

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Monday, November 5, 1984 2:30 p.m.**

[The House met at 2:30 p.m.]

**PRAYERS**

[Mr. Speaker in the Chair]

head: **PRESENTING REPORTS BY  
STANDING AND SPECIAL COMMITTEES**

MR. STILES: Mr. Speaker, the Private Bills Committee has had under consideration the following Bill and recommends to the Assembly that it be proceeded with: Bill Pr. 14, the Central Western Railway Corporation Act. The Private Bills Committee has further had under consideration the following Bill and recommends to the Assembly that it be proceeded with, with certain amendments: Bill Pr. 9, the Jewish Community Centre of Edmonton Act. I request the concurrence of the Assembly in the recommendations.

[Motion carried]

head: **INTRODUCTION OF BILLS**

**Bill 91****Certified General Accountants Act**

MR. KING: Mr. Speaker, I beg leave to introduce Bill No. 91, the Certified General Accountants Act.

Consistent with the government's policy on professions and occupations, this is a piece of right-to-title legislation for a group which is currently organized under the Societies Act. As such, the Bill does not confer an exclusive scope of practice on the practitioner members of this association; nor does it confer any ability to over-ride any provisions in existing legislation which limit certain audit and other functions to the members of any other associations of practitioners, such as the Institute of Chartered Accountants or the Society of Registered Industrial Accountants of Alberta. Under the terms of the Bill the public, which has previously had no window on the association with respect to discipline, competence, and standards, will in future have a window on the profession.

[Leave granted; Bill 91 read a first time]

**Bill 93****Health Occupations Amendment Act, 1984**

MR. KING: Mr. Speaker, I beg leave to introduce a Bill, being the Health Occupations Amendment Act, 1984.

The major thrust of this piece of legislation is to create designated health discipline associations which are empowered to act instead of government-created committees acting to regulate disciplines coming under the Act. The Bill will also change the name of the Health Occupations Board to Health Disciplines Board, and it will permit the government to collect fees from individuals being registered. It will also schedule two health disciplines.

[Leave granted; Bill 93 read a first time]

**Bill 98****School Amendment Act, 1984**

MR. KING: Mr. Speaker, I beg leave to introduce a Bill, being the School Amendment Act, 1984.

The purpose of this Bill is to remove the limitation which currently exists in the School Act on the number of judges of the Court of Queen's Bench who can be appointed to act as a board of reference in cases of termination of teachers. The Chief Justice will be able to designate any of the judges of the Court of Queen's Bench as a board of reference for the purposes of the School Act.

[Leave granted; Bill 98 read a first time]

head: **TABLING RETURNS AND REPORTS**

MR. ZAOZIRNY: Mr. Speaker, may I table with the Assembly the annual reports of the Alberta Oil Sands Technology and Research Authority and of the Department of Energy and Natural Resources.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. TRYNCHY: Mr. Speaker, it's my pleasure today to introduce to you and to members of the House some 36 bright young Albertans, grade 6 students from David Ovans school in Sangudo in my constituency. They're accompanied here today by their teachers and a number of parents. They are seated in the members' gallery, and I ask that they rise and be recognized by the House

MR. PAPROSKI: Mr. Speaker, I am pleased to introduce to you, and through you to members of this Assembly, 10 intelligent and talented grade 10 students attending the Coralwood junior academy, situated in the constituency of Edmonton Kingsway. Accompanied by two teachers, Tony Reeves and Lorraine Popik, they are seated in the members' gallery. I ask them to please rise and receive the warm welcome of the Assembly.

MR. PAHL: Mr. Speaker, it's my pleasure to introduce to you, and through you to members of the Assembly, 24 students from the Grace Martin elementary school. They're part of the French immersion course for grades 5 and 6. They're accompanied by teacher Teresa Langlands and parent Mrs. Florence Sparrow, and they are seated in the members' gallery. I ask them to rise and receive a cordial bienvenue from the Alberta Legislature.

head: **MINISTERIAL STATEMENTS**

**Department of Economic Development**

MR. PLANCHE: Mr. Speaker, today I take this opportunity to address the Assembly on the very important subject of petrochemicals.

Since being first elected to office in 1971, this government has considered petrochemicals a key potential component of our Alberta economic strategy. Petrochemicals upgrade our natural resource in Alberta, diversify our economic base, and their development has brought economic benefit to a number

of Alberta areas. It is important today to review the statement made by our Premier to this House on May 16, 1974.

As hon. members are well aware, this government's natural resource and energy policy has as one of its basic foundations a maximum degree of upgrading and processing of our resources in Alberta before removal from the province; in short, to attempt to reduce the export of jobs from the province. The purpose of this policy is to diversify the economy of Alberta, to provide more and better secure job opportunities for our citizens in Alberta and to strengthen Alberta by making this province less dependent for continued prosperity upon merely shipping crude oil and natural gas out of the province . . .

The two most promising areas for diversification and creation of new jobs in Alberta are in the areas of agriculture processing and petrochemicals.

More recently, Mr. Speaker, the continued importance of Alberta's petrochemical industry was recognized in this government's white paper, *Proposals for an Industrial and Science Strategy for Albertans, 1985 to 1990*, where separate sections highlight this specific industry sector, and strong proposals for its future are put forward.

This year, 1984, marks another key milestone in Alberta's petrochemical development. Alberta's second world-scale ethylene plant came on stream earlier this year, and it was officially opened by our Premier on October 11, 1984. Just a month earlier, our Premier opened the major Shell complex at Scotford, which consists of a styrene plant, a benzene facility, and the world's first synthetic oil based refinery. I had an opportunity to officially open Union Carbide's ethylene oxide/ethylene glycol facility at Prentiss in June this year. Mr. Speaker, you will agree with me that 1984 was a most memorable year for Alberta petrochemicals. The developments I just listed, along with other world-scale plants previously completed, are of enormous importance to Alberta in terms of providing high-quality jobs during and after construction and in the service industries and, in addition, provide an important market for our natural gas. It is also very important to note that the projects I just listed are a further example of the industry's commitment to the growth of the petrochemical industry in Alberta.

Mr. Speaker, in 1984 the petrochemical industry at a full capacity in Alberta would consume some 300 billion cubic feet of gas, or about 38 percent of the total volume of gas consumed within the province. Moreover, these natural gas resources are upgraded by the petrochemical industry to value-added products that are exported to numerous worldwide markets in the Pacific Rim, the U.S., Europe, and elsewhere, making a significant contribution to Canada's balance of trade. Over the past 10 years the petrochemical industry has invested some \$4.5 billion in Alberta and has directly created over 6,000 new permanent, skilled jobs within the province. The industry in Alberta currently accounts for about 50 percent of the total Canadian petrochemical industry. This industry has chosen to locate in Alberta for many reasons, but chiefly because of the natural advantage resulting from abundant supplies of attractively priced natural gas feedstock.

A major strength of our energy-intensive industries is the ability to purchase natural gas within Alberta at a freely negotiated price determined by market factors. Through an anomaly of legislation, however, segments of the petrochemical industry are precluded from accessing such market-priced gas. Partly as a consequence of this situation, Alberta's competitive position in ethylene derivatives has been eroded, and the opportunity to attract additional investment has been threatened.

In 1975 the government committed that "the government will take the appropriate steps to ensure that ethane may be

extracted on reasonable terms from the gas streams now leaving Alberta". With this commitment in mind, it is our firm intention to ensure that the ethylene industry has the same opportunity as all other segments of the petrochemical industry in this province to access market-oriented feedstock pricing.

Because it is our intention to now amend the Natural Gas Pricing Agreement Act, which causes the anomaly I referred to a moment ago, it will be my purpose today to announce a short-term program for a transitional period to allow this segment of the petrochemical industry, in co-operation with their suppliers, to develop mechanisms that will provide them equal access to this intraprovincial supply of market-priced gas. In this regard, effective November 1, 1984, the government will take steps to provide funding to cause the reduction of ethane feedstock costs for our ethylene industry from its present regulated base to one reflecting the prevailing average intra-Alberta industrial gas price. This funding will be provided only until July 1, 1986, and is intended as a bridge, pending commercial arrangements between producers and the industry which will achieve the same objective. If such free-market pricing arrangements are not concluded before July 1, 1986, this government will take such measures as appropriate to ensure market-responsive feedstock pricing for this very important sector.

Mr. Speaker, despite a temporary world oversupply for many products, the prospects for future petrochemical investment are seen to be very good. Additional capacity to produce ethylene and derivatives and other petrochemicals will likely be needed before 1990. If attracted to Alberta, these opportunities would contribute significantly to further diversification of the Alberta economy, provide new employment in plant construction and operation, and should result in additional demand for upward of 100 billion cubic feet a year of natural gas. Investment decisions for these new plants will be made over the next two to three years, and I have every reason to expect that Alberta can be the preferred location, providing we are seen to offer market-responsive feedstock pricing.

In closing, Mr. Speaker, the petrochemical industry is extremely important to Alberta, and it is our expectation that the actions which have been announced today will encourage its future growth and afford an excellent high load factor growth customer for Alberta's natural gas industry.

MR. R. SPEAKER: Mr. Speaker, in responding to the ministerial statement by the hon. Minister of Economic Development, I'd like to say first of all that we on this side of the House would certainly appreciate a copy of that announcement prior to being requested to make comment.

But even in light of not having it before me, I would like to make these comments in regard to the announcement. Number one, the movement of the government at this time is acceptable to me, is a good move, and is certainly the right direction to go. There's no question about that. It's unfortunate — and I think we must add this as a parenthesis — that the government didn't recognize this approach to petrochemical industry development in the province before today rather than at this point in time. Why wasn't the government sensitive to the marketplace, to the feedstock necessary for the industry on a broad scale, so everybody had the same opportunity? Businessmen I talked to in the last two or three years requested not only of me but of the government that that consideration be in place.

I support the free market price. Yes, correct. To the government: well done that it's recognized at this point in time. It's unfortunate, though, that the concept was not recognized to the same extent in the late 1970s. We could have had a number of things happening in the industry that would have been of benefit to Alberta then and at the present time.

As my final remark, I only encourage the Premier to insist that the Prime Minister of Canada take the same approach to the development and assisting of our petrochemical industry. In his campaign to Albertans, he made the same statement, that we must be sensitive to the market and keep the feedstock at a marketplace price. I hope the government will insist that the federal government do the very same thing. At this time it's important for the future of Alberta.

MR. ZAOZIRNY: Mr. Speaker, flowing from the hon. member's ministerial statement, I beg leave to revert to Introduction of Bills.

MR. SPEAKER: Is it agreed?

HON. MEMBERS: Agreed.

MR. SPEAKER: Anyone to the contrary? It is so ordered.

head: **INTRODUCTION OF BILLS**  
(*reversion*)

**Bill 97**  
**Natural Gas Pricing Agreement**  
**Amendment Act, 1984 (No. 2)**

MR. ZAOZIRNY: Thank you, Mr. Speaker. I request leave to introduce a Bill, being the Natural Gas Pricing Agreement Amendment Act, 1984 (No. 2).

The purpose of the Bill is to ensure that Alberta's ethane-based petrochemical industry is not prevented by virtue of any statutory impediment from purchasing natural gas at an intra-Alberta price.

MR. SPEAKER: Before putting the question, I should express some concern. In the next while, it's my intention to review more material in regard to ministerial statements. My concern is based on a parliamentary point of view. We're having statements — and today was an example — which could possibly be part of a throne speech and which in many contexts would be recognized as being debate, and debate without notice, which is something I have mentioned a number of times in the past in connection with the question period. It would appear that today we had the statement made in lieu of a longer explanation with regard to the introduction of a Bill.

With that comment, perhaps I could put the motion.

[Leave granted; Bill 97 read a first time]

head: **ORAL QUESTION PERIOD**

**Unemployment**

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Manpower, and it relates to comments made in *Hansard* on October 30, 1984. The minister indicated that Alberta's unemployment rate is to move up this winter from where it currently is. Could the minister confirm whether an expenditure of a quarter of a billion dollars over the next 30-month period is adequate to maintain or reduce the existing unemployment rate?

MR. SPEAKER: With great respect to the hon. leader of the Independents, it would appear to me that this is an outright matter of opinion.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the hon. minister indicate that the policy of government is to attempt to maintain the level of employment in the province of Alberta by the number of employment programs he announced October 3, 1984?

MR. ISLEY: Mr. Speaker, I believe it would be fair to state that it is a policy of the government to work in co-operation with the private sector to bring our economy back to the point where there will be jobs for all job-ready Albertans. I think the announcements we made on October 3 were rather significant. We will be assessing their impact on various levels. You will note from those announcements that they were directed to particular groups, and we will also be continuing to assess groups.

While I'm on my feet, Mr. Speaker, I might point out that this is the first day of Canada Career Week and that the theme is: stay ahead with a positive attitude.

