

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Wednesday, April 24, 1985 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: INTRODUCTION OF VISITORS

MRS. LeMESSURIER: Mr. Speaker, it gives me a great deal of pleasure to introduce to you, and through you to members of this Assembly, Catherine Smyth, the Cultural Affairs Officer with the United States Embassy in Ottawa. She is sitting in your gallery.

Catherine's role with the Embassy gives her responsibilities for the international visitors program, liaison with the academic community, the fine arts and the performing arts, various youth exchanges between our two countries, and other areas relating to cultural affairs. Her political involvement has led her to speak on many technical matters, and she plays a vital role with volunteers and organizations when organizing campaigns. Catherine came to Ottawa via Washington from her home in Dallas, Texas. We are very honoured to welcome her to Alberta, and I would ask that she rise and receive the warm welcome of this Assembly.

head: INTRODUCTION OF BILLS**Bill 230****Retail Business Holidays Act**

MR. MARTIN: Mr. Speaker, I beg leave to introduce Bill 230, the Retail Business Holidays Act.

Mr. Speaker, as you are aware, today the Supreme Court of Canada ruled Canada's Lord's Day Act unconstitutional. This Bill would exempt or prohibit a person from carrying on retail trade on a Sunday or major statutory holiday. It has certain exemptions and also allows a business not exempted under the Act to open on Sunday if it was closed the immediately preceding Saturday.

[Leave granted; Bill 230 read a first time]

Bill 49**Insurance Amendment Act, 1985**

MR. ANDERSON: Mr. Speaker, I request leave to introduce a Bill, being the Insurance Amendment Act, 1985.

The purpose of the Bill is to initiate four changes. The first is that a board rather than the minister would be responsible for hearing appeals on rulings on the assets of insurers. Also, the Bill would increase the statutory limits from \$100,000 to \$200,000 on required liability insurance for motor vehicles. Two other relatively minor amendments would deal with the licensing of insurance agents and with the ability of insurers to receive copies of policies.

[Leave granted; Bill 49 read a first time]

MR. CRAWFORD: Mr. Speaker, I move that Bill 49 be placed on the Order Paper under Government Bills and Orders.

[Motion carried]

head: TABLING RETURNS AND REPORTS

MR. BRADLEY: Mr. Speaker, in response to questions asked yesterday, I'd like to file with the Legislature Library copies of sampling reports taken on the weekend.

head: INTRODUCTION OF SPECIAL GUESTS

MR. ALGER: Mr. Speaker, I'm very pleased this afternoon to introduce to you, and through you to all members of the Legislature, two constituents from the Highwood area who are in Edmonton today on matters of great importance. They are Ron Arkes and Shirley Labouret. I would ask them to rise in the public gallery and be recognized and welcomed by the Assembly.

MR. LEE: Mr. Speaker, this Assembly is honoured today with a delegation of distinguished Albertans. It is an honour for me to introduce to you and through you to members of this Assembly 36 charming members and guests of the alumni of the Business and Professional Women's Club of Calgary who collectively represent an incredible 825 years of dedicated membership to their society's purpose, namely the economic welfare of women.

Mr. Speaker, when I met with them earlier, I asked if there was anything they would like to know about the Speaker, me, my colleagues, or the cabinet. They declined the question, but they did want to know if Her Honour Miss Hunley would be present.

This club today is led by president Mae McHattie and escorted by their guide Marg Evans, her daughter Maria, Priscilla Popilchak, Shirley Pattinson, and Debbie Mar. They're with their veteran bus driver Mr. Russ McKinnon, who is finally making his first visit to this Assembly. Our guests are seated in the members' gallery, and I would ask my colleagues for an enthusiastic welcome for this distinguished group as they stand and receive their warm welcome.

MR. CRAWFORD: Mr. Speaker, this afternoon I would like to introduce and particularly welcome a group of visitors who are very special in so many ways to our Assembly. These are visitors from the city of Belleville in Ontario and are on an exchange visit with students from our own Alberta School for the Deaf in Edmonton.

Just before asking them to rise and receive the welcome of the members of the Assembly, I'd like to congratulate the group leaders who have come from Ontario with the young people and, of course, also their hosts here. The group leaders from the Alberta school are three ladies accompanying the group this afternoon, Mrs. Maxine Westerland, Mrs. Hilda Hunter, and Mrs. Darlene Karran, and from Belleville Mr. Dennis Newman and Mrs. Bonnie Matthews. I would ask them to rise and receive the welcome of the Assembly.

MR. SZWENDER: Mr. Speaker, it is my privilege to introduce to you and to all members of the Assembly today 33 grade 6 students from the J. A. Fife elementary school,

located in the Edmonton Belmont constituency. I missed meeting with the group earlier and hope that the class will accept my apologies. Accompanied by their teacher Mr. Beechey, they are seated in the public gallery. Would they please rise and accept the warm welcome of the Assembly.

head: **MINISTERIAL STATEMENTS**

Attorney General

MR. CRAWFORD: Mr. Speaker, the decision of the Supreme Court of Canada given today in respect to the Lord's Day Act has settled the law in respect to jurisdiction to regulate retail business on Sundays under federal law. The Court held that based on the guarantees of freedom of religion set out in the Canadian Charter of Rights and Freedoms, the Lord's Day Act has ceased to be of any force and effect.

In Alberta the Municipal Government Act already gives municipalities all necessary powers to pass a bylaw to regulate days and hours during which retail businesses may be open or may be required to close. Under these existing provincial laws, municipal authorities can also exempt business by size or type and impose conditions which must be met by businesses which are permitted to remain open.

The result is that existing provincial law allows municipalities to regulate holidays including every Sunday, New Year's Day, Good Friday, Easter Monday, Victoria Day, Canada Day, Labour Day, Remembrance Day, Christmas Day, December 27 if Boxing Day falls on a Sunday, and the birthday or the day fixed by proclamation for the celebration of the Queen's birthday.

The government caucus has concluded that there should be, under the Municipal Government Act, a comprehensive base for municipalities to deal with all the issues relating to retail business holidays on a local option basis. Given the wide diversity of views likely to exist throughout Alberta among citizens in large and small communities, decisions in respect to store openings and closing should remain in the hands of locally elected councils acting in the best interests of their respective communities.

The government caucus has therefore decided to propose amendments at an early date to modernize and clarify the authority of municipal councils to regulate business holidays. The existing maximum fine of \$500 for an offence under a municipal business regulation bylaw passed under the Municipal Government Act will be increased very significantly, to a level which would ensure effective enforcement of the provisions of the bylaw. Consideration will also be given to providing minimum penalties for repeat offenders.

Concerned citizens will be able to make very effective presentations to their councils for the passing of bylaws under the proposed new legislation. The existing law provides that a petition for a council to pass a bylaw may be submitted to council if 5 percent of the population of the municipality signs the petition. For municipalities with a population of less than 1,000 persons, the requirement is 10 percent.

If such a petition is submitted to council, a bylaw must be prepared and read a first time. Within four weeks after receiving the petition, the council must publish the proposed bylaw once a week for two consecutive weeks and then submit the bylaw to a vote by electors.

In the meantime the existing law will continue to apply, and municipalities which have already passed bylaws reg-

ulating retail business hours will continue to operate under those bylaws. For the various statutory holidays throughout the year, including every Sunday, municipalities will be able to act much more effectively under the proposed new provincial laws. Municipalities without such a bylaw will be better able to bring in effective regulation, and municipalities which already have such a bylaw will be able to review the effectiveness of their current bylaw provisions.

MR. MARTIN: Mr. Speaker, it doesn't surprise me that this is the solution the government has come to. It seems to me that for two years we hid behind the Lord's Day Act because it was a tough decision to make and there might be some political fallout on either side. Under this ministerial announcement, we are now basically passing the buck to local governments so they can take the heat. It will inevitably lead — they can whine all they want, but that's in fact the reality — as the Attorney General is well aware, to checkerboard laws throughout the province.

If you look at the decision, I suggest that there are two areas, purpose and effect. One of the reasons the Lord's Day Act was thrown out was that they felt the purpose was to discriminate on religious grounds. But they also said that if the effect is the same, it can be thrown out. I suggest that many municipalities may be facing the same sorts of things with their laws thrown out under the Charter. I suggest that the easiest way to deal with it, and it has passed the time at least through the Ontario Supreme Court, is what the Ontario government did with their retail business holidays.

Frankly, I'm disappointed that we've taken this route, and I will be following it up with the Attorney General in a few minutes in question period.

head: **ORAL QUESTION PERIOD**

Lord's Day Act

MR. MARTIN: Here we are again. Surprisingly, my first question is to the Attorney General. As I said in the Ministerial Statement, we've waited two years for this brave move. Now that the Lord's Day Act is struck down, I was going to suggest the time for alternatives has come. But my question is: will the Attorney General indicate if they looked at any alternatives other than throwing it back on the municipalities so we could patch up the hole with the striking down of the Lord's Day Act today?

MR. CRAWFORD: Mr. Speaker, as I perceive the hon. leader's question, it is: did the government caucus consider an alternative that would not allow local municipalities to make their own decisions. The answer is that, of course, there was some advocacy of that position, but the decision was that it is entirely proper that local citizens in each case have the right to determine the matter for themselves within the existing law.

MR. SPEAKER: I have some concern about questions which ask what occurred in the government caucus, since it's not among the public duties of a minister or even of a member of the opposition to discuss those. On the other hand, I'm aware that the hon. Attorney General included a statement of that kind in the ministerial announcement he made, which I thought was in itself rather unusual. That's the first time

I can recall that the intended contents of a Bill have been made the subject of a ministerial announcement.

MR. MARTIN: I didn't ask what went on in caucus. I asked about the minister's department. He answered it that way.

Let me just proceed from there. Rather than talking about how many decisions we're giving to the municipalities — I'm sure they'll be overjoyed to know they can take the heat on this — did the Attorney General or his department undertake any detailed investigation of the workings and constitutionality of the Retail Business Holidays Act as legislated by their Conservative counterparts in Ontario?

MR. CRAWFORD: Yes, Mr. Speaker.

MR. MARTIN: A supplementary question to the Attorney General. As they have done that, would the Attorney General indicate why they decided not to go in that direction?

MR. CRAWFORD: Mr. Speaker, I believe I've already answered that question.

MR. MARTIN: Correct me if I'm wrong. I haven't heard the answer, Mr. Speaker, but I guess he doesn't want to give the answer.

Let me ask this question. As I understand it, and I come back to the ministerial announcement, it can be thrown out. It was thrown out in a couple of ways. If the purpose is to discriminate on a religious Act, that's unconstitutional. But if the effect does the same, it could also be unconstitutional. Has the Attorney General had his department study whether, in fact, in turning it over to the municipal governments under the Municipal Government Act they might not run into the same problems in a constitutional matter?

MR. CRAWFORD: Surely, Mr. Speaker, a municipal bylaw which is passed in any sense outside the normal jurisdiction that a provincial government would have couldn't stand on any firmer ground than a provincial law on the same matter. The law we were discussing in the Supreme Court of Canada, of course, was a federal law. It had been upheld based on previous challenges under the Canadian Bill of Rights, but the court was not able to uphold it under the recent Canadian Charter of Rights and Freedoms.

The premise the hon. leader began his question with in referring to both purpose and effect really doesn't bear very directly upon the question he then asked about municipalities. The court's test is simply that if the purpose of legislation when it's read violates some principle of the Charter, then any further test of it is unnecessary. Something like legislative objective would be unnecessary if the actual purpose of it would be violating the Charter. But if the purpose in the legislation is not evident as to the purpose being a violation of the Charter, then of course they will take the other step and look at effect. But that doesn't change the fact that whether it be parliament itself, as in this case, or a municipality, which can act only within the guidelines provided for it by provincial laws — in either case, if it doesn't pass the test it would be held to be unconstitutional.

MR. KOZIAK: Mr. Speaker, I wonder if I might supplement the answer. Just to make sure there is no misunderstanding as to the nature of our response relative to the amendments to the Municipal Government Act, particularly as envisaged

by the statement made by the Leader of the Opposition that matters would be turned over to the municipalities, we shouldn't be under a misapprehension there. In fact, the municipalities now have the authority under the Municipal Government Act, beginning with section 241 and thereafter, to pass bylaws regulating the hours of operation of businesses within a municipality.

What it is our intention to do, Mr. Speaker, is to look at the decision relative to the provisions we now have in the Act, to make sure there is nothing in those sections of the Act that will prevent municipalities from fulfilling whatever responsibilities they feel are appropriate in the circumstances and to make sure that the level of penalty for breaching any bylaw that a municipality may pass is sufficient to warrant its observance. There are municipalities today that have bylaws affecting the closing of businesses within those municipalities.

So we will continue to look at the provisions of the Act and bring in amendments to the Municipal Government Act which will ensure that we have a workable area here. It's not a question of at the moment turning things over. Municipalities have had bylaws pursuant to these provisions of the Municipal Government Act and predecessor legislation for decades — 40 years in some cases.

