

LEGISLATIVE ASSEMBLY OF ALBERTA

head: MINISTERIAL STATEMENTS

Title: Thursday, March 28, 1985 2:30 p.m.

Department of
Energy and Natural Resources

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

PRAYERS

[Mr. Speaker in the Chair]

head: INTRODUCTION OF SPECIAL GUESTS

MRS. LeMESSURIER: Mr. Speaker, I am pleased to introduce to you, and through you to members of this Assembly, 10 students from the Alberta Vocational Centre. They are taking the English as a Second Language course. Accompanied by their leaders Mr. Daniel and Mr. Penner, they are seated in the members' gallery. I ask that they rise, please, and receive the warm welcome of this Assembly.

MR. NELSON: Mr. Speaker, it gives me a great deal of pleasure today to introduce to you and members of the Assembly 52 grades 5 and 6 students from Cecil Swanson school in the community of Pineridge in the constituency of Calgary McCall. They are accompanied by their teachers Barb Flath, Christie Dutka, and Bardette Richardson, the principal, Don Royan, along with parents Mrs. Swatschina and Mr. Ramdin. The Cecil Swanson school is a relatively new school in our constituency. It has become a very great member of the community and certainly is doing a great job, and I give full credit to the principal and staff. I would like to ask that they rise and receive the traditional welcome of the Assembly.

MR. STEVENS: Mr. Speaker, I have the privilege today of introducing to you and members of the Assembly 66 grade 8 students from Manachaban junior high school in Cochrane, their teachers, and a parent. For the last five or six years the school has been sending grade 8 students to visit Edmonton, our capital city, and see our Legislature at work. All the funds are raised by the students themselves. They spend the entire day in Edmonton and travelling back and forth. I'd like to mention that last year's class now comprises 31 students who this Friday, along with one of the teachers who is here today, are going to visit the Soviet Union and Finland. All the students are in the public gallery. They are accompanied by teachers Gaye Bonnett, Dick Broatch, Rick Winters, and Diane Webster, and parent Mrs. Kenyon. Would the students rise and receive the welcome of the Assembly?

MRS. EMBURY: Mr. Speaker, I would like to beg the indulgence of the Assembly this afternoon to introduce a friend to many of us. Although she isn't a member of my constituency, I know she has served Alberta in various capacities, primarily today as a member of the Alberta Mortgage and Housing Corporation board. I'd like the Assembly, through you, Mr. Speaker, to please welcome Mrs. Joyce Campbell.

MR. ZAOZIRNY: Mr. Speaker, on this 28th day of March, 1985, one can't help but recall another 28th day, the 28th day of October, 1980. That date is indelibly etched in the minds of Albertans. It was the day a national government unilaterally imposed the national energy program on Alberta and the west and on our oil and gas industry by way of a federal budget. The NEP was a clear and unacceptable intrusion on the ownership rights of Albertans in our petroleum resources and a devastating blow to our producing industry. From that day forward Alberta has never relented in its opposition to the NEP and commitment to its demise.

A major step towards that goal took place on September 1, 1981, when an energy agreement was achieved which effectively pushed back the intrusion of the NEP. That agreement provided for oil and gas prices in Canada much improved from those contained in the NEP and the significant commitment to no export tax on natural gas during the life of the agreement. As our Premier said at that time, we moved Ottawa out of our living room and onto the porch. And on June 30, 1983, further progress was achieved in the dismantling of the NEP in the signing of the amending agreement, which gave more of our oil market price and moved the natural gas and gas liquids tax to zero.

Mr. Speaker, as I rise in my place to announce the details of the energy understanding of March 26, 1985, and to now table copies with the Assembly, I am pleased to be able to report that with the support of our new federal government Ottawa has moved right off the porch.

Over the past several months Alberta has participated in discussions with the other western producing provinces of British Columbia and Saskatchewan and the federal government with respect to the commitments the new federal government made during the election campaign. These discussions were guided by two fundamental objectives: to improve Canada's energy policies in order to stimulate investment and job creation by the energy industry and to end the discriminatory and discredited remains of the NEP.

More precisely, Mr. Speaker, three fundamental principles, long advocated by our government, have now been achieved and are contained in the understanding being announced today from the respective capitals of the four governments.

First, our crude oil production will receive market value for the first time since 1973. No more of having to receive other than the fair value, the true value, of our natural resources.

Second, our oil and gas industry is going to receive the same treatment for taxation purposes as other Canadian industries. It's going to be taxed on its profits, not its revenues, Mr. Speaker. The discriminatory taxation of the NEP is going to end.

Third, any federal incentives offered to the Canadian oil and gas industry will apply right across Canada. No more discrimination based upon geography and location. The petroleum incentive program is going to go.

As to some of the important details, Mr. Speaker, on June 1, 1985, the pricing and marketing of crude oil in Canada will be deregulated. We're going to market prices and a market system for our oil on that day. And the associated export tax on crude oil and the petroleum compensation charge will be removed at the same time, but

there will be no special tax levied on the oil and gas industry to recoup the existing deficit in the petroleum compensation account.

It has also been agreed by the parties to the understanding that a more market-oriented approach to domestic Canadian natural gas sales must be developed, and to that end a task force of senior government officials will work in consultation with industry to put in place such an improved system by November 1, 1985. Until such a system is implemented, the current Alberta border price will be maintained and will not change.

As well, Mr. Speaker, under the terms of this memorandum of understanding the federal government has committed itself to the immediate repeal of the natural gas and gas liquids tax, the natural gas export tax, the incremental oil revenue tax, the Canadian ownership special charge, as well as the oil export tax and the petroleum compensation charge.

Mr. Speaker, during the course of the last several months, as we have continued our discussions with the new federal government on matters of energy policy, we have worked closely with our producing industry. I would like to take this opportunity to recognize publicly the very substantial contribution the industry and its various associations have made through input to all the governments involved in these discussions.

Our producing industry made it very clear to all the governments that one matter on which they were essentially unanimous in their view was that of the petroleum and gas revenue tax and its disposition. While they recognized that the PGRT could not be eliminated immediately, given outstanding commitments under the petroleum incentives program and the financial circumstances of the federal government — we are all Canadians, Mr. Speaker — they insisted that a sunset clause must be put in place; in other words, the PGRT must come to an end and in a reasonable period of time. Throughout the discussions that has always been the consistent and unequivocal position of Alberta and the other producing provinces.

The federal government is meeting its commitment of the election campaign: the PGRT is being eliminated. And, Mr. Speaker, it's not going to be replaced by another tax. Our understanding provides for a step-wise phaseout of the PGRT within three and three-quarter years, commencing January 1, 1986, in annual percentage reductions of its effective rate from 10 to 8 to 6 to 0. For our synthetic oil the rates will be from 6 to 4 to 2 to 0.

But very importantly, Mr. Speaker, effective April 1, 1985, there will be no PGRT whatsoever on any new oil and gas drilled or on any new oil sands projects in Alberta. As well, those oil and gas companies currently not in a taxable position by virtue of their financial circumstances — and that is primarily Canadian-owned companies — will be able to deduct new exploration and development expenses from the amount of PGRT they would otherwise pay during the phaseout period. These immediate actions will provide a major stimulus for significant additional oil and gas development in Alberta. It means jobs for Albertans, Mr. Speaker.

I would be remiss in not making note of the joint effort of the western producing provinces which contributed so much to the successful conclusion of our discussions with the federal government, and I wish to underline the important contribution of my colleagues Paul Schoenhals, Minister of Energy and Mines for Saskatchewan; Stephen Rogers, Minister of Energy, Mines and Petroleum Resources for British

Columbia; and, of course, that of the new federal Minister of Energy, Mines and Resources, Pat Carney.

We and the energy committee of cabinet, chaired by the Premier, are also most grateful for the advice and support provided by our tremendously dedicated and able officials, led by Dr. Barry Mellon, Deputy Minister of Energy Resources; Tom Wood of our Ottawa office; and Dale Lucas, chairman of the Alberta Petroleum Marketing Commission. But more than anything else I want to publicly recognize and applaud the consistent and unswerving support of the members of our government caucus.

In conclusion, Mr. Speaker, the understanding outlined to you and the Members of the Legislative Assembly today will be of major economic benefit to our province and will put an end to the unfair and discriminatory measures that were the national energy program.

Mr. Premier, I think you'll agree that Ottawa has not only moved off the porch; it has moved right off the property.

MR. MARTIN: Mr. Speaker, in response to the ministerial statement, it may not come as a great shock to the Minister of Energy and Natural Resources if I don't see it in quite the same optimistic way. The Conservative governments in Ottawa and Alberta have given the farm away to the multinational energy sector. [interjections] Laugh all you like. It's the people of Alberta who will be laughing at them after the next election.

The losers in this deal are many small Canadian energy companies, the government of Alberta, and the government of Canada. The winners — I say it again, and they are big winners — are the large, foreign-controlled majors. Just to put this response in context, Mr. Speaker, I would like to note that the profit increase for Imperial Oil Limited for 1983-84 was 60 percent; for Shell, 55 percent; for Gulf, 41 percent; and for Texaco, 23 percent — an average 44 percent increase in profit.

MR. SPEAKER: I have some difficulty with the remarks now being made by the hon. Leader of the Opposition, because we're really not in a debating period. There was little I could perceive of a debating nature in the statement made by the hon. minister. It would appear — looked at neutrally, I hope — as mainly a recitation of dates and facts. If the hon. Leader of the Opposition wishes to debate the topic, I'm sure other hon. members would like to enter the debate, an opportunity which at the moment is not afforded to them. Consequently, I suggest that he temper the remainder of his statement, if there is a remainder, having regard that this is not a debating period, either for him or for any other member in the House.

MR. MARTIN: Frankly, Mr. Speaker, your interfering here was totally out of order, because we're talking about ... [interjections]

MR. SPEAKER: Order please. With great respect to the hon. leader, I regret to say that if he takes that position, which is grossly out of order, I must cease to recognize him.

MR. MARTIN: Mr. Speaker, I'm trying to talk about the decontrol of oil, which is precisely what was in the ministerial announcement. I'll go on from there.

As I was saying, Mr. Speaker, it's these companies that are the primary holders of old oil and that will reap major

windfalls from this agreement. In the ministerial announcement today that price goes up as of June 1, I believe. The small Canadian companies, the primary explorers for and holders of new oil, will suffer a considerable reduction in their income as a consequence of decontrol.

In addition, Mr. Speaker, I see that the orderly marketing approach has been abandoned and that the very successful efforts of the Alberta Petroleum Marketing Commission to market the Crown lessees' share have been thrown away. I believe it is the small Canadian companies that have benefitted from their efforts.

Mr. Speaker, the government of Canada has given away considerable revenue, but I believe it is the government of Alberta that has conceded the most. Not only have we allowed the PGRT to continue as an intrusion into provincial jurisdiction until January 1, 1989, but we have signed away some fundamental control over the power to set our royalties at a level which we deem best for the province.

Mr. Speaker, we'll follow this up. The minister is shaking his head. As I read them, clauses 9 and 10 of the understanding only allow us to give public dollars away to the oil industry, while forbidding us to change our royalty and incentives system so as to benefit the treasury of Alberta. We have not achieved federal tax deductibility of Crown royalties. We have not achieved any sort of quid pro quo on coal transport costs or on other outstanding impediments to our economic development. We have agreed to continue to subsidize eastern Canadian industrial users of our gas at a massive cost to Alberta taxpayers, but we still have no deal on gas pricing.

Mr. Speaker, there is no protection for Canadian consumers against sharp price increases, nor for our industry against collapse of the world price. The champagne corks will be popping in Edmonton or Calgary or Ottawa tonight, but it will be in Houston and New York that there will be a real celebration.

MR. R. SPEAKER: Mr. Speaker, I would like to comment on today's statement by the hon. Minister of Energy and Natural Resources. It was agreed in our discussions that I, as the leader of the Representative Party, would have that opportunity.

First of all, I believe industry in Alberta and certainly Albertans are getting back today what they lost through the national energy program and certainly through the champagne agreement, which was touted as a great agreement just a few years ago. We're getting back what is ours in the province of Alberta. In 1931 the Premier of the day in the UFA government secured the right to oil and gas resources for Albertans. Through the actions of the last federal government, we lost some of those rights. As I see it, in the agreement today we have again secured our legal rights to oil and gas in this part of Canada.

In terms of that I'd also like to say that what we witness here today is what can happen when an old government is changed. One of the best effects of an election can be to clean out a government and again listen to the people. There may be a lesson in that for the present government that sits here in Alberta. I'd like to say very clearly that when things are not done in response to the people of a province or of Canada, the government can change and we can revert to some sensible policies.

When I talk of sensible policies, the good trend I see in this agreement is the return to the marketplace. The marketplace will determine the prices of energy, and the free-market system can flourish not only in Alberta but

across Canada. As I see it, the agreement moves in the direction of reducing discrimination in development of oil and gas in all parts of Canada. It takes government out of the industry. It takes government out of what is happening in terms of economic development not only in Alberta but the rest of Canada. Mr. Speaker, I see that as a good trend in the agreement.

I would like to reserve my total judgment of what was announced today, though, until we as the Representative Party have had the opportunity to discuss the matter with various industry officials, small companies, large companies, to see what the actual effects are. It will be my intention to raise concerns in this House with the minister of energy when those concerns are out there at the grass roots of Alberta, because that is our job in the opposition.

The trends are proper and seem to be acceptable. To the hon. minister who worked on this agreement, I certainly see advancement, and he should be credited with that advancement. But I want to reserve total judgment until I've had discussions with the industry and other people in Alberta.

head: ORAL QUESTION PERIOD

Energy Pricing Agreement

MR. MARTIN: Mr. Speaker, we'll give the minister of energy a chance to make some explanations. I refer him to fiscal principles 9 and 10, so we can get some clarification of precisely what they mean. One sentence of 9 says:

The parties also agree that any net benefits resulting from crude oil price decontrol, as determined by their respective jurisdictions, shall flow through to the industry.

And 10 says:

The parties to this understanding reserve the right, as resource owners, to establish and adjust from time to time their royalty and incentive systems ...

Then it concludes by saying:

Such adjustments ... shall be consistent with the objective expressed above of flowing through to industry the net benefits of the fiscal and price decontrol changes agreed to herein.

Could the minister clarify precisely what that means in terms of our ownership?

MR. ZAOZIRNY: Certainly, Mr. Speaker, and I'm very pleased to do so. The question really raises one of the underlying premises of this set of discussions we've been conducting with Ottawa; namely, to get the industry going in the way it can, at an optimum level, to create jobs and economic activity in Canada. Given the fact that the federal government is going to be forgoing significant amounts of revenue through these very major policy moves, they wanted it to be clearly understood and a commitment by the various producing provinces that we would not be moving in to capture some of those benefits from industry, because the whole exercise was about creating economic activity through the private sector.

Mr. Speaker, that's really what these two provisions deal with. There is the very intriguing and complex question of what the overall net benefits of oil price decontrol would be. Our judgment — and it depends very much on world oil prices, of course, and applies on June 1 and not before — is that the net result will likely be a marginal one in

terms of the provincial circumstance. In any event, we were very happy to make the commitment that whatever benefit might accrue should flow to the industry, because that's what this exercise is all about.

That's the same principle that's contained in clause 10 of the agreement. Obviously, with the termination of PIP federally — and we're going to be assessing our APIP here in Alberta — we've made it clear that we're not looking to grab dollars from the industry at a time when it's crucial that the private sector be encouraged to create even more jobs. We've made it clear that it's our intention to keep the industry whole and that we are part and parcel of this process of getting the energy industry doing what it can for Canada. These provisions in no way impede the role of the province in the longer term in the establishment of royalties based on its ownership of the resource. As a matter of fact, Mr. Speaker, I might add that that was one position that was made crystal clear by all the provinces during the discussions, and one that was accepted by the federal minister.

MR. MARTIN: A supplementary question, Mr. Speaker, to follow up on that very important point of ownership. I'm still somewhat confused. Does the principle in 10 mean that during this agreement we cannot adjust our provincial royalties to collect more economic rent for the taxpayers of Alberta?

MR. ZAOZIRNY: Mr. Speaker, the hon. member suggests he's confused; I must concur. It seems to me that the last time I checked the NDP policy, they said to get rid of the PGRT, bring in a one-royalty system, and give a bunch of it to Ottawa. That's been the position of the NDP in perpetuity.

On his specific question, Mr. Speaker, we are talking here in the context of the current changes that are being made to the regime. This in no way impedes in the longer term the ability of all three of the producing provinces to set their royalty rates as they normally would. That was very important in terms of our negotiations.

MR. MARTIN: If the minister of energy is going to read our policies, Mr. Speaker, I hope he would read them correctly.

A supplementary question. What would happen if there were a rapid increase in oil prices? It's not a hypothetical question, because the world price will be at the market level after June 1, and I think the minister would agree that it could go up or down. Is the minister clearly saying that we could then adjust our economic rent to collect some of that money for the provincial coffers?

MR. ZAOZIRNY: First of all, Mr. Speaker, it is very much a hypothetical question, and the answer I gave earlier prevails. I can't add more to it.

MR. MARTIN: A supplementary question. It is my understanding that the PGRT will be cut in approximately two and a half years, 1988 to January 1, 1989. Could the minister indicate why he agreed to continue with the PGRT at all when this government has made it clear — and we agree with them — that it's an intrusion into provincial rights?

MR. ZAOZIRNY: Mr. Speaker, one of the realities is that it's a great deal easier to put in place various government

programs and regulatory schemes than it is to dismantle them. I don't think there's a more complex, tangled web of taxation and regulation than is, or was, the NEP. Certainly it was long recognized by the industry. Of course, the PGRT is not a tax on the province as such, or the government; it is a tax on the industry. The industry recognized that by virtue of both the outstanding commitments that will continue and wind down over time on the petroleum incentives payment program and the overall fiscal circumstances of the government, there would have to be a phasing out.

As I said earlier, Mr. Speaker, we are all Canadians too. What was critical to us was that there be a clear and specified date for the termination of the PGRT, that it occur well within the current mandate of the government in Ottawa, and that it be on a reasonable and fair basis. Mr. Speaker, all of that is contained in the agreement.

MR. MARTIN: A supplementary question. We're nice Canadians now that we've got a Conservative government. The rhetoric was a little different before.

My question to the minister has to do with the decontrol, specifically the NORP. Can the minister assure this Assembly and the oil industry that provincial measures will be implemented quickly to prevent a slowing of exploration activity due to a reduction in the value of NORP volumes?

MR. ZAOZIRNY: Mr. Speaker, given the fact that from April 1 any new oil or gas well drilled in Alberta has no PGRT, one ought not to be fearful of a slowdown in activity in this province.

On the subject of the NOR price, which by virtue of the regulated system has moved to something over the real price, I've said to industry that they've had an extended Christmas. That's the reality of it. If there has been any modest windfall — and that doesn't speak to the other parts of the NEP, of course — that's where it lies. So we're simply moving to the market value. They recognize that. In terms of activity, just watch that rig count.

MR. MARTIN: We will. We won't just go on the minister's word, if he doesn't mind.

The minister is well aware that the price of that oil will drop, regardless of the PGRT. Some have already laid off people in anticipation of decontrol, as in Suncor.

Following up from that — and we're talking about drilling — my question is: can the minister advise why the two levels of government rejected the option of insisting on some sort of job exploration or performance guarantees from the holders of old oil in exchange for the huge benefits they will receive from this agreement?

MR. ZAOZIRNY: First of all, Mr. Speaker, I don't accept the view that there is any moving away from activity by virtue of moving to market price. In terms of Suncor, members will be aware that within the last 48 hours they achieved an agreement with the Dome organization and are going to be moving ahead with a new project in the Primrose area once fiscal terms have been arranged. That's the reality of it.

In terms of this call for guarantees, Mr. Speaker, I view the call for a guarantee as the verbal equivalent of pounding your shoe on the table when you've got nothing else to ask for. Frankly, there are no guarantees in the world about anything. I think back to 1982, the Alberta oil and gas activity plan, and there were those — and the hon. member's party was amongst that small number — who said: "You

know, you've got to tie strings to that royalty reduction. How can you be sure?" That's not the way this government thinks; that's not the philosophy of this government. We believe that if you give the private sector the opportunity and you give them the environment, they're going to get out there and invest. And, Mr. Speaker, they did.

MR. MARTIN: Just like before. We throw a lot of money and hope they drill, Mr. Speaker. I can assure you that they don't do that in many other parts of the world. So the only answer he's giving is that it's hoped they'll do it.