MR. R. SPEAKER: Mr. Speaker, I think that's a very good slogan for today, and I support it. We would like to see the government take a positive attitude toward those in the province who are unemployed.

My supplementary question is: in terms of the current fiscal year, could the minister indicate the expected expenditure from the \$250 million pool of funds available for employment programs, as announced on October 3, 1984?

MR. ISLEY: Mr. Speaker, I assume the hon. member is referring to the new portion of moneys announced, as opposed to the total. A rough figure for what we anticipate spending between now and March 31, 1985, would be the percentage of that figure the time period we're looking at is of the total length of the program.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. In terms of the current fiscal year, could the minister indicate as well the projections as to the number of jobs that will be created by the programs?

MR. ISLEY: Mr. Speaker, I suspect you would get a fairly good idea by applying the same mathematics to the total 80,000 jobs that both components of the program should generate over the next 30-month period. Keep in mind that the new money would then be anticipated to assist roughly 40,000 Albertans, and work that into your formula.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. I refer to the announcement of October 3, 1984, where 80,000 jobs are to be created. Could the minister indicate whether those are jobs for different Albertans, or would they be jobs for different Albertans as well as for Albertans over a three-year period, or the 30 months as outlined?

MR. ISLEY: Mr. Speaker, at this point the 80,000 projection over the two and a half year time period is our best estimate as to the number of different Albertans that will benefit from the variety of programs. Keep in mind that the benefit period can differ in many cases. It can go up to as high as a year under the Alberta youth internship and training program. It may last four to six months under the priority employment program. It may last anywhere from two weeks to 52 weeks under the Alberta training program. Depending upon the length of the number of projects and on how many individuals access them, that figure could easily go up or go down.

MR. R. SPEAKER: Mr. Speaker, a supplementary for clarification. In terms of the minister's statement, a number of

persons could be on the program for a term of 30 months; in other words, there could be a recycling of a base of people through the employment opportunity program for that 30-month period.

MR. ISLEY: Mr. Speaker, some people could take advantage of it more than once. All our programs have a six-month period you would have to be out of the program before you would be eligible to re-enter. Also keep in mind that if you read the guidelines, no young person will be able to access the Alberta youth internship and training program more than once.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. The Canadian Federation of Independent Business says that the Alberta membership does not favour such programs. Could the minister indicate what measures he or his department is taking to ensure the co-operation and involvement of the private sector in the programs as outlined?

MR. ISLEY: Mr. Speaker, I believe that actions speak louder than words. We first tested the responsiveness of the private sector in joint job creation during the winter of 1982-83, with the small business and farm support element of the priority employment program. The response of the private sector was quite dramatic. We again tested the market, if you wish, in the summer of 1983, with the Alberta youth employment program. Again the response and co-operation of the private sector was very strong. On May 1, 1984, we announced a year-round Alberta wage subsidy program and an Alberta training program. As of today in excess of 11,000 positions have been created under the Alberta wage subsidy program, all in the private sector. In excess of 4,000 employees are involved in the Alberta training program, on-the-job training carried out by the private sector. So with that type of response and co-operation, I'm very confident that we will get a similar response in the Alberta youth employment program.

MR. MARTIN: A supplementary question, Mr. Speaker, to the minister. As I recall, his announcement in October said that unemployment would remain high, around the national average. What assessment has the minister's department made of the rate of unemployment expected this winter? I remind the minister that it's over 12 percent now. Are we looking at 14 or 15 percent this winter? What projections has the minister's department done on this?

MR. ISLEY: First of all, Mr. Speaker, a small correction. In the last statistics I looked at for the unemployment rate in Alberta, as determined by Stats Canada, it was under the 12 percent mark.

Historically, we've always seen the unemployment rate in Alberta go up in the winter months as opposed to the level it maintains in the summer months, which is related to the climatic conditions and the impact it has on various of our industrial sectors. I fully expect that phenomenon to occur again this winter. I indicated in that press release that we expected unemployment rates to stay at or about the national average for the next two years at least, and that that was one of the reasons we were coming out with a medium-term program and that significant number of dollars.

MR. MARTIN: A supplementary question. In his answer, the minister said it's going to be higher this winter. Can he give us any other projections about what we might look at a year from now? His department is surely forecasting what the

national average will be. What will be the approximate unemployment rate in this province a year from now?

MR. ISLEY: Mr. Speaker, those projections are very difficult to make, and I would hesitate to start throwing figures around. For the benefit of members, I would point out that a number of factors go into creating an unemployment or employment rate. If anyone can comfortably predict the growth of our population from in-migration, immigration, and natural growth, if anyone can predict the positiveness with which people feel there is a chance of getting a job and what that will do to the participation rate, then it's a little easier to predict. All I'm saying is that there are a number of variables creeping in.

I would state again, Mr. Speaker, as I've said a number of times in this House, that if you want to make a fair-to-fair comparison across the board as to how well an economy is doing, you have to look at the number of jobs it generates as compared to the population. If you use that one set of figures, you will find that the Alberta economy is still the strongest economy in Canada.

MR. MARTIN: A supplementary question, Mr. Speaker. In the mumbo jumbo of figures, the fact is the minister has said that unemployment is going to go up this winter. It's already very high. It's probably 14 or 15 percent. The minister didn't say anything different. Are any other announcements going to come out of this government either this fall or winter to deal with the high unemployment and the tragedy it's creating?

MR. ISLEY: Mr. Speaker, I believe I indicated earlier in this House that since this government is responsive to the unemployed and since it does have a deep concern for people facing unemployment, we are continually assessing the impact of our programs and the jobs being generated out in the economy by the private sector. If we feel the situation necessitates further announcements, I'm sure I will have the co-operation of the government cabinet and caucus to make the same.

MR. GOGO: A supplementary question, Mr. Speaker. Could the minister share with the House how unemployed Albertans and businesses can receive information on the various programs he has announced?

MR. ISLEY: Mr. Speaker, that occurs in a variety of ways. In the little pamphlet on the Alberta youth employment program entitled *Invest in Futures*, you will find the locations of the six employment development offices in the province through which employers can access the program. Young people who wish to access this program can do it through the 13 Alberta career centres that are located in a variety of locations across the province, varying from High Level in the north to Pincher Creek in the south and from Lloydminster in the east to Hinton in the west.

In any community which is not serviced by an Alberta career centre, young people can phone a toll-free number, Zenith 22-2140, and obtain information. They can even get their eligibility screened over the telephone, get into a position, and visit a career centre later on. So we're not setting up the obstacle that the individual or employer necessarily has to go through a government office before accessing the programs.

The other programs have been around for some time, and I think most people know how to access them. I'm referring to the priority employment program, the Alberta wage subsidy program, the Alberta training program, and the new Alberta environment employment program, which you would access the same way you would the priority employment program,

mainly through the six regional employment development offices.

MR. GOGO: A final supplementary, Mr. Speaker, if I may. As so many young people are now entering these programs, has the minister given consideration to distributing that material through school counsellors in the high school system and, in particular, the some 20 public colleges we have in the province?

MR. ISLEY: Mr. Speaker, these materials are available to high schools; they are available to postsecondary institutions. Last week I spoke to the educational liaison educators' association of Alberta and the ATA school guidance counsellors. They went out of the Banff conference with quite a number of forms.

I might add that they're also being distributed through Canada employment and immigration centres. We're also receiving co-operation in their distribution in most of the social services offices where we have employment placement officers.

### **Teacher Internship**

MR. R. SPEAKER: Mr. Speaker, my second question is to the Minister of Education. It's with regard to the Minister of Manpower's announcement of October 3, 1984, and it relates to the teacher internship program. A number of school boards have indicated that their budgets are currently committed, and it's a cost-shared program. Could the minister indicate what steps are being taken to consider that matter, so school boards can take advantage of the current program?

MR. KING: Mr. Speaker, we'll be discussing the question of financing an internship program with school boards, the Alberta School Trustees' Association, and the Alberta Teachers' Association. I think we should be very clear that the two programs are separate considerations in the mind of the government. It is a happy advantage of an internship program that it provides an employment opportunity for new, young teachers. But the internship is not conceived of as being a make-work project; it's not conceived of as being essentially an employment project. It is thought of as being an important part of the best possible training we can provide prospective teachers so that they can serve students well in the classroom.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. I have no argument with the latter statement of the minister; that's certainly there. But in terms of funding the program at the local school board level, is it the intention of the government to extend supplementary funding to assist the various school boards in the province?

MR. KING: Mr. Speaker, it's our intention first of all to discuss with other interested groups whether or not there are additional costs and, if there are, how those costs can best be met. In the view of the government, when an internship program is developed in this province, then the provincial government, the local school boards, and the Alberta Teachers' Association will share the cost of that internship program in some equitable way.

Good internship first of all benefits the child in the classroom; secondly, it benefits the Alberta Teachers' Association, and they should be prepared to support it; thirdly, it benefits trustees as the employers of teachers, and they should be prepared to support it; and lastly, it benefits all the people of the province, and the provincial government should be prepared to support it.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. The minister is so smooth in saying that it's a great program

and that we all should share it. No one argues with that. But what type of accommodation is the government prepared to make in the current circumstances, where boards have committed all their current funds?

MR. KING: Mr. Speaker, I suppose I should have said in answer to an earlier question that the internship program is not going to get under way in this current fiscal year, so we don't have to be concerned with the redistribution of resources in this fiscal year. With respect to the next fiscal year, we are going to have discussions with the trustees and the teachers before we make any final decision. We are believers in consultation.

MR. R. SPEAKER: Mr. Speaker, could the hon. Minister of Education indicate that the internship program will be implemented as of September 1985? Is that correct?

MR. KING: I'm hopeful that it will be implemented, at least on a small scale, prior to September 1985. This government's next fiscal year begins on April 1, and the school board's new fiscal year begins on January 1.

### **Forestburg Multi-level Care Project**

MR. STROMBERG: Mr. Speaker, I would like the Minister of Hospitals and Medical Care to tell me and the good people of Forestburg why, after two years, we do not yet have a policy implemented for that community's very exciting and unique multi-level care project.

MR. RUSSELL: Mr. Speaker, I have nothing new to report on that matter since the last time I answered that question for the hon. member.

MR. STROMBERG: A supplementary, Mr. Speaker. Did the minister take into consideration the \$120,000 that was raised by that community towards building this multi-level care project?

MR. RUSSELL: Yes, Mr. Speaker. The voluntary sector is of course given recognition wherever we can, and encouraged in these programs. On occasion I've said before, though, that during the last two- or three-year period we've had some budgetary difficulties in maintaining the programs we do have. At the present time we're not really vigorously looking for new programs to commence in that particular area.

MR. STROMBERG: A final supplementary, Mr. Speaker. Would the minister agree to meet with the pioneers of Forestburg in his office as soon as possible, at his convenience, to discuss this problem?

MR. RUSSELL: I've already indicated to the hon. member that I believe he could handle such a meeting in his constituency better than I could in my office.

### **Range Improvement Program**

MR. ALGER: Mr. Speaker, my question today is directed to the Associate Minister of Public Lands and Wildlife. After riding the range west of Turner Valley for several hours and having written a message of my findings shortly thereafter — and I might add that I was standing up at the time — I would urgently like to ask the minister what steps have been taken to clear several hundred acres of scrub brush and poplar trees in

the South Sheep Creek Stock Association forest allotment so that we can increase our pasture acreage for my cattle ranchers down that way?

MR. SPARROW: Mr. Speaker, my department has been involved in preparing range improvement programs throughout that area. I can assure the member that the information he brought back was very valuable. Our staff informs me that the plans are proceeding, and some 2,500 acres have been located in that area. I think the plans have yet to go to the Kananaskis Country improvement committee, and I hope we can start on the project this fall. I know it has been promised in that area for some time, and progress is taking place.

#### Natural Gas Feedstock Pricing

MRS. CRIPPS: Mr. Speaker, my question is to the Minister of Energy and Natural Resources. What discussion has taken place with the gas-producing industry regarding the need to allow for competitive pricing of feedstocks for the petrochemical industry?

MR. ZAOZIRNY: Mr. Speaker, in response to the hon. member's question, I think it would be fair to say that there has been an extensive measure of discussion and consultation with the industries that are involved with the natural gas feedstock pricing question, and notably the natural gas industry. I think that will reflect itself in the responses we receive from the industry on today's announcement.

MRS. CRIPPS: A supplementary. Have the Alberta prices been disproportionate with export prices with regard to feedstocks?

MR. ZAOZIRNY: I'm sorry, Mr. Speaker. Could the hon. member restate the question?

MRS. CRIPPS: Have the Alberta prices been at a variance with the export prices of feedstock gas?