MR. MARTIN: Mr. Speaker, I'm well aware of that, but the difference now is that we were following the Lord's Day Act throughout the province and the Attorney General had asked us to wait for that. We now have the decision.

My question is back to the Attorney General and his ruling on the constitutionality. The reason I bring up the Retail Business Holidays Act of Ontario — I'm sure the Attorney General is well aware that that has passed through the Ontario Supreme Court. As a result of that would he not take into consideration the fact that this probably has a better chance of being dealt with in a constitutional matter rather than something that's coming out of the municipal Act?

MR. CRAWFORD: Mr. Speaker, I'll volunteer my quick legal opinion on that. Such an Act as the hon. member speaks of as being in force in Ontario and their municipal legislation or our municipal legislation all stand on the same footing under the Constitution.

MR. MARTIN: But ours has not been ruled on in any definitive way now that we're going that way. That's the point, Mr. Speaker. My question, though, just to move over because I think we know what we're doing here — we will in fact be opening up Sunday shopping; there's no doubt about that.

My question is to the Minister of Tourism and Small Business. Has the minister requested or commissioned any studies showing the impact on small independent retailers in Alberta of wide-open Sunday shopping. If those studies have been received, can he briefly indicate the conclusions of those studies?

MR. ADAIR: Not on wide-open Sunday shopping, Mr. Speaker.

MR. MARTIN: A supplementary question. It seems to me this is an important matter. Let me follow up on that. Has the minister had his department undertake a study to see how many small businesses, especially in the grocery sector,

have gone under since Sunday shopping became more prevalent in the last two years?

MR. ADAIR: Not a study, Mr. Speaker, but we've had a number of representations made to us by various organizations in the small-business community relative to the impact that it may well have on their businesses and their communities. We have watched that very closely and have waited for this particular judgment.

MR. MARTIN: A supplementary question to the Minister of Municipal Affairs. We're told that this is to increase the autonomy of our local governments. What consultation did the Attorney General or the Municipal Affairs minister have with Alberta's municipalities on this specific question before bringing in this ministerial statement?

MR. KOZIAK: Mr. Speaker, of course we have had consultation in terms of discussions that I have with the elected representatives of the associations. There has been a resolution dealing with the issue by the Alberta Association of Municipal Districts and Counties. We have had individual municipalities contact departmental officials seeking advice relative to the passage of bylaws or relative to bylaws that exist under the current provisions of the Municipal Government Act. That type of consultation is there.

MR. MARTIN: A supplementary question. I'm not asking if you talk about bylaws from time to time. My question very specifically is: what consultation has gone on with municipal governments before making this announcement and throwing this basically into their ballpark?

MR. KOZIAK: It's in *Hansard*. I've just answered the question.

MR. MARTIN: A supplementary question to the minister.

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

MR. MARTIN: The minister is saying that there has been no consultation and that the government caucus has made this decision.

My question is back to the Attorney General. This is a very serious matter we're dealing with.

MR. KOZIAK: Mr. Speaker, that's not what I said at all.

MR. MARTIN: Well, we can interpret it. We have a bunch of mumbo jumbo. He didn't want to answer the question. They didn't consult. We know that.

MR. KOZIAK: Perhaps, Mr. Speaker, the Leader of the Opposition's ability to read is much better than his ability to comprehend the spoken word. That is not what I said.

MR. MARTIN: Let me ask this question. Is he saying that the rural and urban municipalities have agreed with the government and that they think this is the right course of action?

MR. KOZIAK: I didn't say that at all. That wasn't the question that I posed an answer to.

MR. MARTIN: I'm now asking that question.

MR. KOZIAK: The question the hon. member asked was on consultation. He didn't ask what agreement there was with respect to municipal governments and the provincial government relative to this particular area. I'm sure the hon. member is aware that the Municipal Government Act in fact provides for these areas. The statement indicates that we will review the current legislation as against the Supreme Court decision — that's only natural — and that we will provide for a strengthening of those areas so that municipalities can respond in their own way.

The hon. Leader of the Opposition gives greater strength to the local government than the statement that he suggests by the questions he poses now.

MR. MARTIN: Mr. Speaker, I just asked if they were in agreement or not. Is that simple enough for you? Are they in agreement or not? Can you answer that?

MR. KOZIAK: Mr. Speaker, the question as to whether or not municipal governments are in agreement with the ministerial statement will be one that should be posed to municipal governments now that it's been read.

MR. MARTIN: That tells us about the consultation that went on to begin with. It answers the other question.

Let me ask one final question. Has the minister considered the possible costs of referendums and the cost to municipalities if this ministerial announcement goes ahead and we follow the Municipal Government Act?

MR. KOZIAK: Mr. Speaker, I'm really surprised by the nature of that questioning. The hon. member is suggesting that local government is fine providing it's consistent and the same throughout the province, that people in different parts of the province can't voice views ...

MR. SPEAKER: Order please. While it's true that many and perhaps most of the questions can include a fair amount of debate, it would seem to me that this last question that was asked was exemplary in its directness, and perhaps the answer under those circumstances should be similarly restricted.

MR. KOZIAK: Mr. Speaker, the Leader of the Opposition posed the question as to whether or not costs of democracy were considered. If that's the basis on which the Leader of the Opposition judges democracy, I have certain fears for the position of that leader's party.

MR. MARTIN: I'll have to follow up on that. I would like to have a referendum, Mr. Speaker. In view of the answer from the Minister of Municipal Affairs, has the Provincial Treasurer decided to have a referendum on whether we should roll back the income tax?

MR. ALEXANDER: May I ask the Attorney General a supplementary question to the previous point, Mr. Speaker, not having to do with the referendum about the income tax? For those of us who do not think this is a particularly proud day in Canadian history, with the ruling against the Lord's Day Act, I wonder if the Attorney General has considered whether there is a possibility of the opting-out or notwithstanding provisions being applied so that any provincial or municipal application of the law can in fact be valid when enacted.

MR. CRAWFORD: Mr. Speaker, my view — and this might be subject to the taking of more refined legal opinions — would be that that is not one of the sections a government could opt out of, relating as it does to religious beliefs.

Hazardous Materials Transportation

MR. MARTIN: I'd like to direct the second set of questions to the Minister of the Environment. Mr. Speaker, the minister said yesterday that the Special Waste Management Corporation is awaiting written confirmation that Kinetic Resources does in fact have \$1 million in insurance for transporting hazardous waste. Can we take that to mean that the government does not, as a matter of course, require that hazardous waste transporters register or file their insurance with the government?

MR. BRADLEY: Mr. Speaker, there are various provisions under the motor vehicles Act with regard to insurance requirements. But specifically with regard to this transport of goods and the authorization which the Special Waste Management Corporation has in place, I think it's very clear as to what the requirements for the government are with regard to the transportation by this specific company with regard to this type of goods. They are required to have insurance in place.

MR. MARTIN: My question is to the minister, to follow up on that answer. Does the government require, the same as they would for a person driving a car, that they must register their insurance coverage and that they must have it on the truck, or do we just take their word for it?

MR. BRADLEY: Mr. Speaker, we're talking about a type of insurance which would go above and beyond the normal insurance requirements of the motor vehicle requirements. In this case, in terms of a specific company to be authorized to be in business in the province, they have to provide us with certain assurances with regard to the transportation of goods. With regard to the specific shipment which is coming from Ontario, we require that we have written, certified notice from the insurance company that the insurance is in place. The Special Waste Management Corporation has been advised verbally that that is in place. We are awaiting the receipt of a certified copy from the insurance company that this insurance is in place.

MR. MARTIN: A supplementary question to the minister for clarification. The certain assurances that the minister alludes to — if I understand it correctly, this is just written confirmation from the company, and this is good enough for the department.

MR. BRADLEY: We're requiring a written, certified indication from the insurance company that the specific corporation, Kinetic Ecological resources corporation, which is the only company which has come forward and applied to have authorization to handle these types of goods in the province, has insurance in place. That is the situation with regard to the requirements we have under the Hazardous Chemicals Act and the Special Waste Management Corporation Act.

MR. MARTIN: A supplementary question.

MR. SPEAKER: Might this be the final supplementary. I realize it's only three, but we had a large number on the

first and we've taken 20 minutes out of 45 for the question period.

MR. MARTIN: Yes, Mr. Speaker. My question to the minister is: has the shipment from Kenora, which apparently has been delayed again today, been delayed because the written confirmation of insurance is not yet in place?

MR. BRADLEY: With regard to that specific shipment, Mr. Speaker, yes. We have not received the notification we require, which the Special Waste Management Corporation requires. When we receive that, we will indicate to the federal officials in Ontario that we have received that confirmation, which would then permit the shipment to move forward.

Temporary Tradesmen Certification

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Manpower. I wonder if the minister could confirm that the apprenticeship branch of his department has issued temporary tickets to unqualified workers on the jobsite for the sour gas plant at Black Diamond?

MR. ISLEY: No, Mr. Speaker, I cannot confirm that.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister confirm that it's the practice of the department to issue temporary on-the-job tickets to unqualified workers when there are a number of qualified workers on the market — that is, with journeyman's papers — who could be employed on the job?

MR. ISLEY: Mr. Speaker, it has been the practice of the apprenticeship branch for some number of years to issue temporary certificates to qualified workers who for one reason or another do not have the normal certificates, providing they achieve at least 80 percent of the normal passing grade on a journeyman examination. The criteria under which those certificates are issued vary from trade to trade and are covered in the trade regulations.

MR. R. SPEAKER: From the hon. minister's answer, Mr. Speaker, could the minister confirm that any person that receives this temporary on-the-job ticket has written an examination prior to accepting employment?

MR. ISLEY: Mr. Speaker, I'm not sure I clearly understand the question or whether the question was asked very clearly. The temporary certificate is not issued until after the individual has written a challenge exam that under the regulations he has proven he has the work experience to qualify for. If he is successful in passing the examination, he will get a Certificate of Proficiency if it's in a trade with compulsory certification or a Certificate of Qualification if it's in a trade that has voluntary certification. If he achieves 80 percent of the pass mark, he will get a temporary certificate with a six-month term or until the next examination period he can appear before.

MR. R. SPEAKER: Mr. Speaker, could the hon. minister indicate what steps are taken — for example, in this case of the sour gas plant at Black Diamond — by the department to assure the department that the worker is qualified to do the work he is taking on, such as welding and other trade work, on the job site?

MR. ISLEY: Mr. Speaker, periodic checks are made of most if not all shops in the province. Complaints are followed up in all cases. The hon. member may have some specific details on some sour gas plant that he may wish to share with me. Otherwise, we could end up talking about different plants. In the event that unqualified workers are found, the employer is made aware of the requirements. In the event of noncompliance, other actions are taken. If you come up with workers on the site that do not have the right papers but under the trade regulations for that particular trade do qualify to challenge the examination, they will be issued a temporary identification card until the next examination period.

MR. YOUNG: Perhaps I could supplement the answer slightly. In the case of the gas plant in question, as is the case with most gas plants, the inspection of the work completed or in progress is often done by the boilers and pressure vessels officers of the Department of Labour, in which case they will do either nondestructive testing, which means X-ray, if there's any question about the work or what is called destructive testing of any of the remnants of material left.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Workers' Health, Safety and Compensation with regard to this matter. Could the minister indicate whether there have been any concerns raised with his department or with him personally with regard to workers that have received temporary on-the-job tickets? Have concerns been raised with the minister with regard to safety on the jobsite and, as well, safety with regard to the work that is accomplished by those persons?

MR. DIACHUK: Mr. Speaker, yes. I may advise the House that all investigations carried out by the occupational health and safety officers always look at the safety aspect, the training of the worker, the qualifications of the worker, and the way the worker carries out his work. That's as provided under the Occupational Health and Safety Act. We find very few workers that are untrained. Any that are, we raise that concern with the employer.

School Jurisdictions — Optimum Size

MR. ANDERSON: Mr. Speaker, my question to the Hon. Minister of Education is further to statements he made in this House on March 23, 1983, when he indicated that studies in other jurisdictions indicated that the optimum size of school jurisdictions might be around 20,000 students. In the two years that have transpired, has the minister's department been able to determine if that 20,000 figure is applicable to school jurisdictions in the province of Alberta?

MR. KING: Mr. Speaker, I'd have to say that since the question was first raised, the Department of Education has not done any studies to formally consider the implications of that question in Alberta. There has been no research done since, that I'm aware of, that contradicts the findings of the earlier research that a unit of about 20,000 students is optimum for educational delivery. There has been no one who has suggested that circumstances in Alberta are in any way so different from circumstances in other provinces as to lead to the suggestion that if the research were done in this province, we would come to a different conclusion. There has been no one who has suggested that if the

research were done in Alberta, we would come to any different conclusion. So not having done any research in this province, I have no reason to believe that the research conducted in any other jurisdiction would lead us to any different conclusion if we replicated it here.