I believe the minister said we will be reviewing our energy incentive system and making some decisions by midsummer. As part of that review, is he reviewing the notion of replacing our activity-based system with the success system, which provides royalty relief until after well payout, I believe similar to what the Saskatchewan government has done?

MR. ZAOZIRNY: Yes.

MR. MARTIN: A supplementary question, following from that. If that's the way the Alberta government is going to move, has he had any assessment?

MR. ZAOZIRNY: Mr. Speaker, we've taken no decision and, frankly, we're not going to take any decision until we've given the industry an opportunity for further specific input on this subject. We've requested that they provide that input by May 31, and we look forward to receiving it.

MR. MARTIN: A supplementary question, Mr. Speaker, following up on the agreement. Can the minister assure this Assembly that during negotiation he did press for tax changes which would allow for deductibility of Crown royalties? It used to be a major issue with this government. Can he advise what impediments prevented us from securing this important concession?

MR. ZAOZIRNY: Mr. Speaker, it would be wrong for me to speak to the various dimensions of the rather extended and intensive negotiating process that we were involved in. I simply point out to the hon. member that in his reference to the nondeductibility of royalties, he should bear in mind the move to the resource allowance that was made some years ago by Ottawa, frankly at the insistence, if I may say so, of Alberta and the producing provinces. That measure was intended to substantially make up for the nondeductibility of royalties, and I can advise the hon. member that the resource allowance will remain unchanged.

MR. MARTIN: A supplementary question. Is the minister saying that the Alberta government was satisfied with the resource allowance and that they did not press for deductibility of Crown royalties?

MR. ZAOZIRNY: Mr. Speaker, I'm saying that we're very satisfied with the deal.

MR. MARTIN: Obviously we lost that one, Mr. Speaker.

I'll move on to another one that has some consideration, the idea of complete decontrol. The federal minister has alluded to it, but perhaps the provincial minister can update us. Is there any concrete floor-and-ceiling mechanism by which our industry is protected against sharp decreases and

Canadian consumers against steep increases in the world price?

MR. ZAOZIRNY: Well, Mr. Speaker, that suggestion has come forward from time to time in discussions about decontrol. That approach was rejected. What it raises, of course, is the spectre of bureaucrats huddling together on a periodic basis, cranking out the numbers, and again we find ourselves at the mercy and at the whim of government regulation. We decided that wasn't the correct approach. Clearly, it was important that there be some indication in the agreement that in the event of some dramatic disturbance of the world oil price there would be some provision in the agreement that would enable that to be addressed.

The position the province of Alberta and the other producing provinces took to the discussions was this: yes, we can see that a provision of that nature in the agreement is appropriate, but if we're going to have a provision that talks about a sudden spike in the price that might affect the consumer, then we're going to have a provision in the agreement that applies equally if there's a drop, because of the important implications for the industry. If the hon. member refers to page 3 of the agreement, paragraph 9 makes it very clear.

In the event of international oil market disturbances that result in sharp changes to crude oil prices, with potentially negative impacts on Canada, the Government of Canada, following consultations with provincial governments, will take appropriate measures to protect Canadian interests.

It cuts both ways, Mr. Speaker.

MR. MARTIN: Mr. Speaker, to follow up on 9, I take it that it's vague because it's meant to be that way. Could the minister be more specific? We are told by people in the oil industry that they're extremely concerned, because of the spot market, that the world oil price could plummet this year. What would cause the ministers of energy to get together? How far would it have to fall — \$1, \$2, \$3? Could the minister be more specific? What would cause them to intervene under paragraph 9?

MR. ZAOZIRNY: Mr. Speaker, as I indicated, the provision is a very general one. There was no discussion of any specific numbers, and I hasten to add that about the last thing our oil industry wants, I think, having finally achieved a market system in 1985, is to have the government back in the picture.

MR. MARTIN: A supplementary question in terms of the negotiations. The Premier referred to this the other day. During the negotiations was any attempt made to obtain benefits for Alberta in areas other than oil pricing? For example, did we make any attempt to get transportation cost concessions from the federal government or shipment of our coal to Ontario, which we've discussed? Was that sort of discussion attempted in these negotiations?

MR. ZAOZIRNY: Mr. Speaker, as I've always understood it, one of the most dangerous approaches that can be taken in negotiations is the concept of linkage, because it can cut both ways. The fact of the matter is that developing this very comprehensive agreement on oil and gas in Alberta and Canada was no modest undertaking. Certainly, we didn't pursue efforts beyond that, nor should we have.

I would simply add, however, that the importance of the elimination of the Canadian ownership special charge should be recognized. That's a levy that has been generating upwards of \$1 billion for the federal coffers per year. That is going to be eliminated. Where that tax applies is away from the wellhead; it's a tax that impacts upon our petrochemical industry. And it's certainly not by virtue of any move toward linkage, which, as I said, is not the approach that one would take in these discussions, but that is one of the very significant benefits for our petrochemical industry that flows from this agreement.

MR. MARTIN: Mr. Speaker, just one final supplementary, following from that. So this discussion was not held. The hon. Premier said in this House that he thought coal an important matter to look at. He said he followed up on one of my suggestions. Will the minister of energy be having any negotiations with the federal government in the near future, dealing with Alberta coal and the possibility of Ontario Hydro using that coal?

MR. ZAOZIRNY: Mr. Speaker, we've been involved in that very precise process. The fact of the matter is that the federal minister who is responsible on that subject is Mr. Robert Layton, the minister of Mines. The first meeting I had with Mr. Layton was shortly after his election to office and appointment to that portfolio, and I raised that matter squarely with him. There is also a very, very significant amount of activity going on toward achieving that goal, including an Alberta/Ontario task force that we've been working with for some time. The Minister of the Environment could speak to the federal/provincial task force on emissions, which is looking at that very question. It continues to be a high priority with this government, and we intend to pursue it vigorously in that way.

MR. LOUGHEED: Mr. Speaker, because of the observation made by the Leader of the Opposition, I believe I might clear up any misunderstanding he might have about the issue of linkage.

If he's referring to our discussion with regard to matters at the First Ministers' Conference in Regina, they were raised. Certainly, we raised matters such as the shipment of Alberta or western coal to Ontario, for Ontario Hydro. We raised issues regarding petrochemicals. We raised agriculture and transportation issues. But they were not raised in a sense of linkage.

The only time I've been personally involved in any attempt to create a linkage was in the summer of 1980, when we knew the national energy program was coming. We were trying everything we could to stop them moving, and at that time we brought in a linkage proposal because of the revenue situation that was involved relative to transportation in western Canada. I believe that's the only time that we have gotten involved in a linkage of the energy discussions, difficult as they are, and as the minister has mentioned, in a specific way. Otherwise, it's a multifaceted approach to the federal government, but not linkage from an agreement point of view.

MR. MARTIN: Just to follow up with one more question, if I may, because of the Premier's answer. Could the Premier tell the Assembly why linkage, as he put it, was not considered? What was the strategy behind that?

MR. LOUGHEED: Mr. Speaker, we had our objectives here. They were numerous, and they have been outlined in

the ministerial statement by the minister of energy. They were crucial to a basic industry. They had some ancillary impact on the petrochemical industry but, basically, they were relative to the oil and gas industry. We had significant objectives in these negotiations, and they were met. We didn't feel we could jeopardize those discussions and those objectives in any way by adding ancillary matters to them. If anything, we were concerned that if we brought in ancillary matters, ancillary matters could easily have been brought into the discussions by the federal government.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Energy and Natural Resources. It's with regard to the deregulation of the price of oil and the effect on independent, Canadian-owned companies, which to a large extent have depended on getting the new oil reference price for their oil and their operations. Could the minister indicate what effect that will have and how he sees the present agreement relating to that situation?

MR. ZAOZIRNY: Mr. Speaker, as I said earlier, I've been pretty candid on that point in my discussions with the industry. I said: "You've had an extended Christmas; enjoy it. But you fellows believe in the market system, and so do we. Of course, any abnormally high price is going to terminate." They recognize that, and they accept that very much.

From the standpoint of the small producers, one of the most major parts of this agreement has to be the fact that those small producers and explorers out there in the field know that from April 1 on, every oil and gas well is going to have no PGRT. That's got to be a big plus for those companies. We get oil discoveries on stream very quickly, and we think it will be very positive for the industry in the overall.

MR. R. SPEAKER: Mr. Speaker, I certainly appreciate what the minister has said and have no argument with that. Was any consideration given in terms of an adjustment of the provincial royalty? For example, the NOR price is somewhere in the vicinity of \$41 at present and, deregulated, it would reduce significantly. I support the marketplace concept, but was any consideration given to a reduction of royalty on an interim, transition basis?

MR. ZAOZIRNY: Mr. Speaker, I'd be somewhat concerned about an approach that had us affecting the ownership share of a resource to respond to specific circumstances like that. I believe the overall benefits of this agreement are so significant that any adjustments like that will certainly be taken in stride, and I think industry would accept that in the overall. Industry will always advocate lower royalties. That comes with the territory. I've also always expressed the view that if we ever get to the day when the industry says, "Gee, Mr. Minister, they're just right," I'll know they're too low.

MRS. CRIPPS: A supplementary, Mr. Speaker. On old oil fields and old oil play such as Drayton Valley, what effect will the new deductions have on the PGRT?

MR. ZAOZIRNY: Mr. Speaker, I believe the hon. member is referring to the specific provision in the agreement whereby certain companies that are not currently in a taxable position will be able to achieve a PGRT offset. What will in fact occur is that if those companies — and they are

primarily Canadian-owned — spend \$10 million in a particular year on development and/or exploration, for example, they will be able to take 30 percent of that amount and use it to reduce the amount of PGRT they would otherwise pay, even during the phaseout period. That will be a very significant benefit and, of course, that applies across the board with the size of the producer.

I should have mentioned to the hon. member — and it applies to this question as well — that one of the most significant incentives for our small producers is the royalty tax credit, which dramatically lowers the royalties they would otherwise pay. That benefit will continue to be in place.

DR. BUCK: Mr. Speaker, a supplementary question. In the minister's discussions with his federal counterpart and the other provincial ministers, was there any discussion of a target or a year for looking at Canadian oil self-sufficiency? Was that topic discussed?

MR. ZAOZIRNY: In a general way, Mr. Speaker, because it continues to be a goal for all of us to ensure that we have ample supplies of petroleum here in Canada, particularly given our natural resource endowment. I think it came down to this conclusion: a recognition, which regrettably wasn't the case with the former government, that the way you achieve maximum production and security is by encouraging more exploration and development. We've got lots of oil and gas in this country. What we have to provide is the climate to get out there and discover and develop it. As we do that, we utilize our export market to be able to move production and generate additional cash flow. In that fashion Canada will ensure not only energy self-sufficiency but the marvellous opportunity we have on the export side as well.

DR. BUCK: Mr. Speaker, on that line, can the minister indicate what the synthetic plants and synthetic fuels will provide in trying to achieve Canadian self-sufficiency? What role will Alberta and the synthetic plants play in that?

MR. ZAOZIRNY: A very major role, Mr. Speaker. Of course, over the last 12 or 18 months we've been so pleased with the number of in situ projects which have come on stream. In the context of this agreement, I should mention that it has been specifically agreed by the federal minister that the current expansion program Syncrude has embarked upon will be exempt from paying PGRT, so there is an obvious incentive there. What it means in terms of new oil sands plants or further expansions, given the considerable time frame before such facilities come into production, is that they can now move ahead firm in the knowledge that there will be no PGRT whatsoever on them.

Pork Exports

MR. MARTIN: Mr. Speaker, I'd like to direct the second question to the Minister of Agriculture. It has to do with the recently announced hog tariffs. Has the minister asked his officials or his federal counterpart for any assessment of whether or not his decision to pay out the \$10 million loan guarantee commitment to the Crown for the pork producers market insurance plan had any effect on yesterday's decision in the U.S. to impose a penalty duty on Canadian hogs, given that the Alberta decision meant that

our producers no longer had to pay premiums into the plan and, hence, had their costs reduced?

MR. FJORDBOTTEN: Mr. Speaker, we definitely don't believe that the insurance program that was in place up to September 30, 1984, I think, had any impact on the decision by the U.S. government.

As I stated yesterday, I am sending senior officials from my department to Ottawa to find out exactly what is in the rather lengthy decision handed down from the United States agency; in addition, because we do not have a subsidy program in effect in the province, by working with the other provinces, if we can't some way convince the U.S. government to reconsider. Next week it will be my intention to petition the U.S. government to look at exempting Alberta from the countervail, because we certainly did nothing to contribute to the countervail action.

MR. MARTIN: A supplementary question, flowing from his answer. Without revealing the advice to his officials, has the minister asked for advice on how realistic or possible this position would be, given federal constitutional power over regulation of international trade and commerce?

MR. FJORDBOTTEN: Mr. Speaker, that will be part of the assessment we'll do of the countervail action and the rather lengthy document that was handed down. Following that, we would assess options, and the option I just stated was one we would consider.

MR. MARTIN: A supplementary question. I guess the minister is not aware of the 14 different subsidy programs they talk about in the United States. Before the decision to end producer premium payments altogether in December, did the minister review the option of merely holding producer premium payments in abeyance until hog prices rose again, so as to prevent U.S. retaliation?

MR. FJORDBOTTEN: Mr. Speaker, the way the question was phrased, I'm not quite sure how to answer it. The market insurance plan was put in place in 1981 with \$10 million in seed money. At that time the producers made a 4 percent checkoff into the fund. They also asked for a guarantee of \$10 million to be put in place in case the market insurance plan wasn't able to function. They did call on that guarantee. We put it into place, and when that money was used, the Pork Producers' Marketing Board informed me that it was virtually bankrupt. At that time we paid out the guarantee by making a grant to them of just under \$10 million. What that did was eliminate the necessity for producers to make a 4 percent checkoff and help their cash flow considerably. So that's all the consideration that was given to that at that time.

MR. MARTIN: My question basically was: was any thought given that the Americans might see that as a subsidy to Alberta producers, and was any assessment given that this might in fact cause them to retaliate against Alberta and Canada?

MR. FJORDBOTTEN: Mr. Speaker, there have been some concerns raised by the United States over the last number of months, of course, and I am aware that Alberta is named in the countervail. However, because we didn't have a subsidy program in place in the time frame they're concerned

about, and since we didn't contribute to it, we feel we should be exempt.

MR. MARTIN: A supplementary question, Mr. Speaker. Now that the Americans have gone ahead and imposed this penalty, although I recognize that it can be appealed until June, is the minister developing any sort of hog subsidy to compensate our producers for dropping prices, as well as to ensure that we gain a reasonable part of the Canadian market before a national red meat stabilization plan locks us where we are now? I point out that as the minister is well aware, we have lost a lot of the Canadian market. I believe we had 22 percent in 1962, and that's down to 12 percent at this time.

MR. FJORDBOTTEN: Mr. Speaker, for some time we have been pressing the federal government for a red meat stabilization program, and one of the bases on which we're working toward that program is to get rid of balkanization in this country. Really, if we were to put another program in place at this time, we would certainly be asking for more retaliation from our export markets. We are working hard on a national red meat stabilization plan. If it were in place now, we feel we wouldn't be facing the countervail action from the United States.

MR. MARTIN: A supplementary question, recognizing that the Americans have already gone ahead. I appreciate that we would like a national market, and I share the minister's concern there, but it seems movement is not being made in that direction. In the meantime, Alberta producers are being hurt, especially now that the Americans have retaliated. My question is: because of this most recent American move, what other arrangements is the minister looking at to keep our provincial industry alive?

MR. FJORDBOTTEN: Mr. Speaker, with respect to the countervail action, the hon. Leader of the Opposition is taking it as a fait accompli, that it will actually be put in place. Countervail actions have been considered before and have not been proceeded with. On this particular one, I understand that a final decision will be rendered on June 10 on whether or not there is injury. Following that, a final decision on this action would still have to be made by the President of the United States. So we have a number of steps to go through before we see it actually become a reality and have that negative effect on our producers. I can assure the hon. Leader of the Opposition and all members that we will do all we can to help our producers.

MR. LOUGHEED: Mr. Speaker, I just want to supplement the answer given by the Minister of Agriculture, because the question, if I understood it, had to do with action being taken by the Alberta government in regard to this situation. It certainly seems to me and to the government that this is a classic example of why we as a provincial government, hopefully as a provincial Legislature, and as a country should press for a comprehensive free trade arrangement with the United States. It's a classic.

MR. MARTIN: A supplementary question. I guess the point is that perhaps the Americans don't want it, and that's why they've gone into this. It probably has a big ...

MR. SPEAKER: Might this be the last supplementary on this topic.

MR. MARTIN: My question as a result of this, though, is to come back to the Canadian market. The minister said that he is pressing for a national red meat stabilization program. As I pointed out and as the minister is well aware, we've dropped in terms of our market in Canada. What percentage of the market would we accept for Alberta producers under a new national red meat stabilization plan? Would it be what we have now, or would we try to regain some of the markets we've lost because of the subsidy programs in Quebec?

MR. FJORDBOTTEN: Mr. Speaker, as the Premier stated, what we are working toward is free trade. If we're going to have free trade, we must get rid of balkanization. A national red meat stabilization program would allow provinces to phase into the new program and out of the programs they presently have, eliminating the balkanization that presently takes place. The new program is voluntary on behalf of provinces and producers. It's also market neutral and actuarially sound and has no element of supply management, so that would be the producers' choice, working in a cleaner market. With the natural advantages we have in Alberta, I have no doubt that our production could increase significantly.

Private Adoptions

MR. GURNETT: Mr. Speaker, I have a question related to private adoptions. Would the Minister of Social Services and Community Health advise the Assembly what investigations he has directed his department officials to conduct with regard to the concerns outlined in the submission regarding private adoptions received in December of last year from the Royal Alexandra hospital?

DR. WEBBER: Mr. Speaker, we have in place a child welfare implementation team which is following up the development of regulations and policy associated with the new Child Welfare Act, which we hope to have proclaimed on July 1. In that process a number of groups and organizations have submitted briefs in response to the proposed regulations that were sent to them; we invited these groups to respond.

As I mentioned yesterday, concern has been expressed to me in a variety of ways, including the pre-session meetings before coming into this Legislature, about the possibility of babies being sold if the Child Welfare Act is such that the assessment is done in the private sector without standards and without qualifications for those that are going to be doing the assessment. Also, as I mentioned yesterday, we currently do in our department the assessments related to private adoptions, and with the new Child Welfare Act it is proposed that that assessment be done by the private sector. Because of the concerns that have been expressed, we are assessing whether or not we can put into place standards and qualifications for those who would be doing it that would alleviate the concerns that are out there.

MR. GURNETT: A supplementary question, Mr. Speaker. Will the minister of social services table copies of the Royal Alexandra hospital submission that was sent to him last December so all members can see what was expressed there?

DR. WEBBER: Mr. Speaker, in view of the fact that we have a large number of agencies and groups that send us their briefs, I would hesitate to do that. If the hon. member

is interested, I'm sure he could approach any of these agencies to see if they're prepared to give him a copy.

MR. GURNETT: A supplementary question, Mr. Speaker. I think it's a matter of whether the information is generally available to the people through the members of this Legislature. However, my question to the minister is: will he indicate whether or not he or his department officials have been made aware of any cases where pressure or encouragement to give up their newborns for private adoption is being brought to bear on vulnerable, single mothers while in a hospital?

DR. WEBBER: Mr. Speaker, situations have been brought to my attention where there could be the possibility that abuse could occur. As I indicated yesterday there was no evidence in any of those cases that there had in fact been the sale of any newborn infants. What had been brought to my attention were situations where the potential could be there. It was unknown whether or not anything had occurred, but no evidence that any sales had occurred.

MR. GURNETT: A supplementary question, Mr. Speaker, to the minister. In view of the fact that in this matter, we're talking about very vulnerable people, especially little people, my question is: in view of the possibility that's mentioned, what measures is the minister considering that would prevent people from being able to pressure single mothers, while in hospital, to give up babies for private adoption?

DR. WEBBER: Mr. Speaker, I've already indicated that we are assessing the situation through our child welfare implementation committee, and in the near future they will be reporting back to me with recommendations on what we might be able to do. In this province and in this country, we had in the past a situation where extended family were involved in taking care of babies that had been born, and in many instances no formal legal process was taken. The youngster was simply placed with an aunt or another member of the extended family and was raised by that member of the family. I guess one question that some have raised is: how far do we go in protecting people against possible abuses of the system? In this province our child welfare legislation is currently such that the possibility is there for this to occur, the same as it is in any other province in this country. I haven't had one single case where there is evidence that any abuse has occurred. As I mentioned, we are concerned about the possibility and will be addressing the matter to see what we can do. On the other hand, I want to point out: how far do we go in protecting people in this country?