MR. ZAOZIRNY: Mr. Speaker, the fact of the matter is that the intra-Alberta price generally is significantly lower than the price at which we are selling natural gas into the export market. With respect to the ethane-based portion of the industry, they have been purchasing at the Alberta border price by virtue of legislative arrangements that are in place. By virtue of this amendment, future purchases with respect to new facilities can be achieved at a true intra-Alberta price, and the measures that have been announced by my colleague will ensure that we move quickly to a true intra-Alberta price with respect to our existing facilities as well.

MRS. CRIPPS: A final supplementary, Mr. Speaker. I know that one of the gas-producing facilities in my area has been running at 40 percent. Has the government any information on the possible effect of competitive marketing of gas, i.e. in terms of additional gas sales and cash flow to the industry?

MR. ZAOZIRNY: Mr. Speaker, I think that question is best answered by my colleague the hon. Minister of Economic Development.

MR. PLANCHE: Mr. Speaker, the real issue is whether or not the petrochemical facilities in place will be able to continue to competitively operate at these price levels. Clearly it was time a free-market price was established, reflecting the same benefits other petrochemical industries in the province have, namely

fertilizer and methanol. In the free economy, it's usual that both suppliers and upgraders of any product share in the fortunes of their market. It's essential that this relationship is extended in Alberta, or there will be little chance of new investment and some serious risk of a loss of the present activity, both of which will be of enormous benefit to the natural gas producers over time.

MR. R. MOORE: A supplemental, Mr. Speaker, to the Minister of Economic Development. Further to your statement about the local situation, I am wondering why there was a ministerial statement today. Have there been national or international market pressures in this area?

MR. PLANCHE: Mr. Speaker, the situation that caused today's announcement is not an old one; it's a fairly recent issue. It really revolves around the flattening of world oil prices and the success this government has had in negotiating higher border prices for gas, causing the relationship between the two to close. Coupled with that was the federal government's imposition of PGRT on feedstocks and a very difficult world environment for marketing petrochemicals. Those all came into play together fairly recently.

MR. R. MOORE: A supplementary, Mr. Speaker, to the Minister of Economic Development. You and the minister of energy have indicated that you've had discussions with the gas industry, and especially the petrochemical industry. Can you let the members of the House know how they're accepting this move?

MR. ZAOZIRNY: Mr. Speaker, in response to the hon. member's question, I've had an opportunity to discuss this matter with various members of the natural gas industry in terms of the formulation of government policy. I think it's fair to say that there is an appreciation of the government's move to provide for a transitional arrangement to move us into a true market arrangement that provides for a free-market purchase opportunity for natural gas for feedstock purposes. That is the sum and substance of the discussions we've had and the nature of the response we've received. The policy very much reflects our concern for the continued health and viability of the important natural gas industry.

MR. SPEAKER: The hon. Member for Calgary North Hill, and then the hon. Minister responsible for Personnel Administration wishes to deal further with a matter that arose in a previous question period.

#### Aid to Ethiopia

MR. OMAN: Mr. Speaker, I believe my question is directed to the Minister of Economic Development. Most of us have heard in recent days about the tragic developments that have come to pass in Ethiopia, where there's been a staggering toll in human suffering and death because of the drought in that area. Could the minister indicate whether the province of Alberta has any plans to give any aid to this particular situation?

MR. PLANCHE: Mr. Speaker, we don't plan the aid; we respond to the citizenry in terms of the way they perceive need. We do that for a variety of reasons. First of all, we don't have the competence to prioritize misery as it affects these unfortunate people around the world. I don't recall a request to match funds for Ethiopia to this date, but we will quickly respond if we get one.

MR. OMAN: Mr. Speaker, a supplementary. I had a comment from a citizen yesterday, saying that Alberta, with its riches, would perhaps be well suited to help here. I think that one-time contribution to international aid when the Pope visited was a good step on the part of the province. Would that money be suitable for this type of designation?

MR. PLANCHE: Mr. Speaker, "Alberta, with its riches", as the member put it, really doesn't put the thing in the light it should be. The fact is that in one way or another, several provinces have as good fortune as we do. This province contributes more to aid than all of the rest of them collectively, and we're going to continue to do that. I think it's a very important thing we do.

I can only say again that the \$3 million special funding in recognition of the Pope's visit will be applied across the board to applications as they're received. Should the public put forward some kind of grant for that purpose, we will happily and quickly respond.

MR. OMAN: A supplementary, Mr. Speaker. I appreciate that, but it seems to me that perhaps the circumstances couldn't wait for that kind of process. I believe the Hon. Joe Clark recently returned from a visit to Ethiopia. Would the minister undertake to contact Mr. Clark's office and report back as to whether there's some way we could help?

MR. PLANCHE: I'm happy to contact Mr. Clark's office, Mr. Speaker, but I don't think it's going to change the priorities of how we distribute funds, unless for some reason this House decides that policy should change. We simply don't have the capacity to prioritize. We are responding to those in the private sector as a reflection of their consideration of the priorities, and will do so happily and quickly.

#### **Temporary Government Personnel**

MR. STEVENS: Mr. Speaker, in responding to a question from the Member for Lethbridge West last Friday, I indicated that there were 23 private-sector companies providing temporary placement service to the government. There are in fact 24 such companies.

#### **Electoral Boundaries Legislation**

MR. MARTIN: Mr. Speaker, I'd like to direct my question to the Attorney General. Now that the Electoral Boundaries Commission has finished its work and the final report of the commission has been tabled in this House, can the Attorney General indicate to the Assembly what possible problem the government faces in introducing new electoral division legislation this fall?

MR. CRAWFORD: Mr. Speaker, the hon. member is asking about something that is part of a process that is customarily spread over one or two sessions of the Assembly. That's the intention again this time. The report in its final form is only recently in. In the normal course, it would simply then be adopted. I think the important thing is that it has been in the hands of all members for some weeks. At the present time, the thought is that since I am advised that we would be meeting the legal requirements of our legislation by dealing with it in the spring, we would do so at that time.

I also understand that as to any concerns over the electoral finances and contributions legislation, bearing in mind that constituencies change and must have met certain registration

requirements, that is not anticipated to be any practical problem in the mind of the administrator of that legislation.

MR. MARTIN: A supplementary question. The Attorney General is saying that there are no problems, that this is a normal procedure, and that the intent was always to have it in the spring session.

MR. CRAWFORD: Mr. Speaker, it was two Legislatures ago, probably in 1977, that it was dealt with previously. I don't recall whether it was dealt with in the fall or the spring. My understanding is that in accordance with our own legislation as passed by this Assembly, it is quite suitable to deal with it in the spring.

MR. MARTIN: A supplementary question, Mr. Speaker. Is the Attorney General able to assure this Assembly that the new electoral division legislation will be introduced next spring, or does the government intend to go into next fall's general enumeration with the old boundaries?

MR. CRAWFORD: Mr. Speaker, I haven't looked at it from that point of view, but I think the greatest likelihood is that it would be dealt with in the spring.

MR. MARTIN: That's a very interesting answer: "the greatest likelihood".

My supplementary question to the Attorney General is, what consultation has the Attorney General had with the Chief Electoral Officer about the consequences and possible costs of not introducing legislation this fall?

MR. CRAWFORD: Mr. Speaker, I haven't had any direct consultation. The responses I gave earlier as to the views of the Chief Electoral Officer were based on discussions between members of staff and the Chief Electoral Officer.

MR. MARTIN: I would remind the Attorney General that the last enumeration cost over \$3 million. I think it's a fairly important point to look into.

My supplementary question is: does the government have any plan to introduce an amendment to section 12(2) of the Election Act, which we are told has caused considerable confusion regarding whether or not there is a March 1 deadline for new electoral division legislation?

MR. CRAWFORD: Mr. Speaker, I would have to take that question under advisement, referring as it does to a specific legal opinion.

MR. MARTIN: I direct this supplementary question to the Premier, to see if we can get some different answers. Is the Premier able to confirm that there will be a spring session, or are we going into the next general election with the old boundaries?

MR. LOUGHEED: I think I could risk going out on a long limb and assure the hon. member that there will be a spring session.

#### **Red Meat Imports**

MR. FISCHER: Mr. Speaker, to the Minister of Agriculture, concerning the low prices for our slaughter cows in Alberta these past few months. Has the minister made any representation to the federal Department of Agriculture opposing importing Irish subsidized beef into Canada?

MR. FJORDBOTEN: In answer to that question, Mr. Speaker, I certainly have made representation to the federal

government because of the concern about red meat coming into Canada from the European community — I think Ireland and Denmark are two of the areas it's coming from — and the impact it's having on our beef industry. In addition to that, I might say that I will be meeting with the federal Minister of Agriculture in the next couple of days, and at that time I will have discussion on that topic with him.

MR. FISCHER: A supplementary. Have they given you any hope that there's going to be a stop to that?

MR. FJORDBOTTEN: Mr. Speaker, I have received nothing firm that I'm aware of, but I don't believe anything would be done in the calendar year 1984. The only time they would be prepared to move on it to make some assurances, particularly to our United States friends and trade partners, would be in the calendar year 1985.

MRS. CRIPPS: A supplementary. What effect is the importation of the European offshore beef having on our traditional U.S. market relationship?

MR. SPEAKER: This is one of those research questions. I realize that special information is sometimes in the possession of ministers or departments, but it seems to me that this is one of those situations where the information would perhaps be readily available to anyone wanting to do the research. However, if the minister thinks he has special information which others may not have, perhaps he'd like to share it.

MR. FJORDBOTTEN: Mr. Speaker, as I recall the question, it was, what impact has it had on our trade with the United States? It has had no impact at the moment, except a signal of deep concern.

MRS. CRIPPS: I can assure the Speaker that the minister didn't know we were going to ask the questions.

## ORDERS OF THE DAY

### head: GOVERNMENT BILLS AND ORDERS (Second Reading)

#### Bill 78

#### Electric Energy Marketing Amendment Act, 1984

MR. BOGLE: Mr. Speaker, I move second reading of Bill No. 78, the Electric Energy Marketing Amendment Act, 1984.

As stated in its introduction on October 31, there are three primary reasons for introducing this particular Bill. The first is to provide that in addition to establishing the total upstream costs of generation and transmission, the Public Utilities Board will further separate those costs into components associated with electric energy destined for specific customer groups at the wholesale level. This will enable the agency to establish average costs of generation and transmission down to the 25 kv or distribution system level for residential, farm, general services customers, and other rates.

The second provision is to ensure that in dealing with the operations of the Electric Energy Marketing Agency, the Public Utilities Board will adopt the wholesale prices charged by the agency to the utilities as the basis for setting wholesale rates for each customer group provincewide.

Finally, for direct customers of the regulated utility companies, the Public Utilities Board will continue to set the final customer rates, as it has in the past. The rates will now include the Electric Energy Marketing Agency charges set for each customer group, with the addition of the local distribution costs for each of those groups, as determined by the board.

Mr. Speaker, the principle of the Electric Energy Marketing Agency Bill — which was introduced by my predecessor, the hon. Member for Lesser Slave Lake, on November 16, 1981, passed on December 1, 1981, and proclaimed on December 2 of the same year — was to ensure that we in Alberta would have the best of both worlds: that we would respect the integrity of the two investor-owned utility companies, TransAlta Utilities and Alberta Power, as well as recognize the unique relationship of Edmonton Power, a municipally-owned generation company, while at the same time bringing about a provincewide, pooled rate for customers. It should be mentioned that one other city owns its own generating system, and that is Medicine Hat, whose system is considerably smaller than the other three. The concept was to ensure that the Electric Energy Marketing Agency would purchase the electricity generated by the three companies previously mentioned, would pool the costs, would add whatever dollars are being provided by government in terms of shielding, and would then resell the electricity to the three companies involved, who would in turn carry on with their normal business activities as regulated utility companies under the Public Utilities Board. It is now necessary to bring in some amendments to that legislation in order to assure that the original intent is in fact maintained.

Mr. Speaker, I would not want to be remiss in adding that a further principle is contained in the amendment before the House at this time. Whereas originally the concept was to purchase the electricity from the three companies, pool the costs, add on whatever shielding was applicable or available, and then resell it at one price, the concept now is to ensure that there are in fact three customer groups identified. Therefore we want to ensure that during what is commonly referred to as the Public Utilities Board hearing, phase two process, or the EEMA pooling process, when the board is determining the revenue requirements for generation and transmission of Alberta Power, Edmonton Power, and TransAlta Utilities, for each company they will be required to determine the cost for the three customer groups. So in fact the agency will receive the costs for each of those three customer groups. The agency will then, as it has in the past, blend those costs together so there is a provincial average, but now there will be the three groups rather than one figure. Whatever shielding is available will be applied. And then in terms of the electricity sold to the three companies, the agency will pass back to the Public Utilities Board the costs associated with those three customer groups.