MR. ANDERSON: Mr. Speaker, in light of the minister's answer, considering that the Calgary Board of Education now represents 81,000-plus students, will the minister now move to split, reorganize, or at least change the election system for trustees in that particular school jurisdiction in the province, so that parents might have a system that is sensitive and efficient to the optimum?

MR. KING: Mr. Speaker, it is just a little premature for the minister to stand and make that kind of commitment to the hon. member, because the hon. member is aware that we are in the midst of a review of the School Act right now. The kind of question he raises can legitimately be raised in the context of that review. The committee doing the review of the School Act may well come to a conclusion on this kind of question and may well recommend that there be a maximum size for school boards or, conversely, that there should be a minimum size for school boards. They may recommend that there should be a different system of election in large school jurisdictions as compared to small jurisdictions. But I would rather let those issues come to us through the process of reviewing the School Act rather than pre-empt the whole process by making some announcement here.

MR. ANDERSON: Inasmuch as the minister in his '83 responses to my question said that these questions will be among the first we will consider, can he at least guarantee that that issue will be dealt with in the School Act review and that a decision will be made for citizens in at least the Calgary area prior to the next civic election?

MR. KING: I misunderstood the thrust of the earlier question, Mr. Speaker. I can guarantee for the hon. member and his constituents that the kind of question he has raised here this afternoon will be borne in mind during the course of the review of the School Act. I can guarantee for him that in the draft of the new School Act that is presented, the questions such as he has described will be dealt with in one way or another.

MR. ANDERSON: Mr. Speaker, a final supplementary for clarification. Is the minister saying that there will in fact be a decision in time for that school board election during the next civic election process?

MR. KING: I'm sorry, Mr. Speaker. The hon. member is also a member of the same caucus of which I am a member. While I can guarantee that some things will be contained in draft legislation, I cannot guarantee when they will get through this Legislative Assembly.

Science and Technology Agreement

MR. PAPROSKI: Mr. Speaker, my question is directed to the Minister of Economic Development. It deals with recent press reports that the Alberta and the federal governments have signed a memorandum of understanding on science and technology. Would the minister confirm that this under-

standing has been signed, and if so, what are the details in this understanding?

MR. PLANCHE: Mr. Speaker, the memorandum of understanding was signed on Monday in Calgary with the government of Alberta and the Hon. Tom Siddon. Essentially it is an agreement to co-operate and prioritize federal government investment in that kind of activity within the province and to open the door for subagreements which we might think are appropriate for Alberta, over time where both parties could contribute to the cost.

MR. PAPROSKI: A supplementary, Mr. Speaker, to the minister. What are some of the implications of this understanding for Albertans?

MR. PLANCHE: Mr. Speaker, traditionally Alberta hasn't participated in the federal largesse in that area in anything like the same per capita way as other provinces, nor do we have a presence here of the National Research Council — the only province in the country without that. We think this is an ideal way to encourage the federal government to look at Alberta as an appropriate place to invest in capital costs for research and development. We think there are some things of mutual interest that need to be prioritized and co-ordinated. We think the federal government should not act in a province without consultation with the provincial government. We think the memorandum of understanding will clear all those things up.

MR. PAPROSKI: A supplementary to the minister. Is funding from the Canadian government implied in this understanding?

MR. PLANCHE: Mr. Speaker, as I understand the memorandum of understanding, subagreements will be negotiated from that memorandum and the budgetary consequences of those agreements will be discussed by both cabinets.

MR. PAPROSKI: A final supplementary, Mr. Speaker. Should Albertans be encouraged in the area of job creation from this understanding?

MR. SPEAKER: I would respectfully suggest that this very obvious invitation for propaganda might be dealt with otherwise.

MR. HYLAND: A supplementary to the minister, Mr. Speaker. Would this agreement make it easier for the organizations that are looking at the long-base array? Is this one step closer for those organizations?

MR. PLANCHE: Mr. Speaker, the consideration of a Canadian long-base array or other specific initiatives would fall within the parameters of subagreements under this memorandum of understanding.

MR. PAPROSKI: A supplementary, Mr. Speaker. The statement in the *Edmonton Journal* dated April 23 indicated that

Priority areas under the memorandum of understanding are agriculture, cold regions, energy, forestry, lasers, [et cetera] . . .

My question to the minister is: is this strictly in the area of research, or is it talking about developments, marketing products, et cetera, in these areas?

MR. PLANCHE: I don't know that I necessarily agree with all the comments that are in the *Journal*, Mr. Speaker. From time to time they miss things or fertilize things a little bit, so to speak. This would be primarily directed at capital costs for facilities that would fall under the general heading of research and development.

Colonel Belcher Hospital

MR. SHRAKE: Mr. Speaker, I have a question for the hon. Minister of Hospitals and Medical Care concerning the Colonel Belcher hospital. In 1980 the responsibility for the Colonel Belcher was transferred from the federal government to the provincial government. I understand we had some commitments concerning the veterans residing in the Colonel Belcher, and I've had some concerns expressed to me from the Royal Canadian Legion, zone 3, district 5. My question is: does the minister have any intention of allowing the veterans in the Colonel Belcher to be removed or transferred from the Colonel Belcher?

MR. RUSSELL: No, we certainly don't, Mr. Speaker. The terms of that agreement that was signed between the federal and provincial governments are very clear with respect to our responsibilities. Those will certainly be guaranteed and kept. There's a very significant hospital construction program under way in Calgary that does involve improvements and changes to the Colonel Belcher. Of course, our first objective is to maintain and enhance the interests of the veterans residing there. I think the hon. member can assure the members of the Canadian Legion that have been approaching him that things are going to get better for those veterans residing in the Colonel Belcher hospital.

MR. SHRAKE: A supplementary question, Mr. Speaker. Would our hon. minister be willing to fly down to Calgary and meet with the representatives of the Royal Canadian Legion and other groups interested in the Colonel Belcher, to perhaps clarify any misunderstandings?

MR. RUSSELL: Of course, Mr. Speaker. It's interesting that since the public announcement was made with respect to the transfer of jurisdiction of the Colonel Belcher hospital from one hospital board to another in Calgary, other groups have come forward expressing their interest in the future development and maintenance of programs there. I'm quite excited about the possibilities that are developing. It's our intention to get those interested parties together very shortly. So my hon. colleague could certainly bring his friends from the Legion. I'm sure they have a prime interest in what we will be discussing.

MR. LEE: A supplementary, Mr. Speaker. I don't want to tie the minister down. In view of the geography, that the hospital is located in Calgary Buffalo, could the minister indicate if community groups — churches in the neighbourhood, service clubs, and so on — involved in the downtown core will have an opportunity to participate in input to the minister on the changing role of this important hospital?

MR. RUSSELL: Certainly, Mr. Speaker.

MR. SPEAKER: The hon. Member for Clover Bar, and then the hon. Attorney General wishes to supplement some information previously sought.

Water Quality — Edmonton

DR. BUCK: Mr. Speaker, my question is to the Minister of the Environment. But before that, I'd like to say to the minister of health — he was so excited: where did he get that terrible tie?

MR. RUSSELL: Mr. Speaker, I have it on good authority that gentlemen who can afford it will all be wearing these within six months.

DR. BUCK: That's what you get when you buy Alberta Energy shares, Mr. Speaker.

Mr. Speaker, to the Minister of the Environment. I'd like to know if the minister has received a letter from the city of Edmonton asking the two levels of government to co-operate in an independent water study by an independent expert.

MR. BRADLEY: Yes, Mr. Speaker. I believe my office received on Monday a request from the mayor of the city of Edmonton with regard to possible participation of the Department of the Environment in a review of Edmonton's water quality by an independent expert. As I said, I received that on Monday. We're currently reviewing and considering this initiative by the mayor and will be responding to him probably next week.

DR. BUCK: Mr. Speaker, to the minister. In light of the fact that there seems to be a fair amount of concern by the residents of Edmonton and the people who use the water that's processed by the city of Edmonton, can the minister assure the Assembly and the people of this city and the province that all materials that are not covered by regulation at this time will be reviewed in this independent study?

MR. BRADLEY: Mr. Speaker, I can't give an assurance at this time as to what will take place with regard to the study. The department and I only received the request from the mayor on Monday. We're reviewing it in terms of whether we will be participating in it or not and of course reviewing what the terms of reference refer to.

I should advise the House, and I think I have on previous occasions, that on the federal level, between the provinces and the federal government, there is currently under way a review of the Canadian drinking water guidelines, which was initiated at the Council of Resource and Environment Ministers meeting in 1983. This is a very exhaustive review. It looks at a number of different substances which would be found in water: organics, et cetera. The results of that very intensive review will be coming forward in early 1987, I believe. One must realize that given the number of different substances which this committee will be reviewing and the level of information which is available with regard to health effects, this is a very extensive review and will require very detailed work and some time to complete.

DR. BUCK: Mr. Speaker, can the minister give the Assembly assurances that the study will be sufficiently wide-ranging so that when the results come out, there will be no doubt that the water has been entirely studied and is completely safe to drink? Can the minister give the Assembly that assurance?

MR. BRADLEY: Mr. Speaker, I cannot at this time respond to the hon. member. I believe he's talking with regard to

the city's request to do an independent study. In terms of the terms of reference, there are so many substances which are in the environment and the level of knowledge with regard to them. As to whether the definitive statement the hon. member is looking for can be given at this time, I'm not able to do that. I think I would relate to him the exhaustive process that's going on nationally in terms of all substances, in terms of the review of the Canadian drinking water guidelines. I think that review will come forward with some definitive information as to different substances and what guidelines would then be in place with regard to substances in water.

Whether the type of thing the hon. member is asking for is possible for the city of Edmonton in that study in terms of a similar review and looking at the time frame the national study is looking at, I'm not able to say at this time. What I have said to the House is that we are reviewing the city's request to us. We will be looking at the terms of reference and responding as to whether we will be participating in that particular review or not.

Lord's Day Act

(continued)

MR. CRAWFORD: Mr. Speaker, I just want to take the opportunity to thank the hon. Member for Edmonton Whitemud for proving something to me today that I should already have known; that is, when you're asked whether or not something has been considered, one should answer the question and not lapse into an informal legal opinion. I could have been right on the first account, and I was surely wrong on the second.

I think the record should show that it is very clear in the Charter that freedom of religion is one of the freedoms that could be opted out of by use of section 33.

Mr. Speaker, I'll now proceed to answer the question. That option was not considered.

MR. ALEXANDER: Mr. Speaker, if that's the case, may I be permitted a delayed supplementary, noting in the course of that that there are some advantages in being trained in the law which we ordinary citizens don't have. Since the Lord's Day Act was determined to contravene religious freedom and has been struck down, the ongoing provisions, whatever they may be, would appear to be intended to strike down whatever else might happen if someone determines that it's in pursuit of religion.

I guess my real question to the Attorney General is: would he consent to consider whether opting-out or notwithstanding provisions could be applied in the case of legislation proceeding from this House to ensure that some application of business regulations could be made effective and thus not be struck down because somebody thinks they violate their religious freedoms?

MR. CRAWFORD: Mr. Speaker, perhaps the hon. member and I — and I should say he is a constituent of mine — should have such a discussion so that we could explore all of those possibilities.

Sex Discrimination in Private Societies

MR. GURNETT: Mr. Speaker, my question is to the Attorney General, and it relates to an earlier offer he made to share some opinions with us as well. Last Friday when we were talking about the apparent contravention of a section

of the Judicature Act, the Attorney General said that he would be glad to have some opinion on it and provide it to hon. members so that "it might gain the necessary public exposure." Can the Attorney General now report to the Assembly with regard to that?

MR. CRAWFORD: Mr. Speaker, I hope I'm not particularly oversensitive today with respect to giving legal opinions, but I have to say to the hon. member that that information which I hoped to share with the Assembly has not been fully collected by the department as yet.

MR. GURNETT: A supplementary question, Mr. Speaker, to the Attorney General. At the same time, in responding to a question, the Attorney General indicated that he wasn't sure whether there were effective steps that could be taken pursuant to provincial legislation. In view of several sections in the Societies Act — section 28(2), which relates to societies incorporated by private Acts of the Legislature, and sections 11(3) and 7 — all of which indicate there is the option of the registrar either revoking or refusing to incorporate societies, my question to the Attorney General is whether he would consider requesting the Minister of Consumer and Corporate Affairs to direct the registrar of societies to specifically investigate the objects and bylaws of the three organizations I referred to last Friday, as well as the Petroleum Club, which is incorporated under a private Act of the Legislature, in light of section 40(d) of the Judicature Act.

MR. CRAWFORD: Mr. Speaker, I'm not prepared to give that undertaking at the present time.

MR. GURNETT: A supplementary question to the Attorney General, Mr. Speaker.

MR. SPEAKER: Might this be the final supplementary. We've run out of time.

MR. GURNETT: Why is he not prepared to give that assurance?

MR. CRAWFORD: Because I don't think the hon. member's proposal has been well enough considered.