MR. GURNETT: A supplementary question, Mr. Speaker. We're hearing a lot of concern mentioned here, yet an avoidance of any action or steps taken to protect either these young mothers or the babies involved. My question to the minister: in view of these matters with private adoption and the move to privatization in nonward adoption cases, given all these difficulties, is the minister reviewing the policy of provinces such as Prince Edward Island, where private or nonward adoptions are prohibited completely?

DR. WEBBER: Mr. Speaker, I certainly don't agree with the comment that no action is being taken. We are in the process of developing the regulations for the Child Welfare

Act. We made the commitment in the past and have followed up on that commitment to have proposed regulations sent out to all interest groups and individuals who showed an interest in the Child Welfare Act, and we're getting that response. Some of that response is related to the concern the hon. member is raising today. As I already indicated, we are assessing all these regulations and, in my view, will have in place, overall, the best child welfare legislation in this country by July 1 this year.

MR. SPEAKER: The time for the question period has elapsed. We've had a very considerable number of supplementaries. If there are any topics hon. members wish to deal with, they might want to come back to them tomorrow morning.

ORDERS OF THE DAY

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

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MRS. OSTERMAN: Thank you, Mr. Speaker and members of the Assembly. It gives me a great deal of pleasure today to introduce 25 students who are with the grade 8 class from Prairie junior high in Three Hills. Unfortunately, our schedules didn't match, so I didn't get a chance to get my picture taken with that great looking class and can only say hello from here. Accompanying them today are Jake and Agnes Paetkau, and Glenn and Joyce Steeves. I ask them all to rise and receive the welcome of the House.

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

214. Moved by Mr. R. Speaker:

Be it resolved that the Legislative Assembly urge the government to call a public inquiry into the operations of the Alberta Securities Commission.

MR. R. SPEAKER: Mr. Speaker, I move Motion 214, which has been designated this afternoon, based on five reasons that I think are significant at this time and certainly should be considered by this Legislature. The first reason is that the Alberta Securities Commission bungled the Dial investigation badly; secondly, the Securities Commission delayed laying charges against Dial officials; thirdly, the Alberta Securities Commission decided not to appeal the dismissal of the Dial case; fourthly, no government minister, including the Premier, will answer for the Alberta Securities Commission within the Assembly; and fifth, small investors in the province can't be confident of the Alberta Securities Commission until they're sure the Alberta Securities Commission handled the Dial case properly.

In terms of the Public Inquiries Act, this inquiry is in order, and I'd like to review that in the next few moments. A matter that is within the jurisdiction of that Act must meet two qualifications: it must be either of public concern

— and this issue is of public concern — or, secondly, connected with the good government of Alberta or the conduct of Alberta's public business. The matter certainly meets the requirement on that count as well.

I'd like to look at the chronology of events since 1979. Each of these events gives good reason for a review and a public inquiry in terms of the actions of the Alberta Securities Commission. On December 11, 1969, the Securities Commission gave Dial Mortgage approval for a prospectus without a 1978-79 financial statement. April 1981: Dial was declared bankrupt. January 17, 1983: the Securities Commission received an information package from Jim Darwish, Assistant Deputy Minister of Consumer and Corporate Affairs, which contained much of the information on which the Securities Commission based its charges 17 months later, including a letter from one Dial official, Wayne Barry, to another, Dennis Rowley, which detailed deficiencies in Dial's financial management procedures.

March 12, 1983: the Alberta Securities Commission finally launched an investigation of Dial for financial non-disclosure. August 1983: Securities Commission investigators were instructed to defer further investigation pending the outcome of the RCMP investigation, which had been under way since late 1981. February 7, 1984: Securities Commission investigators finally submitted a report on the Dial investigation, nearly a year after they began investigating. June 23, 1984: 17 months later the Securities Commission finally charged Dial officials with making false and misleading statements in a company prospectus.

February 26, 1985: Provincial Court Judge Anton Demong dismissed the Dial case, ruling that the Alberta Securities Commission had waited longer than the statutory one-year limit to bring the former Dial officials to court. March 19, 1985: the Alberta Securities Commission decided not to appeal the dismissal of the Dial case, although an Alberta Securities Commission administrative hearing will proceed. I'll comment on that later. March 19 and 20, 1985: the Minister of Consumer and Corporate Affairs refused in the Assembly to answer any questions about the Alberta Securities Commission or to consider investigation of the commission. The minister maintained over and over again that the Securities Commission is a completely autonomous body.

Mr. Speaker, all those events raise many questions and certainly should be aired in an inquiry so the public of Alberta knows what has happened. We raise this question about whether there should be an administrative hearing or an inquiry. Why the difference, and why is the administrative hearing inadequate? The administrative hearing looks into the original charge against Dial officials; that is, filing a false and misleading prospectus. The inquiry would look into the operations of the Alberta Securities Commission, which means that they can look into all the details of what's going on. When the inquiry is concluded, we will know with confidence that the Securities Commission either is or is not doing its job, and if changes are needed in procedures or accountability, they will be brought forward and, hopefully, dealt with by the respective people who are responsible.

In the next few moments, Mr. Speaker, I'd like to elaborate on the five reasons I laid before the Assembly a few moments ago. The first reason: that the Alberta Securities Commission bungled the Dial investigation badly. The Alberta Securities Commission didn't even begin investigating Dial until 1983, although the company collapsed in 1981 and the Securities Commission knew by mid-1982 that the RCMP were investigating the company. The question is: why the delay? It's unanswered, and if we don't have

a public inquiry, it will not be answered. Investigators never interviewed George de Rappard, one of the Dial officials who signed the company prospectus. Why not? Investigators suspended their probe in August 1983 pending the outcome of the RCMP investigation. Why did that happen? No arrangement was made to exchange information with the RCMP, although that is supposed to be the normal procedure. Investigators turned in a report to their supervisor, Alfred Woo, deputy director of enforcement, almost a full year after the investigation began. Even though the other was reporting to Mr. Woo, Mr. Woo never specified a deadline for the report. In comments that we've read publicly, Woo described that there was a mix-up, and the mix-up was a miscrossing of communications. How can that happen in such an important case as this? If that isn't mismanagement, what is it?

I raise some questions. Why didn't the Alberta Securities Commission set up clearer guidelines for an efficient investigation of this matter? How many other cases have been mismanaged in the same way? How many can be mismanaged in the same way in the future? Have the Alberta Securities Commission and the Department of Consumer and Corporate Affairs taken any steps to discipline those officials involved in the bungling or to ensure that that performance is not repeated? Mr. Speaker, only a public inquiry that can look into the procedures and the internal operations of the Securities Commission would answer that. The administrative hearing certainly will not.

The second argument: the Alberta Securities Commission delayed laying charges against Dial officials. The Securities Commission argued that it didn't have all the facts it needed to lay charges until early in 1984, when the commission received the RCMP synopsis of the case. However, the provincial courts decided that the Securities Commission had enough information to lay charges as early as January 1983. The question is: why did the Alberta Securities Commission wait so long to lay charges against Dial officials that the case was finally thrown out of court on a technicality? Why did that administrative neglect occur?

Further, on April 18, 1984, the Minister of Consumer and Corporate Affairs was asked in the House if a certificate had been issued with respect to the time limit for prosecution for Dial. At that time, the minister was in effect forewarned of the possible expiry of the statutory time limit and should have warned the Alberta Securities Commission as well. However, the minister said that based on advice given to her by officials in the Attorney General's department, she didn't believe the time limit was going to be a problem. We should find out why that reason was there. Who gave that kind of advice? I believe we must ask the question: why didn't the minister ensure that the Securities Commission's time limit was not exceeded? If they wanted to be on the safe side, why wasn't that procedure always in place? How can highly paid, efficient officials of a department or a minister, who are to uphold credibility in our legal system, allow a technicality to take away from the rightful application of the law?

I ask the question: was the delay in laying the charges another example of Securities Commission bungling, or were the Minister of Consumer and Corporate Affairs and the Attorney General guilty, for some reason — I don't know what it would be — of avoiding their responsibilities? That's the question that's raised in the public mind. That's why I raise it in this Legislature, not to make any inferences, but on Main Street, Alberta, people who are concerned about how the laws are administered in this province raise

that very question with suspicion. An inquiry would certainly clear up any kind of concern or discussion on an item such as that, one way or another.

The third argument: the Alberta Securities Commission decided not to appeal the dismissal of the case. The case was dismissed from the Provincial Court on the technicality of limitations. I say that a defence on limitations is not, as some would argue, as good as any another. The substantive questions raised in the investigation remain unanswered. The real issue at heart remains unanswered. It's a question in my mind and the minds of many others, particularly those who lost thousands of dollars in the bankruptcy of this company.

An administrative hearing is a poor substitute for a court trial, Mr. Speaker, especially considering that the Dial officials who were originally charged aren't even in the securities business. That means that if they're disbarred from dealing in securities — they weren't in the business anyway, so there's no penalty there. The administrative hearing has no effect and cannot take any steps in terms of the individuals who were involved in this case.

Why did the Alberta Securities Commission decide not to appeal the dismissal of the case? What reasons did the Alberta Securities Commission have for not appealing the dismissal? Why didn't the Alberta Securities Commission want the Dial case to go forward to the courts? Mr. Speaker, those questions need answering for the people of Alberta.

The fourth reason for a public inquiry is that no one will answer for the Alberta Securities Commission in this Legislature, that it's an autonomous body that can do whatever it wants. If it doesn't fulfill its obligations, who is responsible in the end? As I understand the democratic process of electing members to the Legislature and appointing persons to cabinet responsibilities, someone in an elected capacity is the final person responsible. In this House it doesn't seem that way. If that is true, we must go to the step of having a public inquiry so we can find out who is responsible and what went wrong, so that body becomes answerable to the public of Alberta.

Mr. Speaker, that's most important to me. As I said earlier, the Minister of Consumer and Corporate Affairs has divorced herself from the administrative responsibility of the Alberta Securities Commission. The Attorney General supports the Minister of Consumer and Corporate Affairs' claim that there's a difference between the administrative and policy-setting affairs of that body. I don't agree with that. I believe there is a responsibility to this Legislature. The Premier, as well, has gone out of his way to ensure that the Minister of Consumer and Corporate Affairs did not have the answer to questions with regard to the Alberta Securities Commission. To get the minister off the hook in answering some of these questions, he has drawn a clear line between administrative and policy responsibilities, and we've heard it in this House.

I wonder about that kind of direction to a minister, when one of the people in question in this Dial case is an employee very actively involved in the political activity of the government. To me, there's a conflict of interest. The Premier should open the door and say that he is prepared to have the matter before a public inquiry so he can clear himself, his ministers, and his employee, who's receiving a very healthy sum of money to do whatever in the province of Alberta. To me, that is a conflict that could be clarified by a public inquiry. I do not agree with that kind of approach by the Premier, with what seems to be protecting the employee and protecting the ministers from answering

for a body that is expending public funds and has a public responsibility.

The fifth reason for the public inquiry is that small investors in this province can't be confident in the Alberta Securities Commission anymore. One of the hard facts about the Dial affair is that some 565 Albertans lost money and investments that they felt were secure in that organization. They have a lot of questions they feel should be answered. They're not going to be answered by the administrative review. They're not going to want to invest in Alberta again. How can people who are going to make investments under the surveillance of the Alberta Securities Commission trust that body when they've been misled, as happened in the Dial case? The track record is not good. To me, there is a great need for that public inquiry to restore the public confidence that is necessary in the Alberta Securities Commission.

In summing this up, Mr. Speaker, I believe Albertans have a right to know exactly how the Alberta Securities Commission handled the Dial investigation, and why they handled it the way they did. Why the confusion, why the delay, and why the lack of responsibility by officials who were supposed to implement the law and put it in place? Why wasn't there some chastisement? We have to wonder how much effect there was in this case because of the high profile of some of the players in the Dial affair. We wonder how much effect their presence had on the Minister of Consumer and Corporate Affairs, the Attorney General of this province, and the Alberta Securities Commission itself. That's a question that could be answered and clarified by a public inquiry.

We've worked hard in this Legislature. The Official Opposition has tried to raise questions to get information. It's just about as hard to get information out of the government on this matter as it was for the Americans to get the Nixon tapes.

DR. BUCK: But we don't need freedom of information in this House, do we Neil?

MR. R. SPEAKER: Just about the same kind of difficulty. Maybe what we're leading up to here is some kind of Watergate scandal. The question can be raised. But if we have a public inquiry, the details are clarified, the matter is clarified, the government is clean, and we do the job. Albertans raised that question: what is the government trying to hide? If there's nothing there, then lay out the information before us in the Legislature or in a proper forum in a public inquiry, which is available through the Public Inquiries Act.

Mr. Speaker, there is enough concern, enough questions about the actions of the Alberta Securities Commission and this government, that a public inquiry is the only way to come up with the answers we need at this time, to clarify the matter and build confidence in that Securities Commission — a very important body in terms of investments, financial institutions, and surveillance of people's private properties and their money. A very important institution of government, and its credibility is being questioned. As I see it, the only way, and my recommendation through this motion, which I urge members of this Assembly to pass, is to put that public inquiry in place and deal with the matter now, not leave it so it becomes a political issue, so government always has to duck their heads and pull back their necks. Issues like this, cleared in the public, can be clarified very

quickly and are to the positive benefit of the public rather than the negative, as it is at the present time.

MR. ALEXANDER: Mr. Speaker, I would like to have an opportunity to address the motion, which I find to be not only a bit curious but also extremely broad. It says:

Be it resolved that the Legislative Assembly urge the government to call a public inquiry into the operations of the Alberta Securities Commission.

It does not, however, pinpoint the Dial matter, on which the hon. member who introduced the motion has just spent almost all of his time. Since the resolution doesn't suggest an inquiry into Dial specifically, I plan to confine my remarks to the motion itself and perhaps speak of a little background of my own experience with the commission and how it functions.

I have worked for some years in an industry which lives under the long and sometimes threatening shadow of the Alberta Securities Commission. In fact, within the financial industry there is — I hesitate to call it a fear, but it's certainly an apprehension of offending the enormously complex regulations and procedures which the Alberta Securities Commission is charged with dispensing.

For example, in the matter of prospectuses, or offering memorandums, if that be the case, there are an incredible number of variations, variables which go into the matter of compliance with regulations having to do with valuations, time frames, audits, interpretations, tax laws, differing opinions, analyses of all kinds. The enormous costs to the industry to comply with the laws and regulations are, in fact, sometimes a barrier to doing business. They are particularly a barrier for small businesses. It has often struck me, Mr. Speaker, that the legalities of the Alberta Securities Commission stand as a symbol of what in my mind is a clear-cut plot by the lawyers to take over the world.

The investment industry is characterized by a tendency to freeze when the voice on the other end of the telephone says, "This is the Alberta Securities Commission calling." We don't freeze because there's any guilty conscience but more a sense of, "Oh, oh, what bizarre set of circumstances have I now inadvertently got myself into?" When it is determined that it's only a phone call to remind you that you have forgotten to renew your licence, your heart resumes beating.

The Alberta Securities Commission is known in the industries it regulates, if anything, for fairly strict adherence to the rules and disciplines and to discipline of offenders. My experience with the commission has many sides. As chairman of the Alberta Investment Dealers Association in 1981 and '82, my relationship with the commission took an interesting turn. I was asked to serve as the private-sector representative in the selection of a new chairman. Out of approximately 75 applicants and a great many interviews, our committee selected the present chairman and native Edmontonian, Bill Pidruchney. Mr. Pidruchney was selected for a number of reasons: his knowledge of the securities field, his background in law, his openness to change as markets demand. He also brought with him a reputation as a relatively good administrator.

One of the other roles I played with the Investment Dealers Association was a continuing dialogue with the Alberta Securities Commission about the matter of expediting the movement of prospectuses and rulings through the commission. In fact, in the mid and late '70s the commission had become known as a bit of a block, particularly in the way of small companies wishing to raise capital in our

market. Much junior financing was in fact lost to Vancouver because of the perception that our commission did, if anything, too thorough a job in vetting such things as prospectuses and offering memoranda. Furthermore, the securities lawyers of the Canadian Bar Association had often reported some frustration with the complex, time-consuming procedures and with some of the strict interpretations of the commission. When questioned, the commission seemed to reflect that this was a matter of workload.

Mr. Speaker, I think it would be simple enough to see that. If hon. members can understand what's required to clear a preliminary prospectus, they may even better appreciate that from the years 1977 through 1982 the commission cleared successively 107 preliminary prospectuses, jumping to 124, to 192 in 1979 and '80, to 270 in '80-81, and 283 in 1981-82. I might point out also that that's just a fraction of the work done by the Securities Commission. But it's a substantial workload, it's very complex, and it's not that easy to do. Generally speaking, the commission established its reputation during those years for being very thorough.

As a member of the board of the Investment Dealers Association of Canada, my other role was to be in almost constant dialogue with the Alberta Securities Commission on this matter of expediting the movement of prospectuses and obtaining rulings from the commission. In the '70s it had been a bit of a block, as I already said, but we managed to engage in an ongoing dialogue with the commission, which took place on a monthly basis, proving to us that they were in fact open to discussion.

I had some other experience as a onetime governor of the Alberta Stock Exchange. I participated in many meetings with the Alberta Securities Commission chairman and officials about ways to streamline the operations and to improve co-operation with the commission and with its regulated industries. In an industry in which self-regulatory bodies govern, investment dealers and stock exchanges are interested in complying with the regulations because that's what protects the integrity and confidence of the capital markets, the objective also being to get the business done in a reasonably timely fashion. Given the virtually unlimited number of variables with which the commission and the industry must work, it is perhaps no small testament to both groups to get them passed through at all.

One might look, for example, at an issue in process before the commission. While the issuer and the broker awaited the clearance of the commission, because there's a hospitable market, one sentence from Henry Kaufman or, at times, Marc LaLonde could blow your issue out of the water. And when that happened, your attention naturally tended to focus on the commission. In short, in my fairly lengthy experience with the commission, it has not been known for its laxity. If anything, it has been known to have a very tough side.

As I listen to the discussion, Mr. Speaker, I think it's also useful to make a distinction that I think is being missed. Members ought to be clear about what the commission is doing when it clears a prospectus. The Securities Commission examines prospectuses and offering memoranda for their adherence to the rules and regulations within its Act. It should be clear, however, that it is not there to pass judgment on the merits of the investment. We must be careful when we use the term "ASC approval", so it is not misinterpreted to mean that the ASC is telling somebody that this is an okay investment. It simply isn't doing that. We need to be clear that commission approval expresses no opinion on the investment merits described in the prospectus. It simply says that they meet the rules.

The good news is that both the past chairman, the Honourable Madam Justice Joanne Veit, and the present chairman, Mr. Pidrichney, have maintained an open-minded, flexible attitude toward their constituent industries. There have been dozens, if not hundreds, of meetings between the commission and the financial community in an attempt to clarify, redefine, expedite, and rationalize the rules and procedures of the commission. I have attended many such meetings. I also say unequivocally that the common aim of the industry, including the commission, is to protect the integrity of financial markets; that is, we all try to maintain that fragile confidence in our ability to deal honestly with each other. That confidence and integrity have made the Canadian capital markets among the most efficient and respected systems in the world. The key formula on which all of our commissions and exchanges base this integrity is full, true, and plain disclosure. Industry members have all worked hard at the viability and the integrity of the industry and our system. Penalties imposed by self-regulatory bodies, like the investment dealers and the stock exchanges, are severe for breaches of this trust.

Moreover, the industry works hard because the alternative is to erect ever more complex, suffocating rules and red tape which can effectively put virtually all participants in a straitjacket from which it is very costly to escape. If hon. members could have but a few experiences with the American system under the Securities and Exchange Commission, they would find this point amply illustrated.

The question before us, I suppose, may be phrased: do more complex, tighter, rigid systems work better to protect the integrity of capital markets? Of course they don't. Complexity alone in those regulations suggests that there isn't any integrity and, in my view, acknowledges defeat in the beginning.

That seems to bring us to another question about investigating the commission, about which there are clearly many questions to be asked and not easily answered. Which of the multiple functions of the commission would be investigated or inquired into? Is it the process of prospectus-clearing for securities or for franchises? Is it registrations? That doesn't appear to have been brought up. Is it enforcement? Perhaps. Is it policy-making of the commissioners, or lack thereof? Administration? And what about this difficult relationship between the commission and the commercial crime squad, otherwise known as the fraud squad; the question of who should pursue an alleged offender first? Should the one who does not pursue hold off while the other proceeds? If the first fails to make the case after many months or years of investigation, what then happens? Does the second one pursue the issue on a different front, under a different Act or a different set of rules? That question may well belong in this House and in another House, but I see that the answer is clearly not to be found in inquiring into the commission.