Mr. Speaker, the amendments that are before the House today are in fact the third of three major initiatives which we announced on May 14 of this year. At that time two pieces of legislation were introduced and subsequently accepted in the spring sitting of this Legislative Assembly. We passed the Rural Electrification Revolving Fund Act, which provided for direct loans to farmers where no Rural Electrification Association existed. We increased the upper limits of the fund from \$20,000 to \$25,000 for individual services, we indicated that loans would be available for three-phase power installations, and there was a restructuring of the Part 1 and Part 2 loans.

The other Act that was amended during the spring was the Co-operative Associations Act. The primary purpose of that amendment was to ensure that in order to sell the assets of a Rural Electrification Association, a two-thirds majority of the



members at the meeting would have to vote in favour of such a sale, up from the figure of 50 percent plus one member.

Mr. Speaker, the second initiative that was announced was that the government supported some significant changes to the master agreement between the Rural Electrification Associations and the power companies. Four key provisions were outlined at that time: that a uniform contract be used by the REAs and the companies provincewide and, where special circumstances warrant, an addendum to that contract would be encouraged; secondly, that the REAs have the option to provide all farm services, including large single-phase and three-phase power customers, whereas in the past the REAs were limited to smaller single-phase customers; thirdly, that the deposit reserve funds could be administered by the REAs at their own discretion; and fourthly, that REAs be given the right to hire their own contractors for original construction and reconstruction of their own distribution systems.

Mr. Speaker, the third initiative outlined on May 14 was that there would be changes sought so that all REAs in Alberta, whether they were in the Alberta Power franchise area or the TransAlta Utilities franchise area, would have the opportunity to purchase power at a common pooled rate.

There is one other consideration that has certainly weighed on the introduction of these legislative amendments today, and that relates to the industrial power users in Alberta. If we were to look at a pie graph of all the consumption of electricity in our province, we would find that the largest single user in the province is industrial. If we are using 1983 as a base year, industrial accounts for just over 38 percent of all the electricity consumed in the province of Alberta. Commercial represents just over 36.5 percent, and residential, including urban and farm customers, represents just over 25 percent. It's extremely important that the large industrial users not be put in a position by any moves we inadvertently make that would cause their prices to go to a point where they're no longer competitive with our sister provinces. There's a great deal of care necessary to ensure that the pricing-sensitive nature of our electricity to those users be monitored carefully.

It is the intent of this legislation to slightly modify the process which has been used in terms of the industrial user rate. Whereas it's fair to say that without changes one could interpret that a large industrial user — and I'll use Stelco as an example, which purchases power for its plant just east of the city of Edmonton off the 250 kv line. Stelco would be required to pay a price that would take into account not only the generation of the electricity but the transmission right down to the 25 kv. We don't think that's fair. It certainly wasn't our understanding of what we originally intended. Therefore by these amendments we believe all the large industrial power users, Stelco and others, should pay their fair share of the blended cost in terms of the generation of the electricity and a portion of the transmission costs, but there must be the ability to recognize that for those industries that take their electricity at either the 250 or the 138 kv, they not be required to pay as if it were coming off the 25 kv.

Mr. Speaker, the other important factor I want to mention is that as a result of these changes and of the shielding provided by the government — and it's important that members in the Assembly recognize that the Electric Energy Marketing Agency does not follow either a calendar year or a fiscal year but rather a year that begins on September 1 and runs through until August 31 of the following year. Therefore we are in the first quarter of the Electric Energy Marketing Agency year at this time. It's important for members to recognize that with the amendments that are put forward in the proposed changes, we will be maintaining the existing level of customer payments through this

program. In other words, the government will be fully shielding any increased costs for the Electric Energy Marketing Agency year, running through until August 31, 1985. We will be fully shielding any negative impact there may be on the customers as a result of the changes which are being put forward. It would be fair to assume that without such changes a negative impact would be felt primarily in the larger urban centres, including the cities of Calgary, Edmonton, Lethbridge, and Red Deer. To a much lesser degree, a negative impact would also be felt by some other customers, particularly in the TransAlta area. But clearly the intent of the changes that are being put forward is with the full understanding that any negative impact as a result of these changes will be fully shielded during the current agency year.

With those comments, Mr. Speaker, I welcome input by other members of the Assembly on this important piece of legislation.

MR. R. SPEAKER: Mr. Speaker, I would like to speak on second reading of Bill 78. I certainly don't deem it a pleasure. There are times when you want to stand and deem it a pleasure, but I feel that speaking to this piece of legislation by a Conservative government is in no way a pleasure. I recall that when I ran in my first election for this Legislature in 1963, the Liberal Party of Alberta, under the past president of the Alberta Chamber of Commerce, fought the election on public power. Well, we're only one step from public power in Alberta. That's where we are: one step from public power and control by the provincial government, intervention by the provincial government, intervention by this Legislature, and intervention by the minister. It's the most unfortunate thing I've ever seen.

As I voted against the Bill when it was first initiated in this Legislature by the hon. Member for Lesser Slave Lake, I will vote against these amendments. All they do is endorse that this Conservative government wants to intervene in what they popularize today, the free-market system. One minister stands in this House today and applauds and lauds the free-market system, in terms of feedstock for our petrochemical industry. I stood in my place and felt proud that I could endorse that minister in that direction. I don't feel proud to think that on the same day of the Legislature, another minister stands and supports a concept directly in contradiction to the free-market system. I think that's so unfortunate. It's even more unfortunate that in terms of the Legislative Assembly, it is a colleague of mine from southern Alberta, where there are people who believe and understand the free-market system, who believe that government shouldn't intervene in their affairs. That upsets me even more. That's the first point I want to make, because it really upsets me to think that we continue that trend.

In the debate on this Bill, the presentation by the hon. minister from Slave Lake made the point that rates in northern Alberta were excessive and it was difficult for the consumer, the homeowner, the businessman, the people that wanted to develop the north, to exist under those severe conditions of high cost of electrical energy. I didn't argue with that idea. Most likely that is true. But to think that a Bill has been introduced in this House that violates not only the free-market principle but the principle that we have taxation with representation in this province. That's pretty basic to a democratic, representative system in this province, where a government puts in legislation that causes us to have a situation where, in various parts of Alberta, we must make payments without representation — taxation without representation.

I look at some of the recent articles, such as in *The Edmonton Journal*, where we see the concern about the increase in power

rates here in Edmonton, concern about the fact that the costs are going to go up. It starts out:

Poor families will have to choose between eating less and keeping warm if Edmonton increases utility rates, says the president of Humans on Welfare.

It goes on to show that Alderman Lance White, with whom a number of members of this Assembly are very familiar, is also concerned. He's on the budget committee.

"Any increase in anything is tough," he commented.

"It hurts me too."

They're concerned about the rates increasing because of this marketing agency of the government. Percy Wickman, an alderman in the city, is concerned about it. Aldermen in Calgary — it says that Calgary officials, who strongly oppose the amendment, predict that the final increase in residential rates may be much higher and suggest that if the legislation had been in place in 1984, Calgary power costs would have increased by about \$15 million. I don't know about the authenticity of the figures, but power costs would have increased.

So the original Bill itself and the amendments are wrong in principle. We in southern Alberta — let's say "southern Alberta" when we speak of Alberta from Edmonton south — will be taxed through our power rates to subsidize some of these other areas. The minister said, "Don't worry, southern Albertans. Don't worry, Albertans. You'll be shielded until August 31, 1985; and you won't have a negative impact." But whether we do or we don't, it's still wrong.

I was very upset with the mayor of Lethbridge. After calculating the increase in Lethbridge, he said that it's only going to be 1 percent or 2 percent. I forget what it was — \$13 or something a year. He said it's just a minor amount. But what the mayor of Lethbridge missed was that he was allowing taxation to occur in the city of Lethbridge where his people could not react or prevent the increase, had no control. They elect people to the city council of Lethbridge, and the voters could not get rid of that city council or vote them in to prevent the utility rate increase in terms of power. They have no recourse, because we have an electrical marketing agency which sets this flat rate right across the province of Alberta. So it's wrong in principle, in terms of the kind of legislation and in terms of it being free-market or marketplace legislation and, secondly, wrong in that it's taxation without representation.

I would have seen nothing wrong with a program of government if they had been up-front and said — it would have been better if the Member for Lesser Slave Lake, the former minister, had stood in his place and said that we must help those people in northern Alberta, and in order to help those people, through either the heritage fund or the general revenue of this province, we are going to assist them with a subsidy on their electrical energy, because, one, we want to help them in maintaining their homes; two, we want to assist those that are developing homesteads or farmland so they can stay in the north and be good citizens; and three, in terms of industry, we want to directly assist the industry base in northern Alberta and we're going to subsidize it. Up-front, right, and direct: we in this Legislature could have voted on that kind of program.

The way that electrical marketing agency came in, I have no control at all over the kind of expenditure that's going on. I can't say to the people of Little Bow that I'll go to the Legislature and fight against the power increase rate in this constituency, because through legislation, through the electrical marketing agency, it's in place. I, with my farm, and many of my farmers in Little Bow, the guy in the business place, in the grocery store, have to charge a certain percentage more to assist those who are being subsidized by this postage-stamp sort of

plan the government has brought forward. I have no way of stopping it. If I say to TransAlta, which supplies electrical energy through the marketing agency and then in turn to me, that I disagree with the rates and am not paying my bill, what's the result? They cut my power off.

MRS. CRIPPS: Mine too.

MR. R. SPEAKER: My power would be cut off and yours too, and many other people in this Legislature. So I don't pay my bill, and they charge me 15 to 18 percent interest next month. Then if I continue not paying my bills, they have a right to take me to court. I could end up in jail because I disagree with the proposal in principle. But that would be forgotten. The thing that would happen would be that I didn't pay my bill as a consumer because I opposed the kind of legislation that's setting rates in this province.

I would encourage the minister that has been asked to take the responsibility — maybe there's no recourse. If he disagrees, then he loses his portfolio. But when you stand up in this Legislature, what is most important? That you represent your constituents, that you represent a principle, or that you like the job?

AN HON. MEMBER: All three.

MR. R. SPEAKER: Most likely that's true, but in this circumstance I don't know how the minister — the minister says, "Well, my caucus has agreed with it by a majority." I hope there's somebody in that caucus who disagrees. "I have to present it before the Legislature and debate it whether I believe it or not." Maybe he believes it now; I don't know. But I certainly hope my colleague from the constituency of Macleod doesn't believe this. Hopefully he has some influence in cabinet that says, "I think we'd better have a second look at some of the things we're doing here."

Mr. Speaker, I want to make it clear that it's wrong in terms of two principles. It violates marketplace principles. Secondly, this legislation violates the fact that there's taxation without representation from my constituents or representation to a body that can control this type of actual increase. Thirdly, the legislation is out of place here in the province of Alberta. Mr. Speaker, I ask the government to reconsider what they've done.

I want to add another item to this. I am not against helping those in northern Alberta that need help in terms of their power rates. If it is a redistribution of our natural resource wealth in this province and we want to help people be more self-reliant by giving them better rates at this point in time, then let's do it through a direct program of subsidy. We have \$100 million in that program. Why didn't we direct it into northern Alberta and say to the north, "Look, we want to get you on your own feet so you're self-reliant, so you can do your own job." There are many, many people up there who are doing it anyway. At a point in time in our development as a province, when they can adequately stand on their own two feet, we can withdraw the subsidy. But no, we didn't do that. We put in place semi-interventionist legislation that will in time most likely become part of the fabric of Alberta if this Conservative government stays in very long and they think Albertans will accept it. I hope they don't. I hope they're told that it isn't correct, that it is wrong, and that there is a better way of doing it in the province of Alberta. If we follow the principles I've enunciated, all could be done to the satisfaction of every Albertan.

MRS. CRIPPS: Mr. Speaker, I just heard an argument that was as phony as a three dollar bill. In fact I didn't hear the member

say that northern Alberta shouldn't subsidize the drought assistance program in southern Alberta, and it's exactly the same principle. Intervention by this government — certainly it's intervention. The fact of the matter is that one company has low cost power production, and they were given that by a former government he was a member of. In fact if I remember rightly, the Brazeau dam in my constituency was built with government money on which no interest was paid for some 20 years. That's one of the reasons we have a differentiation in power rates across this province.

[Mr. R. Speaker left his seat]

AN HON. MEMBER: Stick around, Ray. [interjection]

MRS. CRIPPS: You'll need lots of luck.

One power company is producing power with low-cost energy as a backup system mostly now, but certainly there is a difference in the cost of production. That's one of the reasons for the difference in power cost between northern and southern Alberta or between the two power areas.

I'm pleased to support this Bill, because it makes all Albertans equal, whether you live in Calgary, Edmonton, northern Alberta, or southern Alberta. For a change we're all going to be treated on the same basis.

Mr. Speaker, Bill 78 has been introduced to clarify some of the unintentional problems that have arisen with the earlier Bill. It's unfortunate that the intent of the Electric Energy Marketing Act, introduced on November 16, 1981, was not fulfilled. If I can quote from *Hansard* — the Member for Little Bow deliberately misinterpreted the intention of the minister — it says:

The purpose of the legislation is to establish a statutory agency with the authority to purchase and resell electric energy produced in the province, to act as an agent for electric energy imported into or exported from the province, to administer subsidies and establish wholesale rates for electric sales and purchases; and also capacity to set regulations to deal with the foregoing.