ORDERS OF THE DAY

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

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS

(reversion)

MR. PAHL: Mr. Speaker, because my colleague the Member for Edmonton Gold Bar's duties took him outside the House earlier, I have the honour of introducing on his behalf 27 grades 5 and 6 students from what other than Gold Bar school. They are accompanied by their teachers Mr. Don Kauffman and Mrs. Cummins. They are seated in the members' gallery. I wonder if they would rise and receive the welcome of the Assembly.

head: COMMITTEE OF SUPPLY

[Mr. Purdy in the Chair]

MR. DEPUTY CHAIRMAN: The Committee of Supply will please come to order for consideration of estimates.

Treasury Department

MR. DEPUTY CHAIRMAN: Has the Provincial Treasurer any opening comments?

MR. HYNDMAN: Yes, Mr. Chairman. I'm pleased to present the estimates of the Treasury Department for 1985-86, a total sum slightly less than last year. I think it's appropriate that a few brief additional observations be made. Firstly, with regard to the economic situation and outlook and the key economic indicators which were stated in the budget of very close to a month ago, all those are still current. In fact, they may be somewhat cautious and conservative, bearing in mind the energy accord, which is clearly a generator of confidence in the Alberta economy. There is continuing evidence that that confidence is growing week by week. Certainly, in terms of the recovery, most sectors are on recovery track. That recovery is firming up and expanding. There are clear signs that as a province we're on the move again. I note that the most recent statistic in terms of those at work in the province, 463 of 1,000, is among the highest in Canada. Another interesting statistic, that of retail trade, was up 15 percent this January over retail trade in January of 1984 and continues to be, on a per person basis, the highest in the country.

With regard to the upcoming year as reflected in the estimates for the department, not only will the department be actively involved on a daily basis in implementing all aspects of the budget but there are a number of other areas in terms of services provided by the Treasury Department that should be noted. Firstly, the new manufacturing and processing tax reduction this year, as indicated in the budget, will be brought into effect and administered by the department. Of course, it will bring about and assist in diversification. It means jobs; it will help out 3,000 or more Alberta businesses.

Secondly, with regard to the Heritage Savings Trust Fund, I've commented on the very significant implications of the heritage fund income assisting the province this year in replacing in effect what would otherwise be a 7 percent sales tax in the province.

With regard to the farm fuel distribution allowance, that \$73 million which is provided to farmers on the basis of 7 cents per litre, we will be streamlining the farmers' declaration, and as recently noted in discussions in the question period, we will be facilitating the purchase of unleaded gasoline for and through those bulk dealers who determine that they wish to provide that for farmers where there is demand.

With regard to the Auditor General's report, which was tabled some three weeks ago, that is an important document. We will be carefully weighing the recommendations, as has been the case in past years. With regard to the operations of Treasury in revenue and expenditure, which relate to the collection, management, control, and reporting of expenditures, we will again be very carefully considering those recommendations to make what is a good system even better. In revenue collection, of course, the department is one of the trimmest in the country, not having to make

any collections for either sales tax or gasoline tax. So that enables us to keep that area of management very efficient.

The fiscal and economic trends are constantly analyzed during the year. I believe those analyses during the year will reflect the firming up of the recovery as we move into latter 1985 and 1986. Statistics is another responsibility of Treasury. Again, those will be crucial in reflecting and demonstrating evidence of what I believe will be the continuing recovery. In that connection I mention two documents which provide a balance to the statistics on the Alberta economic situation, entitled *Alberta Economic Indicators*. The first one was made public last November, the most recent one in February 1985, and there's been significant interest in and demand for those. They will be continued during the course of the year.

With regard to borrowings, as indicated in the budget, we'll keep those to a minimum, maintaining the less than 1 percent figure in terms of revenues required to service debt in this province. Investments and cash management, another important dimension of the department: there again, we'll continue to balance the maximizing of return on investments with prudent risk-taking in terms of the dollars that are involved. Insurance and risk management is another function of Treasury, and we'll continue those efficient activities.

No review of the department would be complete without mentioning a large branch of the department, the Treasury Branches. It's interesting to note that even today in 1985 they provide service to 60 communities where there is no other financial institution of any kind — no credit union, no trust company, no bank. That is one of their traditional activities. They now have over 500,000 depositors, so they will be continuing to keep modern whereas at the same time being sensitive in carrying out their traditional role.

The Municipal Financing Corporation is another responsibility. The benefits there in terms of the subsidy to municipalities will continue with something over \$120 million. As indicated in the budget speech, it is estimated that about \$425 million will be made available, using the province's borrowing capacity, to municipalities, schools, and hospitals during this coming year. That, of course, will have a large job component.

A number of the pension Acts for which the government is responsible in terms of guaranteeing or administering were put through the Assembly last year, and a number are on the Order Paper. If those are passed into law, the administration of those revised, updated, and modernized pension Acts, which provide greater information to pensioners and which provide for clarified powers of the board and greater access to appeal by those pensioners who wish to appeal decisions, will be an activity of the department.

In conclusion, I might mention that the white paper is a document in respect of which the Treasury Department will provide a backup and resource role over the coming year. Two of the major items discussed in the white paper have already been implemented: the manufacturing and processing reduction and, in the budget as well, the initiatives with respect to tourism. Others will be, during the course of the year, the subject of support and advice by Treasury.

In terms of personnel, I might mention that the arrangements with respect to the two new deputy provincial treasurers, the first since 1972, are working well. Mr. Al O'Brien is the deputy provincial treasurer with responsibilities in management and control and Mr. Alister McPherson has responsibilities in finance and revenue.

In conclusion, Mr. Chairman, I'd like to take this opportunity to thank my office staff and all members of the department for their continued assistance and considered advice. They're not only very patient in working with the idiosyncrasies of my management technique but as well, over the past two years, they have provided more information, delivered more services, and handled more files with fewer people in each of the last two years. That is efficiency; that is productivity.

I would welcome questions on any aspect of the estimates.

MR. ZIP: Mr. Chairman, I'm pleased to rise to speak on Committee of Supply estimates for Alberta Treasury. First of all, I wish to congratulate the hon. Provincial Treasurer on the way both he and members of his department have managed both the general revenues of this province and the heritage trust fund. I only wish that other governments in Canada would do as well and be as responsible as he is.

I realize the difficulties he works under in our present day society when we look at the real practical problems that are involved. First of all, the ability of our investors and ordinary citizens to save has been, in recent times, grievously impaired by governments across the world, by heavy taxation and policies of income transfer, which not only have left the movers and savers of our society with fewer savings but also have discouraged incentives on the part of these people to produce new wealth and savings in particular. Questions are being asked every day by hard-working, honest people: why work hard when the fruits of labour are going to be taxed away? Why save if the interest paid on savings is going to be removed through taxation? It is better to take a holiday and buy a Mercedes Benz and say to hell with the tax collector and have a good time. Why bother? This is exactly what has been happening, Mr. Chairman, in this province and in this country. This has been helped along by the appearance of plastic money and the huge expansion of credit in the country during the 1960s and 1970s. This situation has not improved.

Real interest rates paid to savers in this country after taxes are no better than they were during the Depression, when interest rates paid on deposits were around 2 percent. We have to sit down and take out our calculators to verify what I'm saying. Taking current term deposit rates of 8 percent, 3 percent has to be taken off for Canadian and Alberta income taxes — which, by the way, in Alberta are the lowest in Canada; in other provinces even more has to be taken off — 3.5 percent has to be taken off for inflation, and we are left with a real interest rate of only 1.5 percent, not much for the trouble, sacrifice, and pain of saving money. No wonder people are not saving money and interest rates are high.

Turning our attention to the problem created by the demand for money, I know by the statements the Provincial Treasurer has made many a time that continuing government spending, the growing deficit and debts of the federal government and its Crown companies, and the growing deficits and debts of other provincial governments in Canada and their Crown companies, plus the growing debts of municipal governments across the land, are increasing the demand for money and putting more pressure on our interest rates. Looking around the world, communist countries are not reducing their debts to the capitalist money markets, neither are the Third World countries, neither are the free-enterprise countries of the world. It is largely action on the part of what is left of the private sector in the world and its formidable lessening of demand for money that has

reduced the aggregate demand for capital since 1981 and hence brought down interest rates. That has been the real factor in the easing of financial pressures due to huge demands for money. Only better management on the part of governments, starting here in Canada, and a serious move on their part following the example of the government of Alberta will lessen demand for money and reduce interest rates for the betterment of all of us.

I fully agree with what you are doing, hon. Treasurer. The only question I have is: what co-operation are you getting from our federal counterparts in getting the latest information on what money trends are in the money markets, what the spending habits are? You mentioned the January consumer spending. How quickly and how fully do they pass that information on to us so that you yourself can make judgments? You have to make very, very serious judgments on where you're going to invest, how you're going to respond, not only to the management of the heritage trust fund but also to the management of the General Revenue Fund.

The other question I would like to ask is: in the collection of taxes, particularly our Alberta portion of the income tax, just how good is the co-operation and how complete is the collection of revenues?

Outside of that, I personally am and always have been extremely satisfied with your management of this department. I can speak with confidence that I'm speaking on behalf of most of my constituents. Thank you, Mr. Chairman.

MR. MARTIN: Mr. Chairman, it may not surprise the Treasurer if I'm not quite as complimentary as the previous speaker. I have a number of areas I want to go over. But for simplicity's sake I'll go into one area and then come back, because it gets a little disjointed otherwise.

The Treasurer made a preamble, in his usual way, talking about the recovery. I've seen him on television many times. I've seen him speaking to different groups, heard that everything is going along swimmingly well in Alberta. We're in the recovery stage, and if we all just think positively, things will be fine. Mr. Chairman, I said this before in the budget speech. I don't think that is the reality of a great many Albertans. As I said before, you have to recognize that there is a problem before you can do anything about it.

Agreed, the energy sector shows some encouragement, but that's very fragile, as the minister of energy is aware. I understand that behind closed doors even the Premier admitted that, depending on what happens on the world price. Talking to oil people yesterday at a function we were both at, some of the government's own friends indicated to me that it's very fragile. But the fact remains that even the Treasurer admits that if things increase 1 or 2 percent, and I've used this term — economists like terms. They now call it growth recession. The fact is that with that type of increase, 1 or 2 percent, unemployment will go up. I think the Treasurer even admitted in his budget that it may go up.

I guess the question we have to ask when we talk about a recovery is: who and what is the recovery about? Who is it for? I think that's the question Albertans are asking; at least they're asking me. When they look around at their reality, unemployment is higher than it's ever been. Thousands and thousands of people are officially out of work. We don't know what the hidden unemployed is. We have dandelions sprouting up all over the province. That's reality: everybody knows somebody who is still unemployed. I dare

say that even the Treasurer does. It has come from all walks of life. That's the reality.

It's hard for people to feel confident. I know the buzzwords of the Treasurer — we feel confident. But when you're unemployed you can't just change your perspective and think positively, because that's your reality. That's the fact of it. I don't need to go into, as I have many times, the psychological and social aspects of unemployment. But I also talk to people. I talk to small-business people in my area. They don't feel confident. They're having difficulty hanging on, and many of them have gone in that area down 118th Avenue. They're bankrupt.

The reality is that we've just found that home foreclosures are higher than they've ever been — 65 percent higher than they were in the equivalent period last year. We also talked to farmers, and we've mentioned this many times: farm income down significantly every year, to where Unifarm is talking about comparing it to the Depression.

Mr. Chairman, I think those are the realities that thousands and thousands of Albertans are facing. I say that not, as the Treasurer might say, to be negative and not to think properly and all the rest of it, but I say it as my job here as the opposition to bring this home time and time again to the Treasurer.

It seems to us that there are things we could do. I've mentioned it before, but I'll just go into specific areas in the Treasurer's area. He talked about the Treasury Branches. If I may, I might give some compliment to the Treasury Branches. What I am told is that, as usual, the banks centred in eastern Canada are leaving us. They've left a lot of business people and a lot of farmers high and dry. I had this even last night again at this same function. Many people said to me that they've moved over to the Treasury Branches because they seemed to at least understand the Alberta economy and Albertans' needs. So I think they have adapted much better than the other banks to our new situation, if I can put it that way.

I say in all honesty that I've never understood this. I've never been given a good reason why we cannot have low-interest loans in Alberta. The Premier, correctly so, has gone to the First Ministers' Conference and talked about a made-in-Canada interest rate. Mr. Chairman, we have agreed with him on that. But the reality is that if they're unprepared to take on Mr. Bouey, then is there not something we can do at this level? I say to the Treasurer, through you, Mr. Chairman, that if there is any province at all that could do something about it, because of our having a heritage trust fund and having been fortunate to have a resource that was in short supply during the '70s, it is this province.