My suggestion is that the ASC is one of the most thoroughly examined and inquired-into agencies in the whole country. It could be said, I think, that the commission is in a constant state of inquiry by the financial industry participants, including Bar Association securities lawyers, accountants of all three types, brokers, dealers, issuers, and buyers of securities. Its chairman is in fact characterized by openness. He has expressed his frustration more than once when some of us have said to him: "Chairman, so-and-so tells me that your people are making judgment about investment merit again." His reply is usually one of some annoyance. He says: "Who said that? Why doesn't he come

and tell me? My doors are open to the public. If you have a complaint or problem with the commission, bring it here." Then he quotes Harry Truman and says, "The buck stops here." I think that's a good attitude. It also indicates that any information about the commission's operations are readily available to the public.

He's also realistic, Mr. Speaker, and I suggest we ought to be a little bit that way ourselves. Can the system be failure-proof? No, not while it's being run by humans, however competent. Can we blame someone for a mistake? Yes. How does that help? Could we spend a bunch of time and money on an inquiry? Yes. But we wouldn't learn very much unless we knew what questions to ask of this very complex and difficult operation.

Mr. Speaker, neither this motion nor what I've heard so far nor my own experience over many years with the commission seem to make it clear to me what the question is. I don't think the mover seems to have much of an idea either. That reminds me of a story about Gertrude Stein. After living a life in which she dabbled in existentialism to some extent, she lay on her deathbed. As she was dying, she turned to one of her friends and asked, "What is the answer?" Receiving no reply from one, she turned to another and said, "What is the answer?" No answer. And yet a third time, she questioned one of her friends, "But what is the answer?" Silence. Turning then to another person, she said, "Well then, what's the question?" Getting no answer, she died. I suggest that's what this motion ought to do too.

MR. MARTIN: Mr. Speaker, as usual, the Member for Edmonton Whitemud was very eloquent in trying to deflect the intention of this motion. He went into a sort of general discussion about the Securities Commission and told us a very amusing story. But the point is that it simply says:

Be it resolved that the Legislative Assembly urge the government to call a public inquiry into the operations of the Alberta Securities Commission.

Whether or not Dial was mentioned is irrelevant. As the member well knows, this has been in the news constantly and in this House. The hon. member knows full well why there is a need and why it was brought up. It has nothing to do with the overall part of the motion. Specifically, there's a serious screwup, and the fact remains that there could be others. That's what people want to know.

Mr. Speaker, I'm not going into the history of what happened; the Member for Little Bow did that quite adequately. I would like to refer back to this whole matter. It was raised in this House a number of times. I remember the Attorney General sitting there the first time we tried to deal with the matter. It had to do with criminal charges and RCMP recommendations. At that time the hon. Attorney General said that there wasn't enough evidence to ensure there should be prosecution. "You'll have to take my word on that." He said that it's now appropriate for the Securities Commission to deal with this. At the time, we called for a public inquiry into the judicial system. Something seemed to be going wrong, but we were at least told that the Securities Commission would delve into this in great detail.

My hon. ex-colleague, Mr. Notley, suggested that there was a problem with that year limitation. It was brought to the Minister of Consumer and Corporate Affairs. At that time we asked the minister what she was doing to make sure this proceeded quickly enough so there could be prosecution by the Securities Commission. We were told, basically, that there was no worry, that things were going

along swimmingly; don't worry. When the Securities Commission finally laid the charge, we find that it's thrown out of court because the judge ruled that it wasn't laid within that year.

We can say what we want, but people of Alberta perceive that it has been thrown out because of a technicality. There is a lot of frustration out there among the people about this. The government can say that justice was well served and all the rest of it, but the fact is that it is not the perception of ordinary Albertans that justice has been served well. Certainly there seem to be problems in the Securities Commission. If there are no problems, as the hon. Member for Edmonton Whitemud says, why are we worried about having an inquiry. Why don't we get on with it, as the Member for Little Bow said? That will straighten matters out and we will understand that there are no problems. When I find that for some reason we don't want to do this, I'm concerned. It at least gives the perception of hiding, that certain things shouldn't come out.

Mr. Speaker, we've raised this public inquiry in question period. Under section 33 of the Act, the Minister of Consumer and Corporate Affairs could hold a public inquiry and investigation. The minister is well aware that that falls under her jurisdiction, no matter whether she claims that somehow it's somebody else's business or arm's length. The fact is that the regulations and the way the Securities Commission operates are under the perusal of this government and under the jurisdiction of the Minister of Consumer and Corporate Affairs; that is clear.

The other major point that we've discussed — the justice system is broader. I think there are still concerns there. Perhaps the Attorney General doesn't agree, but we certainly get people coming to us. Maybe he doesn't talk to the same people we do, who indicate that there are concerns there. There are people from his own profession. People do not have faith in the Securities Commission. I suggest that that can hurt the economy. There have been enough examples of things going wrong with various financial institutions in this province that are going to make people uneasy about investing. The point is that if they do not feel the Securities Commission can operate quickly enough to make financial institutions follow the regulations that are already there, people are going to say: "Well, what's the point of investing? I'll take my money and put it into one of the major banks and just let it sit there at a lower interest rate. At least I know I'll have it after." I think we would all agree that that is not going to help the economy of Alberta. So it is extremely important that people have faith that the Securities Commission is operating aboveboard, as the Member for Edmonton Whitemud said. But when people see something as important as Dial and feel that it's stonewalling and stonewalling, then they get nervous.

[Mr. Appleby in the Chair]

I can say to this Assembly: we know that certain people who have called us are advising people that before they invest in certain institutions — whether its approved by the Alberta Securities Commission or not, they're saying that's not good enough; check to make sure it's on the Ontario one, because we're just not sure about the Alberta Securities Commission. I know people who are giving that advice. You can question it, and people can say perhaps they're not giving the proper advice, but the perception is just as important. I'm sure the Attorney General would agree that the perception is just as important. That's why we were

trying the other day to raise the questions that the Minister of Consumer and Corporate Affairs did not want to reply to, about the Alberta Securities Commission and how the Ontario one tied into it.

Mr. Speaker, I know there's not a great deal of time on this matter, but the point remains that an inquiry into the operations of the Alberta Securities Commission would go a long way to helping us find out what went wrong. It seems an absolute tragedy that when the Attorney General told us the Securities Commission was going to deal with this matter, that it wasn't appropriate for criminal charges, we then find that after being warned in this Assembly, the Securities Commission failed to lay the charges within a year. I suggest that people wonder about it. The only way we in the opposition have is to ask questions that it's hard to get straight answers to. But the point now is to come here and hope that we can prevail upon the government to call a public inquiry into the operations of the Alberta Securities Commission. That is frustrating, because the government is clearly not doing its duties under section 33. If they suggest that it's not a serious problem — "Don't worry about it; justice is well served under the technicality" — there's not a heck of a lot we can do about it. I look around at the numbers; I recognize the votes as well as anybody else. But the fact remains that we are leaving a huge doubt out there in the public mind. That's important to this government and to Alberta. That's where people's perceptions are. If the government doesn't like those perceptions, they should damn well do something about it. They should go right into Motion 214 and order a public inquiry.

As I said, Mr. Speaker, it's not that difficult. I don't care what the hon. minister says; under section 33 it is clear ...

MR. DEPUTY SPEAKER: I regret to interrupt the hon. leader, but the time for discussion of the resolution has now concluded. Of course, he is considered as having adjourned debate at this time.

MR. MARTIN: Mr. Speaker, I beg leave to adjourn debate.

head: **PUBLIC BILLS AND ORDERS**
OTHER THAN
GOVERNMENT BILLS AND ORDERS
(Second Reading)

Bill 202
An Act to Amend the
Mortgage Brokers Regulation Act

MR. ZIP: Mr. Speaker, it is my pleasure to move second reading of Bill 202, An Act to Amend the Mortgage Brokers Regulation Act.

The proposed amendments will be to chapter M-19 of the *Revised Statutes of Alberta 1980*, section 8(1)(a), which will be repealed and replaced by a more explicit mortgage disclosure statement which will point toward the situation where people taking on mortgages will receive, in plain English, information on their pending mortgage obligation telling them the actual size of their mortgage obligation, the actual cost of setting up the mortgage, their actual interest rate, their period of amortization, under what conditions their mortgage may not be renewed, and what prepayment penalties they may encounter at such time that they may decide to prepay their mortgage.

At this point, Mr. Speaker, I wish to relate to this honourable Assembly some of the experiences which motivated me to introduce this Bill. This motivation has been around a long time. It arose out of the painful experiences of ordinary people, ordinary friends of mine, who were subjected to mortgages which they signed under varying degrees of misconception and misunderstanding. Their problems were very seriously aggravated by the economic euphoria which surrounded Albertans for such a long time during the real estate price escalation that was associated with the rapid growth of the Alberta oil and gas industry during the 1970s and up to the time of the national energy policy at the end of 1980.

The common wisdom at that time, Mr. Speaker, was this: you had better buy now, because next month it's going to cost you \$1,000 or \$1,500 more. The other part of this wisdom was that runaway inflation is here to stay, and when you borrow today, you will be paying back with inflated and hence cheaper money in real terms over the life of the mortgage. The exemption from the capital gains tax on principle residences further encouraged speculation and buying of housing. Since the housing market was moving steadily upwards throughout the 1970s and into the 1980s, it was easy to get out from under housing mortgage obligations by simply selling and letting someone else take over. People simply said, "Where do I sign, and how fast do I get my money?"

Caution towards the very serious long-term undertaking that a mortgage represents melted away under the heat of Alberta's rising housing market. Unscrupulous and incompetent people were able to move into the mortgage business as lenders and as brokers to lenders to the detriment of not only the buyers but also those in the business who were honestly striving to serve the public well and with competence. When the hammer came down on the Alberta economy with Ottawa's national energy policy and devastated the housing market of this province, particularly in Calgary, the tide quickly went out on the fortunes of mortgage payers. This downshift in the provincial economy brought about a very significant change in the attitudes of both the mortgage payers and the mortgage lenders. The mortgage payers are now very concerned about the fine print of their mortgages, while the mortgage lenders are suddenly very concerned about the value of the properties they lent money on so eagerly just a short time ago and the ability of people to pay them back.

The legalese employed in the wording of mortgage documents makes it very difficult for the average person to understand. Their obligations and the conditions they have to live under during the life of their mortgage need to be explained to them in plain English, especially now that mortgagors are jittery about the financial health of their clients. In some cases they're very jittery.

The high rates of interest presently prevailing in this country, plus the high principal amounts of present-day mortgages, add up to the high monthly payments today and create a lot of real economic pain to these people. I remember one pathetic case in particular which pulled at my heartstrings back in 1972. A family in east Calgary took out a second mortgage on their, at that time, relatively debt-free home. After interest bonuses were incorporated into the terms of their mortgage, the real interest rate to them rose to almost 30 percent. When I asked them why they signed such a document when they could have obtained a much better deal with half a dozen other institutions, their reply was simply, "We needed the money and didn't realize that the

terms of the agreement we signed were so bad until we listed our house and found out from our realtor how bad they were."

Needless to say, Mr. Speaker, that particular mortgage was a very costly experience which left that family much poorer financially and with a bitter feeling towards our financial system. I can cite many more cases of very unhappy experiences on the part of mortgage payers, such as this one, all stemming from a lack of knowledge of the terms of their mortgages. Hardly a month goes by without the press or other media coming up with some new twist to the pain emanating from some mortgage payers' difficulties with their mortgages.

Regulations under the present Mortgage Brokers Regulation Act require more disclosure than that suggested under the present subsection 1(a), which merely reads, "the repayment terms of each mortgage." However, they do not really do their job. While present regulations require a description of the terms of a mortgage loan, they do not require the borrower to be informed of the total repayment cost of his loan or how much of the loan over its term is repaid on principal and how much is payment of interest.

Regulations with respect to renewal conditions are not sufficiently explicit. First, borrowers may be under the misperception that mortgages are automatically renewable at term if payments have been made faithfully and on time. Unfortunately, Mr. Speaker, this is not the case, and great hardship is often inflicted on the mortgage payer if it is not renewed. It would be far better to tell the mortgage payer that his mortgage may not be renewed at the end of one, two, three, or five years of his term, even if he pays diligently and faithfully, so he can be prepared for this eventuality. Some examples of how changes in interest rates or term would affect monthly payments and the total cost of his mortgage would also be more meaningful. Further, despite the 24-hour cooling-off period a customer has after signing the mortgage, during which time he can void the deal, nowhere do regulations clearly require that mortgage brokers disclose that they will still be entitled to their fees in any aborted mortgage deals, and these fees can be very costly.

In one case that came to my attention, the fee was over \$1,000. The man didn't have \$1,000 set aside for that eventuality. Furthermore, these people took him to small debts court, and he had to defend himself there twice. He had to make two appearances, and these fly-by-nights never even bothered to show up. The thing was dismissed. This is the infliction that people out there receive at the hands of these people.

In any case, the matter of disclosure to the mortgage holder is of such importance to him that it should not be left to mere regulation but should be enshrined in statute. Further, this requirement should go beyond mortgage brokers to other lenders. For example, some serious abuses have stemmed from new home salespeople who have set up a substantial number of present-day mortgages under very inadequate competency in so many cases.

Mr. Speaker, presently the Act does not apply to quite a number of lending institutions:

This Act does not apply to

- (a) a bank;
- (b) a treasury branch;
- (c) a credit union;
- (d) a trust company;
- (e) an insurer to which the *Insurance Act* applies;

(f) an issuer within the meaning of the *Investment Contracts Act*;

(g) an agent or employee of any person referred to in clauses (a) to (f) [which are the ones I've just read] in his capacity as agent or employee;

(h) a person who does not participate in the negotiations of a mortgage transaction with the mortgagor;

(i) a corporation registered as a loan corporation or as a loaning land corporation under the *Loan and Trust Corporations Act* (Ontario);

(j) a loan company to which Part I of the *Loan Companies Act* (Canada) applies or a British loan company to which Part II of the *Loan Companies Act* (Canada) applies;

(k) a member of The Law Society of Alberta in the course of his practice as a barrister and solicitor;

(l) any person acting for the Crown or for a Crown corporation;

Many mortgages are placed by these people.

(m) any person or class of persons exempted by the regulations.

In other words, the existing legislation is specific to a single category of lender, namely mortgage brokers, and the requirement for a mortgage broker's disclosure statement applies only to mortgages arranged by brokers. Mortgages obtained from all other lenders excluded from the Act are not subject to this disclosure requirement.

The reason that mortgage brokers were singled out for regulation is based strictly on past experience. This past experience has shown that there was a need for more stringent regulation despite the fact that the majority of them, especially those in business now are very credible. Their records raise questions, and the questions are in the statistics themselves. For example, the number of cases investigated by the Superintendent of Real Estate increased from 38 in 1981-82 to 138 in 1982-83, 168 in 1983-84, and 126 in 1984 to date.

In conclusion, Mr. Speaker, a start on improving consumer protection has to be made somewhere. The need is greatest where large sums of money are being arranged by third parties and clients are not dealing directly with lenders. Similar legislation could and should be enacted for mortgages arranged by any other lenders.

Thank you, Mr. Speaker.

[Mr. Speaker in the Chair]

MR. NELSON: Mr. Speaker, it gives me a great deal of pleasure to speak for a few moments on Bill 202, An Act to Amend the Mortgage Brokers Regulation Act. At the outset, I would like to congratulate the member for Calgary Mountain View for bringing this issue forward but at the same time suggest that maybe we are not examining this whole issue of mortgage lending far enough. I also support the view that information to our consuming public must be given fully, freely, and without prejudice, so at least they know in some way, shape, or form that they are able to make decisions based on information given.

Mr. Speaker, there's a word I've learned to use when dealing with mortgages. I guess I learned this when I commenced my examination of the Guarantees Acknowledgment Act when I was dealing with bank guarantees that small-business men have to sign. That word is "unconscionable". A mortgage is an unconscionable document. As

defined in *Black's Law Dictionary*, the basic test of unconscionability of contract is whether, under circumstances existing at the time of making of contract and in light of general commercial background and commercial needs of particular trade or case, clauses involved are so one-sided as to oppress or unfairly surprise a party. It continues: unconscionability is generally recognized to include an absence of meaningful choice on the part of one of the parties to a contract together with contract terms which are unreasonably favourable to the other party. In short, it is gross one-sidedness. Webster's dictionary refers to unconscionable as having no conscience or contrary to the dictates of conscience, not right or reasonable, or unreasonably excessive. That is how we can define a mortgage, Mr. Speaker.

A mortgage is not a document negotiable by the average consumer, whether it is negotiated by a broker or otherwise. What does a broker really do? If you are having difficulty obtaining a mortgage and you must use a broker — I know many real estate agents, not that they are actually brokers, can and do seek mortgages for people, or they can go to a broker to find mortgage money on behalf of people they are working with on the sale of a property. Mr. Speaker, the ability of our consuming public to negotiate mortgages is nonexistent. The terms of mortgages are preset by a lending institution. I dare anyone to go to a lending institution where they have a fixed document and try to encourage that lending institution to alter that document that may benefit the lender. That is why I suggest that a mortgage, in general terms, is an unconscionable document.

Let's consider some of the options that could be available to a person requiring a mortgage and whether or not these options are placed before that [borrower] by a broker or lending institution. First of all, the interest rate. When we borrow money, most of us have an idea of what that interest rate may be. Are we getting an open or closed mortgage? How many people know what an open or closed mortgage is? I'll guarantee you, Mr. Speaker, that not too many people know. Is that discussed with the person? No, not at all. Is the frequency of interest payments or mortgage payments discussed with them? Usually the mortgage payment is discussed with the borrower, in that you have to pay every month. But how is the interest calculated? Is it calculated on a monthly basis? Is it calculated on an annual basis or a six-month basis? How many people know? I suggest none.

How many people know what the term "amortization period" is? How many people really know what the term "term" is? Even though we borrow money over a period of a term, we amortize the mortgage over a longer period of time. The average person does not understand that. How many people understand that there's a realty tax account? Certainly, most people get a fixed figure when they have to pay their mortgage each month. I guess most of us, giving due credit, know that we have to pay our taxes, and we normally end up paying those on a monthly basis with our mortgage payment. They refer to that as PIT: principal, interest, tax.

How many people understand terms such as "closing costs", "legal fees", and terms of this nature? I don't know that too many people really understand the term "closing costs". They certainly understand the term "legal fees", because we know that if we enter into an arrangement with a lawyer to do certain work for us, there is a fee. Usually the fee ends up considerably higher than we might expect, unless that is also addressed at the time we negotiate a contract, be it verbal or otherwise, with a lawyer.

How many people realize whether a mortgage is assumable by a new purchaser should they determine to sell their property? How many people account for the assumability of a second, third, or fourth mortgage they may have on their property? Whether these are dealt with by mortgage brokers, a lending institution, or, in many cases, the legal profession, I would say that most people, when they finish the purchase of a home, do not even understand what they've signed. To give an example, people might have signed a mortgage document and possibly have a land lease with that document. They may understand that the document infers that ultimately they would be purchasing a piece of land, when, in essence, it doesn't mean that at all. It means the opposite; it means they're paying rent.

When we talk about disclosure by mortgage brokers or any other person dealing with the issue of lending money, be it for mortgages or other things — and I know we're addressing the area of mortgages here today, which I'm quite happy to do — not only do we need to examine the changes of Acts, policies, and regulations from within government. Possibly and probably the best way to go is to educate our people in the community to be more aware of the many misgivings they should have when they go out to sign a document, especially a document that I suggest is unconscionable.

I hate like heck to pick on banks or lending institutions as such all the time, but these institutions have developed an attitude of unconscionability in many of the documents they try to offer to the public. Let's face it: if you've got a mortgage on your home or are trying to get a mortgage for a property, they've got you. You're not going to go to them and say, "This is the mortgage document I want to use to borrow your money." They're going to tell you to go fly a kite. You can do that day in and day out, week in and week out, and you'll never achieve what you feel is fair on your behalf. You may be desirous of paying your mortgage off on a biweekly basis, which will probably save you about seven or eight years of payments on a \$50,000 mortgage, which I believe is something on the order of about \$73,000 if my figures are correct, over the amortization period of that mortgage.

