived up to the terms of the agreement and holding the government to it.

Now, who do we blame? In theory, again, do we blame Bovar? Well, the answer is that as much as we would like to, what they're doing is working on behalf of their shareholders, and if we were stupid enough to sign the joint venture agreement, then in a sense we have to pay the price. But then the question is: who signed the joint venture agreement and the amended joint venture agreement in April of 1993? [interjections]

#### **Chairman's Ruling Decorum**

THE CHAIRMAN: Whoa. Hon. Member for Edmonton-Whitemud, just on your behalf and on behalf of all members I wonder if we could contain the extraneous comments as well as the lively conversations so that we might hear the words of wisdom of the hon. Member for Edmonton-Whitemud. Edmonton-Whitemud to continue.

#### **Point of Order Questioning a Member**

MR. HENRY: A point of order, Mr. Chairman. I'm wondering if the member would entertain a question.

THE CHAIRMAN: I didn't hear the citation, but anyway, hon. Member for Edmonton-Whitemud, the hon. Member for Edmonton-Centre has challenged you to let him ask a question. You don't need to give a reason for your answer but say yes or no. I take it that was a yes.

The hon. Member for Edmonton-Centre.

#### **Debate Continued**

MR. HENRY: Thank you, Mr. Chairman. We have a Freudian slip again. It wasn't Edmonton-Censure; it was Edmonton-Centre. However, I just wanted to ask the hon. member – he's been very clear about all the events leading up to this, but he hasn't been clear as to who's been signing the agreements back in 1989 and renewing them back in 1993, whose signature is on the documents.

DR. PERCY: Again, in reply to that penetrating question, the answer is of course it was the then minister of environment, now the Premier, the Member for Calgary-Elbow, and it was the Premier, then, on behalf of the Executive Council that would be collectively responsible for this in April of 1993. One might also add that the loan agreement itself was signed eight days after the provincial election, where the theme was: no more loan guarantees and we're getting out of the business of being in business.

Now, in terms of specifics related to the agreement as well – because I think it's appropriate to ask questions about the agreement – this \$147,500,000 is to extinguish permanently our liabilities under the joint venture agreement. So over and above my question about the issue of whether or not it's awash, as set in footnote (a) on page 9, my second question is: does this extinguish on a permanent basis all of our liabilities under the joint venture agreement, or are there circumstances under which in 1998 Bovar could in fact, over and above those liabilities set out in the July 27 agreement, come back with hat in hand for more money?

The second set of questions relates to the remediation costs or cleanup costs or demobilization costs, dismantling costs. Those are legitimate costs. I've heard members on the other side of the House say: well, the \$31 million, the \$57 million – we're never going to take it down. The reality is that at some point you do have to dismantle a plant. At some point you have to leave the site pristine. That is not going to be in perpetuity a toxic waste treatment centre. So the \$31 million to \$57 million of expenditures is a legitimate expenditure. The question is: again in terms of that set of liabilities that's over and above the \$147 million that is set out in this agreement, what approach are we taking? Are we setting up a reserve fund? Are we setting up a sinking fund?

Another question relates to the upside option. In response to a question in the House, the Member for Calgary-Shaw had said in fact that we would have an upside option were the plant ever to turn a profit. Now, it's inconceivable that it will turn a profit, but I'd like to know if the agreement does in fact include an upside option.

One final point I'd like to make before my time runs out is that this whole fiasco, dating from 1984 on, is an indication of bad policy. If you're really concerned about hazardous waste, if

you're really concerned about treating it, what you do is you make the producer pay. You don't subsidize the production of hazardous waste. By providing subsidies to the magnitude that has been set out here – and in fact at the end of the day it looks like we'll have paid \$4,200 for each tonne of waste destroyed at the Swan Hills facility – what you've done is basically sent a signal out in the market that it's all right to produce sludge and crud and toxic material and society will pick up the tab. Well, the reality is, those who produce toxic waste ought to bear the full cost of treating it, if you want to send a proper signal out and have them not produce hazardous wastes. That's the appropriate signal, not to subsidize them. So when we look at the over \$450 million that will have gone down the tubes in the Swan Hills plant with this \$147,500,000 being the last direct part of it – we still have the site remediation costs and other things – what you're seeing is bad policy at its worst: subsidizing the production of something that we view as abhorrent, setting up a joint venture agreement that's sent out completely inappropriate signals to the private-sector participant, providing guaranteed rates of return, loan guarantees.

So when I look at the \$147,500,000 that we have to vote upon tomorrow night, it strikes me that this is an 11-year saga of bad policy from day one. The moment that the then minister of the environment, Fred Bradley, overruled the board of the Alberta Special Waste Management Corporation and said to sign that agreement with Bow Valley Resources, that was the day we started on a \$450 million exercise in futility. This, as I said at the beginning of my comments, is either the end of the beginning or the beginning of the end. It depends much on whether phase 2 is signed. It depends whether or not the agreement in fact allows for our obligations as set out under the joint venture agreement to be fully extinguished. But, again, I think the minister of the environment and the Member for Calgary-Shaw – once the agreements are tabled in the House, there will be questions, legitimate questions, about why we got into this mess in the first place and why we're paying the private-sector participant this sum of money. [Mr. Percy's speaking time expired]

**8:40**

**THE CHAIRMAN:** The hon. Member for Edmonton-Glenora.

**MR. SAPERS:** Thank you, Mr. Chairman. I'm going to see if I can end right on the buzzer, too, like my colleague from Edmonton-Whitemud.

A couple of things that I would like to discuss regarding the supplementary estimates. I'm going to focus specifically on the \$35 million being requested by supplementary estimate for the Department of Health, and I'd like to start my comments by reminding the Assembly that about a year ago at this time we were asked to vote on a \$40 million supplementary estimate, and now it's \$35 million. You'd think that we'd have the forecasting a little tighter. Also, I'm a little bit concerned that with all the cost savings and all the attempts made to have the regional authorities come in with balanced budgets and the threats made that if they don't balance their budget they'll be replaced, as we saw in WestView, that we then see the minister come to the Assembly and ask for an additional estimate to be voted.

In the Minister of Health's opening comments the minister mentioned that this will not cost the government of Alberta, hence the taxpayers, any more money, that this is simply a realignment of dollars. I would like to know a realignment from where. Where are the \$35 million coming from? Are they coming from other program areas within Health, or are they coming in fact

from other program areas in government? If so, where and what have we given up to bring this additional revenue into Alberta Health?

Secondly, the minister said that many of the new dollars must be put into programs and practitioner payments because of implementation delays. I find this intriguing. If they were implementation delays, in what regard? The explanation about the drug costs seems to be that we have more seniors using more drugs and more drugs perhaps even wastefully. That doesn't sound to me as something that could be ameliorated by an implementation plan in terms of the restructuring as is being proposed by this government.

So I would like the minister to be a little more specific about the implementation delays. What specifically are the delays? Which programs are delayed and by how much? When do we expect those delays to be addressed? When will the delays be fixed? In other words, when will we be back on track? Is this all part of the Premier's much vaunted 90-day fix-up to get everything back on the rails? Will these delays all be worked out by the end of this magical 90-day period? If so, how will we know, Mr. Chairman? What exactly will be the measures? Will we still be faced with having to spend perhaps an additional \$35 million for the next 90 days after that? I would like the minister to be a little bit more specific.