It has never made any sense to me that we can give low-interest, fixed loans outside the country and can't somehow do that within our own boundaries here in Alberta, to help Albertans help themselves become successful. I'm not talking about low-interest, fixed loans for Winnebagos and trips to Hawaii and Mercedes and all the other things people are talking about. I'm talking about three specific areas: low-interest loans in terms of some mortgages, low-interest loans for small business, and low-interest, fixed loans for farmers. Quite frankly, I say that those things taken seriously out of the trust fund would do a lot to stimulate the economy and put people back to work. In other words, it would help Albertans help themselves become successful. I say that this could be done. I've never understood why not. It's not giving it away. It's money coming back to the trust fund. For the life of me, I've still not understood. I've asked the questions many times, and I

suppose I'll get the same answers. It seems to me that this is something that could be done.

We talk about government bureaucracies. I might remind this government that they've had a huge bureaucracy here. But the point we make is that rather than ADC and AOC and all the other government bureaucracies, we have our own Treasury Branch and our own banks in this system. I hope, and I understand that it is the case, these are the people who know how to lend money, what to look for. They know the local communities much better than a bureaucrat sitting in Edmonton. We could save millions of dollars there and put that money straight through into those Treasury Branches — credit unions if they want to involve themselves, banks if they do, but I doubt if they will. It seems to me that this makes good common sense. If we want to stimulate the economy, we have the vehicle to do it. All it takes, frankly, is the will to do it. I strongly suggest that that would go some way in helping Albertans.

Admittedly, we should still be fighting for a made-in-Canada interest rate. I'll support the government on that, because it makes sense to me. But at the same time, it's not good enough to just whine about the federal government. We have to take responsibility to help Albertans help themselves become successful.

The other area I would like to return to has to do with the economy. We'll get into other things. Frankly, it has to do with the budget, Mr. Chairman. On March 26, 1985, we in the House noted that somehow, mysteriously, the 1984-85 estimation of a \$233 million deficit had miraculously turned into a \$613 million surplus. Now, that represents a 9 percent margin of error. At the time I said I hoped the Treasurer is a little better with his own personal books than he is with ours in his estimation. In response the minister stated:

There's always going to be some margin of error.

... we hope we will continue to be in that reasonable range of differences every year.

I guess "reasonable range" is in the eye of the beholder, because I don't think that's very reasonable. What I'm asking is: given that 1 percent in terms of a revenue situation means \$100 million, can the minister confirm that he believes 9 percent is a reasonable rate of differences every year? It seems to me that is a lot of money to be reasonable about.

The more important thing, and I raised it today, is that we were told we were going to have a deficit, that times were tight. That was the justification, and we in the opposition fought against it. We thought it was wrong because it would take purchasing power away at the time we needed it to stimulate the economy. I note, and the Treasurer will agree, that we didn't have those deficits. So the reason for having the income tax is no longer there. It seems to me that the only fair thing, because there was that slight miscalculation, would be to roll back the income tax to where it was previously, if we no longer need it. At least the reason given, the deficit, is no longer there. I ask that he do that.

I ask a specific question: has the Treasurer asked his officials to give him any estimate of the effect on real consumer demand of a rollback in the personal tax increase? And following from that, would there be a reduction in unemployment? How much? I say that to the Treasurer. I remember all four of us in the opposition here fought it because we thought it was wrong. Now we know it was totally wrong, because when we look at the estimations we have a surplus. So in terms of stimulating the economy

and just in terms of fairness to Albertans, I think that should be rolled back because the reason is no longer there.

Mr. Chairman, there are a number of other areas I want to follow up with the Treasurer, but as I said, it can get a little disjointed. I'll give him those few comments and await his reaction and then go into some other areas in his department.

MR. DEPUTY CHAIRMAN: The hon. Member for Edmonton Belmont. The hon. member has to be in his place.

MR. SZWENDER: Mr. Chairman, I want to make a few brief comments to the Treasurer. Some of the comments I intended to make have been addressed by previous speakers, so I will be brief. I'd like to begin by congratulating the Treasurer for leading the ship of state in such a capable way. I know he has the confidence of all members of the government in his duties as Treasurer and that he is steering the ship on a steady course — a course which I think will leave Alberta in a very steady position to resume its economic growth that was enjoyed so much in the past.

I was listening to a newscast this morning by a very notable economist from the Edmonton area, Mr. Hu Harries. Of course, we know the predictions of economists are seldom very accurate. Quite often the weatherman is much more accurate than economists. But I would just like to recall for the Treasurer what was said, and maybe the Treasurer could comment on those forecasts. Mr. Harries indicated that Alberta's economy is on the move. We know that. It's good to hear it from sources other than this Legislature for those doubting Thomases who fail to understand that and would like to hear it from other sources. Mr. Harries indicated that by 1986 Alberta's economic activity could be at the same level as it was in 1981. As well, Mr. Harries indicated that by 1987 Alberta could surpass Ontario's economic growth. I wonder if the Treasurer could comment on those two very, very positive forecasts, taking into consideration the caveats of forecasts, of course.

I want to make a brief comment on expenses that have been incurred. Certainly, we have all had the estimates of the various government expenses that have been incurred. I've gone over them reasonably well, and to my estimation they total something like a million dollars for entertainment. I know that last year in this Assembly we had a number of questions raised about the million-dollar doctor. Well, if there are doctors billing Alberta health care to the tune of close to \$1 million, I hardly think a million-dollar entertainment expense tab for this whole government for twelve months is excessive. I'm actually quite surprised that it wasn't much higher, considering how dependent we in this province are on trade with other parts of the world and the number of trade delegations that come into our province.

However, I would like to pose a challenge to the Treasurer: could he possibly tabulate how much money we would save if, on arrival at our international airports in Edmonton or Calgary, our out-of-province or out-of-country guests were issued tents or maybe cans of Spam? Maybe the minister could tabulate how much money we would save by hosting our guests in that way, and maybe that would in some way appease the opposition members who are so concerned about these types of expenses.

Just a final note. I would like to make reference to the Heritage Savings Trust Fund. If there's any one area that I would like to say makes me proud as an Albertan and a member of this Assembly, it's the record of our government

with the establishment and maintenance of the Heritage Savings Trust Fund. I strongly urge the minister, and I'm sure I don't have to, that we maintain the course we have in terms of the revenues that flow into the Heritage Savings Trust Fund and the use of the revenues for the various numerous projects and programs this government has in place. It's just magnificent how well the Heritage Savings Trust Fund serves Albertans.

I think we still have a communication battle to some degree in terms of letting Albertans know where the revenues for the Heritage Savings Trust Fund come from. I believe the minister of communications — that's probably not the correct title — issued a whole series of 12 pamphlets that were to inform Albertans on the various programs that the Heritage Savings Trust Fund helps fund in part or in whole, and that's important. I think we have to continue spreading that message to Albertans so they realize the extreme benefits of the trust fund.

Thank you, Mr. Chairman.

MR. GURNETT: Mr. Chairman, I'd just like to make a few comments to the minister. They relate specifically to the budget we have before us and the relationship it has to the situation for people involved in agriculture, particularly those in small- and medium-sized farming operations as opposed to agribusinesses that operate on a very large corporate kind of scale. It's a comment I've made before in connection with the budget. I do have a real concern about the fact that the Treasurer's comments, when he refers to agriculture, indicate that it has very important priority with him and with this government and that the government is very concerned to provide the kind of assistance that will assure us farm families are in healthy economic straits again. We've heard many statements to that line dating back to the Budget Address and in the days since then. Again, I'm concerned that we don't see practical actions being taken in the budget and the places where the government is going to make financial commitments that will let that happen. The actions don't necessarily follow through with the priority that's indicated.

Maybe we've all forgotten about that famous statement in the Budget Address that talked about the fact that if we had better weather, and we were promised a return to more normal weather conditions, that would strengthen farmers' balance sheets in the year ahead. Since then I've noticed in a number of farm publications that the long-term forecasts for the summer indicate some situations that have a remarkable echo towards situations farmers had to deal with last year. Areas with considerably below normal precipitation are being forecast. Certainly, if that kind of situation develops, it will differ significantly from what the budget promised us and should create some continuing difficult situations for farm families in this province.

I'd like to specifically ask the Treasurer about the whole issue of the farm fuel distribution allowance. It was very good to hear that those people who have new pickups that operate on lead-free gas can look forward to enjoying some assistance with the cost of that gasoline. Unfortunately, given the economic situation for farmers in this province, I'm afraid there will not be a rapidly growing number of people in positions to buy new pickups that operate on lead-free gasoline. In my area most people are working hard to try to keep some fairly antique machines with pretty high mileages on the road, rather than shopping for new machines that may in fact be more efficient.

While that's a welcome gesture for those people who will be able to take advantage of it, I still have a serious concern about what's happened with that allowance. It's one of those few places where there is something really happening that provides some assistance on input costs. Anybody that's farming or has people farming in their family is well aware that input costs are such a devastating weight that farmers have to bear. This program certainly provides some relief with the problem of input costs. But when we review the statistics, and I've shared this with the Treasurer before, we see that while 10 years ago that allowance meant that the farmer buying and using purple gasoline was paying about two-thirds of the pump price for that gasoline — that's provincially averaged, using a number of locations — today they're paying about 76 percent as an average cost. So while they're obviously still paying less, the proportionate benefit they're enjoying from that allowance has declined and the increases in gasoline costs have exceeded the increase in the size of the allowance.

I still think the money that's now dedicated to that rebate should be increased and that we should attempt to have a return to the proportionate balance we had as far as farm fuel costs were, perhaps, 10 years ago. I'm also concerned that the allowance is standardized provincially. We know that in some things the province is able to make sure that costs are balanced, that somebody who lives where transportation costs would normally increase prices doesn't have to pay that penalty — for example, through the Alberta Liquor Control Board. But with fuel, in fact, there isn't any protection built into this program. It means that people farther away from the distribution centres like Edmonton are paying proportionately even more. In my area in the northwest part of the province, people taking advantage of the distribution allowance for farm fuel are paying more than 85 percent of the pump price for regular orange gasoline. I have an ongoing concern that if we really want to support agriculture, this is one area where we could make sure that the real benefit is brought back to the proportionate kind of benefit provided some time ago.

I also wonder whether the Provincial Treasurer, in preparing the budget for this year, reviewed an increase in the amount of the rebate that goes to farmers as a result of the primary agriculture producers natural gas rebate program. Every one of these small programs that makes some impact on high input costs provides some benefit to the person that's trying to farm. Unless we see, as a result of the energy understanding or something, that there will be arriving very shortly a significant decline in fuel costs from the dealers at the commercial level, I think we need to seriously look at this kind of assistance. Perhaps the department, which is able to be as compact as it is because of some of the other savings from not having sales tax and other welcome things like that, could use some of the room available there to look at improvements in programs in these kinds of areas.

I'm also concerned that the budget the Treasurer brought down doesn't seem to build any attention into the whole area of looking at equity investment on the part of the government. We've seen the province continue to depend very heavily on tax holidays and subsidies of various sorts to corporations. But I think a much more exciting and positive area where the government could in fact encourage the economy comes in this area of equity investment.

Right now in my area a lot of producers are very nervous about their future as canola growers because of what's happening with a rapeseed processing plant north of

Grande Prairie in Sexsmith. This was something where a lot of people suggested there was room for the government to be involved as an equity partner. The plant needed equity investment. I think there are a lot of valuable projects around the province that could benefit from a provincial decision to be involved in a positive way in the economy — not propping up, not giving handouts, not giving free lunches, all of which are either band-aid emergency kind of things or things that benefit those who don't necessarily need the benefit.

Equity investment in Alberta corporations through the Treasury of this province is something that could, in a very positive way, let some small- and medium-sized Alberta companies prosper, expand, and have a much better chance of knowing economic security when times are difficult. It would in fact benefit the Treasury of this province in the long run, because as those companies survived and began to make money, the province would be earning money from their investment. In that sense it's somewhat like the program my colleague talked about just a few minutes ago, to make low-cost, fixed loans available to small businesses, homeowners, and farmers in this province — programs that don't cost the province money, that don't see a decline in our revenues, but instead use the Provincial Treasury as a way to benefit people in the province and at the same time give the province a return and a chance to make some money from that.

I'm interested in the Treasurer's comments on the role of farm organizations, groups like Unifarm, in decisions made in preparing a budget like this. How much consultation takes place? How much input do farm organizations have in the kinds of decisions that are made to expand or not expand a program like the farm fuel allowance? Or are those decisions made internally in the minister's department?

In his budget address the Provincial Treasurer talked about the need for federal leadership in implementing a national tripartite red meat stabilization program and the benefit that would have to the province's red meat industry. In the decisions to use provincial funds in the budget this year, I wonder whether the Treasurer undertook any kind of careful review of the merits of major increases for red meat production and processing subsidies in the province. We've been hearing, particularly in recent days, about the serious problems pork producers in the province are facing right now. I wonder whether there was any careful consideration of the merits of subsidies for both producers and processors in the province so that we could get other provinces back to the bargaining table. We heard the Minister of Agriculture tell us this week that he sent a telex to the federal Minister of Agriculture asking for such a meeting, but I wonder whether we've looked at really using the resources of this province in a strong and supportive way to make some progress and put some muscle into the need for this kind of situation.