What about dealing with a mortgage broker? Does he tell you up-front what it's going to cost you as a fee for him to obtain a mortgage for you? Is he going to indicate to you that the mortgage he is getting for you is short-term and that possibly in one year's time you're going to be back looking for another one? Is he going to indicate to you that the mortgage you got is an open or closed mortgage, as I've already indicated? Mr. Speaker, it's quite possible that he will, but on the other hand it's quite possible that he will not. I don't wish to suggest, and I'm sure the hon. Member for Calgary Mountain View is not suggesting, that there are not honourable people in the communities, making their best effort to satisfy the needs of the people in those communities. Certainly, I believe there are. Unfortunately, the one or two bad apples in the barrel always seem to make it hurtful for our citizens and also for other people in the industry.

We use a term, particularly through the Securities Commission, called "unsophisticated investor". What is an unsophisticated investor? Basically, it's a person who wishes to invest and really doesn't know a lot about the investment climate. So we say you've got to put out a prospectus and give full disclosure of that prospectus so that unsophisticated investor, hopefully at least, will be able to know what he's getting into. Again, there are agents in the field of invest-

ment, investment brokers, who are able to fully explain the material a person wishes to have or invest in.

We have a similar situation with people obtaining mortgages. We have an unsophisticated investor. Really, there is no difference between investing in securities and investing in a piece of property, especially the way the market has been going up and down in the last few years — more down than up. A person is unsophisticated in dealing with a mortgage, and it's certainly incumbent upon us to ensure in some way, shape, or form that that person is able to receive full knowledge. It might be fruitful for the Department of Consumer and Corporate Affairs to examine the area of issuing material, on a door-to-door basis if necessary or making it available in various public buildings, that will make our consuming public aware of the pitfalls of mortgages, mortgage-lending institutions, or brokers.

It might also be fruitful — and I've mentioned this prior to my standing today in this Assembly — to examine making our Acts and laws English rather than legalese. It might be fruitful for our consuming public, including me, so I would better understand what I'm reading in legalese, which I'm not trained to do. It's very difficult when you have to spend hours, or even days, examining a particular document to determine what it really means. When it takes you two or three days to go through a document word by word, line by line, paragraph by paragraph, and try to compare it back and forth to the various sections it might refer to, it's a very, very difficult and lengthy process. The net results are that you end up with a document the dictionaries define as unconscionable, and I've already explained what unconscionable is.

Mr. Speaker, in speaking to this particular Bill, I urge members to give it their fullest support. Possibly the member who introduced it may even examine further the introduction of amendments that may improve the atmosphere for our consuming public with not only brokers but also our other lending institutions. I don't want to let the agencies of the government, such as Alberta Home Mortgage, off the hook. Lately I've been known to be pretty critical of them, and I will continue to be so until such time as they show some feeling in their attitudes towards some of the hardships they've put on innocent victims they've placed in various difficulties in the marketplace. It's unfortunate I have to stand in my place and make comments of that nature; that may be disparaging, but it is the truth. I do not intend to compromise myself or my constituents in dealing with issues of that nature.

Mr. Speaker, I fully support the manner in which our member has presented his case today, and I urge other members to also give support, especially when considering that mortgages are usually the largest expenditure in a person's life. As such they need to be protected in the obtaining of the mortgage, the content of that mortgage, and in the future renewal of that mortgage, especially considering that most people pay their obligations on a regular basis rather than have an institution blackball them, in many cases for no good reason. As I said before, I urge support of Bill 202.

Thank you.

MR. SHRAKE: Mr. Speaker, I want to congratulate the hon. Member for Calgary Mountain View for bringing this Bill forward. This Bill has created more havoc, heartache, and real horror stories throughout the city of Calgary in the last couple of years, ever since the economic turnaround.

The main thrust of this Bill is basically to get information to the people who sign these mortgages.

It's sad. Probably the biggest thing any couple ever buys, their major lifetime investment, is a home. The wife will look at the kitchen and make sure it's the way she wants it. The husband will maybe check the construction and see if it's got crossbracing. But he doesn't pay any attention to the legal documents he signs. It's tragic. Instead of this we should almost have, every time you sign a mortgage, a skull and crossbones and a huge sign on top of it: "Buyer Beware". It's tragic.

I think of one young couple who saved in 1980, '81, and '82 and finally had almost \$10,000. They found the home they wanted, bought the home, and assumed a 17.75 percent mortgage. As things rolled by, times got a little tougher and, unfortunately, the wife had twins. They had two kids already. She couldn't really go back to work with the twins; they had a lot of medical problems. There went \$20,000 of the income which they had counted on to pay their mortgage. It didn't matter; he was still working and making a living. But with 17.75 percent interest, it was \$1,100 a month. When the province of Alberta's mortgage reduction plan took its last turn, he didn't quite qualify. Suddenly the \$1,100 a month was a big payment and he couldn't handle it. Each month he fell a little further behind. But no problem. He thought he had good credit, and he'd go and get it remortgaged. No sir. With the mortgage company he's with, there is no provision; you cannot remortgage, not even if you pay the three-month penalty clause.

He phoned me; I'm the MLA. I told him, "I don't know; let's go talk to these people." I met with the manager of this company; which I won't mention — their initials were Credit Foncier, but I won't mention their name. We went over it, and we explained to him that this home had a \$70,000 mortgage. It was only worth \$55,000. In fact, there was a house down the street with the same floor plan and the same square footage but a bigger lot. It had been dumped back, and they were trying to unload it at \$53,000.

This guy's got honour; he's going to honour his commitments. He isn't going to walk out on the house, but he's hurting. He can't carry on. He says, "I'll pay the \$70,000; I'll get another mortgage over here." But they say, "Sorry, we do not allow you to pay out your mortgage." He says, "Well, I didn't know that." Of course he didn't know it; he'd never been told. When he was buying it, the documents were beyond his ability.

Dear little Sharon and Bruce got enough money to buy a used home. They went to a mortgage company and got an open mortgage. This open mortgage didn't mean a lot to them, and it was only 10.75 percent interest. They later found out what an open mortgage was. When the interest rates went up to 20, they had a 20 percent interest mortgage. Their payments went from \$500 and something — they hit the \$1,100 mark. I think their income was only a little over the \$1,100 mark, and it got grim for them. They struggled through, and due to the mortgage reduction plan the province put in, thank goodness they still have their place. They're hanging in, but they did not know.

I don't think it's quite fair to blame this type of problem all on the mortgage brokers. The hon. Member for Calgary Mountain View really hit the nail on the head. He identified the problem; it goes beyond just the mortgage brokers. In fact, I have a copy of the mortgage broker's regulation disclosure. Maybe the page would be kind enough to pass these out to members. If you follow it close enough and

you're wise enough and have a good head for figures and this type of thing, it actually does show the rate of interest. You can find it; you have to look a little bit. It shows your amortization period and the repayment terms. It lists whether you have any prepayment option or for short: if you got a little money ahead, could you pay a little money toward it? Or could you pay the damned thing out and remortgage it somewhere over here? For short, if this guy gets you up to a 20 percent mortgage, could you go down the street and pick up that nice 12 percent? It does call for that, but the form is vague.

In fact, the Bill is very vague. If you ever tried to read the existing Act — I won't bother trying to read it to you — it's very vague on what it calls for. It doesn't address the problem. Mr. Speaker, I think our hon. member has brought a problem which should be dealt with. We should deal with this; we should handle it. I don't think the Act at present gives the help or assistance people need.

I think we first have to take a look at the number of institutions and organizations involved and not just go after the old mortgage broker. Frankly, we should fine the individual broker if they do not follow the Act, if they do not sit down with this thing. Perhaps they could fill the thing out, and the average person, unless they have some knowledge regarding financial terms and how to handle contracts and things, wouldn't follow it that well anyway.

I really believe that our hon. member should take a hard look at getting some members of the financial institutions, perhaps a few guys in the banks — I don't know if they really want to deal with this, because they're exempt and they'd just as soon stay that way — some of the people in the mortgage companies and our Treasury Branch, because we can control them, by gosh, and a few of those people who are in this type of business, to have a meeting and come up with a form something like this but a little clearer and more distinct.

Maybe we should have a regulation that this form has to be signed in front of a notary public and that the notary public must ask them that one fatal question: do they understand everything in this form? I think that would be immensely helpful. Seriously, I would like to see our hon. Member for Calgary Mountain View take a look at getting those people together to go over these forms and come up with a better one. If they do, he has done a real service for a lot of Calgarians. With his experience and background — he used to be with the economic development department of the city of Calgary — he's good at this type of thing. I'm looking forward to seeing if he does this.

By the way, one problem we had before, which we addressed last year, was the assuming of mortgages. You really don't have to do much disclosing there, because the original mortgage was taken by the new homebuilder — Nu-West, Qualico, Genstar, or whatever — so the mortgage is sitting there. When you buy the house, you just assume it. That's what happened to the couple Lloyd and Chris. They just assumed the mortgage. Later when the going got rough with all the problems, they finally figured it out. If it wasn't for the Bill we brought in last year, the real properties Act, they were all set to go out and sue all the people who had assumed these mortgages. They had a clause that if they ever repossessed or foreclosed on the home, they could sell it for whatever they get and sue you for the difference between what they got and what you owed on the mortgage. That was looking at about a \$20,000 to \$30,000 bill. A lot of Albertans, especially Calgarians, were faced with that. Thank goodness we handled that last year.

If I can leave my little recommendation and suggestion, I'd like to see our hon. member go out — let this Bill ride on the Order Paper — and sit down with these financial people and come back with a better document. Then he's done a good service. I'm sure glad to see him bring this Bill in.

MR. LYSONS: Mr. Speaker, I, too, would like to get into this discussion on Bill 202, An Act to Amend the Mortgage Brokers Regulation Act. Quite frankly, I don't see that the amendment would deal directly or substantially with the problems that have been outlined here this afternoon. A few moments ago a copy of the Mortgage Brokers Regulation Act mortgage disclosure statement was delivered to our desks. It's exactly the way I remember seeing it some few years ago.

I think some talk this afternoon has been clearly derogatory. I don't feel that the people in the mortgage broker business need to take some of the insults that have been directed their way this afternoon. Naturally, there are some people who will circumvent any law or Act, any sense of decency, any sense of proportion, regardless of what we do. There is no way that this or any other government, any set of regulations, or any association can ever completely prevent people from being skunked.

I've dealt with some mortgage brokers, not on a personal basis so much but more on a "tell them to go away and don't bother me" situation. In the credit union where I worked, we didn't deal with those kinds of people, not because we didn't trust them or anything, but if we were going to get involved in a mortgage, we wanted to be in all the way or not at all. It seemed to be the only way for us to go. But for other people who needed the services of a mortgage broker — and I think of hotels and some of the larger types of borrowing that went on — mortgage brokers were very helpful and very necessary in our community.

I'm not suggesting that I know everything about mortgage brokers or what they may have done in the city of Calgary. Obviously, by the sound of things they have struck disaster there. If hon. members really have that type of problem, I suggest that they go to the proper authorities. In reading the Mortgage Brokers Regulation Act, there seem to be some pretty severe penalties, albeit not high in dollars but certainly high in pride if a person were to lose. The Superintendent of Real Estate certainly has many powers to deal with mortgage brokers.

Insofar as the change in the Act is concerned, it certainly wouldn't do any harm. I would support it on that basis, but I wouldn't support it on the basis of some of the argument delivered here this afternoon.

Thank you, Mr. Speaker.

MR. SHRAKE: Mr. Speaker, on a point of privilege. During my opening remarks I said that this Bill has caused havoc. I meant to say that the situation that exists out there has created havoc.

MRS. EMBURY: Mr. Speaker, in view of the time, and because I have a few comments I'd like to make, I'd like to adjourn debate.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

MR. HORSMAN: Mr. Speaker, it is proposed to deal in Committee of the Whole this evening with five Bills — 31, 16, 18, 21, and 27 — and following that committee study to return to consideration of the budget debate. I would move, therefore, that when members assemble this evening they do so in Committee of the Whole and that the House stand adjourned until such time as the Committee of the Whole has risen and reported.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

[The House recessed at 5:20 p.m.]

[The Committee of the Whole met at 8 p.m.]

head: **GOVERNMENT BILLS AND ORDERS** (Committee of the Whole)

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Will the committee please come to order. We have five Bills for consideration by the committee this evening.

Bill 16 **Small Business Equity Corporations** **Amendment Act, 1985**

MR. CHAIRMAN: Are there any questions or comments regarding the sections of this Act?

[Title and preamble agreed to]

MR. PLANCHE: Mr. Chairman, it's a privilege to be able to participate in this very excellent program on behalf of

my colleague the Minister of Tourism and Small Business. I'd be happy to answer any questions if there happen to be any. I move the Bill be reported.

[Motion carried]

Bill 31

Appropriation (Interim Supply) Act, 1985

MR. CHAIRMAN: Are there any questions or comments regarding this Act?

[Title and preamble agreed to]

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

[Motion carried]

Bill 18

Natural Gas Rebates Amendment Act, 1985

MR. CHAIRMAN: Are there any questions or comments regarding the sections of this Act?

MR. STEVENS: Mr. Chairman, I just want to take a moment. Perhaps the minister could assist in explaining a part of the program that we have in place. I'm very pleased, as all Albertans are, that he was able to announce the extension of the program. I'd like to ask a question about the remote area heating allowance program. Those of us who had the privilege of entering this Legislature in 1979 found, when we were campaigning in the rural areas and in some of the resort areas of the province, many citizens who were unable to have natural gas extended to them. They were relying on bunker diesel fuel, or perhaps propane, or other fuel oils. At the time, the previous minister was able to announce the remote area heating allowance program, which has provided a rebate to many eligible citizens who are using heating oil and propane, so they find that their heating costs are equated to the costs of persons who receive natural gas service.

The question that comes to my constituency frequently — and perhaps others share situations like this — involves resort communities and businesses, possibly hostels, possibly community organizations, where they are unable to apply for the use and utilization of the remote area heating allowance program. Many of these organizations have provided permanent accommodation for their staff. For example, in Sunshine Village on a year-round basis there are now several hundred employees with accommodation at the village, for which the costs of propane are very high. Similarly, in Lake Louise there are other businesses providing visitor services to our tourist economy that do not have the opportunity to obtain the benefits of this program. Many of these young Albertans are now permanent residents in these locations and in fact are on the voting list.

I'd like to ask the minister if he could assist me in understanding the program and whether or not it would be possible to consider removing the consumption limits or extending the uses that would qualify for this program.

MR. CHAIRMAN: Are there any further comments or questions? Would the hon. minister wish to respond?

MR. BOGLE: Thank you, Mr. Chairman. The hon. Member for Banff-Cochrane has raised an excellent question with

regard to an element that was introduced in 1980 by my predecessor, to provide some shelter for those residents of the province who live within franchise areas that could not easily or economically be served by natural gas or, in those more sparsely populated parts of the province, who were outside the franchise areas of the natural gas companies or the co-operatives. The essence of the program as implemented in 1980 was to provide shielding of 35 percent of the cost of heating oil and propane purchased by the individual. There were ceilings placed on the amount of propane or heating oil that could be purchased, and those limits were 4,000 gallons for propane or 2,700 gallons for fuel oil, or a proportionate combination of the two.

Mr. Chairman, those figures represent approximately twice the annual consumption in an average home. In developing the program, my predecessor, the hon. Member for Lesser Slave Lake, tried to ensure that we would be as fair as possible in meeting an objective of this element, to provide costs for the individual applicant for his own home and for his business purposes. The hon. Member for Banff-Cochrane is quite correct in identifying various groups, most notably Sunshine Village, which is located within his constituency, the Canadian Hostelling Association, which operates facilities within his constituency and others, who have requested that the upper limit of the program be lifted. The argument being used is that the annual consumption at a resort like Sunshine Village is far in excess of the limits of this program.

The concern, Mr. Chairman, has to do with costs as well as the basic principle of the program as introduced some five years ago. Keeping in mind that the program was meant to assist the homeowner and that in order to lift the upper limits would require approximately \$2 million of extra investment by the government in the program, I've been unable to respond positively to either the hon. member, on his numerous discussions with me on this subject, or to individuals or groups who have written requesting some relief in the program. I cannot see now, or in the foreseeable future, an opportunity to expand the program to that magnitude in order to provide the kind of relief being sought by the hon. member.

MR. BATIUK: Mr. Chairman, since the minister has mentioned franchise areas, I have a little concern with that — not so much me as some constituents. There used to be that problem with the REAs. They held their franchise areas, and somebody living right by one utility company would have to take power from one that was considerably farther because it was the franchise area. I think the electric marketing agency took care of that, but there are still some individuals who live very, very close to one gas co-op but are in a franchise area where they have to go almost two miles. I am wondering whether there is some flexibility for cases such as that.

MR. BOGLE: Mr. Chairman, yes, there is. Adjustments can be made to franchise area boundaries if a case can be made by the individual applicant that it would be a cost benefit to himself and to the government in terms of the support we provide to assist people to install natural gas to their home, and after consultation with the local gas co-operative or the investor-owned utility company, whichever the case may be, and if we are satisfied that there are not other potential customers who would be served by a similar line. It is important to recognize the two factors that are considered. The first is the cost to the individual applicant;

the second is other potential customers who could be served by a same line and thus bring the cost down in terms of economics of scale.

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

DR. CARTER: Mr. Chairman to the minister. I wonder if he'd be good enough to explain why we have the two major cities in the province that are imposing a higher franchise fee, or in some cases some people regard it as a bit of a rip-off tax. Has the minister had discussions with officials in Calgary and Edmonton to try to reduce the 11.5 percent franchise fee they have in place, to try to move that downwards to be more in line with what's being charged in the rest of the province?

MR. BOGLE: Mr. Chairman, the question of the municipal franchise tax was raised both in the Ministerial Statement given on March 18 and a couple of days ago during second reading of the Bill, and I would repeat that the Minister of Municipal Affairs and I will be reviewing this matter. Of course, that review will include elected officials from the cities of Lethbridge, Calgary, and Edmonton, the three municipalities that do have a franchise tax of 11.1 percent.

I have not heard anyone question the concept of a franchise tax, because the concept is used in many municipalities across the province. The concern expressed to me is the degree of the tax in the three municipalities mentioned. In essence, Mr. Chairman, we see the \$115 provided by government in terms of a rebate so there is in essence royalty-free natural gas flowing into your home and my home, and then the municipality taxing back at the rate of 11.1 percent, which is about \$68.50 of that \$115. So there is a 60 percent tax-back by the city of the natural gas price protection plan. It's also important to recognize that when the natural gas price protection plan was introduced, the franchise tax in the three cities I've mentioned was approximately 7.75 percent. It was increased a year later to the 11.1 percent that it's currently at.

So it is a matter we will be discussing with officials in the cities during the duration of the life of the existing program, and I certainly hope that further consideration will be given by those municipalities to correct what I believe is an inequity in terms of what other communities are charging in the province, and indeed what other cities in western Canada are charging in terms of a franchise tax.

MR. MUSGREAVE: Mr. Chairman, I would like to point out to the minister that when he has those discussions with the municipal officials, while it may look rather disturbingly high in relation to other communities, I think those other communities don't have the burdens that the cities of Calgary, Edmonton, or Lethbridge have. To those that think it's a rip-off, I would point out that it represents a substantial reduction of the municipal property tax. To me it's a fair tax, in that it's assessed against the people using the facility. I urge the minister not to be too harsh, because the municipalities need a certain amount of money to run their community. If he is going to put pressure on them to reduce this tax, then the Minister of Municipal Affairs is going to be suggesting that maybe there should be more grant money.

MR. BOGLE: The only response I'd make to that, Mr. Chairman, would be that on the very day I announced on behalf of the government a three-year extension of the

natural gas price protection plan, I received a letter from the mayor of the city of Edmonton, advising me of a resolution unanimously passed by city council endorsing the extension of the natural gas price protection, a letter which reminded me of the major benefit, the \$115 per year benefit to the average homeowner in Edmonton. While I believe it's important that the benefit of the program be recognized by municipal politicians, I think it's also important that municipal politicians fully recognize the 60 percent tax-back and the impact that is having on the same homeowners who were identified in the correspondence to me.

MR. CHAIRMAN: Any further questions?

MR. MUSGREAVE: I want to point out to the minister that as he mentioned, the tax was in place before he came up with the home subsidy program, and the costs have been escalating. I would also like to point out to the minister that I really am not too concerned about what the mayor of Edmonton may write in letters.