The minister mentioned that about 90 percent of the \$35 million is being used to cover drug costs and about 5 percent is for ambulance. Well, that leaves about another \$1.75 million unaccounted for, and I would like to know where that other \$1 million and \$2 million is. Is it just a rounding error? Is it a typo perhaps, as we've seen as the excuse for another issue that was raised earlier today? Where is that other \$1 million or \$2 million?

I would like to talk for just a moment about ambulance coverage. We've seen that Albertans throughout the province are having some difficulties receiving ambulance service. There's been lots of confusion about ambulance jurisdictions and ambulance boundaries. I've been told of stories where an accident happens close to a boundary between two ambulance jurisdictions and the closest ambulance can't come and provide service because it's really in somebody else's territory and there aren't any good lines of communicating. I'd like to know how this is being addressed. I'd like to know in fact if we've made some progress on the provincewide air ambulance plan. We've had the Member for Peace River most recently add his name to the long list of those who have studied the ambulance issue in this province. I would be very curious in knowing – and I'm sure all members of the Assembly would like to know – where exactly we're at with the issue of provincewide ambulance, streamlining ambulance response time, ensuring that ambulance jurisdiction is consistent with the regional health authorities, and of course that ever present concern of air ambulance dispatch response and funding. This may be a good opportunity for the minister to address those issues. They flow, at least in part, from these supplementary estimates, because we're looking at somewhere between \$1 million and perhaps \$3 million being spent on ambulance services under this Blue Cross program, at least additional dollars being spent, and I'd like to know where they fit.

Now, I'll focus the bulk of my comments I think on drugs and the use of drugs and the minister's challenge, really, that we should begin to develop a response to the abundance of prescription and nonprescription drugs that find their way to the dump every year in the drug round-up program. Now, it is true that

there were some 36 metric tonnes of drugs collected this year and last in that program, but it's not true that every one of those pills and every ounce of the liquids collected come from prescriptions that otherwise would have been sitting, as the minister and I were talking, on somebody's top shelf. In fact, the vast majority of the drugs rounded up come from pharmacies, retail pharmacies and hospital-based pharmacies but in the majority of cases retail pharmacies. Those drugs are stale-dated stock, they are returns, and this is perhaps most troubling: they are drugs that can no longer be marketed in a successful way by the retail pharmacist because of a government policy.

Specifically what happens when the Blue Cross program delists a drug or a preparation: often the retail pharmacists are stuck with that inventory. They may have a business plan where they'll bring in a fair amount of stock based on their usage and what their customer demand has been, and then Blue Cross will delist something and that demand will die. In many cases the pharmacists have had very little, if any, notification. They may have already just taken a large order into inventory, and now they're stuck with the stock. Now, when the pharmaceutical representative comes in to collect the drug or to return it – there are varying policies right now, Mr. Chairman, with how those pharmaceutical companies deal with returns and overstocks and dead drugs. They may just come and do an inventory and then credit the pharmacist, they may actually pick up the drug and credit the pharmacist, they may abandon the pharmacist to that dead inventory, or they may say: "We'll give you a credit. You do your own census; we'll trust you." But in those cases where the retail pharmacist is either stuck with the drug or when the pharmaceutical manufacturer actually takes back the drug, many times those drugs, too, then end up in the toxic drug round-up program.

So what you see is that we've got not the extra cost of unused prescription drugs being left to waste, but we've got the extra cost to small business, in many cases, that has been forced on the small business by a government policy. Then to sort of make matters even worse, we may be subsidizing the large pharmaceutical companies in the disposition of those excess drugs, because if they're left at the pharmacy to dispose of, it's usually those pails of liquids and pills and preparations and tablets which end up going into the 36 metric tonnes of waste. So, you see, you have a government policy which creates an extra business cost to a retail pharmacy, and then we are paying again for that through the additional costs to dispose of those drugs through the round-up program.

It is very true that the excess drugs and the dead drugs and the wasted drugs are a problem and that somebody has to pay for that problem, but unfortunately part of that problem is being created by government initiative. My challenge to the Minister of Health is to figure out a way to work in tandem with the retail pharmacies and with the manufacturers to minimize the waste. Perhaps one way could be to make the expert committee that recommends Blue Cross drug policy a little bit more effective by involving the retail pharmacists more directly. We could perhaps save a little bit of money if we co-ordinated with the pharmaceutical manufacturers in advance of what was going to be delisted.

Finally, we could invest some dollars, I think, into better patient and consumer education so that we're not all left with having those top shelves ourselves full of dead drugs. Mr. Chairman, I think we've all had the experience either with ourselves or somebody that we're acquainted with of getting a prescription and not completing it or losing it or going back to the doctor and getting another prescription. Part of that is individual

responsibility, and I think that Alberta Health perhaps working in tandem with the industry and with the retail pharmacists could be more involved in some very aggressive consumer education programs. That may in the future prevent us from having to deal with a supplementary estimate of up to \$35 million to pay for a whole bunch of drugs that the Minister of Health has just said is in part afraid are going to end up in the dumpster. That doesn't make a lot of sense. That doesn't seem to be a very cost-efficient way of doing things.

**8:50**

So while it would be difficult to vote against the supplementary estimate because the need has been identified – the seniors are in fact being prescribed those drugs, the ambulance calls are being phoned in and the responses have to be made, the Blue Cross program is being heavily burdened. For those reasons it would be hard to say that we shouldn't support this estimate. On the other hand, Mr. Chairman, it is a little bit frustrating to be in the position where we're in part voting for something that'll be spent on a commodity that'll end up in the waste.

I think we have to work co-operatively and immediately to address this problem. There have been some moves in that regard. The Institute of Pharmaco-economics is a positive step in studying this problem, but let's not ignore the other issues. In particular, Mr. Chairman, let's not ignore the need for some good policy development in the area of ambulance, particularly for rural Alberta. Let's not ignore that we have to deal with the role of the expert committee. Let's not ignore, in fact, that we have to look at how the government goes about the business of either listing or delisting those products which are covered under Blue Cross.

Now, the minister talked about three groups: group 1, subsidized premium recipients; group 66, seniors; and group 66A, widows who receive the drug benefit under the widows' pension. Now, we had seen earlier estimates from the Department of Health's business plan that up to I believe it was \$50 million in addition was going to come out of Blue Cross funding primarily for those three groups. Now, if that money was going to be taken out and that business plan was being defended inasmuch as it represented the true need and the true cost and the fair cost for what the program would cost, then how can that still be the case if today we're looking at being asked for an additional 30-plus million dollars to fund those exact same programs?

So I'd like the minister to explain the contradiction between the business plan, which calls for a reduction of \$40 million or \$50 million, and then on the other hand this supplementary estimate request of an additional 30 million plus dollars for the exact same program. I can't reconcile that. Perhaps that's the implementation delay that the minister was referring to, but if it is the implementation delay, then I go back to my earlier comments, Mr. Chairman, about what exactly has been the cause of the delay, what has been the delay, and when will it be resolved.