Those are just some of the areas that relate particularly to agriculture where the Treasurer could have looked at making creative use of the resources of this province and supporting a sector of the economy that is really very important — that so often seems to be acknowledged in words, as I said at the beginning, but we don't see the follow-through when we come to look at what's going to be done with the funds in the Treasury of this province. I would certainly appreciate the Treasurer's comments on that.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Would the minister like to respond?

MR. HYNDMAN: Thanks, Mr. Chairman. First, I appreciate the remarks of all the hon. members. With respect to the initial comments of the Member for Calgary Mountain View, he is certainly correct in noting that the problem with respect to government deficits in other jurisdictions is one that continues. The less than 1 percent of revenues of the province of Alberta spent this year on servicing debt will probably be unique in Canada. With respect to taxes, which he mentioned as well, with six provincial budgets having now been given, the Alberta budget is the only one which has no increase in any taxes. That assists not only agriculture and business but the entire confidence factor. The other five governments all have tax increases in their recent budgets.

He asked whether or not there is co-operation with the federal government with respect to information on such statistical matters as retail spending. I can confirm that there is. The relationship between Statistics Canada and our own statistics group is a close one, and the information from Statistics Canada is provided to Alberta as quickly as to other provinces. Information on the money markets, though, comes through the quite sophisticated resources and people in the department of Treasury who are constantly monitoring and keeping an eye on all aspects of finance from the point of view of making those important policy decisions on investment and cash management.

With regard to the co-operation of the federal government on the collection of personal income tax, which the federal government does for us, that has worked well. We've had some concerns, as have other provinces, with the differences from time to time in the estimated amounts of taxes which we can expect to receive, and we hope to improve that. Certainly, liaison with respect to the corporate income tax system and our parallel approaches with the federal corporate income tax system work well.

With regard to comments and questions of the Leader of the Opposition, I think we probably have to go back to page 6 of the budget speech, where there is a listing of the fundamental and basic strengths of this province in terms of the number of people working per thousand, the retail sales, and the per capita construction figures — remarkably, the highest in Canada. There's no question that while most sectors are in the recovery, I noted in the budget and it's certainly a fact that not all sectors are moving into that recovery phase as quickly as some.

Certainly, all of us are, and continue to be, very deeply concerned about those who are unable to find employment. There is absorption carrying on in those areas where there was overbuilding. But week by week and month by month the evidence continues to come forward, even in areas such as commercial and high rise real estate, that in Alberta we are getting back to the stage of momentum where the overbuilding effects are being absorbed. I believe we'll see a true recovery broadening and expanding through '85 and '86.

Because the hon. leader talked about bankruptcies, I might mention that, yes, there are still some bankruptcies. But I note that incorporations of new companies are running at about four times the number of bankruptcies in the province — in other words, those people who say, "Let's incorporate a company, see if we can get something done, and start a small business." Some of those would not be active businesses, but a large number are. There are four times as many incorporations of new companies as there are bankruptcies, which I think reflects confidence. I believe we'll work through those latter problems during '85 and '86.

With regard to the discussion on Treasury Branches, we had this debate yesterday. I think it's very important to

realize that no province can be an island with respect to interest rates. Under the Constitution, the matter of interest rates is under the jurisdiction of the federal government, and indeed money is a world commodity in terms of supply and demand. I am also concerned in noting that the hon. leader is suggesting that there be greater availability of debt for Albertans, to encourage, in effect, more Albertans to borrow more money. That has been part of the problem, though. I think Albertans realize that in the last years leading up to the economic downturn of 1982, there was too much debt out there, and initiatives with respect to equity are what are needed.

It's simply not practical, and there would be an end to business confidence in the development of Alberta if, for example, the Treasury Branches were to loan money at half the rate available to everybody else. Let's say that money was available in the market generally at 12 percent and the Treasury Branches were to make money available at 6 percent. What would happen, because there is probably in the range of \$45 billion loaned by financial institutions to Alberta individuals and companies during the year, is that no one would borrow any money from any of the other institutions. The credit unions would have no customers. None of the banks would have customers, because everyone would say, "I'm going to get my 6 percent money from the Treasury Branch."

There's nowhere near that amount of money, over \$40 billion, available from the Treasury Branches. Remember that those Treasury Branch moneys come not from the government but from depositors, from 500,000 depositors to about 100,000 borrowers. So you would have the end of the existence of the other financial institutions in the province — credit unions, small banks, large banks — because they'd have no business. They'd have no deposits. Therefore, from the point of view of the rest of the country and the world, you would have a complete lack of confidence in what Albertans are trying to do. As well, we'd probably have interest rates and inflation going up.

The heritage fund, at a figure of \$11 billion — of course, that's not liquid funds — is only a quarter of what Albertans borrow in any one given year. So it's impossible to isolate and insulate ourselves from the realities of the money market. Certainly programs like the Heritage Savings Trust Fund farm interest shielding program, business shielding program, and mortgage shielding program are possible. They were implemented and they were put into effect. But as we debated yesterday at some length in the House, the suggestion of the hon. member is simply not feasible.

With regard to the deficit in 1984-85, I think I would correct the hon. member's arithmetic in the sense that in terms of error the resulting numbers were in the range of 4 to 5 percent. In other words, the resulting number difference in terms of the surplus to deficit came about as a result of forecasting which was in error by about 4.5 to 5 percent on revenue and 4.5 to 5 percent on expenditure. If you put the two of them together, happening at the same time, you get a larger change.

Noting the suggestion that there should be a rollback of income tax, I think that's inappropriate. Of course, in Alberta we still have the lowest personal income tax in Canada. It's more than 22 percent lower than income tax in the province of Manitoba. That's considerably more in the province of Manitoba than here. So as long as we can assure Albertans and investors that they will have the lowest personal income tax in Canada, which they continue to have, and bearing in mind the fact that, as the hon. member

mentioned, there is still some fragility in the world oil price, it would be imprudent, I think, to make a change in that personal income tax.

Another question was raised by the hon. member with regard to the impact of a tax decrease on consumer demand. Certainly, there would always be some movement in that area, but the real evidence that there would not be any significant movement is what happened with respect to retail trade in Alberta after the income tax increase. Although there were dire predictions of what would happen, month after month following that increase Albertans still had the highest per capita retail sales in the country.

The Member for Edmonton Belmont made a number of useful points. I agree with his information to the effect that the Alberta economy could well surpass that, in terms of real growth rates in 1986, '87, and '88, and could well surpass most of the other provinces, including Ontario. Certainly, with regard to the basic strengths the province has — the fact that it is now very trim and lean in the private and public sectors, that our budget is credible, that investors are gaining confidence, and that real estate prices have reached some realistic level — there is every indication we will be poised for steady, measured, and very evident growth over the next three, four, or five years, probably at a rate higher than many other provinces, if not the average of the country.

With regard to the Heritage Savings Trust Fund communication issue, I think the Member for Edmonton Belmont is correct that that is an area where we could improve. I think the moves made in previous years to make it clear to typical Albertans as to what is happening with their heritage fund, where the moneys are coming from and where they're being invested, were good ones. The pamphlets which have been made available recently, detailing the activity and investments of the heritage fund, are another good step, but I think more is needed. I'd welcome ideas from all members as to how the heritage fund and what is happening to it could be better explained in everyday, garden-variety terms to typical Albertans. Certainly, it continues to receive wide support with respect to the fund itself, its savings goal, and the use of all the income to assist in operating the province about a sixth of the entire year.

Other comments were made by the Member for Spirit River-Fairview. I agree with him that agriculture must remain a priority. In an objective review, I think the initiatives taken by the government with respect to trying to assist with input costs have not been matched across the country. Certainly, the recent fertilizer support initiative is unique, yet for many years in productivity that has been supported and there is no question that Alberta farmers are the most productive in the world.

With respect to the cost of credit, the programs announced over the course of the last 10 months by my colleague the Minister of Agriculture make it very clear that that has been made available at preferred rates for farmers. Of course, the farm fuel distribution allowance is unique in the country. Other provinces have a gasoline tax. We start with no gasoline tax and in addition rebate some \$73 million.

The area of markets, though, is a crucially important one. We can produce a wide range of agricultural products, but it's fundamentally important that there be markets overseas to which we can sell. Of course, a number of entities, both in the Common Market and other parts of Canada, have proceeded to artificially subsidize their products such that we're unable to compete. Indication of the policies in that regard has been given by the Minister of Agriculture.

The member argued that there should be an increase in these benefits. Again, that \$73 million subsidy and support for farmers is the highest in the country. All these programs, including the primary producers natural gas program, have to be looked at on the basis of how far in debt, how much borrowing the province wants to do, and how much income tax should be increased to provide these other new programs.

Certainly, we listen to and have very important input from farm organizations during the course of the year, as well as from all MLAs in the Assembly, and from letters. But in the final analysis, in preparing a budget for a province, consideration is given to suggestions that require tens of millions of dollars in new programs, but they have to be balanced with the realities of expenditure and maintaining the fiscal integrity of the province. We continue to welcome that advice.

With regard to the final point, the red meat stabilization program, the Minister of Agriculture has spoken on the government's urging the federal government to move in that area and on the initiatives which have been taken. That is an item we will watch during the course of the year, and if something develops where it is appropriate to respond as we've done in the past, we will again respond in other ways to continue to give that top priority to agriculture.

DR. BUCK: Mr. Chairman, to the members of the committee and the Provincial Treasurer. It always blows my mind how the Treasurer can stand there and tell us how great these things are. Either he never leaves his office or he closes his ears to what he's hearing if he goes and talks to the small-business people. First of all, I believe the Leader of the Opposition made the point: we saw that the provincial Treasury did not really need that \$200 million from the 13 percent income tax. How the government had the audacity to levy that tax — the economy is starting to make a recovery, and then we lay on this 13 percent tax. It especially hurts that small-business man who is trying to get some money back into his operation, who is trying to keep people employed. If we needed it, Albertans could understand that. But we didn't need the \$200 million.

Surely the members of the all-powerful caucus, after they found that the Provincial Treasurer was going to do this, must have risen in righteous indignation to say, "Why are we doing this to our constituents, our people?" That, to me, was one of the most unjustifiable taxes I've ever seen levied in this province. The reason you levy taxes is that you need the revenue to provide the services. That revenue was not needed. To this day I cannot understand why the government very sneakily brought that tax in. They said they were not going to bring it in, but at the stroke of midnight they brought it in.

Mr. Chairman, last year I mentioned in this Assembly that people in my constituency just down the Wye Road, spontaneously, without my prompting them to do it — you know, sometimes politicians have been known to do these types of things. I delivered this petition in this Assembly. It was a spontaneous demonstration of the unpopularity of that tax. It begged the government to reconsider.

The small-business sector needs as much money left in its pockets as it can have, because if we talk about the small-business sector being the driving force behind getting the economy going, we had better try to encourage that small-business sector. The point is constantly made about farming in crisis. I believe the agricultural economy in this province is in as bad shape as it was in the 1930s. Relatively speaking, I think it could be even worse than it was in

the '30s, because you didn't have to have such a high inventory of equipment to farm at that time as you do now. You didn't have to buy those volumes of fuels and fertilizers and sprays, and on and on it goes.

Mr. Chairman, this government is going to have to quit hiding its head in the sand, and the Provincial Treasurer is going to have to tell us exactly the way it is. I hope the economy is turning around. I see signs of the economy turning around, Mr. Treasurer, and I'm encouraged by that. But I'm not sure if the government made it happen or it was just a natural occurrence because Albertans retrenched. They cut their inventories down; they cut their costs down. Most businesses can do that to a certain extent, but I'm afraid the agricultural sector has squeezed as much as they can squeeze. All of us in this Assembly have to address that very, very serious problem of what to do about the agricultural sector.

As I mentioned before, when I went on Good Friday from Fort Saskatchewan to Elk Point, through some of those small agricultural communities — when agriculture dies, half of Alberta will die with it. We've got to realize that it's that serious, because those small communities are almost entirely dependent upon the agricultural sector. I don't envy the Minister of Agriculture's job, and I know this caucus is no different from our caucus when we were in government. I say it probably hasn't changed. Sixty percent of caucus time is probably still spent on trying to solve the problems in agriculture. It's a tough, tough chore, but it's a crisis situation, Mr. Chairman, and something has got to be done.

I'm not trying to belabour the minister, but I want him to be a little bit more realistic than he's been. I know it's fine to be upbeat. I believe most of us are upbeat, and we want to give the government the benefit of the doubt. But it's just about time the Provincial Treasurer called it the way the rest of us see it and got out to the people who are struggling in the small businesses and the farming community. If the minister would just do that, then I would feel he's being responsive and understanding of what's really going on in Alberta, Mr. Chairman.

MR. MARTIN: Mr. Chairman, I'll continue this stimulating debate. I always appreciate the Treasurer. I can't see it from over here, but he must have those rose-coloured tints in his glasses. His glasses seem to indicate that he sees what he wants to see and picks certain figures.