MR. HIEBERT: On that very point, Mr. Chairman, with the natural gas protection plan, I note that on the bills we receive there is some indication of the amount that is taken off by the gas plan. I don't recollect if there is any indicator of the franchise tax on the bill, as to what in fact the city is taking back through that particular tax.

MR. BOGLE: Yes, Mr. Chairman. There is an indication on the bill as to both the benefit under the natural gas price protection plan and the municipal franchise tax, but it's surprising how many people feel that the tax is equal across the province. For instance, if you're living in a community like High Prairie, you're not paying any franchise tax at all. If you're living in the city of Edmonton, there is a franchise tax of \$68.50. When people compare their utility bills, they compare the bottom line, so the question comes up: why is my bill higher in Edmonton than it is in High Prairie? Is there some other reason for that change? But the actual acknowledgment relative to the amount of the franchise tax is on the bill.

MR. CHAIRMAN: Any further questions or comments?

[Title and preamble agreed to]

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

[Motion carried]

Bill 21

Hospitals and Medical Care Statutes Amendment Act, 1985

MR. CHAIRMAN: Have we any questions or comments regarding this Act?

MR. GURNETT: Mr. Chairman, there are several things in here to comment on and maybe get some feedback on.

I think part 1, the section that talks about the amendments to section 13(2) that involves making certain information available, sounds like a good idea in many ways, in the sense that it allows for information to be made available about doctors who may be committing illegal actions in connection with the Act. However, it seems to me it's important, when you're indicating that information like that

is going to be made available, that there also be the possibility that the people about whom the information is made available would be informed. I don't see anything here that suggests that either the subject of the information, the doctor responsible, or the people involved would be informed that information was being disclosed about them, and that concerns me a little bit.

Also in part 1, the amendment to section 31 is a small change in wording. As I read it, the old wording in 31(3)(a) indicated "all money received ... as contributions to Alberta with respect to the medical care program under the federal Act." But the amendment suggests it will be money received and "deemed by the Provincial Treasurer to be contributions to Alberta" with respect to medical care. That seems to loosen quite a bit the ability to make decisions and define what happens with the money that's received. In other words, is it that the Canadian government sends the money and it's with respect to medical care, or does the Provincial Treasurer make the decision about whether or not money that is received is considered to be coming in connection with health care?

Also in section 31, I'm concerned with the amendment suggested in subsection (4)(c), which would now say that, "the costs of goods and services payable pursuant to section 62(b.2) of the Hospitals Act," when before it talked about the "costs of insured services provided by a hospital outside Alberta." Of course, the change here is that the amended form of this would not specify that services provided in a hospital outside Alberta were necessarily covered since hospitals aren't specifically mentioned in the section referred to.

Those are some concerns about part 1 of the Bill. I also have a concern about part 3 of the Bill, the Health Insurance Premiums Act. Part 3 now reads that, "The Minister may impose interest on any amounts that remain unpaid ..." That the minister can impose interest seems more than adequate to me. My question is regarding the fact that the amendment would say, "The Minister may impose interest or a penalty or both in respect of any amounts that remain unpaid ..." It seems we're allowing a possibility for almost anything to happen to somebody that had unpaid bills. I question that in view of the well-accepted principle of universal health care being available to people.

I also have a concern with parts of the Bill, the Mental Health Act, and the long section that's been added after section 69 dealing with the establishment of mental health hospital foundations. I hope my concern is understandable, because what happens is that this new section would make it possible for charitable foundations to be established that could raise money to support mental health hospitals. I think that could be a potentially unhealthy step, in the sense that it opens up the possibility of hospitals which should be publicly funded being able to start competing with other established charities. There is only so much money to go around, and it seems that a lot of charitable organizations that now raise money are having difficulty raising it, given the economic times. I'm concerned to see us now moving into something that allows mental health hospitals to become charitable foundations and compete for that money that is already in short supply as far as charitable organizations go.

I am also concerned about the possibility of mental health hospital foundations being a foot in the door that could lead to greater privatization. If these foundations were successful, then obviously it wouldn't be necessary to fund these

hospitals publicly as well. Again, the access to universal medical care for all people in our society in Alberta is threatened if we gradually see them saying, "These hospitals can get by with less funding, because as charitable foundations they're able to raise money for themselves and take care of themselves a little bit more."

There are some good actions being taken in the Bill, Mr. Chairman, but I have some concerns about those particular sections I've alluded to.

MR. CHAIRMAN: Are there any further questions or comments regarding the sections of the Act? Would the hon. minister wish to respond?

MR. RUSSELL: Mr. Chairman, with respect to the concern raised in part 1 of the Act about information being made available, I believe if the hon. member will go back to the original clauses in the Act which deal with the matter of confidentiality of information, he will see that it's extremely explicit and very well guarded. Of course, there are reasons for that. He raises a very good question. Having been in the office for six years, I can't recall the point he raises ever being asked or being made an issue.

The bulk of this information, of course, is primarily used by groups or medical committees of one kind or another that are attempting to do statistical reviews and analyses. It's not really meant to look into a person's private medical record. For example, if the particular committee in mind wanted to know the number of gall bladder operations carried out in the city of Edmonton during a certain fiscal period and the names of the doctors who did them and any other information relating to that, that kind of information can be released. I've never been faced with the problem that before it's released, the person who is involved as a patient was notified. Certainly, it's a good point, and I'll take it as notice. I'll just have to leave at that. It has never been an issue, and I can't really see why it should be. But I'll make inquiries for the hon. member.

With respect to the second point the hon. member raised concerning the accounting of federal funds, this is really a bookkeeping matter and is an attempt to put Alberta on the same basis as all other provinces insofar as the preparation of their provincial budgets are concerned. If the hon. member looks at the budget document this year for my department, he will see that contributions from the federal government for health care services are shown — they're lumped in with the health care premiums — whereas all other provinces show them in the general revenues of the province and received as federal contributions. The idea is that when the funds were frozen, there had been an accepted breakdown of them with respect to the established program financing Act. The 60-some 30-some percentage points that are allotted to Hospitals and Medical Care as opposed to Advanced Education, are computed on the same basis as the year in which they were frozen. So the percentage of those funds is known, and they are easily accountable.

We faced the question this year when we were preparing the budget: should we go to the national standard and show them as general revenues received from Ottawa by the province, like all the other provinces do, or leave them in my department vote? That's a choice we can face down the road, but this amendment in the Act gives us the authority to do that. It's really an amendment of quite a minor, technical nature.

The member raised a question about the penalties imposed on back premiums. Of course, in these days of tighter

business situations and fluctuating interest rates, unfortunately there are cases, particularly in group plans, involving numbers of employees where employers who are hard up deduct the health care premium from the employees' paycheques and then don't forward it to the Alberta health care plan. After a while the employee, who is innocent of all this, finds out, much to his chagrin, that he's not covered by health care anymore. That's one example of the kind of thing that is happening. There are other people who, for a variety of reasons, either purposely or accidentally, don't pay their health care premiums. Just collecting the back premium plus interest is really not enough of a penalty in some cases today to prohibit or discourage that kind of thing. So the ability to impose penalties has been added as a new feature to the Act.

The point raised in part 5 about mental health foundations is one on which I will very strongly disagree with the hon. member on a philosophical basis. I believe he and his party take the view, quite sincerely, that all these services should be paid for by the public purse and that there should be no individual recognition or responsibility, whereas my colleagues and I are of the view that the system will be better if there is that voluntary sector, if there is individual contribution and an interest which is backed up by direct financial contributions to the system or the program. We know from experience that this is happening and has been happening for a number of years. So notwithstanding the fact that hospitals in Alberta are 100 percent funded by the provincial purse, we still have many, many instances throughout the province where citizens or ex-patients or relatives of patients, for one reason or another, want to donate something, usually by way of cash, to a hospital board for its use. Some of these donations are fairly large. I know of two: one in the round amount of one million dollars and another one, more recently, of half a million dollars, both contributed to Calgary hospitals by grateful ex-patients.

There's a lot of that going on around the province, and the question is: should there be legislation which sets out rules for the establishment of a nonprofit charitable foundation so that the tax benefits and the proper auditing and the proper disposal of those funds take place? Over the past two years we have brought into the Assembly legislation dealing with the establishment of foundations for all the hospitals in Alberta. The two that were left out were the provincial mental health hospitals, and those boards have specifically requested to be included. So this is the standard hospital foundation legislation, that now applies to all hospitals, being brought in for the provincial mental hospitals.

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

[Title and preamble agreed to]

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

[Motion carried]

Bill 27 Credit Union Amendment Act, 1985

MR. CHAIRMAN: Are there any questions or comments regarding this Act?

[Title and preamble agreed to]

MRS. OSTERMAN: Mr. Chairman, before I move that the Bill be reported, I want to draw to hon. members' attention

that in the centre of the Bill, pages 4 have been interchanged — if you're wondering why the Bill doesn't look in the form it should. We felt that it would be too much expense to reprint it, and I think everybody can read the Bill as it has been presented.

Mr. Chairman, I move the Bill be reported.

[Motion carried]

MR. KING: Mr. Chairman, I move that the committee rise, report progress, and beg leave to sit again.

[Motion carried]

[Mr. Appleby in the Chair]

MR. HIEBERT: Mr. Speaker, the Committee of the Whole has had under consideration and reports the following: Bills 16, 31, 18, 21, and 27.

MR. DEPUTY SPEAKER: Having heard the report, are you all agreed?

HON. MEMBERS: Agreed.

head: GOVERNMENT MOTIONS

3. Moved by Mr. Hyndman:

Be it resolved that the Assembly approve in general the fiscal policies of the government.

[Adjourned debate March 27: Mrs. Cripps]

MRS. CRIPPS: Mr. Speaker, when I finished yesterday, I wanted to complete my speech because I didn't want to stop in the middle of it. I'm quite pleased I didn't. Since the ministerial announcement today, I'm rather pleased to have the opportunity to speak to that announcement and congratulate the minister on a job I think was well done. We're delighted in my constituency that we now have an agreement which puts the Alberta gas and oil industry on a fair and equitable footing with the rest of Canada.

In my remarks yesterday I said that the PGRT has to go. Believe me, the sunset clause is really welcome. I noticed that the Leader of the Opposition, in responding today to the ministerial speech, said:

... it's these companies [speaking of the multinationals] which are the primary holders of old oil and which will reap major windfalls from this agreement.

Mr. Speaker, I wrote a letter to some of my constituents this afternoon, and that was one of the areas I was concerned about. What we're talking about is a phasing out of the PGR tax, and it's not going to be a windfall to anyone. If I can just quote, I said:

I believe this agreement moves us a long way from the national energy program introduced in the October 1980 federal budget. The phase-out of the PGRT is not as rapid as we would have liked, but considering the federal deficit, it is probably as well as could be done. When 33 cents out of every federal tax dollar is spent on debt-servicing, there is a desperate search for funds, and the PGR tax is one of those sources. I hope the new additional deductions for the PGRT will be helpful in Drayton Valley, where much of the production is old oil. I also hope this agreement will

stabilize the Drayton Valley economy and encourage new activity.

So far from agreeing with the Leader of the Opposition, I totally disagree. I think that the energy agreement is excellent, but recognizing that, we also have to recognize that there is a phase-out of the PGRT and there certainly isn't going to be a windfall to anyone, with that onerous tax on production in place.

While I'm talking about misconceptions, I'd like to draw the attention of the Leader of the Opposition to a statement in *Hansard* that he made on March 26 in his debate. He's talking about the national energy program and the government blaming the national energy program for a lot of our problems. It says:

Everything is the National Energy Program. Admittedly it was a bad document for Alberta. It forced exploration out in areas where it shouldn't have been. Nobody's questioning that. But I also remind you, Mr. Speaker, that the Premier signed that [the NEP] and the PGRT too.

Mr. Speaker, for shame. Surely the Leader of the Opposition knows that the Premier did not sign the national energy program or the PGRT. That was brought in as a federal budget. If the Leader of the Opposition would care for a little lesson on the difference between a national energy program and the energy agreement, I'm sure some of the members of caucus would be happy to discuss it with him. I think he owes the Premier an apology, because indicating that the Premier had signed the national energy program and the PGRT is certainly a misleading statement. I think Albertans deserve an apology too.

Mr. Speaker, I'm privileged to have the opportunity to sit on the Heritage Savings Trust Fund Committee, and one particular afternoon that I remember is when we reviewed the Alberta Heritage Foundation for Medical Research. When I hear Albertans talk about the lack of benefit from the heritage trust fund, I always think of the tremendous benefit Albertans get from the Alberta Heritage Foundation for Medical Research. As I'm probably one of those parents who lived on hope for a good number of years, I certainly appreciate the possibility of a major breakthrough which is possible because of the research that's done here in Alberta.

I'd like to briefly outline for the Assembly some of the points we discussed in that particular committee, because I think it's so very, very important that Albertans realize the magnitude of that particular foundation. The objects of the foundation are:

to establish and support a balanced long-term program of medical research based in Alberta directed to the discovery of new knowledge and the application of that knowledge to improve health and the quality of health services in Alberta . . . to

- (a) stimulate research in medical sciences,
- (b) implement effective means of using in Alberta the scientific resources available in medical sciences,
- (c) support medical research laboratories and related facilities in Alberta,
- (d) promote co-operation in research in medical sciences in order to minimize duplication in, and promote concentration of, effort in that research, and
- (e) encourage young Albertans to pursue careers in research in medical sciences.

That opportunity was almost unavailable to young Albertans because it's very, very hard to obtain funds for research. The rewards or the possibility of a breakthrough are fairly

nebulous, and until you get that breakthrough it's often an invisible — I'll go back to the Minister of Economic Development — accomplishment.

There are two programs. One is a student fellowship program which supports young people, and the second one is staff positions created at the university, where the medical researchers spend 75 percent of their time in medical research. Last year when we discussed the Heritage Savings Trust Fund, 900 students had been supported in medical research and about 400 postdoctorate fellows. One must recognize that these people who are doing postdoctorate work in Alberta are quite often from other institutions. So there's a vast transfer of knowledge to Alberta by these people.

If you take Alberta as a whole — Calgary, Edmonton, and the rest of Alberta — this foundation has moved Alberta from an unknown in medical research to a par with any other medical research facility in this country, according to Dr. McLeod. There are now collaborative projects in research going between scientists in Alberta and scientists at Harvard, Stanford, Scripps Institute — that's not Cripps; it's Scripps — and in Texas.

One of the things I was particularly impressed with, Mr. Speaker, is the calibre of people who are the advisory council of the foundation. They come from all over the world: Sir Alastair Currie from Edinburgh, Scotland; Dr. George Drummond from the University of Calgary; Dr. David Kipnis from the University of Medicine, St. Louis, Missouri; Dr. James Maloney from Health Sciences, Los Angeles, California; Dr. Martin from the Massachusetts General hospital, Boston, Massachusetts; Dr. Ernest McCoy from the university at Edmonton; Dr. Robert E. Moyers from the University of Michigan; Dr. Aser Rothstein from the hospital for Sick Children, Toronto; Dr. David Sackett from the University of Hamilton, Ontario; Dr. Rene Simard from Montreal, Quebec; and Dr. Warren L. Veale from Calgary.

You can see that the makeup of the advisory council is not only Canadian but worldwide. When I asked about that, Dr. McLeod said that all of these doctors — Dr. Maloney from UCLA, Dr. Martin from Boston, and Dr. Alastair Currie from Edinburgh — have never missed a meeting. With dedication and advice like that, I don't know how the heritage fund for medical research could go wrong. I think the advantage to Alberta, the transfer of technology to the local physician in Alberta, has to be a tremendous benefit to the average Albertan.

There are a couple of other things I'd like to mention in closing: they tell me I have two minutes. I know that the grants in lieu of taxes will be welcomed by all my municipalities. Before closing I'd like to invite members of the Assembly and all Albertans to the 1986 Seniors Summer Games, to be hosted by Drayton Valley.

Mr. Speaker, I'd like to have time to discuss education, the exceptional social services and senior citizens' programs we have, but I guess time does not permit. Suffice to say that I support these programs and am proud of the dedication and ability of the government to fund them while at the same time maintaining a balanced budget.

MRS. FYFE: Mr. Speaker, I rise for the first time in this session to make some comments in the Legislature and to comment specifically on the budget address. Before I do that, I would like to take the opportunity to congratulate Her Honour the Lieutenant Governor for the appointment. We are indeed very proud of this honour that has been

bestowed upon one of the former members of this Assembly. I had the occasion to attend a banquet this last week of the Alberta Girls' Parliament. The Honourable Miss Hunley had been the adviser to the Girls' Parliament for the last number of years. Her Honour was in attendance at the banquet, and the organizers and the girls of the Alberta Girls' Parliament were absolutely thrilled to have their former adviser come in her new capacity as Lieutenant Governor. It was indeed a very moving and touching banquet.

I'd also like to take this opportunity, before I address my remarks to the budget, to introduce two people in the gallery to you, Mr. Speaker, if I may. One is a visitor here from Saskatoon, Saskatchewan. This visitor is a person I've known for a long time. In fact, she used to deliver milk to our home even before I can remember. So that means it was at least a decade ago, maybe a little longer. With her is my mother. The visitor is Mary Levers and my mother, Thyra Parker. I wonder if they would stand to be recognized. I don't always bring my fans into the gallery. This is their first occasion to hear addresses in the Legislature, and it just happens that I have an opportunity to speak this evening. Forward planning.

I would now like to commend the Provincial Treasurer for bringing forward a very reasoned and balanced budget to this 1985 Legislative Assembly. Indeed we are fortunate to live in such a wealthy country and province. We enjoy the riches and resources that bestow benefits on us that are not experienced by the majority of people in this world. In fact I have a constituent who advised me just a few weeks ago that after returning from several years in Africa, she's deeply concerned that we as Canadians are going to have to reduce our standard of living and be more concerned about the standard of living of others in other parts of this world.

There's no doubt that the African famine we've observed over the past year has brought home to each of us the tragedy of human suffering and the corruption in countries that do not have the democratic tradition that we have in this Assembly and this country. In our own province, though, we have seen a change in the standard of living by some families. This is certainly nothing in comparison to the suffering in Africa, for example, but by Canadian standards there are some that have been very dramatically affected by the recent economic downturn and the devastation within certain sectors within our economy. There are those who feel they don't have the same opportunities available that they had in previous years.

If we are to maintain the current level of services, we must ensure within this Legislature that we continue the fiscal responsibility that has been a tradition of this government for the last 14 years. The economic pie is only so big, and if we're going to ensure that everyone has a fair share of the pie, we're going to have to look at ways of that pie expanding and growing. We can take it and shift it around, but the only way to ensure an adequate standard is to ensure that that pie continues to grow with the population. The way to ensure that that pie grows is to ensure that we have investment opportunities in our province.

As the Member for Drayton Valley has so well set out in her comments related to today's monumental announcement, this is indeed a day that is most appropriate to comment on the budget. I think we all feel extremely proud that finally we have reached an agreement that allows for a feeling of confidence, a climate that will allow confidence for the investor, confidence for those that are the risk-takers in our province. The announcement of the energy

understanding between the federal government and the provincial governments of Alberta, Saskatchewan, and British Columbia is indeed an extremely important day.

The discussions were guided by two fundamental objectives: to improve Canada's energy policies in order to stimulate investment and job creation by the energy industry and to end the discriminatory and discredited remains of the national energy program. The last two years have demonstrated how essential the petroleum and gas industry is to our province. With 50 percent of the jobs of the people in Alberta related directly or indirectly to the petroleum industry, how important this industry is has come home in spades to many families. I can recall being in my place across the House after the national energy program had been announced and comparing the energy industry itself to the golden goose. We know what happened to the golden goose; it was stabbed. The energy industry was stabbed and nearly didn't survive. But because of a lot of hard work, and I certainly would like to commend the members of our government who have been involved — the minister of energy, the Premier, and the staff — and who have worked so hard to reach an agreement on the energy program that will now provide confidence for this industry in the future, which translates in very ordinary words to jobs for people in our province.

What has been done in this province to create this has now resulted in a new climate. One of the things an investor looks at is the kind of government that's there, and fiscal responsibility is probably the number one factor. In fact, an investor must look at not only what's happening today but what's led up to the current situation. Within this province over the last number of years there has been fiscal responsibility, and it's been demonstrated. There has been a history of that responsibility, such as the creation of the Alberta Heritage Savings Trust Fund. Without that fund we would not be enjoying the level of services and benefits we enjoy today.