I can't see that there's any need for clarification. It's perfectly straightforward and clear. Mind you, we're here because people have misinterpreted what the minister said.

Another question that has arisen from the application of the Electric Energy Marketing Agency is the question of pooling power. I'm really surprised that this is questionable, as second reading of the Electric Energy Marketing Act on November 16, 1981, clearly outlined the parameters of the legislation and the principles of the Bill. As all legislators know, second reading offers the opportunity to clearly lay out these very key points. I want to reiterate some of the points made by the minister on second reading, to re-emphasize that the government is introducing this legislation to ensure that the principles introduced in 1981 are in fact implemented and that all Albertans benefit by uniform electric energy rates.

First, the minister says on page 1896 of *Hansard*, November 26, 1981:

Its principal purpose is very simple: to purchase, pool, and resell the electricity generated in the province.

He also says that "the agency will purchase and own the electricity for an instant." Actually I'm on the next Bill, because that's the principle enshrined in Bill 79.

The pooling interface has become a question that people either misunderstood or have questioned. It says that this pooling interface will be determined in consultation with the utilities. But basically, the pooling interface is the points at which distribution begins; in other words, at

the terminus of transmission. So the averaging or pooling of the energy will be at a point prior to distribution. The costs of generating and transmitting will be averaged. Then the energy will be resold to the generating utility.

I don't think there's any question about the intent of the Bill. I'd like to go to the bottom of that page, where the minister outlines the different consumer groups. That's addressed in item 13.1(3):

The ... pricing formula set ... in respect of a consumer group may differ from that set in respect of another consumer group.

I want to make it absolutely clear that this is not a new principle; we're just reinforcing the principle introduced in 1981.

The minister says here:

For members of the Assembly, it's useful to know that the rates vary depending on the class of customer. For example, industrial customers generally pay a higher rate than commercial customers, and residential customers pay the lowest rate.

At the bottom of the page, it says:

The point of this comment about rate setting is that the agency does not intend to interfere with that relationship ...

That's the relationship between the various consumer groups.

The result of the changes to this legislation will be that the REAs will continue to purchase their electricity from TransAlta and Alberta Power but will form part of the residential and farm group rather than being a separate customer class as they are now. This will result in uniform power costs all across the province for all residential and farm customers, regardless of who produces the power and then resells it to the consumer group. The agency will continue and has met with the Union of REAs to discuss the cost, the pricing, and the pooling of this power.

Again, the purpose of EEMA is to ensure that all Albertans in each consumer class receive their power at a uniform rate. For that reason, Mr. Speaker, I support the Bill.

MR. MUSGROVE: Mr. Speaker, I'd like to make a few comments about Bill 78, the Electric Energy Marketing Amendment Act. It's unfortunate that our friend from Little Bow had to leave, because there are some things we could have got cleared up.

First off, as Shirley has just said, I believe that what we're doing is clearing up the principles that were brought in in 1981 and also clearing some interpretation of what was intended at that time. That is of course pooling energy costs.

A few comments about the benefits to farmers. One of them is cross-subsidization, which we do with our telephones and, as was pointed out, we even do with some of our farm assistance programs. The point is that farmers and urban dwellings will be on the same rate for electricity.

[Mr. Appleby in the Chair]

Even under the 1981 principles, the current situation is that there are four different farm rates. There's one rate for TransAlta Utilities' direct farm customers. There's one for the REAs that are served by TransAlta Utilities. There's a rate for direct customers of Alberta Power, and one for the REAs served by Alberta Power. There are two energy rates for farms: one for the farms served directly or indirectly by TransAlta Utilities and one for farms served directly or indirectly by Alberta Power. The changes that will be made when this legislation is passed are: number one, there will be one energy rate for all farms in Alberta, and the end user rate will vary only by the

difference in distribution costs; number two, it is projected that REAs served by TransAlta Utilities and direct farm customers of Alberta Power will experience a rate decrease of approximately 8 percent; number three, it is projected that REAs served by Alberta Power will experience a further modest rate decrease. So contrary to some of the comments we heard, there will be some decrease in power costs.

Mr. Speaker, along with the announcements that were legislated last spring, including the three-phase lines being part of the revolving account and the size of customers, the utilities committee has agreed that there should be some negotiations going on between the REAs and the power companies. The reason that has happened is that the history of the contracts between power companies and REAs was written in 1949 and legislated by the former government. In those contracts 10-k users, even if they were farmers, were no longer customers of the REA but automatically became customers of the power company. I believe that was later changed to 25-k users. In that contract, utility companies were responsible for all operation and maintenance and construction of new and old lines. The charges for those were either paid for out of the revolving fund or were taken out of the reserve account of the REA.

In the last few years, because a lot of REAs were selling out to the power companies because they were concerned about the cost of rebuilding their lines, the utilities committee has encouraged the REAs and power companies to have a new contract, with the principles that our minister just outlined: that there be a uniform contract to be used by all REAs and companies and, where special circumstances warrant, addended to the contract that the REAs have the option to provide all farm services, including single- and three-phase customers; that the deposit reserve fund be administered by REAs at their discretion; and that REAs be given the right to hire their own contractors for original construction and reconstruction of these lines.

There are quite a few concerns by the REAs. Incidentally, I believe the power companies have agreed to these changes. But some of the concerns the REAs have are that they feel they have a franchise area and, like any other utility company, they should have all the customers within that franchise area. That is not the way it is now. The change that is recommended, that they take over all farms regardless of how much power they use, will certainly give them more customers than they now have. It has also been suggested and agreed to by the power companies that the new major contracts should be for only five years. If the REAs can negotiate some changes in this within the next five years, they'll have five years to come up with an agreement.

They were concerned about line takeovers by the power companies when REA customers became power company customers. It is suggested that instead of line takeovers there should be a formula or some formulas agreed to, or if not, taken to the Public Utilities Board where there could be a formula that would show who should pay what portion of the costs of the line depending on the number of customers or the amount of power used in that case. The REAs have suggested that they shouldn't need to go to the Public Utilities Board, but it would appear that it's the only way to settle it. I believe our minister has suggested that the Department of Utilities and Telecommunications should pick up the cost of the REAs' presentation or defence to the utilities board, whatever it amounts to.

Where there are what REAs consider excessive costs for repairs and maintenance or line renewals, there should be an audit review. If it is considered excessive, this could also be taken to the utilities board. The new proposal is that where it is new construction or line rebuilding, if they feel the utility

companies' costs are too high, they can go and tender for their own contractor.

Mr. Speaker, I don't feel that we are infringing on the free-enterprise world. Contrary to what other provinces are doing, we are actually leaving our power generating in the free-enterprise world but offering some assistance to areas where there are high costs for power.

Thank you very much.

MR. MARTIN: Mr. Speaker, I just have a few concerns. Of course many of the areas we want to go into specifically we'll do in Committee of Supply.

One of my concerns has to do with bringing the PUB into the picture. I suggest that, at least in our opinion, they certainly have been biased in the past in terms of the large private companies. The minister is well aware that many of the Edmonton people have presented this viewpoint. Maybe this is not the case, although I will admit that I believe the last time they turned down an increase by the private companies' was one of the first times, at least in recent memory.

I understand the purpose of what the government is trying to do. In some ways it's admirable in that you can't have high power rates in certain parts of the province, i.e. the north, and low ones in the other parts. It's a cross-subsidization.

I know that this will be the opposite of the Member for Little Bow, but surely we can follow the lead of what I believe is happening in all the other provinces except P.E.I. and Alberta. Surely this is no longer an ideological issue. Public power would have been the way to go back then, because it is cheaper. If you look at what's happening in other provinces, they have much cheaper power rates than we do in the province. I'm talking about right across the border in Saskatchewan and even in Conservative Ontario. Most of the Conservative governments have brought it in. The point is that it does the cross-subsidization that we're talking about, and it's cheaper for the consumers.

This is not private enterprise, Mr. Speaker. You cannot have a number of power lines competing against each other. The marketplace works when there is competition. Surely where there is no competition, it is ridiculous to think that this is private enterprise. What you have is a government propping up the big two, the large private companies. They're not competing against anybody. If there were a marketplace, that would be one thing. But where there isn't a marketplace, it seems to me that it's only reasonable that this is where we should have public power.

I know the minister is aware of some of the press reports. I'd like to come to the jump in urban power costs. I know the minister says that it will be fully shielded this year, and I appreciate hearing that. Nobody will have increases as a result of this Act. What about the future? What happens after the shielding comes off? I'd like the minister to allude to the figures. I don't know whether they are right or wrong; I'm sure the minister does. Mr. Pullman, the controller of Alberta Power Limited, says that Edmonton could face extra power costs of about \$4 million a year as a result of the new legislation and that urban power costs right across the province could be \$12 million. I'm asking the minister if this will be the case after the shielding comes off. This is a lot of money for urban people to pick up at this time. The minister is well aware that cities — certainly the city of Edmonton and, I expect, the city of Calgary — are in very tough financial times with the restraint measures. If they have to pass this on to the consumers in Edmonton, I would say that you can go to the well once too often. If that's the case, the money just isn't there.

Again, I appreciate that it is shielded this year, but I want to know what happens to the people I have to represent in Norwood and some of the other urban members have to represent. If we're thinking that there's any more money there, there isn't. If there is an increase on urban dwellers, especially in Edmonton right now — the last official figures we have are 14 percent unemployment and small businesses in difficulty all over the city. If we're putting another cost onto Edmonton — and, I expect, Calgary; I'll let other members speak for them — they just cannot afford it, Mr. Minister, even if it's a year from now.

If we're not prepared to go the route of public power — I know at this point that we're not going to — I have to make the case for what I think is the correct way to go. If not, while it's fully shielded this year, I would say to the minister that to protect and bring the costs down in the rural areas, where I agree with the minister, I would ask him that that shielding be put on for an indefinite period of time. If we're changing an Act here that the local governments have no control over, I for one cannot stand up as an urban member in a year and say to the minister that that money is here, because it isn't.

We've had shelter allowances from the Minister of Social Services and Community Health. Will that be part of the social service increase? Maybe the minister of social services can tell us. The point I'm trying to make is that money for local taxpayers at the urban level, at least in Edmonton — I don't want to speak for any other place — is just not there. The minister is well aware that aldermen in Edmonton, and I believe in Calgary, have talked about it.

The other area I would like to come back to ties in. I'm not sure about this, because this comment has been made many times. Many of the Edmonton aldermen are talking about opting out of the Electric Energy Marketing Agency, which is to administer the subsidy plan. I seem to recall a statement from the minister a few months ago that this would in fact be possible. Before we vote on this Bill, Mr. Speaker, I'd like to know if that's an option the cities can look at at this specific time. I would be surprised if that was the case, but they are talking about that.

There are a number of areas and specific questions to bring up, and it would be more appropriate under the Committee of Supply. I intend to raise them, but I would like to raise those very valid concerns. I would just say to the minister that I expect my cry for public power will be ignored. I don't think I have the votes in this House at this moment to win it. But I really do say to the minister: after the next year, urban taxpayers and urban people cannot afford that type of increase. I would plead with the minister, if it's going to be subsidized this year because of a change we've brought in provincially, that at least for the time being, with the economy the way it is in my city, we not pass this on to our people, because they can't afford it. [interjection] Maybe the Member for Edmonton Belmont figures his people want it. That's fine. He can tell them that in the next election. I for one, representing Edmonton Norwood, would be against any increase, even in a year, because of this Act.

Thank you, Mr. Speaker.

MR. GOGO: Mr. Speaker, I want to make various comments on Bill 78. I believe it's a very important piece of legislation. Being from southern Alberta, I recall vividly — I believe it was '79 — when the former Minister of Utilities and Telephones brought the legislation forward. I recall his assurance that utility rates probably would not increase beyond 8 to 10 percent over five years.

I can assure you — and I'm confident members from the Calgary area are in a similar situation — that I have never run for election on the basis of raising taxes, and in effect that's what that was doing. But we in southern Alberta — and I don't want to speak for my colleagues, but I recall discussions I had with them. We said, "Is it fair to Albertans?" And we reached the consensus that it was fair to Albertans to introduce the Electric Energy Marketing Agency. It was perhaps a bit of a bitter pill to swallow, but we did it. We took the heat for it.

I take some exception to the Member for Little Bow commenting in a negative way on the mayor of my city. If he wants to move into Lethbridge and vote for the mayor, then I think he's at liberty to criticize him. Otherwise I think he should have the courtesy of going and telling the mayor when the mayor says it's going to be a 1 to 2 percent increase. I suggest that the mayor runs for office, and his peers and citizens elected him. If the hon. Member for Little Bow doesn't like it, then I suggest he should run for mayor of Lethbridge and let the public decide.