I want to come back to some things and then move into a new area. They say that capital construction is high. Depending on their population, all provinces spend money on capital projects, but the reality is that we still have to look at what the unemployment is in the province. That's the reality, and to say that we're spending all this money — I question a lot of things we spend it on; I think there are more needed things. What is the unemployment? It's higher than it's been since the '30s. I think we have to look at that. To talk about participation rates and all the rest of it doesn't mean a hoot to people. They don't care about that sort of rhetoric. What they look at is if they're unemployed or if they know somebody who is unemployed. That's their reality, and they don't care about participation rates and all the other selective figures the government gets to tell people they're doing well. Their reality is their own situation. As the Member for Clover Bar just talked about, the situation in small business, farms, and the unemployed is not the reality that the Treasurer talks about.

I might point out the other area, too. It's the rate of unemployment specifically among young people. There are people in the official unemployed, but the minister is well aware that many younger people aren't even registering at manpower. Frankly, at this stage the only way you can be part of the official unemployed is if you register. There is a whole group of people called the hidden unemployed who have never worked at all. That's a very dangerous phenomenon, Mr. Treasurer. If you take young people out of the market for three or four years and reject them enough, especially when they're learning attitudes, you're going to have problems, as they are developing in Great Britain right now.

Surely I did not say that we want to increase debt. Surely the Treasurer is not saying that by having low-interest loans that is going to increase debt. People are already in debt because of the high interest rates. What we're suggesting is to give them an alternative for fixed, low-interest loans that would in fact lower their debts and stimulate the economy. Any person knows that farmers and small-business people have a cash flow problem. They're always into some financial institution to one degree or another. I hope I didn't hear the Treasurer saying that if we had lower interest rates, there would be more debt. If you take that and follow that logic, what the Premier has been saying about a made-in-Canada interest rate is that he is encouraging Canadians to go into debt. So it can't be one way or the other, and I think the Treasurer knows that he was way off base on that one.

The other point I make is that I recognize that you can't solve everything in one province. I suggested that we continue trying to fight for a made-in-Canada interest rate. I think I made that clear. But the point is: do we just sit there if we can't get anything done and say nothing can be done? The point is that in this province there are some, albeit limited, things we can do. We were fortunate that we had gas and oil at the time there was a boom. The government took all the credit for that as if they put it there. Now they have to take some of the responsibility for what happens after, Mr. Chairman.

The point I'm making is that some money out of the trust fund, through the Treasury Branches, credit unions, and other financial institutions — if they want to be involved, but we can't control that; that's up to them — would stimulate the economy. It's been done before. We can argue about the banks and say they'll take away credit and all the rest of it. They've pulled those games before. Why should we be worried about them? Businesspeople are telling me right now that they're not getting a fair shake from those banks centred in eastern Canada, that they've pulled away from Alberta. Many of our people are going to the Treasury Branches — some very high-powered businesspeople, I might add. So I just don't understand that sort of rhetoric.

Mr. Chairman, whenever we get in difficulty we always compare Alberta to other provinces. The fact remains that other provinces do not have the resources. If we want to talk about income tax, the fact is that it doesn't matter if you have the lowest — it's just slightly lower. You could lower it still more to help your own people. Surely that's the relevant argument, rather than finding out what's happening in the rest of Canada. The rest of Canada did not have oil and gas during the boom times. They did not have the natural advantages we had. So it's a bogus argument. If rolling back the income tax would help stimulate the economy and help Albertans, surely that's the argument,

rather than ranting on about the lowest income tax. We can argue that one, too, because the Treasurer is well aware that it changes at a certain level, depending on what income you have, whether you include medicare premiums, and all sorts of other things.

Surely that is not the major argument. The major argument is how we, entrusted as elected members, can best help Albertans, not compare us to other provinces. If you want to use Manitoba, I'll compare their unemployment rate to Alberta's. I'll compare their capital projects on a per capita basis, but that's not the relevant point. Whether or not we have the lowest doesn't mean a hoot to that person in Alberta if they're unemployed. That's the reality. It doesn't mean anything to them. Their reality is their life right now.

Let me go into a different area, Mr. Chairman. It's one the Treasurer and I have talked about from time to time in question period. It seems that certain people in the province can get no-interest loans — not small-business people, not farmers, not the unemployed but banks, if they run into trouble. Of course, I'm talking about the Canadian Commercial Bank. The Alberta share of the basic support package is \$60 million, which is a no-interest loan. It ostensibly will be repaid out of 50 percent of the bank's future profits if they ever have any. This bank had an 88 percent decline in its net income in the year ending October 31, 1984, and a \$1 million loss.

Mr. Chairman, on page 185 of *Hansard* the Treasurer stated that:

the bank is now in a strong position of solvency and ready to move ahead following the recovery, with confidence in the western Canadian economy, which has grown and which will be growing in the years ahead. Therefore, I see that the government of Alberta and others will be paid back the moneys they've advanced.

As we know, they raised it again just the other day. Since that glowing statement about the bank, we find out that they went another \$600 million in debt, because depositors do not have that confidence the Treasurer has. Now the Bank of Canada has had to lend them more. We think it's close to \$600 million.

I am concerned about this, because I wonder where it ends. Does this mean that we will let other businesses go down but never let a bank down? Maybe that's the reality. Maybe we can't; I don't know. I would like to know why we moved on this business. Lay it out and I for one will certainly listen, because there may not have been any options at that point. But let's get away from confidence and all the rest of the buzzwords. Let's look at the reality of why we did it, whether it was a good deal, and whether we needed to do it. As a private-enterprise government, are we saying that a bank will never go down? That's what I want to know.

As we said, we can't even offer fixed, low-interest loans to other people, but we can give no-interest loans to a bank. Frankly, Albertans wonder about that. Maybe there's a reason, but I want to know what it is. I want to know if we would ever allow a bank to go down if the Alberta government sees no option in that. We'd better recognize what our free-enterprise system is, then: that it's free-enterprise for some people and not for others. That's the reality if that's the case.

In response to our question of whether the bailout was to come from the Alberta investment division of the trust fund, on page 186 of *Hansard* the minister stated:

Events moved rather quickly over the course of the last four days with respect to this arrangement, and no decision has yet been taken as to the source of funds.

I was rather perturbed about how quickly this seemed to happen, for both the federal and provincial governments. When we don't even know where the funds are going to come from, whether it's general revenue or the heritage trust fund, it really makes me wonder how well thought out this whole arrangement was. At one time the Treasurer said the heritage trust fund. When we raised it the next time, maybe he couldn't take it out of there; he didn't seem to be aware of it. The other day he finally said it's out of the general revenues of the province.

That leads me to another question. Can the minister now elaborate on what basis that decision to take this bailout money from the general revenue was made? More importantly, where is it in the estimates? Where do we find this amount of money in the estimates?

The other area I raised is that we were told that the preferred shareholders had decided, apparently before the bailout, that because of their shrewd management they deserved \$637,500 that was to be paid on April 30. When I raised the question, the minister stated that there had not been a definite decision taken with respect to that matter at that time. I take it he was talking legally and all other sorts of things. He apparently said to the media afterward that if there were dividends paid they would come, in fact, to people like the province and the government of Canada, that there would not be dividends paid.

We've since read, though, that the lawyer for the preferred shareholders says — and I don't know if it's the truth, but this is a published report — that these people do deserve the dividend because the decision was made before the bailout. Seeing that the lawyer is pushing ahead on this, can the minister inform the Assembly of this decision? If these dividends are to be paid, what steps is the Treasurer taking to prevent payment of that \$637,500 in preferred share dividends to the shareholders so that they will follow the intent of the agreement? I don't care if the agreement was made before. When you get a bailout and it's clear in the principles that these payouts are not to be made until their loans are paid, then I think it's wrong, and I wonder what we're doing to stop that.

I have some other areas, but in terms of keeping it simple so that we can concentrate on certain things, I'll sit down and await the Treasurer's answer.

MR. HYNDMAN: Mr. Chairman, with regard to some of the issues raised, I think the Leader of the Opposition and I are going to have a continuing difference of opinion on matters with respect to income tax and interest rates. The response the government has had in terms of capital projects; the more than half dozen training programs that have been announced, worth over \$144 million; the student assistance programs; the teacher program just announced by my colleague the Minister of Education . . . Certainly, with regard to the provision of dollars for capital at lower than market interest rates, I think the hon. Leader is overlooking the over \$4 billion worth of moneys from the heritage fund, virtually all of it provided through the government at rates less than market rates. For farmers, as the hon. member knows, there are loans available through the Agricultural Development Corporation at 6 percent in the beginning farmer program; through the Alberta Opportunity Company for hundreds of small businesses; and through the Alberta

Mortgage and Housing Corporation, as it is now styled, with respect to homes for those in the low- and middle-income range in the province. So ever since its inception the heritage fund has been used in a major way to assist businessmen, farmers, and homeowners in Alberta. I guess the disagreement we have is over the way it's done.

With regard to the Canadian Commercial Bank, I think it's important to review the news release we put out on March 25, 1985, when the initiative was taken. It's important to note the reasons why that was done, and members should pay particular attention to the fact that this is not simply an initiative of the government of Alberta. It is a bank headquartered in Alberta, it is a western Canadian financial institution, but it was the government of Canada representing all Canadians that made the considered decision to be involved in and to be supportive of the future of western Canada and Alberta. As well, six other major schedule A banks in the country drew that conclusion and made that decision. So from the point of view of Alberta, realizing that — and I'm sure the Leader of the Opposition does not disagree with the goal of any government of Alberta being to facilitate the continued viability and expansion and choices of financial institutions in this province and this region. The move taken certainly does that in a very direct way.

As well, as the budget indicates in many areas, the underscoring and buttressing of confidence in Alberta is what is going to bring jobs, which we all want, through the private sector. The federal minister, Hon. Barbara McDougall, alluded in her debate in the House of Commons to the confidence factor vis-à-vis the rest of the world looking at Canada, as well as the situation in this country.

We all had regard to the small Alberta businesses who are borrowers from the Canadian Commercial Bank. Had there been a liquidation of that bank, there would have been an immediate call on those loans and the end of many small and middle-sized Alberta businesses who have loans with the Canadian Commercial Bank.

Lastly, of course, there are a number of depositors, the Manitoba teachers' retirement fund for one. That was a consideration, not an overriding one. A number of depositors were involved, and if there had been a liquidation, their future was at stake as well.

With regard to the specific questions that were noted, it's not government policy, with respect to any and all financial institutions, to automatically be involved or facilitate or come to their assistance. This was a unique case. There have been initiatives taken with respect to the Alberta credit unions, an important part of the Alberta financial structure. But in no way is there any overriding guarantee by the government of Alberta with respect to private-sector financial institutions. I've just listed the reasons why in this case we felt it was important for the middle- and long-term future of Alberta and the west to put forward this package and to move in that way.

The General Revenue Fund. Of course, in the estimates there would be no dollars relating to this initiative, because the arrangements were made on March 25. That was the day of the budget, and despite allegations to the effect, I was not trying to arrange both events to happen on the same day. The budget, of course, was printed at that time and had in effect been locked in some days before that. So there are no moneys in that sense in the budget. Therefore, through the authority of the Financial Administration Act and other statutes, as and when the moneys are to be paid out, it would be through special warrant.

I mention that there are not only moneys which were not anticipated to be invested but also other moneys which were not anticipated as revenues, being the \$104 million in profit from the sale of the Alberta Energy Company shares, which will be coming into this budget year and which, of course, is a matter through the Heritage Savings Trust Fund. So that shows that it's not possible to predict with precision on any given day what these revenues or expenditures will be as indicated in the budget. We respond as necessary.

With regard to the dividend of some \$600,000, my understanding of the scenario was that there was a motion by the board of the Canadian Commercial Bank in early March — I believe March 5 — that these dividends be paid effective April 30. If memory serves me, not many days ago there was a report to the effect that the board of the Canadian Commercial Bank met and rescinded that payment of dividends. Therefore, as I indicated earlier, they will be available and payable under the original agreement to those who were members of the support package. I believe that was reported in the *Globe and Mail* last Friday or Saturday.

MR. McPHERSON: Mr. Chairman, I know my hand wasn't up. I wanted to . . .

MR. DEPUTY CHAIRMAN: I recognized the hon. Leader of the Opposition. There was a dialogue going on. But I'll recognize the Member for Red Deer later on.

MR. MARTIN: I have no objections if he wants to follow up. I'll go after him.

MR. DEPUTY CHAIRMAN: Okay. Very well then.

MR. McPHERSON: That's kind. I appreciate that.

I've been sitting in my place, listening carefully to the dialogue that has been going on, and I feel somewhat compelled to make a few comments. The Leader of the Opposition has directed a number of comments to the Provincial Treasurer. That's his job, and he's doing a fine job at it, as is the Member for Spirit River-Fairview. But what I'm hearing throughout the whole debate is a cadre of suggestions of direct intervention in the economy by members in this Assembly who feel so compelled to that kind of, if I may use the word, philosophical ethic.