The government has taken some steps during the years when we had surpluses, rather than saying yes to every program, which is maybe the easiest way but creates a long-term liability that then falls on the current taxpayers and those of the future. Decisions were made, such as the municipal debt reduction program, which transferred \$1 billion to municipalities to assist them in wiping out the debts — and it did wipe out the debts of many municipalities — and the transfer of funds for long-term pension liability, which will also ensure that that isn't an encumbrance on future taxpayers in the province. These kinds of decisions allowed Alberta to retain its triple-A credit rating, the lowest deficit within the country, the largest capital budget, and no new taxes.

It's a very important factor for the province that these decisions continue to create that feeling of confidence. We always have to recall that we have a small population: 2.3 million people; that's very small compared to the population of central Canada. In order to get the risk investor to think about putting funds into this province and overcome the other disadvantages that we have, such as transportation and not being close to tidewater, fiscal responsibility is one of the most important factors that will create that confidence which, as I said, translates into employment.

The Heritage Savings Trust Fund, that I mentioned, was set aside for a rainy day. As everyone knows, it started raining, and it rained pretty hard. The trust fund umbrella opened up, as demonstrated in the reports and the Budget Address, and it has allowed us to continue what would not

normally be the case in other jurisdictions. Of course, we are most fortunate in this province to have the benefit of natural resources, which support 50 percent of the cost of our goods and services consumed through provincial expenditure. If we had responded to every request in previous years, that fund would have been spent many times over, leaving a tremendous debt, like the government in Ottawa, for current and future taxpayers to pay.

It is certainly very meaningful to explain to people within the province, within the constituency, that we now support two months out of every year's spending through the interest of the Heritage Savings Trust Fund, yet the Provincial Treasurer can stand in his address and say that there will be no new taxes, no increase in existing low tax rates, no increase in health care premiums, and still maintain the current level of service. There are not many governments in this world that are in such a fortunate position. He's able to do it not just because of the revenues this year but because of decisions that have been made to date. Once again he's brought forward a document that is responsible but also realistic, that is concerned about those who are least able to care for themselves.

One of the areas the document deals with a good deal is the concern for unemployment or the concern to ensure that there is a higher degree of employment. This is a significant factor that each of us in the Assembly is certainly most concerned about. What can government do to provide meaningful employment? It is not an easy problem to solve. As complex problems, there are no simple or pat answers. The unemployment factor affects a good number of people in the province in one way or another, yet doesn't affect all of us in the same ways. Some have felt the results of unemployment in a very direct way, and others have not been directly affected. What is the role of government in trying to assist this difficulty that many families face? What can government do to ensure that this is dealt with as meaningfully as possible?

There's no doubt that we're also in a period of very rapid technological change. The committee charged with the responsibility of gathering feedback on the white paper travelled across the province asking for input into the directions of government policy. The consensus I have read as a result of the hearings was general agreement with the white paper. Government must provide fiscal responsibility and a climate for investor confidence.

However, the problem of unemployment is particularly acute in the construction industry. I note that it is not that dissimilar to the problem that has been experienced in the United Kingdom with the British coal miners. I had the opportunity to visit the United Kingdom last fall and was absolutely amazed at the extent of the coal mining industry. We read about it, but having travelled through the area by train, I saw firsthand the size of the country that is affected by an industry that no longer has the need for the coal that is mined. For that country there's a very large group of people who have experience in one particular area and no training to go into a different field and very few opportunities to transfer those skills to another sector. I think our construction industry is similar, certainly not as large because we're talking about a smaller group of people, but the population of our province is much smaller too. In comparison the two situations have their similarities.

I looked at this problem from the perspective of education and what the responsibility is of the educators to deal with retraining or the need to look at the children of the miners and how these people can best be absorbed in a meaningful

way. There is probably nothing more discouraging than employment in a meaningless job. Simply to take someone out of one sector and put them into another meaningless job does not solve the difficulty of employment.

If we were to look at those who are trained in the construction industry, what we would have is an opportunity to look at some people at least who may want to transfer their skills into another field. I was advised at one of the postsecondary-trade schools that they certainly have found, and I guess it's just common sense, that it is much easier to take a person who has a skill and teach them another skill than to take someone who is completely unskilled and try to upgrade them. There are many people in our province who have a trade or a skill which I think we have to look at with a greater emphasis from the point of view of retraining and looking at other potential possibilities and job opportunities for the future.

The potential within our province for growth is certainly there, but we're into a period of very rapidly changing technology. It's a principle that all developed countries are going to have to look at. They now say that we have to consider the possibility of having more than one occupation — maybe three occupations during a lifetime. I think we have to instill in our young people the ability to be flexible, that you're not necessarily going to have one career for a lifetime, that you may have to plan to change. But the skills you have as a younger person are skills you can build upon. You can transfer and utilize those skills in a different career or type of employment opportunity. It's something we talk about and which I think we may have to have a more concerted effort or policy on with our postsecondary institutions, to really examine how we can do this with the greatest amount of flexibility.

Some of the strengths we have in the budget document come through. I don't want to dwell on any of them at great length tonight, but I do want to say that I'm extremely excited about the comments in the Budget Address related to tourism. Tourism certainly offers one of the greatest potentials we have for employment within the province. We as a government have spent a great deal of time, effort, and investment in creating the potential, the possibility, the climate for tourism. But government cannot solve the problems in the tourist industry without the co-operation of that industry. I think there is a much greater recognition by many business people, particularly small-business people within the province, that the industry really has to get its act together and demonstrate that we are out to serve the tourist and we want to attract the tourist.

There's simply no doubt that the United Kingdom is probably surviving because of tourists. When I was there in the fall, you could hardly get a room in London. It was difficult to get into restaurants or to get a cab simply because of the number of tourists. They were just swarming and dropping their dollars, particularly in the southern part of the country, and creating an enormous number of jobs as a consequence. There's no doubt that dealing with tourists is an art, and sometimes tourists aren't always so easy to deal with because maybe they aren't as considerate. You have to know that when you have tourists, there's going to be a certain inconvenience to the population that resides there. However there are benefits. Within our province we have a potential that is so exciting.

I had the opportunity with my family to visit Kananaskis last summer as a camper. We camped in a campsite next to the golf course. I won't pretend that I golfed, but at least I went around the course and had a very large number of swings at the ball.

AN HON. MEMBER: Was that good?

MRS. FYFE: Well, it wasn't so good for my hands; they swelled up. The course itself is a world-scale course. It will be one of the 10 best in the entire world, and I don't think that anyone who criticizes Kananaskis has ever been there. It is just absolutely marvellous.

The tourist facilities are planned for people. To go into a campsite where the roads are hardtopped so you don't end up with your camper full of dust and your clothes all dusty and dirty ... The campsites are laid out so you have privacy. There are things for all members of the family to do: for those who want to fish, to walk, for the teenagers we had with us who liked to toss basketballs around or play volleyball, for toddlers for paddling. It just offers something for everyone. It is absolutely superb.

That's the kind of thing that government can do: invest those moneys as a potential tourist haven. But it can't do it without the support of the industry that is going to service those tourists who are going to travel to get there. That's where a great deal of work has to be done.

I can't help but also mention that after leaving Kananaskis, we went to Waterton and overnighted. It was like going from the earth to the moon. It was so drab in comparison. I know they can't help the fact that the trees have died through the spruce budworm or fire or other natural causes, but there has not been the investment in the campsites. A little bit of gravel piled up each year — in fact piled up so high that it was hard to even back the trailer onto the site. Something that our federal government has really neglected is recognizing how important the tourist industry is to our Canadian economy. It doesn't happen just in Alberta; it happens across the country. With the new party in office in Ottawa, I hope there will be a much greater recognition of how essential this tourist industry is to all of us as Canadians.

We have the natural resources within this province. We have beautiful mountains. We have pollution-free skies to see. We have beautiful rivers. We have all the natural resources. But to have a policy that has discouraged tourists from coming here and spending their money is, in my opinion, absolutely ludicrous. So I hope the federal government will take a leaf out of the book from Alberta and start making some investments to encourage people to come here, which will create employment for our young people and job opportunities for our families within this province. We have the potential, so let's use it.

The other area I would like to compliment is the area that all of us have become so much more aware of: cultural activities. In our province there has been a great investment in our historic sites. Compared to European countries it doesn't seem very old, but it's all we have. If we don't preserve what we have, it will certainly never get any older, and it will not be there for future generations.

Two of the communities in the constituency I represent, St. Albert and Morinville, have both been extremely involved in cultural activities. Morinville has now had its second heritage days, that brought together people from within their community on heritage day to recognize and pay tribute to the contribution that all of the peoples in that community have made. Last year the ministers of both Culture and International Trade attended the opening celebrations of the heritage days. For a small community of approximately 5,000 people, they did an outstanding job of paying tribute to the various cultures that have contributed to the development of Morinville. I was extremely impressed with the

organization. They had many different cultures out in ethnic costume, performing and serving different dishes — similar, I suppose, to what you see in Edmonton. Just a class job done in a small community, and they deserve a great deal of credit.

The city of St. Albert also has its festival of the arts, which has made St. Albert a hallmark in the province as far as recognition of culture. There's a tremendous number of arts groups that contribute to the festival of the arts. It is these kinds of efforts that is going to assist our province in creating communities that are different and unique but are also of interest for tourists or visitors to see. Why just come to a city to see a mall that has the same stores as every other mall across the country? Why not come to see some of the unique programs we have and are organizing within this province?

So it's an area that our government has contributed a great amount to encourage, and the Minister of Culture and her predecessors have done an enormously successful job in encouraging communities to become involved in such projects. The communities have taken the ball and are just running with it. I think this is really terrific.

The other area of the budget I'd like to compliment is highway development. Once again this is an area where we have a small population, but our road access is improving dramatically each year. In the constituency I represent I used to get many complaints on roads, and I hardly get any complaints any more. We have made so much improvement, why we're almost getting as good as Barrhead. I'm sorry the member isn't there to realize how much progress we're making within this province. I'm very appreciative of the amount of money we have expended on roads, because once again this is all going to translate into access, to easy travel for residents of the province and visitors to this province.

Regional parks is an area that the Minister of Recreation and Parks has made some dramatic improvements in. I would like to see a regional park developed within the St. Albert constituency. We have a very desirable natural resource that could be utilized for the betterment of the people in this entire region. One has been developed at Cardiff, just south of Morinville, that is just nicely developing and will be a great benefit for many families that can't afford to take off to the mountains or to other parts of our country. I believe the regional parks contribute not only to tourism but to the benefit of the people that reside within this area.

There are so many areas out of the budget that I could have commented on because it contains a great deal of food for thought. But I would like to conclude by referring to a telephone call I had last night from a constituent that wanted some information on markets in California. This gentleman has a small business, and he said, "I just want to tell you that Alberta has to be the best place in the world to do business." He said: "I don't think you could start a business anyplace else in the world easier than you can in Alberta. In fact this government goes so far, they'll lend me funds for my capital development, they'll lend me funds for my operating dollars, they will even find me markets, and they assist in my payroll. The only thing they don't do is come out and drive my trucks for me." He felt so enormously grateful for the opportunities he has had within this province. I think this is what the budget has done. It has set out great opportunities. Yes, there are some within our society that have been very, very seriously hurt, but there are new opportunities. The times of turmoil and trouble are the times that the entrepreneur and the human spirit are challenged to find new solutions to problems.

I conclude, Mr. Speaker, by quoting the last words in the white paper: "Alberta's best days will be ahead of us!" Thank you.

MR. PAYNE: Mr. Speaker, in addition to all the very supportive comments that have been expressed tonight by my colleagues with respect to the Provincial Treasurer's Budget Address, I'd like to take a few moments to add a couple of my own. I'm sure I speak for many of the constituents of Fish Creek, although I haven't had an opportunity this week to talk to too many, when I indicate that they are generally very well pleased with the budget.

Early in the address by the Provincial Treasurer he made the comment that the objective of the budget was

to keep the wheels of recovery moving towards the goal of steady, long-lasting growth.

That's an objective that all members and certainly my constituents would support. I would add, after a thorough reading of the Provincial Treasurer's Budget Address, that its provisions stand an excellent chance of keeping the wheels of recovery moving.

For a few minutes this evening I would like to focus on several items within the budget speech that will be well supported in Calgary and in the constituency of Fish Creek. Before I do that, I feel prompted to make a comment or two about the "dandelions". It's been my pleasure and my opportunity and personal challenge to meet with some of the unemployed tradesmen of the city on a couple of occasions in the past few days, and their circumstances have been very much on my mind. So I'd like to make a few comments, perhaps, on what I regard as our most serious economic problem, our persistently high unemployment rate in our building construction trades.

The Provincial Treasurer, you will recall, characterized this unemployment as "a serious concern". It's a concern that I share, primarily because of the maddening frustration it has created for thousands of our tradesmen who, frankly, don't want UIC or welfare cheques. Understandably they simply want to put their skills to work in Alberta.

The Provincial Treasurer has quite properly pointed out in his budget address that

we have to accept the fact that our existing building construction capacity exceeds our probable future peak requirements.

Nevertheless, the capital projects in his budget certainly hold out some promise to our unemployed building trades. As a recent *Edmonton Journal* editorial put it — and I must admit that citing an *Edmonton Journal* editorial is a very rare experience for me — it was quite properly expressed that

Perhaps the most promising budget measure is the \$2.7 billion in capital projects planned by government departments, Crown corporations and the Heritage Fund — projects that will give a much-needed lift to Alberta's construction industry.

I think that lift will be there, and I compliment the Provincial Treasurer for his provision for it in his Budget Address earlier this week.

I'd like to make a comment or two on the small business equity corporations program. When we debated that in the government caucus and this Legislature last year, I was uncertain about what reaction I might get from the private-sector people in my constituency, Calgary Fish Creek. They tend to be somewhat entrepreneurial, somewhat conservative in their philosophical position, particularly with respect to the government's participation in the economy. But I was,

over time, presently surprised to learn that there was fairly widespread support for the concept and for the procedures and the program introduced by the Minister of Tourism and Small Business last year, to which subject, of course, the Provincial Treasurer referred in his address when he said:

We are pleased to announce that the previous total funding limit on the program will be changed, and legislation will be introduced to raise that limit so more funding can be provided.

Hon. members will be aware that shortly thereafter, the Tourism and Small Business minister introduced a Bill whereby the cap on the SBEC fund will be lifted from \$15 million to \$50 million.

The small business equity corporations have been well received in my riding. It's not surprising. When one reviews their early track record, I would suspect there is widespread support for the program throughout the province. I don't think this is the forum, and certainly not the hour, to recite for the benefit of members too many statistics, but let me cite a few, simply to underline my case for the small business equity corporations.

To date the program has stimulated the formation of no fewer than 142 small business equity corporations. Those corporations have funds totalling \$50 million available for investment in small businesses here in Alberta. My understanding is that to date — and this information is dated approximately mid-March — equity investments totalling \$12.3 million have been made in 55 active, Alberta small businesses, representing diverse sectors from agriculture to retail, service, and manufacturing. I further understand that an additional 53 small business investments are proposed in the near future. I'd like to submit, Mr. Speaker, that the program is very much in line with the thrust toward decentralization and diversification of our economy.

Just one more statistic, and I think I'll let the SBEC comments I've prepared pass for another occasion. In terms of cost to the government, the jobs that have been created or retained amount to approximately \$6,500 per job. Extrapolating that \$6,500 per job would result in approximately 2,278 initial direct jobs created or retained with that original \$15 million allocation. I suggest, Mr. Speaker, that those data and others underlying the success of that program are readily available to the members. To repeat, I'm heartened by the Provincial Treasurer's reference in his budget and the legislation we've had in the House this week whereby that program will be further strengthened.

Mr. Speaker, another announcement of the Provincial Treasurer in the Budget Address, specifically a number of new and expanded tourism measures totalling nearly \$7 million, will be very well received in Calgary and certainly throughout the province. Calgary members who are in the House tonight will of course recall our meeting with the Chamber of Commerce in Calgary and will also recall the Chamber of Commerce presentation in response to the white paper in which the chamber made a very well-documented and persuasive case for considerably strengthened tourism marketing promotion in our province.

I see the Member for Red Deer is in his place tonight. I might mention to him that as I was going through various documents that I've been assembling to make the case for a more robust tourism budget in our province, an editorial in the *Red Deer Advocate* last September headlined "Welcoming arms" makes an equally persuasive and documented case for the need to increase our tourism muscle. I think it's safe to say, Mr. Speaker, that all the members here tonight, indeed Albertans from one end of the province to

the other, will welcome this new infusion of much-needed tourism dollars in our province budget.

In the constituency of Fish Creek, although it's a comparatively new riding, it's difficult to drive more than a dozen blocks without seeing a facility that's there because of the MCR programs. The communities of Deer Run, Lake Bonavista, Parkland, and Canyon Meadows, just to name four, within the past several years have built very fine facilities because of the dollars available to the communities through the major cultural/recreation facility development program.

The Provincial Treasurer's budget address indicated that a new, five-year and renamed program, the community recreation/cultural grant program, will provide continuing support for the planning, development, and operation of recreational and cultural facilities in our communities. I was heartened by his reference to his hope that there'll be a significant reduction in red tape by combining three existing programs. Of course, members will be aware that the Provincial Treasurer went on to announce that grants under the new program will be raised by one-third to \$20 per capita. The budget for the first year is \$49 million, and this initiative will provide jobs in many communities throughout Alberta in the months ahead. Could I just add my personal p.s., Mr. Speaker. I think the Provincial Treasurer has demonstrated excellent judgment in that announcement.

Mr. Speaker, I would like to turn my comments for a few minutes to the Public Affairs Bureau. As hon. members are aware, the bureau assigns public communications staff to other government departments. But the bureau is involved in a good number of activities which hon. members may not be totally aware of. Some of these activities have considerable economic impact. Probably the most conspicuous Public Affairs Bureau activity over the next 12 months will be the preparations for and the opening of the Alberta Pavilion at Vancouver's Expo 86. In total our Alberta effort at Expo will cost over \$7.5 million, with close to \$6 million committed to a building and its exhibits. Obviously, when we make that kind of investment, we expect substantial returns. The two main returns we seek are: first, the attraction of tourists — most visitors to Expo will come from the areas from which Alberta hopes to draw visitors, including the west coast of the United States, the Pacific Rim, and other parts of Canada — and secondly, opportunities to promote Alberta products and services. In fact, Alberta's municipalities have committed to a full-time business representative working in our Pavilion.

I should mention that Alberta is also participating in Expo 85 in Tsukuba, Japan. Our presence in Tsukuba is smaller, since we are part of the Canadian Pavilion. Another public affairs project will be to again have an exhibit at the CNE in Toronto. The main focus will be a travel message: we want eastern Canadians to spend time in Alberta in 1986 on their way to Vancouver.

There is another area of Public Affairs activity which I believe is of clear benefit to our province's economy. We have a special program of hospitality grants for conferences and conventions. These grants are provided for events which we believe are of particular benefit and value to Alberta. But it's also an incentive for groups to bring their meetings to Alberta. In this coming year we have budgeted \$140,000 for this purpose.

Mr. Speaker, even though it's now 9:33, I think members would be interested to learn tonight that Public Affairs has a special program to handle foreign journalists who might come to our province. The results have been impressive.

I should emphasize that we do not pay for the costs of bringing these journalists to Alberta, but we do look after their itineraries while they are here. Over the years, hundreds — and I emphasize hundreds — of senior journalists have written major features about our province as a result of this program.

Before I leave my discussion about the Public Affairs Bureau, I should refer to the activities of Public Affairs Officers assigned to all government departments. Many of their activities have been highly successful, such as the human rights campaign Alberta Is For All Of Us. In a department like Economic Development, our staff are concentrating on selling our province to audiences all over the world. Our staff assigned to Travel Alberta are responsible for the development of all the advertising and promotional materials, such as the Wish You Were Here campaign. Another bureau area, with a staff of nine, is our exhibits and displays area. Last year, Mr. Speaker, this group handled no fewer than 326 projects, including 25 international shows. These shows, under a government umbrella, involve Alberta companies promoting their products.

Mr. Speaker, I have mentioned a few examples of Public Affairs activities because I want to make it clear that the role of the bureau is not simply to produce publicity materials with vague purposes. The bureau is there to provide services which will benefit Albertans in economic or social terms, and I'm confident it's doing so.

In conclusion, Mr. Speaker, I would like to express my agreement with the Provincial Treasurer's observation that "Alberta's economy, powered by the energy sector, is expanding at a sustainable pace." I think that pace will undoubtedly benefit from the announcement made in the House today by the Minister of Energy and Natural Resources. I've not had much opportunity to speak to representatives of the oil patch today, but I made a few calls. My early impression is that the oil industry will be very, very supportive and appreciative of the details of the energy pricing agreement reviewed by the minister of energy in the House earlier today.