For many years in Lethbridge, \$2 million or \$3 million of revenue has been raised by marketing electricity. Certainly the city fathers were concerned that they may not be able to do it any longer. You can imagine, at house taxes of \$500, how many times you've got to raise house taxes to realize \$3 million. Certainly they were concerned. There were many meetings between the Member for Lethbridge East and myself and the city council. As I said, Mr. Speaker, it is not an easy thing when you have an industrial department out trying to sell the advantages of your community with industrial land and the low utility rates that go with it. We've heard the Member for Medicine Hat say many times what an advantage natural gas is. It made it very difficult for Lethbridge city to compete across Canada in attracting industry, because one of the historical advantages of Lethbridge was low electrical rates. That went by the board. That wasn't easy to absorb.

Mr. Speaker, I think people had better be realistic. The Member for Edmonton Norwood said himself that really only two provinces exist in Canada with private generating sources. The options are very clear, and I don't think it's any secret. We either come up with a plan to distribute equity through this province in terms of something you have no option about using — it's like natural gas. North of the 49th, either you have heat or you don't live. Surely in northern Alberta, electrical energy is not an option. When you look at what I heard back in '79 about Alberta Power rates being about triple that of Calgary Power, or TransAlta now, something had to be done. So the government moved on that.

By the way, I didn't hear anybody complaining about the cow-calf program in northern Alberta. Lethbridge didn't get any of that, but I recall strongly supporting it as a member of caucus. Isn't it strange how we can become parochial within this House and not think of the good of Alberta or the good of its citizens. As long as we can carve out that little area that's going to get us re-elected, boy don't we jump on the bandwagon. Maybe the Member for Little Bow would like to see farm homes not only assessed but pay their fair share of taxation to run a school system. I didn't hear him say that. I know he won't say it.

Either we make up our minds to say that equal opportunity should be afforded to all Albertans — I thought that was why we bought PWA, to open up the north. When it got open, we sold it. And here we are. It seems to me certain members of this House are taking strong exception to our government's commitment, when they passed that Act in '79, to now try to put it in place through equity under Bill 78.

Mr. Speaker, I don't believe for one minute that TransAlta will ever go broke. I'm amongst many citizens who think the

Public Utilities Board is too generous. They've taken all the risk out of power generation. They've guaranteed a return. I think it's too high. That's my belief. But the Public Utilities Board has criteria that only a Philadelphia lawyer could understand anyway, and in the final analysis they say it is fair and equitable. I forget whether it's a 13 or 15 percent return, but they seem to think that's justified. So be it. I think citizens have an opportunity to alter that. I haven't heard much from the citizenry.

There's one area, Mr. Speaker, that we seem to accept very easily. That's booze in this country. If you are from Fort Chipewyan, we'll hire a Twin Otter and fly it in at the same rate you buy it down the street. I don't hear the Member for Little Bow saying that's wrong. I wish he would say it's wrong. I think we should use some of those dollars to put milk in northern Alberta so young Albertans can have something besides booze.

How can we as a province have legislation and regulation that says in effect: when you flip the switch the power, the light, must go on. The price tag of doing that is surely to enable these power companies that expend the capital funds to make that capacity available — let's not kid ourselves. The way we were going, if you look at the graph of increased demand for electrical energy, we were stepping all over ourselves to make sure there were adequate resources available for the future. So we've got this huge surplus now. If it were gas and oil, we wouldn't have to worry. We would lower the price. But here they have these plants in place — hundreds of millions of dollars — and they've got to be paid for and somehow they've got to recover. We can't have it both ways either. We can't encourage the industry to put plant and equipment in place to generate the electricity and then turn around and say, you cannot recover your costs. That's not part of this Bill, but it's part of the Public Utilities Board decisions.

Mr. Speaker, I have long felt very strongly that we should not encourage or reward waste. I'd like to see those businesses that have the audacity to lock their doors at 5 in the afternoon and burn hundreds of thousands of wattage hours in electrical neon signs all night, when they won't allow people on their premises, pay double or triple the electrical rate, because that's not necessary. I think that's a waste of electrical energy. I think the public perceives that. I heard stories that it's cheaper to leave the fluorescent lights on in all the government buildings all night. You've got to be pretty stupid to believe a thing like that. Yet we're told time after time that it's cheaper to do it. I think that we as Assembly people, certainly government members, should recognize that if we're going to listen to the public, which is very concerned about the ever-increasing rates, the least we can do is not pay triple net on the buildings we rent. I think we should pay a flat rent, and the landlords would see that the lights are off. The way it is now, they couldn't care less. We're paying the bills ourselves.

Let me conclude on this note, Mr. Speaker. As the present Minister of Housing knows, it was not an easy decision for members in southern Alberta to agree in principle when we passed that legislation in '79, but we did it. We did it on the basis of fairness and equity for all Albertans. We stood by it then, and I think we should stand by it now. Therefore I recommend that we pass second reading of Bill 78.

[Two members rose]

MR. DEPUTY SPEAKER: I think the hon. Member for Calgary North West had the floor first.

MRS. EMBURY: Thank you very much, Mr. Speaker. I just want to make a few comments, although most of the things I

would say have definitely been said in a very eloquent manner by the Member for Lethbridge West. He certainly picked up on one point I wanted to mention too. It seems we have erred and strayed slightly from the principles of this Bill today, primarily rehashing and redebating the original Bill that was passed previously in this Assembly. That's really not the point of the discussion today, although I don't think anybody could look at legislation affecting utilities without some comment being made on the cost to the consumer.

Of course we have some instant experts on how to solve this particular problem. I think it's ludicrous today to expect all utilities — constituents aren't just complaining about electric power; they're also complaining about their gas bills and telephone bills. Unfortunately these are people who are pretty parochial in their thinking at times and stay within the Alberta border, unless they're on a plane to Hawaii in the summertime, and then they're not quite so aware of what the utility bills are in other parts of the country. So I think we have to be a little realistic.

The Member for Lethbridge West mentioned the large plants coming on stream. Somebody has to pay for those. Today it seems another very popular theme is to knock the large companies. Some people say: "Why not? They've got a monopoly. They have some control by the Public Utilities Board, but it's very generous for what they do".

I think what I'd like to bring out today for just a minute or two is in regard to the amendments. I think it behooves all members of the Legislature to try to do a little better in communicating the process: what has happened before and what these amendments really mean to different parts of the province. I think that's been one of the disadvantages. It's always hard to communicate aspects of legislation to people and to the members of our municipal councils, but I think it's only fair that they know the details.

I can certainly state in the Legislature that there has been a lot of input and discussion on these amendments. As a member of the utilities committee, I can say that I've certainly had my share of input to this process. I know the minister has done a lot of communicating at different meetings with not only the people from the power company and the electric energy association but also the municipalities, the people that are going to be affected by this legislation. So they have had the opportunity to have input, and once this legislation is passed, it will behoove the rest of us to make sure it's well communicated.

One aspect of this legislation of course is that the larger centres — and Calgary is certainly one — will still be purchasing power from TransAlta Utilities. But as the minister mentioned, there will now be three customer group prices. This is different from what it has been before. One is for the residential and farm consumer group, one is for the commercial consumer group, and one is for the industrial consumer group. So this is quite a change. Rather than the single rate, there will now be three rates involved.

One might wonder why this has come about. As most members of the Legislature know, cities such as Calgary purchase their power from TransAlta Utilities at their civic boundaries. The council of the city or town has the final authority in determining the rates that will be charged to the citizens of a city like Calgary, and I think it is generally felt that substantial profits are made for the cities from this electrical utility. These funds can be used within a city for any other project, not necessarily for the purpose of shielding electrical bills. So a little different situation has occurred.

The other situation results since Calgary, along with two other cities, has its own transmission facilities. This has not been part of the pooling process. The cities were compensated

for the cost of the facilities by the agency, and this was done on a negotiated basis. When the utility company applied to the Public Utilities Board for increased costs due to the levy, this was granted, so Calgary was paying a levy that was equal to the compensation that was in place at that time. As a result of this legislation, the city of Calgary will receive an amount toward \$23 million.

As an MLA who represents Calgary, I want to get those major points out in the Legislature. I think the comments the Member for Lethbridge West made were very true and certainly applied to the southern part of the province, but we are not debating this now. The Act that was passed before by the members of the Legislature was an overall consensus. We're now looking only at the principles of this Bill, and I would heartily recommend that all members of the Legislature read it, understand it, and be prepared to communicate it to their constituents and members of their municipal councils. I urge you to vote in favour of this Bill.

Thank you very much.

MR. PAPROSKI: Mr. Speaker, my major reason for rising to debate Bill 78, the Electric Energy Marketing Amendment Act, 1984, is to provide some clarification in this debate. I'm afraid that the hon. Member for Little Bow did everything in his power to muddy the waters, and I think he muddied the waters very, very well.

I'd like to address my comments specifically to the minister. As the MLA for Edmonton Kingsway, I'm concerned first of all that the citizens of Edmonton be aware that there is no negative impact on them in this particular area. I think there is confusion, which was provided by the Member for Little Bow as well as by aldermen in the city of Edmonton. In his opening remarks, the minister clarified that this will not have a negative impact on the citizens of this city, that indeed there is a shielding program involved, and that it will assist the consumers in Edmonton.

Mr. Speaker, I have figures from the Electric Energy Marketing Agency, based on 1984 cost estimates, that for Edmonton an additional \$9.8 million will be required for shielding to maintain existing levels of customer payments. I'm asking that in his wrap-up the minister assure the House and Edmontonians once and for all that these figures are accurate, that these moneys will be provided to the city of Edmonton, and the impact that will have on Edmontonians.

Thank you, Mr. Speaker.

MR. BATIUK: Mr. Speaker, I think I would be remiss if I didn't rise to speak in support of this Bill. REAs first came into being in the mid-1940s for a real reason: to provide a cheap, clean fuel for rural Alberta. I think the government of the day did well by implementing programs for this. It enhanced the quality of life in rural Alberta. But at that time I don't think anybody expected that within a few years people would be using electric energy for grinding grain, drying grain, and many other things. As times changed, however, because of the demand and everything, the picture changed.

When I joined an REA about 35 years ago, I recall that I was concerned with having that light. I didn't look at the fine print or anything on the contract. But as times changed it became a real concern to the REAs. You know very well, Mr. Speaker, because you, the Member for Whitecourt, and I served on an REA committee and spent many, many hours trying to get some of these requests and concerns. It looked so close, yet it was so far. Nothing has really happened for the 10 years since. Those were the same principles we were trying to settle.

I personally would like to commend the minister for taking bold action at this time, for taking the problem on. Last spring all the REAs were invited to a meeting. Four principles were discussed and were well accepted by both the utility companies and the REAs. They were the problems the REAs were faced with for many years. One of them was the master contract. Both had agreed that a new master contract should be provided.

Another concern was that the REAs wanted to have the authority to construct and reconstruct lines. I saw it in my own area. Many times the utility company would come out to replace a pole. Three or four trucks with 12 men would probably spend half a day, and a bill for \$1,200 or \$1,400 would come to the REA. Maybe it was justified with that many, but in half a day one person with a posthole auger could have put that pole in.

So four principles that were bought out at this meeting in the spring were well accepted, and I thought, here is the change. I think the REAs along with the utility companies should accept that. I know there are other requests. The REAs want other benefits added, and I don't oppose them. But I think a master contract with those four principles should be implemented. If they feel the other benefits are necessary, then I think the utility companies and the REAs should sit at their desks and try to negotiate and not expect the government to do it all.

There has been a lot of criticism of the utility companies by the REAs. I have been a member for 35 years and one thing I can say is that the service from the utilities was just superb. Living by a high-powered line, you could expect problems continuously, yet the service was just superb.

The hon. Member for Edmonton Norwood mentioned that public power is the answer and how good it is in the other eight provinces. Then he turns around and says that the power in Edmonton is going up. That's because of public ownership. If it wasn't for public ownership of the power in Edmonton, I don't think we would have needed the Electric Energy Marketing Agency. I think the real reason it was brought in was because it wasn't fair that customers of Alberta Power on one side of the road had to pay considerably more than customers of TransAlta just across the road in that franchise area. An agency such as this had to be created. I ask all hon. members to support it.

Thank you.

MR. NELSON: Mr. Speaker, being a member from Calgary, I guess I would be remiss if I didn't say two or three words with regard to this Bill. I remember the day a few years ago when the hon. Minister of Housing came to Calgary, but under a different portfolio at that time, and gave representation to the city of Calgary. At the time I was an alderman. I voiced my views, as I usually do, trying to express the views of my constituents. I don't normally try to express my own views a great deal. I try to express the input from people in my constituency who are very good to me and who express their views on various things through meetings in my constituency.