Thank you.

**THE CHAIRMAN:** The hon. Member for Sherwood Park.

**MR. COLLINGWOOD:** Mr. Chairman, thank you. I'm delighted to participate in the debate tonight on supplementary estimates. I'll speak primarily to the estimates of Environmental Protection, to the request for \$147.5 million, to coming close to the end of what is probably the biggest boondoggle in government history that taxpayers of Alberta have had the misfortune to have to pay for.

Mr. Chairman, I think that members and the public will see the NovAtel fiasco of the Conservative government as the biggest boondoggle, but in fact I would argue that the Bovar joint venture agreement is the biggest boondoggle, because that was in fact known, it was planned, it was deliberate, it was structured so that Alberta taxpayers would take the full brunt of the special – and what my colleague from Edmonton-Whitemud calls obscene – sweetheart deal with Bovar to construct and operate the Swan Hills hazardous waste treatment plant.

From the inception of the plant to the siting of the plant to the construction of the plant to the expansion of the plant in 1991 based on rather far-fetched assumptions right through to the importation of hazardous waste, that full agenda for a period of 10 years was a planned and deliberate agenda to ultimately allow for the importation of hazardous waste to the province of Alberta from other Canadian jurisdictions. The \$147.5 million, as my colleague from Edmonton-Whitemud indicated, is in relation to the letter of intent that was agreed to this summer between the Minister of Environmental Protection and its joint venture partner in the Swan Hills joint venture under the joint venture agreement on behalf of the Alberta Special Waste Management Corporation, which of course is a Crown corporation under the jurisdiction of the Minister of Environmental Protection.

The minister did outline specifically what the obligations are to the \$147.5 million, but as my colleague from Edmonton-Whitemud pointed out – and we'll look for a clear answer from either the chairman of the Alberta Special Waste Management Corporation or from the Minister of Environmental Protection – note a) to the summary of operating expenditure reflecting that the \$147.5 million is “fully offset by a reduction in Valuation Adjustments, Obligations under Guarantees and Indemnities, and Other Provisions” does not seem to be a full and complete answer as to how the future liabilities that have not been accounted for in 1995 have been incorporated into this figure. My colleague from Edmonton-Whitemud and I looked at this and talked about that and recognized that as this figure is incorporated by supplementary estimates, the contingent liability will drop. Nonetheless, it has not already to this date been accounted for, and that needs some explanation from the chairman of the Alberta Special Waste Management Corporation.

Mr. Chairman, the \$147.5 million in conjunction with the money that we have spent on the Alberta Special Waste Management Corporation facility at Swan Hills will bring the total of Alberta taxpayer cost for that plant up to about \$415 million, and that does not include the ultimate expenditure that is being left with the taxpayers of Alberta for site reclamation and site remediation. Now, what the government has indicated it will agree to do – and I was a little taken aback at some comments that were made by the Member for Edmonton-Whitemud, that perhaps the government will not live up to its obligations and its commitment for the full cost of site reclamation and site remediation. As the financial statements that were released earlier this year by the Provincial Treasurer indicate, that liability could be in the range of \$31 million to \$57 million for full decommissioning and site reclamation.

Now, Mr. Chairman, I recalled the comments that were made by the government in the news release announcing that it was going to try to get out of the obscene sweetheart deal with Bovar when it released that intention on July 27, 1995. What the statement of the government was at that point in time was that

the taxpayers' ongoing financial responsibilities are being minimized and yet Albertans can be assured that some time down

the road the plant will be cleaned up to the high environmental standards expected in this province.

Now, as I read that, Mr. Chairman, I conclude that the government will accept its responsibility for full decommissioning and full site reclamation and remediation, whether that cost to Alberta taxpayers is \$31 million or \$57 million or any number in between.

So I am going to assume that the government will accept that responsibility. What of course disturbs me is that in the negotiation for the letter of intent, the government does not appear – and I have to qualify my comment because we have not had the final agreement tabled in the Legislature. It does not appear that the Minister of Environmental Protection or the chairman of the Alberta Special Waste Management Corporation has negotiated for Bovar to take responsibility, at least some portion of the responsibility, for that cleanup cost ultimately when the plant closes.

**9:00**

Mr. Chairman, the \$450 million – that's the total expenditure incurred by Alberta taxpayers for the operation of this plant – is an enormous amount of money, which heavily subsidized Bovar by giving it a guaranteed rate of return and allowed it to earn a profit where no profit was ever earned at the Swan Hills plant. What I find interesting is that the government had for that whole period of time, in the 10 years, hung on to the fairy-tale notion that the Swan Hills plant could be profitable. They talked about it during the expansion hearings: “Soon, soon, Albertans, we're going to be making a profit.” They talked about it in the importation: “Soon, any time now we're going to be making a profit.”

What's interesting is that even now in the government's press release of July 27, 1995, it says that in the “phase two negotiations toward the sale of the shares of the subsidiary,” it will ensure “the province will share in future profits from the Swan Hills operation.” Still, even at a point in time when the government is trying to bail out, when they're desperately trying to bail out of the worst boondoggle in history, they're still hanging on to the fairy-tale notion that the Swan Hills hazardous waste treatment plant is going to make a profit. It's actually rather sad to see those kinds of comments being made and to see the government still hanging on to that ridiculous notion.

Mr. Chairman, with that \$450 million expenditure on behalf of Alberta taxpayers I must commend the Premier and I must commend the Member for Calgary-Shaw, who is the chairman of the Alberta Special Waste Management Corporation. They continually say to the people of Alberta: this was a good deal. They continually stand and have a stiff upper lip and look Albertans square in the eye and say that this was a good deal for Albertans, as if they actually expect Albertans to believe them. So I have to commend the Premier and the chairman of the Special Waste Management Corporation for their courage in standing up to Albertans and trying desperately to believe that Albertans will actually believe that Swan Hills was a good deal for Alberta.

Mr. Chairman, while I have the floor, in the context of coming to closure on this whole fiasco with supplementary estimates for the amount necessary to begin the process of phase 1, I want to go on record as saying that I commend the very fine people of Swan Hills, Alberta, and many of those residents who are in the employ of Chem-Security (Alberta) Ltd., who is the operator of the Swan Hills hazardous waste treatment plant. Those individuals, those men and women are biologists, engineers, technicians, chemists. They are people who have bettered themselves, who have an excellent education, and who have gone into the work-

force to do the best they can, serving not only their communities but also in their own way serving the environment and the protection of the environment. Those individuals had nothing to do with the financial boondoggle. They're just there doing their job, and that includes the management of Chem-Security as well. They're just there doing their job, and they're not part of the process that agreed with and approved the biggest boondoggle in Alberta history.

I want to extend that commendation to Bovar and to the board of directors of Bovar and to the chairman of Bovar, because in a province that holds its business leaders out, those individuals who were on the board of directors and the chairman of the board of Bovar must be commended for taking this government to the cleaners. They absolutely sucked this government dry. Mr. Chairman, I commend businessmen and businesswomen who negotiate on behalf of their shareholders. When they find a weak negotiating partner on the other side and they can absolutely take them to the cleaners, you have to commend that kind of business enterprise and that entrepreneurship in the province of Alberta. So hats off to Bovar. Man, do those guys know how to negotiate agreement: lock this government up so tight that while they operate the Chem-Security plant at a loss, they're still raking in the bucks and raking in the profit and rubbing their hands in glee. Now, that's the kind of company that you should be a shareholder in.