I'm confident that the Provincial Treasurer's budget will be a vitally important factor in our economic expansion, Mr. Speaker, particularly the six features of no new taxes, a massive capital budget, a quarter-billion dollar employment and manpower training program, further funding for the very successful small business equity corporations program, \$7 million to fund five new tourism initiatives, and a slowing in the rate of health care operating costs to 4.5 percent. May I simply state to the Provincial Treasurer: this budget is right for Alberta; this budget is right for our economic times.

Thank you.

MR. SHRAKE: Mr. Speaker, the Speech from the Throne outlined a course of action from this government and was positive all the way. I guess some of us look at it as positive, and others keep saying we're looking through rose-coloured glasses. I say it was very positive. Now we have a budget to back it up. As far as I'm concerned, this is a good budget. It's going to get this province going again. We are on a good road of recovery. Things are perking up even in Calgary.

First, I'd like to congratulate our Provincial Treasurer, who stood up and spoke for one and a half hours and never flubbed. I have to give that fellow credit. But probably more important than his speaking for an hour and a half, the Treasurer had a surplus of hundreds of millions of

dollars and, lo and behold, I heard him criticized for having a big surplus. I guess only in Alberta would a Treasurer get criticized for having a surplus. Anywhere else in the whole world, your Treasurer would get praised for having a surplus and criticized for having a deficit. Only in Alberta; pity.

Mr. Speaker, today I'm glad I'm a member from this side of the House, because I like to be positive. If I get a lemon, I like to make lemonade. I like to think of a quote from the late Robert Kennedy: some people think of things as they are and ask why, and other people look at things that have never been and ask why not. I would find it very depressing to have to sit over there and be negative on everything that comes in. When you finally run out of things to pick at, you get to the point where you go back and muckrake on Dial Mortgage again. Sorry about that, Mr. Speaker, I kind of wandered and deviated a little bit.

They say that if you want to get something done right away, give it to a busy man. If you have lots of time and you don't care if it ever gets done, you form a committee. After the Speech from the Throne we had an amendment of regret and then a subamendment to form a committee.

Great concern was expressed to create jobs. Mr. Speaker, this budget is geared to create jobs. This budget is geared to create some long-term employment by encouraging private industry to get out and do their thing. Also, we have plenty of good programs in there to bring in temporary help now.

We are limited in what we can do as far as the number of jobs we can create by going and spending provincial money. We can't go and build any more houses; we've got a surplus of houses in the province at this particular time in our history. So, fine; we can't do much there. We can't go and build any warehouses, commercial, or retail space, or any more office buildings, because there's a surplus all over the place. So what can we do? Our dear old Minister of Transportation is going to get out and build some bridges, airports, roads, and help old Calgary get our LRT. By gosh, you look in the budget, and he's doing it. You should get the figures from Mr. Ralph Klein, the mayor of the city of Calgary. His Worship cranked up the figures, and there are thousands of man-hours created by going ahead with that LRT. A lot of those poor old architects and engineers that were hurting bad are going back to work by designing a little bit of LRT there.

Our dear little Minister of Tourism and Small Business has put money in that old Kananaskis Country. I guess five of those provincial parks are getting renovated, and some museums in Drumheller and Fort McMurray. That creates jobs.

The Minister of Recreation and Parks — I'm really pleased there. It looks like the city of Calgary alone will get almost \$13 million this year under the MCR grant programs. They'll build some recreational programs, create jobs, put people to work, and create some nice things. As far as nice things. I'd like to take some of you from the northern area through the city of Calgary and show you the cultural facilities we've got in that city which have been built with the MCR grant program. The Croatian club has one of the most beautiful clubs — the Germans, the Italians. The Ukrainians have two clubs in Calgary. I don't know if they've even got two in Edmonton. My seven little communities out there are not that affluent, but they do have some nice big community halls, thanks to the MCR grant program. They keep the kiddies off the streets. They have soccer, hockey, and a little bit of ball. They have some bingo for the seniors, and they have a lot of nice

programs. But perhaps the thing we really love is that our little communities out there built a twin arena. Yes, a \$3 million twin arena. She's paid for by the way, and we made a little profit on it last year. These are seven of the probably less affluent areas of the city. We don't have the real wealthy people, but we've got the good salt of the earth type out there. There again, thanks to our Recreation and Parks department.

Public Works is restoring an historic site in the city of Calgary. They got criticized, but it put a lot of tradesmen back to work. It is going to cost \$20 million to restore Baker Centre. Baker Centre is where they have a lot of handicapped children. The place was actually condemned; it was a rat trap. When they get through, they will have a nice facility for the handicapped and less fortunate children of the city of Calgary. We're building a couple of dams, which sounds like a good idea. This sounds awfully silly but every year, come spring, all that good snow melts, the water runs away, and then later in the year we're short of water — probably more in Calgary, I guess, than in Edmonton. I guess Red Deer sometimes ran a little low on water until they built the dam. But we're building two dams; that will create a lot of jobs.

Then our Minister of Hospitals and Medical Care. The poor fellow just got through saving the Holy and now they're after him to save the General. He put some hospital facilities in rural areas where they were lacking. Lo and behold, he got criticized for it. He is building two hospitals, one in the city of Edmonton and one in the city of Calgary — almost \$300 million worth of construction which put a lot of people to work. Lo and behold, the poor guy got criticized again. But he managed to save the Holy, and I've got confidence he'll probably save the General too. He won't let them tear that thing down.

Our dear Minister of Manpower has almost \$250 million. He's had STEP and PEP: these are good programs. Those students do find it tough when they come out of high school for the summer and want to go on to university. It's tough finding a job right now. This will hire 9,000 students in this province. Some of the community associations appreciated the PEP program we had. They hired people to look after the ice and do a little work around the old community hall. These are temporary jobs, though; these are not jobs that will be with us again next year unless we put more money into the budget next year.

Mr. Speaker, our minister of energy has been telling us success stories for the last six months. You talk of Judy Creek, Lloydminster, the gas plants. When they finish these plants, there will be people working year-in and year-out. This is the type of thing. Maybe our opposition should have had some kind of amendment that we crank up some more Judy Creek plants or some more plants at Lloydminster. Now, that would have made sense.

I appreciate what our Minister of Economic Development has done in the city of Calgary. They've assisted our manufacturing people down there to find markets. We traditionally bought furniture that is made in California or Quebec and shipped here, and didn't make much of it ourselves. An old boy named John Traber of JD Furniture got in there. Lo and behold, he is shipping furniture to Quebec, going down to Quebec and selling them furniture, and that is something really new for Alberta. He employs something like 80 people. He did have a bunch of the PEP employees, but he's taken them on permanently now. They're permanent staff; they have permanent jobs. To me, that's something positive. I guess he went to California with our

people from the Department of Economic Development. Those California people liked that bedroom suite he makes here, so he's shipping off 10,000 bedroom suites to California, which is good.

I could go on and on. Much of this has been covered. But one area — and I guess this kind of swings between our Minister of Economic Development, Hugh Planche, and our minister of small business. Between Vencap and the SBEC program, at last we're going in the right direction. These ruddy demand loans — when times were good, you could get them and the banks would almost push them at you. But you paid your interest on them. There was no profit-sharing, so you were doing well on them. But when the hard times came, they would come and demand their loan, demand their money back. A lot of companies went into receivership over that. Here at last we're getting some of the people to take their money and not put it into RRSPs or in an interest-bearing type of program, but actually come in and invest. That way, when you make good money, the fellow who invested will take home a big profit. And when there are hard times, he doesn't take home a profit, but you don't have the company going into receivership. I'm glad to see us doing that.

As the time is getting late, I think I'll cut this a little short. If we have some other amendments, I'd like to see one to send a delegation to China to get some business or maybe try to get a trade show from China to come over here, or maybe get some kind of good program here to have loans to small business, or maybe there should have been an amendment to give manufacturers a tax break. Let those guys start creating that furniture and the other things we can build here. Or maybe there should have been an amendment to reduce tax on small business. Let them go; they employ more people than the big businesses. Or some kind of amendment to come in and build a golf course in this province, even one that has white sand. But maybe the reason we didn't get some of those amendments was that those were things we were already doing. All we hear is the doom and gloom, but as far as I'm concerned, this budget is a good one. Wait until '86 comes — I bet it will be even better.

MR. McPHERSON: Mr. Speaker, it's a pleasure for me to rise and participate in my third speech to the budget. In doing so, it's the first occasion I've had this year to enter a debate in a far-reaching field, in an area other than the restraints and constrictions that are placed on a particular motion. In the initial instance I'd like to seize the opportunity to congratulate Her Honour on her appointment as our representative of the Queen. Her Honour obviously has a long-standing and dedicated commitment to the people of Alberta through her private practice, her public service, her deep-rooted pioneer spirit, and I believe she represents a shining example of the pioneer spirit of the people of Alberta.

I'd also like to take this opportunity to simply congratulate the new Member for Spirit River-Fairview. In my view he is replacing an Albertan who made a considerable sacrifice and contribution to the democratic process in the province. I wish the new member well in the pursuit of his responsibilities on behalf of his constituents.

Mr. Speaker, the budget document tabled on March 25 and so eloquently presented by the Provincial Treasurer is replete with sensible policy direction and new initiatives that are in touch with the times. This evening, in my participation in this debate, I'd like to focus on a few

elements that I believe auger well for Alberta's prospects. The Treasurer noted in his speech that we have world-class strengths in a number of key areas such as agricultural production and processing, synthetic oil technology, oil and gas production and servicing, petrochemicals, medical research, and many others. Mr. Speaker, we are most assuredly blessed with certain strengths that would be the envy of any other jurisdiction in the world. These strengths serve as building blocks to the future and are found in abundance throughout the breadth and width of our province, and no more in evidence than in the constituency of Red Deer.

I wish to wend my perspective to but a few of these strengths or building blocks. Firstly, mineral fuels — energy. Mr. Speaker, in terms of energy that vibrant industry has turned the corner and will take its place as the prime source of investment in jobs in the whole of the province but certainly in the central Alberta region. The budget indicated that across the province drilling activity last year increased by over 20 percent. I believe that in central Alberta that figure pales by comparison. The recovery was considered fragile, depending on the outcome of the energy discussions. The Minister of Energy and Natural Resources has today announced a most historic ministerial statement. He has blown new wind into the sails of the oil patch by announcing an agreement that reacts to market conditions and instills new long-term confidence in energy investment and in the western sedimentary basin.

Phasing-out the petroleum and gas revenue tax with a fixed termination date, with a sunset clause, has removed the shroud that has hung exclusively over the oil industry since the advent of the infamous national energy program. Mr. Speaker, there are those — some of whom are within this room, although not at the moment — that hold to the Keynesian view that the economy must be more "managed" than it already is, or at least was under the former Liberal regime. There appears to be this pervasive thought by socialists that central planning and income distribution can overcome the very real problems of the poor, the disadvantaged, and the unemployed. Mr. Speaker, no one seriously suggests the abandonment of the fully embraced notion that society should come to the aid of the less fortunate than ourselves. Any objective observer of this budget would realize that there is broad support for the level of social programs. Indeed, when one considers that on a per capita basis, Alberta's expenditure on government services is about 35 percent above the average for all other provinces, one might question the motives behind suggesting otherwise. No, Mr. Speaker, altruism is well ensconced in our province, and compassion for those who need help continues to be a high government priority.

While considering that, Mr. Speaker, perhaps members might also consider the words of a British economist who wrote recently on the roles and limits of government:

Each of us wants the benefit of services while transferring the cost to some other group. In so doing we evade the problem of who should be the loser.

The caution here, Mr. Speaker, is that in the absence of an appropriate balance, which is difficult to strike, the vortex caused by massive government spending engulfs with it an equal amount of public resources, taxes, in order to finance it. That's why I, like other members in this Assembly, am encouraged by the Treasurer's remarks that while Albertans receive a range and quality of public services unmatched in Canada,

However, it would not be responsible to widen further the gap between our already high service levels and

those provided in other provinces. Albertans must be realistic in their expectations of what government should provide. Personal self-reliance and individual initiative must be encouraged.

Mr. Speaker, I fear I've digressed. I want to return to the energy sector, that building block I was referring to, and its crucially important role as a facilitator of meaningful jobs. I noticed the other day that the hon. Leader of the Opposition was expounding at some length on the point that while the NEP was not good for Alberta — I only wish his federal counterpart felt the same — we should be pouring more public funds into even more projects to assist the unemployed. Let me submit two points. One, we have experienced two successive years in this province where the total capital budget, including Crown corporations and the heritage fund, have been around the \$3 billion mark. Three billion dollars in capital expenditure from a total \$10 billion budget represents 30 percent of the total budget dedicated to construction activity. Is there a jurisdiction anywhere that does more? Is there a jurisdiction anywhere that comes close? I read recently that the capital construction component of the last federal Liberal budget was somewhere around 2 percent. Second point: the national energy program, that colossal failure of public policy contrived to discriminate a vibrant, productive industry, located primarily in this province, by imposing a tax on gross revenue and then used the proceeds of that tax to artificially lure away what was left of that industry from our natural geology.

Mr. Speaker, for the benefit of the hon. leader, let me give you an example of a public policy gone awry — determined, in my view, to destroy jobs and job opportunities — known as the national energy program. I've mentioned before in this House that the total contract price for a typical oil well in central Alberta is around \$536,150. That well will provide 692 man-days of employment and pay total compensation to employees of \$197,700. The other day in my constituency I spoke to the owner of a local exploration company, and he told me that if the climate is right, they are prepared to spud 18 wells in the central Alberta region this season. Mr. Speaker, that one company drilling 18 wells in central Alberta translates into 12,456 man-days of employment. As an aside, that would keep the hon. Leader of the Opposition busy every day for 34 years. It would also pay wages of \$3,558,660.

What we're talking about here are jobs, meaningful jobs in which people can take pride in their accomplishments, not contrived employment generated through unneeded public projects that will ultimately drain the public purse in order to operate. That is why I applaud the Provincial Treasurer and, not the least bit incidentally, the Minister of Energy and Natural Resources for this announcement today. The minister comments in his budget that:

the permanent job creator is the private sector. Lasting jobs come from [the private sector].
That is what it's all about.

I'd like to comment on another enormous strength evident in Alberta. That strength or building block is the government fiscal situation, to which I have referred. I mentioned the considerable difference between the two orders of government, federal and provincial. About 30 percent of the total provincial budget goes into construction and capital projects and, as I understand, about 2 percent of the former federal Liberal budget.

In the first instance, consider the strength of a province that is able to dedicate approximately 30 percent of its budget to capital appropriation. In the second instance, Mr.

Speaker, consider what I think is equally important, particularly as it relates to investor confidence: that same province possessing the strength to maintain the lowest tax regime in the country, which ultimately translates into private investment.

Mr. Speaker, I heartily applaud the notion in the budget that indicates Alberta government expenditures in '84-85 to be below the level of the previous year. No other Canadian government has been able to demonstrate that degree of restraint. No other Canadian government has reduced year-over-year expenditure.

A key strength of the fiscal position of this province is debt retirement, or perhaps better put, the virtual absence of it in proportion to the total budget. In '84-85 Alberta's interest payments on our debt comprised less than 1 percent of budgetary revenue. In marked contrast about 35 percent of federal government debt is being consumed. Anyone who is concerned about the future of our country is very concerned about the magnitude of the federal debt — including, I suggest, the new federal government. When a government devotes almost 35 percent of revenue to pay interest on debt, we as society place a tragic burden on our children and our children's children. High taxes are the inevitable result. The difficulty with high taxes and increasing taxes is that they may prove to be unsustainable. They may reduce incentives, productivity, and investment in the private sector, thereby reducing job creation and damaging growth prospects. As we move to higher taxes to pay interest on debt, not to mention paying-down debt, which I don't think we're even close to being in a position to consider, as demand is stimulated by increased government spending, we run smack into the problem of enormous government deficits.

As taxpayers work from January through to June to pay for government programs and debt financing, many of my constituents are asking questions. What are the costs? Who pays? Could the private sector do it better? What are the effects of taxes on production? In short, who creates wealth? Perhaps many of us have forgotten that wealth has to be produced before it can be enjoyed, or more to the point, there is none to redistribute if there isn't any. Yes, Mr. Speaker, the trickle-down theory is a misunderstood term, but does the trickle-up theory work any better?

The Treasurer began his comments on the province's fiscal situation by saying:

Our financial [situation] is an additional strength in a world where credit-card living by governments has become the rule.

I'm not particularly handicapped by any sophistication in the area of government financing, to borrow a term from the Minister of Economic Development, and no doubt I can be accused of being simplistic. But, Mr. Speaker, I view government financing and family financing along the same lines.

Let me offer an example. If a family is fortunate enough to get a \$20 a month raise, and it uses that extra disposable income, after tax, for savings or investment, it will increase the family stock in the future. On the other hand, if the family wants to use the after-tax increase for immediate consumption but stays within that \$20 a month amount, the family can heighten its present satisfaction and still stay within its means. The problem that exists with many families is when they decide to use the \$20 increase to buy as much credit as a \$20 per month payment can support. Twenty dollars per month can support about \$1,000 in credit at 11 percent interest amortized over five years. The caution is that credit can distort the family view of disposable income.

Their disposable income has actually increased by \$20 a month after tax, not by the \$1,000 that can be supported by a \$20 a month payment.

Equally and, I think, as important, if any family or government extends itself too far, they are held to ransom by conditions over which they have absolutely no control. If interest rates go up, if unexpected emergencies arise, the family or government is left with few choices. When someone can explain to me how we can avoid the universal truth that families, governments, unions, or individuals can borrow their way out of debt, I want to hear about it.

I feel comfortable when discussing the financial position of our government with my constituents, because I can point to the fact that the General Revenue Fund of the province of Alberta is expected to remain in a positive net asset position. We have by far the lowest provincial tax rate, we have no sales tax, there is no gasoline tax, and all of that provides encouragement and confidence in the private sector and for private-sector investment.

One more enormous strength, which is really the epitome of a building block, is the Heritage Savings Trust Fund. Like any family that is prudent enough to set aside some of its savings in a contingency account, or any business that has a strong balance sheet with retained assets and retained earnings, the Heritage Savings Trust Fund has been an incredible stabilizer to our way of life and a buffer to position us into recovery. The budget notes that since September 1982, every dollar of investment income from the fund has been used to operate our schools, hospitals, seniors programs, universities, colleges, and many, many more.

A total of \$5.5 billion, over one-half of our total annual budget, has been funnelled into general revenue to maintain our high level of programs. This year alone, 16 percent of budgetary revenue, or two months out of 12, is financed by investment income from the heritage fund. Albertans well know that if it weren't for the fund, we would have very few choices: drastically reduce services, mount huge deficits, raise taxes by about double, or introduce a sales tax of between 7 and 8 percent.

The point is, Mr. Speaker, that the Heritage Savings Trust Fund has put us in a good position to take advantage

of the recovery, because Alberta doesn't have a structural deficit. We have low taxes and good infrastructure. That's been the significance of the fund. Its principle is untouched and will be there for our children.

Mr. Speaker, how do you explain or emphasize the 180-degree difference between a provincial government leading the country in people services and leaving a legacy of financial stability to our future generations compared to leaving our children a legacy of debt? I believe our greatest strength or building block is not manifest in programs or facilities but rather in people. I believe the vast majority of the people of Red Deer abide by the notion that saving, investment, productivity, creativity, entrepreneurship, and work will lead to economic expansion. Economic expansion is the economic salvation of all segments of our society. Economic expansion creates opportunity. We must strive for equality of opportunity or access, not simply a guarantee of outcome. As the budget so aptly expresses it, for Alberta, for Red Deer, opportunity is the watchword.

MR. LYSONS: Mr. Speaker, I too would like to get into the Budget Address. However, because the opposition haven't been here all evening and I have some things I would like them to hear, I beg leave to adjourn debate.

MR. DEPUTY SPEAKER: You've heard the motion by the hon. Member for Vermilion-Viking. Are you all agreed he may adjourn debate?

HON. MEMBERS: Agreed.

MR. DEPUTY SPEAKER: It is so ordered.

MR. KING: Mr. Speaker, I move that the House stand adjourned. I would like to advise members of the House that tomorrow morning, we will do third reading of Bills 31, 16, 18, 21, and 27, after which we will continue with the debate on the Budget Address. The Honourable the Lieutenant Governor will attend the House to give Royal Assent to those five Bills I just mentioned.

[At 10:12 p.m., on motion, the House adjourned to Friday at 10 a.m.]