As far as the particular Act is concerned, I guess on one hand — as has been expressed to me on a number of occasions by the hon. minister — we standardize the rates for liquor sales, telephone bills, and what have you in the province. The point of view of constituents in Calgary McCall, like everybody else, is: we don't like to see higher rates. Of course at the time this Act was put forward, the city of Calgary enjoyed a rate that was probably one of the lowest in the province. Subsequent to that, with the moneys that have been put in to support the higher rate that would have been the case had the government not shielded power, we would have had the difficulty of having a lot of other people mad at us.

There is some discussion here with regard to people having a return on their investment. Certainly the private sector has that right, but at the same time they do that in most cases through risk investment. I don't know what's risky here when we legislate someone to have a profit. Basically the Public Utilities Board can just about guarantee these guys a profit.

There was some discussion with regard to businesses burning their lights all night — their neon signs flashing and what have you. I would like to suggest to the hon. member that he ought to come out into the private sector and determine why some of us do those sorts of things. It is a form of security within our businesses. I understand that if you leave a lot of lights on in a building overnight, they generate some heat and of course cut costs in other ways. I guess you could go on and on about this whole thing.

In representing the citizens of Calgary McCall, I suggest that there is some concern about what we're doing as far as this whole issue is concerned. We ought not to lose the public's perceived adversity — if you want to use that term — toward this type of legislation. We don't necessarily want to go and buy a public utility, but the way we now distribute energy within the province is nearly public power without any investment by government.

With those few words, Mr. Speaker, I'm sure we will be cognizant of future costs of power and other utilities to the citizens of Alberta. My concern of course is for the city of Calgary and my constituents.

Thank you.

MR. MUSGREAVE: Mr. Speaker, I would just like to say a few words on this particular Bill. It's regrettable that the hon. Member for Little Bow isn't here. I would like to point out that those of us from the city of Calgary were very concerned when this proposal was first put forward by the previous minister. I guess you could say that it was part of a strategy to avoid going to public power. The hon. member from Edmonton suggested: why don't we have public power; every other province does. One only has to look at management techniques of Ontario Hydro and see the deplorable mess they've got themselves into by getting into nuclear power. I understand they are now hundreds of millions of dollars in debt. Just because it's a public entity doesn't mean to say it's going to be successful.

We should remind ourselves that it was going to cost the citizens of Calgary almost half a billion to rationalize power; in other words, to make sure power was at a reasonable cost throughout the province. Because of that huge amount of money, the shielding program was developed. I think it's unfortunate that we have to lump the high performers in such companies as TransAlta, which had good management foresight and was able to get fuel for generation at a low cost and had management techniques that are now the envy of many companies throughout North America, with those that were not quite so successful, and then we say we're rationalizing power to make sure everybody gets treated fairly. Hopefully some day our society will bring itself up to the excellent performers and not down to the level of the lowest common denominator.

I would like to point out two things. First of all, there has been some comment by local politicians in the city of Calgary that there hasn't been consultation. My understanding is that there has been considerable consultation with the minister, members of city council, and officials of both sides. The other thing: as I understand this Bill, it will mean that the city of Calgary in particular will now receive approximately \$1.8 million a month. The way the legislation was structured before and the way the utilities board was acting, this amount of money was lost to the city of Calgary every month. The way the Act

read, it had to be turned back to the power company. It was a merry-go-round of kiting cheques, except that in the end they didn't bounce. The net effect was that the citizens of Calgary didn't get the money. As I understand this, we will now be in a better position than we otherwise would have been. I want this on the record for those in the city of Calgary who have a tendency to overlook such important items.

Thank you.

MR. HIEBERT: Mr. Speaker, I thought I would add a few remarks with regard to the debate on the Bill. It appears that in discussing the Bill in the Edmonton region, it's being interpreted simply as: does it mean an increase in your utility rates, and are you for that or against that? It's not quite that simple. If I were to give the answer to the utility rate question: no, I don't want an increase in utility rates. That's easy. We have to remember that in the Edmonton area, the city is involved in both the generation of power and the retailing of the electricity. Sometimes when there are increases, it's hard to determine on which end the increase is being tacked. Is it on the generation aspect or is it on the retailing?

The purpose of the Bill, as I understand it, is to look after some problems with regard to the pooling of the generation and transmission costs down to the 25 kv level and also to look at establishing individual pools for customer classes throughout the province in allocating those total upstream costs. If we look at what has happened since the Electrical Energy Marketing Agency was put in place, Edmonton benefitted in 1983 to the amount of \$13 million. It's my understanding that it will be less in '84, and certainly the impact of this legislation will decrease that amount. From the explanation given by the minister, Mr. Speaker, it's my understanding that shielding will be put in place, and Edmonton rates will be protected to some extent. So in the short term, Edmontonians may not benefit as much from being a part of the Electrical Energy Marketing Agency.

However, we have to keep the long term in mind. In the long term, Genesee is going to come on stream. Certainly the cost of the generation of power by this plant is going to be considerably greater. This is where Edmontonians will benefit. Those costs will be protected, because they will be absorbed throughout the province. That is being forgotten at this point in time. We're looking only at the immediate. There is some thought being given to this question of the agency by the Edmonton city council. I suggest that this issue be given careful consideration. The assessment has to be made in the long term rather than just looking at the next three or four years.

I guess one could ask another question: should the city of Edmonton be in the power business? Is part of the problem when we get the retailing of electricity confused with the generation of power on a provincewide basis, where we have mainly private companies? I can recall that under the previous government we had two generation plants in Edmonton, the Clover Bar and the Rosedale plants. Both of those plants were using natural gas as their basic energy. The natural gas that was being consumed in those plants was in fact protected to some extent. There was a natural gas protection plan involved with the operation of those two plants. I ask the question then: who absorbed the loss of revenue with regard to that particular decision? Certainly the forgone revenues from natural gas would be something that all Albertans would benefit from. So the question is not simply whether the rate is going to go up or down at the present time; the question has to be looked at in the long term.

Edmontonians are Albertans — at least the last time I looked we were — and as Edmontonians we want to pay our fair share,



as would be the case the other way with the telecommunications/telephone issue. Edmontonians are looking for a fair share of the long-distance revenue. The same formula applies in this area too.

MR. ZIP: Mr. Speaker, I wish to rise briefly to add my few words to this debate. I wasn't in the House when the original legislation was passed. I followed it carefully. I realize that because of its privileged position in the power picture in this province, Calgary had to sacrifice something to make things better for Albertans in other parts of the province. I also realize, and I'm sure a lot of other Calgarians realize, the extent to which Calgary has benefitted from the development of resources in northern Alberta and the contribution that made to the city's head office status and to the opportunities it created for entrepreneurs in the city of Calgary. So there is a balancing effect. There's a give and take in our society that we have to keep in mind. We also have to keep in mind that we can't always take. There comes a time when we have to give. From that standpoint, I support the present Bill, and I support the efforts made by the previous minister.

As a member of the utilities caucus committee, I'd like to mention the efforts of the minister and the chairman of the utilities caucus committee in trying to be fair with everybody. They have met a number of times with the representatives of the REAs, and I met with them. I know they've met with the power companies and with the various municipal jurisdictions involved. As a member of that committee, I wish to congratulate these people for their thoughtfulness and the energies they've expended on a problem that has been difficult to solve. But watching the proceedings and doing my little bit to help wherever I could, I noticed that progress was being made, and that's the important thing. We just can't start to dig in and take uncompromising positions that make negotiation difficult. In some instances, I think this has happened in the current negotiation and argument over the power situation in this province.

I briefly mentioned statements about public power. In view of what has happened with Crown corporations in other areas of our Canadian economy and looking at the sad experience of federal Crown corporations and some of the provincial power companies, I cannot endorse public power for the simple fact that there's that lack of accountability. That has been so successfully displayed with TransAlta, where they have to answer for their actions to shareholders and private investors who have contributed the capital for the company. The taxpayer has very little say in the power company. The accountability to the taxpayer in the public power situation is far more limited than it is in a private utility. I feel that we are fortunate here in Alberta that we have had this situation develop where we have private power companies, and the taxpayer is not always asked to cough up money for bad judgment and bad management, as has happened in the case of Canada and its massive intrusion into the private economy.

Thank you, Mr. Speaker.

MR. WEISS: Mr. Speaker, I wasn't going to be involved in the debate, but I found the support from the southern members of the province very interesting. I'm not sure if any members from northern Alberta have spoken prior to my standing today because I was out of the House for a few minutes. But I would like to state that I've heard such words mentioned as "equitable arrangements", "benefit to all Albertans", and "fairness". That's true; it is a benefit to all Albertans. As a northern representative, I would like to emphasize that we all share, and I'd like to indicate to members of the Assembly that we appreciate that particularly because those in the north were not able

to share in those benefits. Think about it, Mr. Speaker. For many years, all Albertans in the north were not able to share in those benefits.

We look now at some of the new benefits in the north. I think of the tar sands projects in particular. I don't believe they belong to northern Albertans. They belong to all Albertans and to Canada. We like to think that over the years many of these things will develop ongoing projects. We hear about feasibility studies for the Slave River project, and other things will happen. I'm sure as we pass from this House to another House, we'll find that other things have happened that have many benefits to all Albertans.

I want to make it known, Mr. Speaker, that I certainly appreciated the previous support of the Bill and encourage all members to weigh the benefits and to support the existing legislation.

MR. DEPUTY SPEAKER: Is it agreed that the hon. minister may close the debate?

HON. MEMBERS: Agreed.

MR. BOGLE: Thank you, Mr. Speaker. I think it's fair to say that this has been one of the widest ranging debates we've had in the session this fall. To summarize, we had the hon. Member for Little Bow, one of the opposition members in the House, indicate that it was intervention in the free-market system and that that should be avoided at all costs. We had three Members of the Assembly — the members for Drayton Valley, Bow Valley, and Vegreville — all address the unique question of the rural electrification associations, and some very helpful and useful suggestions were made as to what might be done relative to the negotiations between the REAs and the power companies on a new master agreement. We had seven members — the MLAs for Lethbridge West, Edmonton Kingsway, Calgary McCall, Calgary North West, Calgary McKnight, Edmonton Gold Bar, and Calgary Mountain View — address the very special circumstances in which their residents, the consumers of the two large metropolitan centres, find themselves relative to this unique piece of legislation. In conclusion, we had the hon. Member for Lac La Biche-McMurray's very timely remarks. He spoke of sharing and fairness and equity within our province.

Some specific questions were asked, Mr. Speaker, and in concluding the debate, I'd like to address those if I may. Again, it's unfortunate that the hon. Member for Little Bow isn't in his place, because I think he's badly confusing the free-market system with the regulated-utility system. We have accepted the concept of cross-subsidization in this province for a good number of years and, if I'm not mistaken, it was also accepted by our predecessors prior to 1971. That was certainly the case with regard to natural gas where in the last few years we've seen postage-stamp rates achieved throughout this province in the two major franchise areas, Canadian Western and North-western Utilities. That's an important concept for all of us to recognize.

The same is true with regard to telephone and electric power. Those are fundamental points, Mr. Speaker. Again, it's unfortunate that the hon. member isn't in his place, but I'd like to engage him in a debate on that point some time in either his constituency or my own. Very clearly the key principle that wherever you live, wherever your home is in this province, wherever you want to locate a business or an industry, wherever you want to have jobs, is a matter that the province and the provincial government has a very direct bearing on. If we weren't very committed to the concept of decentralization and

giving people across this province the ability to locate wherever they wish, then possibly we could allow these points to pass by, as the hon. member has suggested. But they are important.

I also remind the hon. member that he might look at how other jurisdictions resolve the problem of disparity in rates between different parts of the provinces. If you look at provinces like Saskatchewan, Ontario, Quebec, or even British Columbia, you'll find that the answer was to nationalize all the power companies, bring them together under a Crown corporation, and then achieve through cross-subsidy what we're achieving by maintaining the principles of respect for the two investor-owned utility companies and the one municipally-owned utility company, while at the same time achieving those broader goals that we have.

The question was put to me directly, Mr. Speaker, and the inference of course was: what is more important, to speak on behalf of the constituents of Taber-Warner or to take through an unpopular piece of legislation that I might disagree with? I'm not at all unhappy with or ashamed of this legislation. It's important based on the principle that was so eloquently addressed by my colleague from Lethbridge West, the principle of fairness and equity. If that weren't important, why in the world would we be embodied in a dispute with the city of Edmonton over revenues from long-distance tolls? It's a case of fairness and equity.