MR. SAPERS: That's the Alberta advantage.

MR. COLLINGWOOD: That's the Alberta advantage, hon. member. Absolutely. Anytime you can take this government to the cleaners on a deal, that's the Alberta advantage. Absolutely.

So, again, commendation to Bovar for being able to take advantage – the Alberta advantage – of the Alberta government in locking in the deal to the extent, Mr. Chairman, that Bovar was able to negotiate a part of the contract that said that they could charge themselves a consultation fee. They could charge themselves a consultation fee up to a maximum of \$100,000 a year to consult with themselves, and the government said: that's fine. They agreed with that: there's no problem with that at all. So it really is amazing.

Now, of course, the loser in all of this, hon. members, is the taxpayer of the province of Alberta, the big-time loser. But then the question, of course, Mr. Chairman, is: who are the hon. members opposite representing? Are they representing big business interests in the province of Alberta to ensure that those profits continue to be returned, or do they represent the taxpayers of Alberta, where that source of money comes from to continue to give a profit to Bovar? I suppose it raises that particular question, but regardless of the answer the big loser in this whole Swan Hills fiasco is the taxpayers of the province of Alberta – no question about that – which is extremely unfortunate.

Mr. Chairman, I'm looking forward to debate from members on the opposite side of the House because, as we saw in this whole fiasco, members opposite, as did myself and my colleagues on this side of the House, campaigned on a new approach to fiscal responsibility. We campaigned on a new way of doing things in the Legislature. One of those issues that we dealt with everywhere we went, whether it was at the doors, whether it was in our forums, was loan guarantees. Many, many members opposite went to the doors in their constituencies, went to their forums, and said, "I do not stand for loan guarantees; we can't have loan guarantees." And what did the hon. members opposite find eight

days after the provincial election? The Premier of Alberta signs off a \$100 million loan guarantee. A hundred million dollar loan guarantee.

MR. GERMAIN: Who did that?

MR. COLLINGWOOD: It was the Premier of Alberta.

Members will recall that at the time that was disclosed by members of the opposition, that loan guarantee was tucked away in the bylaws of a subsidiary corporation to the numbered company that was the subsidiary of the Alberta Special Waste Management Corporation. [interjections] Well, Mr. Chairman, I can't be the one to suggest that they were trying to hide it, but I have been hearing comments throughout the Assembly this evening that, you know, perhaps they were trying to hide it. Now, far be it from me to suggest that they were trying to hide it, but that's where the loan guarantee was found.

Hon. members opposite – I recall very clearly – were rather caught on that disclosure and had to go back to their constituents and say, "Well, yes, I know I campaigned on no more loan guarantees, but my Premier signed the loan guarantee, and, well, there's really nothing I can do about it at this point in time, and it was only a hundred million dollars." At a time when we started down a path of significant restructuring that saw education affected, that saw health care affected . . .

9:10

MR. SAPERS: Cut.

MR. COLLINGWOOD: Cut, hon. member.

. . . that saw early childhood services, seniors cut – all of the programs cut while the government signed off on a hundred million dollar loan guarantee.

Mr. Chairman, I also recall that at the time the Premier said: no, no, no; it's not a new loan guarantee; it's an extension of an ongoing obligation. The Provincial Treasurer said that it was an extension of an ongoing obligation, and the Premier said that. That went on for a while, but the Auditor General said: no, no, no; it's a new loan guarantee. Ultimately the Premier and the Treasurer had to stand in the Assembly and agree that, yes, well, actually it was a new loan guarantee; it was not an extension of an existing obligation.

Mr. Chairman, those are the kinds of events that we recall when we recall the full history of the Alberta Special Waste Management Corporation.

[Mr. Clegg in the Chair]

You know, as my colleague from Edmonton-Whitemud pointed out, the fact that Bovar was entitled to receive a guaranteed profit, the fact that the government sent a message to the marketplace that said that polluters are not responsible for disposition or for disposal of their hazardous substances, that the taxpayer will pick up the bill, the fact that that happened left open the unfortunate result that we do not have in this province a policy for toxic use reduction.

Mr. Chairman, I had at one point in this Assembly brought forward a motion to the Assembly that asked the government to look at a toxic use reduction policy in conjunction with the operation of the Alberta Special Waste Management Corporation. But the Alberta Special Waste Management Corporation in the expansion of the Swan Hills facility made it like the *Little Shop of Horrors*, if you're familiar with the *Little Shop of Horrors*.

That plant out there just kept saying, "Feed me, Krelborn; feed me, Krelborn." More and more and more. It needed more hazardous waste.

The assumptions that were used in the expansion turned out to be way, way off base. All of a sudden it was necessary for the operator of the facility to come back to the government once again and say: now, we know that the Premier said that there would never, ever, ever be importation of hazardous waste, but we didn't do a very good job of our calculations for Alberta-sourced, Alberta-only hazardous waste; so to keep that plant operating on economies of scale because now it's so massive, we must have importation of hazardous waste. The Premier, of course, got involved in that debate and said: well, if we don't get expansion, we're in big trouble.

Here we are now debating a supplementary estimate for \$147.5 million because even with importation we're still in big trouble. The government can hardly wait to get out of the Bovar Swan Hills deal that it had said repeatedly over and over and over again was a good deal for Alberta, was a good deal for the government, was a good deal for the environment. Now the government simply wants out of it. They want to wash their hands of it. They want nothing more to do with it except leave the taxpayers with \$450 million lost in their wake and another potential \$60 million yet to come for our children to pay when the Swan Hills plant closes and we have the obligation to continue to pay for the site remediation and the decommissioning of the plant.

Mr. Chairman, again, as my colleague from Edmonton-Whitemud pointed out, the continuing obligations of the province that will continue even with the approval of the \$147.5 million are not over even at that point in time. Now, as I indicated, we do not yet have the actual definitive agreement as it's stated in the letter of intent, the letter of intent being July 21, 1995. So without the definitive agreement that we understand will be tabled in the Legislature very shortly, we can only go by the provisions of the letter of intent at this point in time.

The obligation, as I've already pointed out, under the letter of intent is that the province retains the obligation for closing, decommissioning, and remediating the site at Swan Hills. But the province will also be responsible for the ongoing cell monitoring at the plant after the plant closes so that the liability remains with the taxpayers of Alberta for the cells that are up there, cells being the landfill cells for the residue from the hazardous waste destroyed at the plant. That obligation, that responsibility is going to remain with the taxpayers of the province of Alberta.

Now, the Minister of Environmental Protection even recognized that while we are going to be rid of all of the liabilities, it's all of the liabilities except for – and the terminology that he used was I think in the press release – the "back up" insurance." So that we continue to take the obligation for the backup insurance at the plant under the joint venture agreement, and at this point in time, Mr. Chairman, we don't know what that liability is going to be.

Mr. Chairman, there was one very telling provision in the letter of intent. While the parties being Bovar and the Alberta Special Waste Management Corporation will agree to various corporate restructurings with assumption of liabilities from the numbered company, which is a subsidiary of the Alberta Special Waste Management Corporation, et cetera, et cetera; one of the provisions that leaves the door open – and I'm reading specifically section 1(x), and that says:

The Province retains the right to assist, financially or otherwise, with respect to any waste treatment that it determines to be necessary.

The door's still open.

Thank you, Mr. Chairman.

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

MR. GERMAIN: Mr. Chairman, thank you very much. You know, we've now progressed into this debate about an hour and a half. I kept waiting for the hon. Member for Calgary-McCall to stand up and speak out on behalf of Albertans. He hasn't done so. I kept waiting for the hon. Member for Barrhead-Westlock to stand up and speak out on behalf of Albertans. He hasn't done so. I kept waiting for the hon. Minister of Justice to stand up and speak out for Albertans, and he hasn't done so. Once again, we have . . .

DR. L. TAYLOR: Who are you speaking for, Adam?

MR. GERMAIN: Yes. As a matter of fact, thank you. The hecklers say, who am I speaking for? Who am I speaking for? Well, the hon. Member for Edmonton-Whitemud, the hon. Member for Sherwood Park, and the other hon. members that have been speaking here tonight have been speaking about a serious financial matter, the wastefulness of this government of another \$150 million rounded off, and there isn't a single one of them, from Calgary-Currie, from Calgary-Bow, from Calgary-East. The hon. Member for Calgary-East, are you worried about \$150 million of waste? Not one of them. He says no, he's not. He says he's not worried. Well, Mr. Chairman, if you'll pardon me, and if you'll pardon the members from this side of the Legislative Assembly, we are indeed worried. We are indeed worried.

Now, the hon. minister of environment had a choice. You know, the hon. minister of environment is a wealthy man in his own right, Mr. Chairman. He's a successful farmer, and he comes with a lot of credibility to this Assembly. Years from now people will look at this agreement, this Bovar letter of intent, and they will say, "Who in the whole wide world would give away 40 percent of a facility and throw in \$150 million to boot?" You know, just like those folks selling stuff on television, not only will they throw in \$150 million to boot, but they will reserve unto themselves a future cleanup liability that, depending on when it's called, could be billions of dollars more. Billions of dollars more depending on the future cleanup liability. Who would do that? The hon. minister of environment had a choice. He had a choice. He could have simply said no.

The hon. Member for Calgary-Shaw. Now, how did these two hon. members collide in the night on July 21 and sign this particular document? Well, a story goes back a year from now when the hon. Member for Calgary-Shaw had the temerity to criticize the Premier for washing his car on government expense. That made the press, and it was only inevitable before those people who control the Premier and the Premier's office would try and find a way for the hon. Member for Calgary-Shaw to make his mark on the law and the documents of the governance of this province. So they had that hon. member sign a document that gave away 40 percent of a plant, threw in a hundred and fifty million dollars to boot – and that's not all – reserved the potential future liability that could be in the billions.

Those two hon. members could simply have said no, but they didn't. So tonight nobody stands up and speaks for the people of Alberta except those members in the Official Opposition who are suggesting with some concern that what we should do tomorrow when we vote on this \$150 million expenditure is what? Just say no. So what will happen if we say no? [interjection] Just say

no. I think the hon. member from Stettler and the hon. members from Red Deer are starting to catch on. All we have to do is say no.

9:20

AN HON. MEMBER: Thank you.

MR. GERMAIN: You know, that reminds me. The hon. member says thank you. I happened to read some speaking notes of a speech the hon. Minister of Community Development gave to a group. They were losing their libraries, Mr. Chairman, but I won't talk about those library losses because we're talking about this \$150 million loss tonight. He said that the government would be identified. They wanted to have a triple A government, he said. Whoa, he said. I want a triple A government. Well, my learned friend from Whitemud identified one of those As today when he said that this was an abomination. Another one is abhorrent. This is abhorrent that we would be voting on a \$150 million additional giveaway.

My friends were kind when they talked about \$150 million dollars, because it's a hundred and fifty million dollars we don't have in this province. So by the time this \$150 million is paid off, given that the government does not have even a 40-year debt payoff scenario, it means that \$150 million will have multiplied 10 times. Calculate that cost to Albertans. Calculate that cost so that when a young woman today takes her child home from a hospital in her arms, when that child is 40 years old, that child will still be paying because the hon. minister of the environment and the hon. Member for Calgary-Shaw just simply did not say no.

I want to say that is extremely troubling to me. You know why it's troubling? Because every so often people get confused and they think that if you're in opposition, you're part of the government. So they come up to you on the street, and they spit at you. "How could you be so stupid?" is what they say. You say, "Well, what's the problem?" They say, "How could you be so stupid to give away a plant, throw in a hundred and fifty million dollars to boot, and still take on a contingent liability? How could you? How could you do that?"

Tomorrow when we vote on this, who's going to stand up and vote for this? Is the hon. member from Carstairs going to stand up and vote on this? Is the hon. member from Canmore going to stand up and vote on this? The hon. Minister of Justice ducked out of the environmental portfolio before he could sign this document because he did not want to have his signature on page 7 of this document, right there with the minister of the environment and the hon. Member for Calgary-Shaw. Ladies and gentlemen of this Legislative Assembly, we ought to be ashamed of this debate tonight. We ought to be ashamed that we are debating \$150 million. We ought to be ashamed. We ought to be ashamed that the government budget that was prepared less than six months ago showed . . . [interjections] Well, listen. If you want to engage in the debate, you can get back to your chair and stand up. You didn't have to sign this document. You didn't have to sign this document. [interjections]

#### **Chairman's Ruling Decorum**

THE DEPUTY CHAIRMAN: Order. [interjections] Order. We'd better just rest for a little while until people cool down. We've got members from all over the world here. I know there are hon. members all over Alberta but they're not in the House

here. So let's just quieten down and have a good debate on these estimates.

The hon. Member for Fort McMurray.

#### **Debate Continued**

MR. GERMAIN: Thank you. The minister of environment seems to feel that there is no problem coming forward with a \$150 million request. It is a seven times error in his original budget for this item. Surely last February when we were debating the budget for 28 days straight the hon. minister should have known that he would need some contingency money for this Bovar fiasco. He should have known that. It should have been discussed then. It should have been planned.

The minister has also known of but has understated the potential future liability time and time again, Mr. Chairman, and that is of serious concern to the hon. members on this side of the Legislative Assembly. And it is not over. You have to only look at the briefing notes, the government's own briefing notes, the minister's own briefing notes, to know that the fiasco is not over because it says: "The funding authority will be used to limit the Corporation's obligations under the Joint Venture and related agreements." "Limit" as opposed to eliminate or end. Limit. So it is not over. The minister knew that, and he knew that when he signed this July 21 memorandum.