In my view, Mr. Speaker, the three members who addressed the question of the rural electrification associations made some very helpful suggestions. The hon. Member for Drayton Valley reminded us that one of the key objectives of this Bill is to ensure that regardless of where we live in the province of Alberta, there will be a similarity in our bills, in terms of the cost of the generation and transmission of electricity. Whether we live in Edmonton or Calgary or Seven Persons or up in High Prairie, we're going to have a portion of our bill that can be identified as being the same. If we're using the 1984 statistics provided by the utility companies and by the cities, we're looking at a cost of 4.05 cents per kilowatt-hour. It's our intention to ensure that through the regulations there will be recognition on every bill throughout the province in terms of residential and farm costs, so that it's distinguishable, that people can see, clearly recognizing that in the urban centres where there are economies of scale and other advantages, there will be a lower bill on a per unit basis. But for the portion of the bill that's made up of generation and transmission — and that's the portion the agency is involved in — there will be a recognition of the role of the agency and what it achieves.

The Member for Bow Valley went on to suggest that there could possibly be some modifications under line sharing. He was referring specifically to the master agreement, and I want to make some further remarks on the master agreement in just a few moments.

The hon. Member for Edmonton Norwood spoke, and I was somewhat disappointed in what I believe the hon. member said in terms of the integrity and credibility of the Public Utilities Board. I certainly don't share those feelings, and I don't think the majority of the members in this House do. The Public Utilities Board has protection of the customers and consumers of this province as its first and foremost responsibility, to ensure that we don't pay any more for our energy than is absolutely necessary, and that's important.

We got into questions of concerns about power rates in the city of Edmonton. It has already been pointed out by my colleague the Member for Edmonton Gold Bar that in 1983 the city of Edmonton benefitted by the agency by approximately \$13 million. That was a direct transfer of funding, not just from the city of Calgary but from the entire TransAlta Utilities

area. You can say without any hesitation that the farmers, the residents of the smaller communities, and the residents of the other cities in the TransAlta area, along with the city of Calgary, were helping to offset the higher costs in the city of Edmonton, and that's a fact.

It's also fair to say that in 1984 and in the years between now and the time when the Genesee power plant is finally commissioned, there is some question as to whether it's going to be a benefit or a cost. One thing we do feel fairly confident of is that the plus or minus, whichever side of the ledger Edmonton may be on, will be minimal. Once Genesee is commissioned, watch out. Then the costs of taking a \$1.1 billion or \$1.2 billion power project and amortizing those costs against the residents of the city of Edmonton vis-à-vis the entire province in terms of the shielding program — that's a very major decision.

The hon. member asked for specific reference to the conditions under which the city of Edmonton might opt out of the agency. As all hon. members are aware, there are in fact three members of the agency today, the three utility companies that generate electricity. They are Edmonton Power, TransAlta Utilities, and Alberta Power. The other cities in the province do not belong to the agency; other municipalities are not party to the agency. If city council, by resolution, requested a withdrawal from the agency, I as the minister responsible for utilities in the province would be prepared to take that recommendation forward, as long as the following conditions were met. The citizens of the city must be made aware of the ramifications of the decision and the request which is being made by city council to the government. The city council would very carefully consider all the factors involved, both the short- and long-term ramifications. Included in the resolution there must be an understanding and acknowledgment by the city council — and this must be an integral part of the resolution — that if the city asks to withdraw from the agency, the city would not ask to reapply for entry into the Electric Energy Marketing Agency until at least 10 years have passed from the commissioning of Genesee one and two. That's fundamentally important, so there is a recognition of the long-term as well as the short-term implications of the request.

The hon. member talked about public power and how that would really solve our problem. Members of this Assembly don't have to go very far. Just skip across Saskatchewan to the province of Manitoba and you'll see what public power has done to the credit rating in that particular province. They've lost part of their credit rating because they weren't managing their Crown corporation the way they should have been. They were taking the easy, short-term answers. Again, it's unfortunate the hon. member isn't in his place so he could hear that.

Mr. Speaker, I'd like to very briefly go over some of the concerns and questions raised by other members. The hon. Member for Edmonton Kingsway asked for concurrence of the \$9.8 million that would be in shielding to the city of Edmonton with these legislative changes. Based on 1984 figures, the figures we have for the current fiscal year, in order to fully shield customers provincially we would require an expenditure of about \$52.4 million. We have \$52 million in our fiscal year budget. We are already more than halfway through that fiscal year. The commitment our government has made is that we'll see that full shielding through until the end of the agency year, which is August 31, 1985. What the shielding will be after that point is of course a budgetary matter which will be addressed in the spring of 1985.

We then had the remarks of the hon. Member for Vegreville on the rural electrification associations, with some proposals that supplemented those of the hon. members for Bow Valley

and Drayton Valley. I would like to reaffirm, Mr. Speaker, the four key points that the government put forward to the utility companies and the REA negotiating committee on May 14 of this year. They're reaffirmed by the comments of my colleagues in the House today and others. First, that there be a uniform contract used by the REAs and the power companies and, where special circumstances warrant, addenda to that contract would be encouraged. Second, that REAs have the option to provide all-farm service, including large single-phase and three-phase customers. Third, that the deposit reserve accounts may be administered by the REAs at their discretion. Fourth, that REAs be given the right to hire their own contractors for original construction and reconstruction of their own distribution systems. In addition, we encourage the audit review process previously agreed to by the Action 6 Committee in northwest Alberta and Alberta Power so that after the fact there can be a meaningful review of the expenses incurred on behalf of REAs by the power companies. We encourage that there be a five-year contract between the two parties and that at the end of that period of time, a new contract be negotiated.

Further to the suggestions of the hon. Member for Bow Valley, we encourage the joint use of lines and cost-sharing. It's important for all members to recognize that we have a unique situation where lines can be owned by both the utility company and the REA. In those special circumstances where they're trying to determine ownership and the value of the line, if the parties cannot negotiate a settlement, the matter should be referred to the Public Utilities Board. On behalf of the government, we would certainly be prepared to support the application by the REAs in terms of offsetting reasonable costs incurred by the REAs for that purpose.

There were other comments made. I would like to conclude, Mr. Speaker, because I don't see any other questions that were asked, by recapping what the hon. Member for Lac La Biche-McMurray said when he spoke of the fact that we are all sharing the benefits that accrue in this great province. The concept of cross-subsidization in power is no different from the concept of cross-subsidization in other utilities, in telephones and natural gas. It's a principle that is very important to this government in terms of allowing Albertans the opportunity to build and maintain their homes, to establish businesses or industries wherever they see fit so that the benefits accrue uniformly across the province, not just in selected areas. That's an important principle that we believe in.

[Motion carried; Bill 78 read a second time]

**Bill 79**  
**Public Utilities Board**  
**Amendment Act, 1984**

MR. BOGLE: Mr. Speaker, I move second reading of Bill 79, the Public Utilities Board Amendment Act, 1984.

The primary purpose of this Bill, as a companion Bill to Bill 78, is to establish clearly that all electric energy produced from firm sale in the province shall be purchased by the agency — that is, the Electric Energy Marketing Agency — and that the transaction of the agency constitutes a full purchase and resale of electric energy by the agency from and to the utility companies. Simply put, Mr. Speaker, we want to ensure that there's absolutely no misunderstanding. When the agency purchases electricity from the three utility companies in the province, a firm sale, a real sale, in fact takes place. The blending of the costs are then implemented by the agency, whatever kind of shielding dollars are available are applied, and the electricity is then sold back in a split second to the same three companies

from which the agency has purchased the electricity. The only difference is that it is sold back at a new pool rate for each of the three customer classes.

[Motion carried; Bill 79 read a second time]

**Bill 69**  
**Municipal Taxation Amendment Act, 1984**

MR. KOZIAK: Mr. Speaker, in seeking the support of the Legislature for second reading of Bill 69, I point out to hon. members that the Municipal Taxation Act, which is the legislation being amended by Bill 69, together with other pieces of legislation, forms the basis on which property tax is levied throughout this province for the benefit of municipal governments, school boards and, provincially, the School Foundation Program Fund. In addition, there are other boards and agencies that collect revenues via the municipal government for such purposes as lodges, libraries, and other important needs.

The Municipal Taxation Act sets out the principles for the assessment of property in this province. It is joined in that respect in affecting the whole process of property taxation by at least eight other pieces of legislation. It will be our goal over the course of the next number of months, perhaps even longer, to determine whether or not we can consolidate legislation dealing with property taxation into one piece of legislation. I bring that to the attention of legislators only so that they might anticipate some effort in this regard in the future, not in terms of asking for their support on the amendments that I propose to the legislation as it now stands.

Mr. Speaker, the first principle, amongst many contained in the Bill, that I would like to highlight — and one of the most important — is the principle dealing with machinery and equipment assessment in the province. Looking at machinery and equipment assessment after having had representations raised with us by industrial associations, particularly those surrounding the city of Edmonton, we found that Alberta is one of three provinces which assess machinery and equipment. Taxes are then levied on that assessment. Those three are Alberta, Nova Scotia, and British Columbia.

In British Columbia's case, the machinery and equipment is only subject to taxation for provincial purposes but not for local purposes. Looking further, we found that a petrochemical plant in Alberta, for example, might pay three times as much property tax as a similar petrochemical plant in Ontario. Interestingly enough, had that petrochemical plant been located in the city of Edmonton, the taxes might even be less than in Sarnia, specifically because the cities of Edmonton and Calgary and most of the major urban municipalities do not levy a machinery and equipment assessment tax within their municipalities. They go the business tax route rather than the machinery and equipment route.

We felt that the complaints of industry were significant. We also discovered that part of the reason for the recent complaints that industry registered with respect to the level of taxation in this province came as a result of a change we had made a few years back, a change that was necessary at the time because of the circumstances that existed at the time. Members will recall that in this province machinery and equipment were assessed at one-half the rate of the value of land and buildings, with land and buildings being assessed at 45 percent of their value and machinery and equipment assessed at 22.5 percent of their value.

At the turn of the decade, land values in this province in particular were escalating in a dramatic way. We were seeing

a shift of taxation to land and away from buildings, and machinery and equipment. As a result, we felt at that time that it was necessary to bring machinery and equipment into line with land and buildings. The new manual provided that machinery and equipment would be assessed at 65 percent of value, at the same level as land and buildings, which would also be assessed at 65 percent of value. All members are of course aware of what's subsequently happened to land values. That's exacerbated the shift in taxation from land, from residential and other areas to machinery and equipment, and industry.

This caused us concern, because we all have a goal in this province of wanting to see our natural resources upgraded here in Alberta, not shipped down the pipeline to some other plant in some other province in some other country. Our common goal is to upgrade our natural resources here and provide jobs for Albertans in Alberta. We did not want to see the level of taxation in this province act as a disincentive to industry expansion and siting in this province.

As a result, Mr. Speaker, I wrote a letter to the municipalities that we identified as having the largest machinery and equipment assessment level in the province. I also wrote to the three organizations representing municipalities in this province and suggested that we had to look at some way of ameliorating the current set of circumstances. In that letter I put forward three concepts for consideration: one, a return of the machinery and equipment assessment to its historical levels of one-half of land and buildings; two, a production allowance which would recognize lower levels of production in a plant; and three, the exemption of pollution control equipment and water and sewer systems that were installed by the plant owner. I received responses and advice from 60 different sources.

As a result of the combined wisdom of the municipalities that responded, the Alberta Urban Municipalities Association, the Alberta Association of Municipal Districts and Counties, and the Alberta Association of Improvement Districts, plus the wisdom of my colleagues in caucus, we concluded that the fairest way of responding to the need for reduction in assessment and, at the same time, the revenue needs of municipalities

would be in a fashion that was announced in a press release dated September 24 of this year.

To bring members up-to-date, the principles enunciated there, which of course formed the basis of the legislation we're discussing this afternoon, included a reduction from 65 percent to 50 percent over three years — a phased-in reduction of the level at which machinery and equipment would be valued and assessed. That is for those municipalities which are now on the new assessment base and which had in fact assessed machinery and equipment at the 65 percent level. Those that were on the old assessment base and were still assessing at 22.5 percent would go directly to 50 percent on the implementation of a new assessment.

Secondly, we provided for an immediate and in place ... [interjections] Mr. Speaker, I'm receiving the benefit of the advice of many of my colleagues who have taken the time to watch the clock during my remarks. They have advised me that I'm pushing perilously close to closing time without having concluded many of the remarks that I wanted to make on second reading.

Accordingly, Mr. Speaker, I move that we adjourn debate on second reading of Bill 69.

MR. DEPUTY SPEAKER: Is it agreed?

HON. MEMBERS: Agreed.

MR. HORSMAN: Mr. Speaker, it is not proposed that the Assembly sit this evening. By way of advice to members of the Assembly, it is proposed that the House sit tomorrow evening and hopefully deal in Committee of Supply with the remainder of estimates under the Heritage Savings Trust Fund, starting with Executive Council, going to Public Works, Supply and Services, and Energy and Natural Resources, and if there is time, proceeding with further second readings of Bills which have been on the Order Paper, not those that were introduced today. Those will come later.

[At 5:30 p.m., on motion, the House adjourned to Tuesday at 2:30 p.m.]