I want to go on to point out to the Members of this Legislative Assembly, Mr. Chairman, what it is they can do tomorrow when we vote on this. They can vote no. If you stand up and have the courage to vote no, you will be saying to your constituents that I care more about the schools in my riding and the hospitals in my riding than I care about paying a corporation in this province another \$147 million. I cannot understand how there is a member in this Legislative Assembly that could go back to their riding, how the minister of agriculture who lives in a riding where people talk straight and use good old basic common sense to govern their lifestyle . . .

AN HON. MEMBER: You can't say that.

MR. GERMAIN: Oh, yes, this member can say that, Mr. Chairman.

I don't know how you can go back and walk down the street there in Grande Prairie and say: "We gave away another \$150 million. We gave away a plant. We reserved a contingent liability. We're so proud of it that not one member of the government spoke up on this particular spending Bill." Not one member - not one member - spoke up.

You know, this cost that we're assessing today is the kind of cost that was incurred in this province of Alberta when we had for so many years no effective opposition. No effective opposition. Because if we had had any effective opposition at the time that this agreement was being discussed, if it had come before the Legislative Assembly, nobody would have gotten into a deal that guaranteed an operating partner a profit. Nobody would have gotten into that deal. The hon. Minister of Labour wouldn't have gotten into that deal. He would have said no, we're not going to get into a deal that guarantees a corporation a profit even if they lose money. We're not going to do it.

You know, the last point that I want to make on this issue, Mr. Chairman, before I move on to considering the other health care expenditures and the flood relief expenditures, is that we still don't have the entire deal. This matter comes before us for debate in the Legislative Assembly and in a cold and heartless one

line we're asked to approve another \$147,500,000 of expenditure, and we still don't have the entire deal.

You know, earlier the hon. Member for Edmonton-Whitemud gave us some options, and one of the options he said was that we could simply say no. You know, it would be better, I say to you my friends, to close this plant right now, pay the \$147 million to clean up the environmental risk, than to run that future contingent liability. Any of those options would have been preferable. What the government could have and should have done is perhaps go to Bovar and say: "Look; we're hurting in this deal. Let us out of this deal. At least roll back your profit by the same 15 or 20 percent that we've asked health care to roll back. At least roll back your guaranteed profit by the same 15 or 20 percent we've asked the schools to roll back." The government doesn't appear to have done that. The government went to a company that had a hand of all aces and said: "Let's sit down now and play cards, and the name of the game is separation. What are the cards that you've got? You've got all aces, and we're going to take the deuces that the government created for itself by its deal, and we are going to use our handful of deuces to try and fight with you holding a handful of aces."

9:30

Well, tomorrow night, ladies and gentlemen in this Assembly, when we vote on this, how sweet it would be if we simply said no. Do you think that the hon. Member for Bow Valley would get a phone call from any irate constituents telling him, "Hey, you should have voted to give that company \$147 million"? Do you think the hon. Member for Calgary-McCall, describing his ethnic mix environment that he spoke of today in his question . . . Mr. Chairman, do you think the hon. Member for Calgary-Currie would have her phone ringing off the hook if her constituents found out that she had voted no to spending \$147,500,000 to buy out the government's share of a waste treatment plant? In fact I think quite the contrary. Her phone would be ringing with calls of congratulation.

Mr. Chairman, in case I unduly inflame the Legislative Assembly, I want to move on to discuss the Minister of Health's \$35 million expenditure. Now, the Minister of Health, you see, said that this was all for pills for seniors, and thereby she hopes to attract affection for her cause, her cause being to spend another \$35 million on pills for seniors. Unfortunately the Minister of Health forgets that in her own working document it says that this cost is for "delays in the planned program." So my question to the Minister of Health would be: what "delays in the planned program" is she talking about that have cost her government \$35 million since we discussed the budget in February, and how much of the \$35 million is for "delays in the planned program?"

She indicates as well in her working notes to this budget document that the cost is for "other benefits not covered as basic . . . health services." I would be interested in having the minister expand in her response and wrap-up on this as to what other benefits she's talking about other than the ambulance service because it is listed as a separate component in the minister's notes.

In addition, Mr. Chairman, we have here a situation where the government's budget excess in this supplemental budget is 3 and a half percent. That is another \$35 million, and I want to ask the minister to expand, if she would, at some point as to why this could not have been predictable. Why is it, with the minister closing some 3,000 beds in the province of Alberta over the last year or projected over the next year, that the minister could not have envisaged that there would be more demand for drugs as

people go home out of the hospitals and take drugs on their own at home rather than get them delivered to them as part of the cost of administering hospitals? What has changed between last February and now that has warranted an additional \$35 million expenditure in the minister's Health budget? Can it be that this is the first opening salvo in the Premier's miraculous 90-day health care cure, and if not, can the minister tell us what, if anything, in terms of additional funds she will have available to put into the Premier's miraculous 90-day health care recovery program if she has come forward tonight only for this amount of supplemental funding which she blames on drugs for seniors?

So those are areas of curiosity to me, Mr. Chairman, and I know that the minister who has indicated that she likes to explain all of these in great detail will be happy to explain exactly what is meant by her comment about delays in the program and what is meant by other benefits. What would be particularly interesting to myself and to other members on this side of the Legislative Assembly is: what exactly and how much of this \$35 million is going to Health department administrative fat, increases in administrative budget, increases in public relations, and how much specifically is actually trickling down to the pill or prescription delivered to the hand of a senior?

Now that brings me, Mr. Chairman, to the very last program that we're voting on today, a program brought forward by the minister of transportation. He couldn't explain the budget estimates, and he's too much of a gentleman to stand up and admit that it was gobbledygook. It was booga-booga accounting. That's what it was. What the government claims is that because they've gotten rid of assets in the department of transportation, those assets won't be wearing out, and as a result they won't have any expenditure for so-called depreciation. Well, anybody at home trying to balance their chequebook and looking at the money that they've got coming in and the money that they've got going out knows that they don't have more money coming in and they don't have more money going out if their car is wearing out in their driveway, and if their Aunt Myrtle takes their car so that they don't have it anymore, they certainly know that they don't have any more money coming in. But the minister of transportation simply said that as a nonaccountant he couldn't explain the entries in the supplemental budgets. They are inexplicable because they represent something that this government has developed a patent on, and that patent that they've developed is on booga-booga accounting.

I want to say to the minister of transportation that, you know, had we elected a Reform government federally, as many Albertans in southern Alberta had wanted last year – and the hon. minister of agriculture is clapping. He is clapping, but he ought to sit on that clap instead of pounding on his desk, because 90 cents . . . [Mr. Germain's speaking time expired]

THE DEPUTY CHAIRMAN: The hon. Member for Calgary-Currie.

MRS. BURGNER: Thank you, Mr. Chairman. I just felt it was appropriate, given the passionate speech from my colleague across the floor, for some commentary to identify the fact that we have been dealing with these issues on an ongoing basis in the public domain for close to six months, when we recognized that some movement needed to be taken. So I am not surprised that finally there is some concern in the House that there isn't enough commentary. Well, we've been speaking to the issue to Albertans for quite some time.

I want to just reflect a little bit on some math that the Member for Fort McMurray spoke to when he talked about the Bovar bill. I would like him just to consider the fact that if we did not deal with this issue now, I estimate, using his numbers, that the 40 years of sitting, paying it out with some of its operating losses would be in excess of \$9,600,000, and that's in 1995 dollars, which I don't think your children or my children or our grandchildren would like to have to carry. So there is a price for not dealing with it now.

The second comment I just want to make is with respect to the drug issue, and if the hon. member will recall from question period last Thursday, we spoke to the issue of drugs and we spoke to the issue of excess cost and we spoke to the issue of waste. The problem as I see it, sir, is not just simply a question of restructuring, but it has to do with the fact that there is an exorbitant amount of drugs that are prescribed in this province, the cost of which is not explained fully because the seniors themselves are not using the drugs. That is evidenced by the drug roundup program that the minister spoke to in answer to my questions on Thursday.

So while I appreciate that you're desperately looking for a response, I would suggest to you that a number of these issues have previously been discussed and we can move on to other matters. Thank you.

9:40

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

MR. GERMAIN: Thank you. I'm grateful for the hon. member responding to that debate. It reflects a quiet courage on her part that we sometimes do not see.

Now, I was just in the middle of pointing out that 90 percent of the minister's flood relief program is in fact funded by a federal government with heart. You know, I think it's important that we appreciate and properly recognize that the minister's flood relief program is in fact the provincial government administering the federal government's flood relief program. The reason I say that is because I was deeply moved, Mr. Chairman, by the situation and some of the hardship that flood victims in southern Alberta experienced this year. I know that members of our caucus – the Premier was of course out of the country – attended and inspected the flood devastated areas and in fact did what little we could to help out in a human and compassionate way in the absence of the Premier. I want to point out that when the hon. minister of agriculture was clapping his hands at the suggestion that a Reform government would have been elected, he must remember that there wouldn't have been any flood relief then for those victims in southern Alberta, because they believe, that party and some members opposite, that it is the strength of the individual that must reign supreme in times of need.

On this side of the House, Mr. Chairman, we believe in a gentler, kinder Alberta. We believe in an Alberta where people help each other, and although the flood was very graphic, it is no less graphic than the kindergarten student deprived of education, it is no less graphic than the senior citizen who cannot find an extended care bed, and it is no more graphic than the single mother fighting for survival, raising children on the money that she gets from the minister of social services. So I only want to urge all Members of this Legislative Assembly that as we open our hearts to the flood victims of southern Alberta, we should remember, as I have commented at other times in this Assembly,

that even the most strong will sometimes be weak and all of us from time to time will need a helping hand.

That, Mr. Chairman, concludes my remarks.

DR. PERCY: My time had run out before I was able to finish three other questions that I have for the hon. member with regard to the \$147,500,000. The sixth question relates to the Royal Bank. The Royal Bank is an 8 percent shareholder in Bovar. They have nonvoting shares. In the creditor agreement it starts out very clearly that the bank is unwilling to provide additional funds in the absence of a guarantee by the government. My question to the hon. Member for Calgary-Shaw is: what has been the role of the Royal Bank? It is both a shareholder, though nonvoting, in Bovar as well as a recipient of the loan guarantee. They seemed to be protected each and every way. So I'd just like some statement of what its role has been in these negotiations. Has it borne some of the risk? What has the Royal Bank done?

The second question relates to the recent reductions in cost that have been undertaken by Swan Hills. They have laid off a number of staff, and suddenly they've got the religion of "Let's keep costs low." Well, my question is: to what extent, then, does this agreement for \$147,500,000 reflect the lower cost structure that has come about from the knowledge that Bovar has that it now has to pay the freight? Has this calculation been based on sort of the historical average of its costs, or has this been calculated on the basis of the old administrative bloat, the full meal deal that the company used to receive under the old administrative agreement? How was the net present value of the subsidy calculated? What particular set of costs? Before or after these staff reductions?

The third point is: to what extent will the province then get a remittance from Bovar if in fact Bovar reduces its costs even more? If suddenly they find even greater economies, that they can run the plant at even lower cost, will they in fact remit to the province some of the savings that they're going to realize, or will they just hold on to this subsidy they're receiving that's based on their old cost structure?

So those are the additional questions that I have for the hon. Member for Calgary-Shaw.

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

MR. BRUSEKER: Thank you, Mr. Chairman. I appreciate the opportunity to make a few comments about the supplementary estimates to the general revenue fund we have before us this evening. You know, the colleagues on this side of the House have talked a little bit about the deal with Bovar, and I, too, want to make a few comments about this particular deal. In looking at the government's news release of July 27, 1995, that talks about "Government to Exit Special Waste Treatment Business," the Member for Calgary-Shaw is quoted as saying that "this is a good deal for Albertans." Yet when we look over the deal: we've already invested \$264 million; we're going to invest another \$147 million to get out of the remaining investment that we have. When all is said and done, I guess the question is: what will Albertans have to show for it? I'm not sure that the government has satisfactorily answered that question.

Certainly we've gotten rid of some waste, but the sequence of events here is curious. We first of all had a plant. Then we expanded the plant because there was going to be all this oil field waste that was going to go into it. Then we decided that the oil

field waste wouldn't go into the plant. Now the plant is too big and it's surplus to our needs and we're going to pay somebody to take it off our hands and get rid of it.

I suppose that philosophy, if the government is consistent, leads me to be somewhat worried, because of course we just recently put a whole bunch of money into expanding and improving the delivery of health care at the Holy Cross hospital, spent some \$30 million, and now the government proposes to close that facility as well. So it seems to me that whenever the government puts more money into a facility, the next move is, logically, closure. That leads me to a concern, Mr. Chairman, because they've just recently expanded a school in my constituency, and I'm worried now if that is signing the death knell: now that they've put more money into the school to expand it, if they're going to close that right away too. I hope that doesn't happen, because it's certainly a well-needed school right now, which is why they've expanded it, but given the philosophy on Bovar and the philosophy on the Holy Cross hospital, it leads one to question what's going on.

[Mr. Herard in the Chair]

I don't know if my colleague from Edmonton-Whitemud raised the question, but how is it that we're spending \$147 million on top of the \$264 million we've already put into it, yet we still have – and this is from page 8:

In the first phase, the parties will negotiate terms . . . but excluding insurance indemnities and site reclamation responsibility.

How is it that we can spend 411 and a half million dollars, this last being a request of 147 and a half million dollars, and still have some contingent liability in those two areas? If you're going to make a deal to get out of this and basically pay someone to take your share off your hands, can't you at least do that right and get out of the thing completely? Why do we have that little drib-drib hanging on at the end?

Now, we haven't seen the agreement. We've seen the news release that has been tabled before. We've seen some letters that have gone with it back and forth that talk about general terms. I guess the final document, though, that remains to be the binding agreement has yet to come before us. So given that we are now seeing a request for an additional 147 and a half million dollars, I guess the obvious question that has to go out again is: will there be an additional hit on top of this for our buyout, or is this firm, cast in stone, isn't going to go any higher with the exception of "insurance indemnities and site reclamation responsibility"? If we are into this yet again for even more, it begs the question of why we're looking at this figure this evening.

9:50

Mr. Chairman, the question that I guess one has to ask is why we got into this in the first place. The growth of this company under Bovar with the Alberta Special Waste Management Corporation has been poorly planned from the beginning. They're now talking about closing this down ultimately. I guess the question is: when is that likely going to happen, and ultimately where are we going with this whole development of special waste treatment, special waste that needs to be disposed of, gotten rid of, whatever you want to call it, at a cost, as was mentioned by my colleague from Edmonton-Whitemud, of \$4,200 per tonne on average? If you take the total amount of money that's gone into the plant, the total amount of waste that has been treated by the plant – to use the term euphemistically; burned is really what's happening – it seems to me that this certainly was not the most

well-thought-out plan in terms of dealing with the wastes in this province. So I guess the question has to go: what's next for the overall development here?

I want to make a couple of comments as well with respect to the other two areas, because I think the members for Edmonton-Whitemud and Fort McMurray and Sherwood Park have addressed the issue of Bovar significantly. I want to make just a couple of comments with respect to the supplementary estimates for Health. The Minister of Health has talked about \$35 million for the Blue Cross nongroup benefits program. I guess the Member for Edmonton-Glenora talked about stale-dated drugs. There is a concern that I'm wondering if the minister has wondered about – I certainly have – with the issue of smart cards that have been proposed by the government and ultimately will be coming on board. I think there are many instances where prescriptions have been made that turn out to be the wrong prescription following tests or treatments or whatever. The physician calls back in a day or two or a week and says: "Oh, gee. I prescribed treatment X, and in fact what you need is treatment Y." I say that based on personal experience, Madam Minister. I've had that experience myself, and I expect many of the colleagues in this House have had the same treatment. I'm wondering if that kind of thing can be tracked on the smart cards, because there's no doubt that that is a cost both to government and certainly to the individual, who has to pay a certain percentage of the Blue Cross cost himself or herself. That, too, is a certain issue.

I know the minister has talked about it before, but I want to question the minister a little bit about the use of generic versus trademark drugs, generic drugs generally being the knock-off, or the copy or whatever you want to call them, that are a little cheaper in price. I'm wondering how much those are prescribed on the lists, which could save perhaps some costs, as opposed to the trademark drugs that are much higher priced, sometimes I understand as much as three and four times higher and possibly even higher than that.

Those are a couple of questions I had for the minister with respect to the Health supplementary estimates, because I suspect that there are some savings that can be realized in there, just perhaps some suggestions or ideas that maybe she has not thought about before.

With respect to the Minister of Transportation and Utilities I wanted to . . .

AN HON. MEMBER: You woke him up.

MR. BRUSEKER: Good evening, sir. I wanted to raise a few issues with respect to those estimates as well, Mr. Chairman, if I might, briefly before closing. The minister expressed some question about "amortization results from capital assets being transferred out of the department's capital base." That, too, is a line that I'm quoting right from page 20 of the supplementary estimates. The question I have to ask is: if the minister doesn't know what assets are being transferred out, then perhaps could he find out from someone in his department?

DR. WEST: I told you what assets were being transferred out.

MR. BRUSEKER: But can you list them for us?

DR. WEST: For the ones transferred from the improvement districts, that's correct. I said that.

MR. BRUSEKER: You said to where. But what from where to where? Some details is what we're looking for here, Mr. Chairman, and certainly in terms of writing off \$30 million, I think it behooves the minister to be a little more thorough in his explanation than what I'm sure *Hansard* has recorded as being rather vague and uncertain in terms of his explanation.

With respect to the . . . [interjection] A good Auditor General, the minister says. Well, that could be true too.

I guess the question that I did want to ask with respect to the provincial government's administration of disaster assistance for the southern Alberta floods that occurred this summer – the minister, as I recall all I wrote down, said that the provincial exposure would be in the neighbourhood of \$11 million, and the balance would be coming through the federal government in a various cost-shared ratio, depending upon the size of the total bill when we get it all in. I know that the minister of public works would say that the Oldman dam certainly had a mitigating effect and prevented the damage from being greater than it might have been, and I'm sure the minister is well on top of his game there. But I guess the question that has to be asked is: what have you learned from this experience? I mean, obviously things did not go as well as what we would have liked to have seen. There were millions of dollars in losses, hundreds of homes inundated with rain. Certainly it could have been handled differently. Although I understand much of the cost is going to be borne by the federal government, it still comes out of the same taxpayers' pockets. So I guess I'm wondering: what is it that the minister of public works and the minister of transportation have learned to address this issue down the road?

Certainly we've got \$11 million that comes directly through taxpayers to the Alberta government . . . [interjection] Well, that's certainly the way the minister acts sometimes, so I would have to assume he feels that.

Certainly at the time it was clear that the snowpack was late in being eliminated, because there was heavy snow in the mountains. The rainstorms that did come and ultimately created the flood situation added to the problem that was already there, and all of the monitoring equipment that had been put in place was also totally destroyed, as I understand it, preventing any accurate measurements from occurring. So from all of that – I mean, certainly we can't plan for every contingency, but certainly you can learn from what has happened in the past, Mr. Chairman, and plan for similar kinds of situations in the future. If they haven't learned anything from it, then for goodness' sake the question is: why not? There is a responsibility. They spent \$350 million building a dam that was supposed to control water flow through the southern part of the province.

Now, when you get unusual situations, which is no question what we had, like occurred this summer, certainly you can't plan for every contingency. But, again, I'll use my own constituency as an example. The sewers in the constituency of Ranchlands were built to handle the one in 100-year rainstorm. Being a Calgarian yourself you'll probably recall that we've had five of those annually in the last little while. So ultimately what ended

up happening is through the national infrastructure program the city in fact got some funding to upgrade and improve and increase the capacity of those storm sewers. The end result was that this year when we had our annual one in 100-year rainstorm in fact the system could handle it.

If we had this year in southern Alberta a one in 100-year rainstorm, we may not run into difficulty again, but given the experience we've had in Calgary, certainly in my own constituency, Mr. Chairman, I guess it behooves the government to plan ahead with respect to potentially facing another one of those one in 100-year rainstorm situations that could well occur next year, given the vagaries of the weather. Now, you ain't going to fix it all the time for every situation, but clearly there was a problem. Clearly something needs to be done about it. My question to the ministers of both public works and transportation and utilities is: what are you going to do about it?

Thank you.

MR. EVANS: Well, Mr. Chairman, it's been a very interesting evening, and I know that we'll have an opportunity to continue with very interesting commentary, discussion, and answer some questions tomorrow evening when we go into committee.

At this point I would move that the committee rise and report progress and request leave to sit again.

[Motion carried]

10:00

[Mr. Clegg in the Chair]

THE ACTING SPEAKER: The hon. Member for Calgary-Egmont.

MR. HERARD: Thank you, Mr. Speaker. The Committee of Supply has had under consideration certain resolutions of supplementary supply estimates of the general revenue fund for the fiscal year ending March 31, 1996, reports progress thereon, and requests leave to sit again.

THE ACTING SPEAKER: Thank you. Does the Assembly agree with the report?

SOME HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed, if any?

SOME HON. MEMBERS: Opposed.

THE ACTING SPEAKER: Carried.

[At 10:03 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]