What I see absent from the debate and discussion is any description whatsoever of the virtues of the impersonal forces of supply and demand as a mechanism in the economy to allocate our scarce resources. Mr. Chairman, if I may, I'll refer to a couple of notes I've put down here and talk about what really are the essential elements of the supply/demand model. It seems to be totally forgotten so far in this debate, particularly by members opposite.

When we're dealing with a supply/demand model, we're really discussing a process where no single individual or agency has the ability to develop or determine how much of a given service is going to be produced in society. Instead, there's a market in which consumers are free to buy as much of a commodity as they please at any given price, and suppliers can put as much of that commodity on the market as they will. What seems to me to be completely forgotten in the discussion is that the market is a social body.

The members opposite always talk about the social consequences of government. The market is a social body.

It's the foremost social body. Not centralist-thinking, not interventionist in the economy at every given opportunity, not the Member for Edmonton Sherwood Park or the Member for Vegreville or the Member for Vermilion-Viking determining what is best for the citizens of the province of Alberta and how society should allocate those resources. We're not as well equipped to make those decisions. I don't believe I'm as well equipped to make all those decisions on the part of the constituents of Red Deer, and I don't believe the members opposite are well equipped either.

We hear a lot about jobs and producing and production. We forget what creates jobs. Is it the government that creates jobs? Can the government create the permanent, long-lasting, meaningful jobs in society? It can do some things, and we are doing things. I may take account of the 30 percent of the \$10 billion that is represented by the provincial government in this budget that is allocated toward construction. Could we do more? Perhaps. If we can, let's look at it. But we also have to operate those facilities over time, and there's only one group of citizens that is going to pay for those facilities over time. We know who they are: they're the taxpayers.

Mr. Chairman, I want to refer very briefly to one area mentioned by the Member for Clover Bar. At least he's coming from a point that asks why taxes are high. He questions the tax increase last year. It's interesting that the Leader of the Opposition continues to talk about the increase in taxes in 1984: why did that have to be, and why was it? He continues to discuss the tax, along with the people who sit in the press gallery, as a 13 percent tax increase. Somewhere it has to be said in debate that that is not really the case. It's a misnomer. It was not a 13 percent tax increase.

I want to make the case very briefly, Mr. Chairman. What seems to be forgotten in this whole discussion is that the province of Alberta doesn't tax on base income. It taxes on federal tax. It's a tax on tax; it's a surtax. Prior to the increase last year, the provincial tax was 38.5 points on the federal tax scale. If we were to examine an individual in the highest marginal tax rate in this country — the highest marginal tax rate is 34 percent under the federal tax system — someone earning over \$65,000, I think, and do the quick calculation at 38.5 points on that tax rate, we'd arrive at a total marginal tax rate of 47.09 percent. After the provincial tax system moved to 43.5 percent on the federal marginal tax rate, we do the quick calculation and come up with a marginal tax rate of 48.79 percent. That's an increase in marginal income tax of 1.7 percent. That's the increase that was developed in this province last year, a 1.7 percent increase on marginal income tax.

If we talk about the individuals that the Leader of the Opposition and members opposite seem to feel they have an exclusive jurisdiction over, those who are economically disadvantaged — and I don't buy that for a moment — in most cases, of course, they pay no tax. But even for the family or individual who has a 20 percent federal marginal income tax rate, when we do that calculation after the Provincial Treasurer brought down his budget last year, the increase is .01 percent in marginal income tax.

Now, it begs the question: should the citizens of Alberta participate in the services of the government? I guess I only have to look briefly at the budget this year. I see that personal income tax raised in this province amounts to \$1.523 billion out of a total budget of \$10 billion. For goodness' sake, if we look at the expenditure side for just a minute, I think I can quickly point out three departments

by themselves — the Department of Education, the Department of Hospitals and Medical Care, and the Department of Social Services and Community Health — that expend more funds than are raised by the personal income tax regime in this province. We are looking at a budget of a little over \$10 billion. We're raising personal income tax to provide funding of something less than 10.5 percent of that budget. It leads me to the question and to this conclusion: one wonders where the tax regime would be if we followed the suggestions of members opposite in their interventionist ideas in the economy.

MR. MARTIN: I always appreciate hearing intervention from the back bench. You did it well. What's his name? Adam Smith, I think it was. I appreciated the lecture in elementary economics, the laws of supply and demand. I learned it a few times before at university. It's rather amusing, Mr. Chairman. If he'd been listening to the whole discussion the Treasurer and I had, we were talking about the Canadian Commercial Bank. How does he fit that into the law of supply and demand? Was that not government intervention? It seems to me it was. If you follow the law of supply and demand, that bank should have gone bankrupt. How do you justify that in your philosophy?

MR. GOGO: Different rules.

MR. MARTIN: Yes, different rules precisely. So if we want to be a bunch of Adam Smiths here, let's do it all the way along in every direction. If you want to be true to your philosophy, fair enough. But I thought the whole discussion we'd just had was about the Canadian Commercial Bank. Wouldn't you like to get a \$60 million interest-free loan? I don't know how Adam Smith would feel about that, but maybe we should check it out.

Let me come back to intervention, if I may. There's a rather amusing old saying that sums it up. Chief Justice Douglas in the United States said it well: when the government does something for me, it's social progress; when the government does something for somebody else, it's socialism. I think that's the reality of what we're talking about here today.

Mr. Chairman, I want to continue, because the Member for Red Deer brought up some valid points. I want to talk about the law of supply and demand. Let's go back to the bank then, if we may, because I think it is an important philosophical discussion. I recognize the problems the Treasurer talked about: the deposit holders, people with their pension funds, and all the rest of it. I accept that there was no easy answer to it. But I think we have to look at it if we're going to talk about free enterprise. I just had a lecture on the law of supply and demand. The Treasurer sort of skipped over this. I'd like to know: is there no other way to deal with this? Are we saying that because of confidence — and I really question confidence, because I remind the Treasurer that people pulled their money out of that bank right away.

I was told that one of the reasons there are problems — of course, the major reason I asked the Treasurer this. There were the usual problems financial institutions were having with land in this province, the Alberta sickness, but the thing that finally put them over was bad investments in the United States. Where is the responsibility to the Alberta taxpayer for that?

Last night I was told by a person in the banking business who used to work there that it was inevitable at that bank,

because any bank that has not got a balanced portfolio that's not in the retail business over the long haul is going to be in some difficulty no matter how big they are. That was his point. He was in the banking business.

To come back to the Treasurer, I recognize the problems he had to deal with: the investments, the deposit holders, the Manitoba teachers' federation — I'm glad he was worried about that; I'm sure they will be glad — and various groups in there. I'll accept that that's a difficult problem, but I really want to know from the Treasurer: is this government saying we'll never let a bank go down because of those circumstances? Then we have to say to Adam Smith from Red Deer: what type of law of supply and demand is that? I'm interested in the Treasurer's assessment.

Perhaps there was a better way to save those clients that were involved in the bank than propping up the bank. We find that the Bank of Canada now has another \$600 million. I think there are problems there, that we may never get that money back, and this person happened to agree with me. Time will tell on that one. I really want the Treasurer, from the great free-enterprise government, to come back and tell me about banks.

If I may, Mr. Chairman, I have some other areas about pension liabilities. I know the Member for Red Deer and I can get into that one and talk about it too. I think he might even agree with me on that one.

MR. HYNDMAN: Mr. Chairman, I think I should point out that steps by a government to establish and maintain confidence in the financial system of the country is, of course, a fundamental element of conservative philosophy. As I recall, it was Richard Bedford Bennett, the prime minister of Canada in the 1930s, who introduced legislation that established the Bank of Canada. That was for the very reason that in any country, not only the maintenance of law and order but the maintenance of, in the case of the Bank of Canada, a balance wheel to ensure that there is long-term financial stability in the federal system was seen — and I think most people would agree today — as fundamental to the growth and confidence in Canada. That seems to me to be a fundamental element of continuing conservative philosophy.

In the case at hand, the government proceeds from basic principles. One is that there should be, through the government of Alberta, an encouragement and buttressing of the viability of western Canadian and Alberta financial institutions. I hope the hon. Leader of the Opposition does not disagree with that. I know he would not want Albertans to be forced to look simply to other parts of Canada or other institutions to borrow money. So that is the objective, and I suggest that the government of Alberta has been and is being consistent with that objective in the initiative taken here. I suppose the credit union situation could be another. As well, there is the question of confidence. It is a required role of government to demonstrate the leadership that will bring to entrepreneurs those investments that will have confidence by consumers, by investors, and the jobs — that's where the long-term, permanent jobs will come from, through the supply/demand forces in the market system.

MR. MARTIN: As usual, I did not get an answer from the Treasurer about economics, socialism for the banks, government intervention, and all the rest of it. I was not trying to be flippant about it, because I think we should deal with this. As I said, I just got a lecture on the law of supply and demand. It seems to me that the Treasurer

is saying, not directly, that we can never let a financial institution go down and that that somehow is conservative philosophy. Well, I'm sure Adam Smith would have been interested in that analysis of conservative philosophy with the banks.

Let me move from there to confidence. It's a nice buzzword, Mr. Treasurer. I want to feel confident, we all want to feel confident, but in that bank the reality is that right after the bailout was announced, \$600 million was pulled out of the bank. The bank has roughly only \$2.5 billion in assets. That's how much confidence the people who were already there had. The Treasurer is well aware that that's why the Bank of Canada had to bail them out again. The reason I raise that is that they will have to pay interest on that — at the lowest, 9.75 percent. If they're going more in debt through the Bank of Canada, there may be some difficulty in their getting out of that. I raise that. That's the confidence people had. So no matter why you say "confident", and you can say it today, tomorrow, and the next day — as powerful a person as you are in the province, they didn't listen. People pulled their money out. They didn't have confidence. That's precisely the point.

Let me go from there into something I think is important. Have we time to go into a new area?

MR. DEPUTY CHAIRMAN: The committee adjourns at 5:30.

MR. MARTIN: I'll just raise it quickly. It's an ongoing one, and I expect we might see some of the answers. It has to do with the pension liability and the long-term economic stability, confidence, that we have in the province in the future, Mr. Chairman. It has to do with what's been going on for five years. I recognize there were some changes to at least keep the deficit at roughly what it was. But it seems to me we still have a serious problem with our pension liability and that over the long haul, especially if we're not in a recovery stage and things get bad 10 years down the way, this could be a serious drain on the province's ability to continue with services and balanced budgets and all the other things the Conservatives love.

Why is it that the Treasurer refuses to follow the Auditor's recommendations? I think it's five years in a row that he's brought this up; the Treasurer can correct me if that's not the case. This report states:

If the full unfunded pension liability amounting to approximately \$4.1 billion at March 31, 1984 was recorded as a liability in the consolidated financial statements of the Province, the consolidated surplus at March 31, 1984 would be reduced from \$11.5 billion to \$7.4 billion. The magnitude of these figures illustrates the importance of recording the Province's pension obligations as a liability.

The report goes on to list numerous methods which could be used. But it seems to be an important figure to at least record. After five years, I am curious why we do not follow that simple thing — at least report it. As I said, I know the Treasurer brought in — I think it was a year ago. So theoretically for the time being it wouldn't go up, but it's still over \$4 billion. Why does he refuse after five years to move on that recommendation, to at least record it as a liability? It is, in fact, a liability, and at some point we're going to have to pay it.

MR. HYNDMAN: Mr. Chairman, two points briefly. First, with respect to the situation at the Canadian Commercial

Bank and the confidence factor, it's important to remember that one of the reasons the Bank of Canada made its move last week related to the fact that the credit rating of the bank from various entities was reduced one stage, from R-3 to R-2. The fact that a number of the deposits were made on the basis that there had to be at the very minimum an R-3 rating immediately made them ineligible. So it was not a question of their choice or a question of confidence; it was simply a question of ineligibility. I'm sure the hon. leader knows that that credit rating has been increased slightly in the last week. I think it demonstrates and reflects that confidence.

In any event, with regard to the pension liability issue. I think there are reasons, when you compare other government plans in Canada, to have even greater confidence in the Alberta pension liability situation, because we have, unlike many other governments, a pension fund which began a few years ago at \$1.1 billion and with investments is now growing significantly. Following the import of the Auditor General's recommendations, last year we — I think responsibly — provided on a five-year basis for annual increases of .25 percent of contributions by members of two pension plans as well as by employers.

There are, of course, only three ways in which that liability could be covered entirely. One would be to increase the contributions by the members even further. With the most recent information of the Auditor General indicating that not simply two plans are in a situation where current costs are not covering current benefits, it may well be during the course of the next year or so that consideration to increases in the contributions of other plans may have to be necessary in order to maintain the financial integrity of that plan and of the province's financial system. The other approach would be to cut benefits. I do not feel that to submit to the Legislature suggestions to cut the benefits in those pension plans would be at all fair or appropriate. The third approach would be to add to and inject further dollars into the pension fund. The only way to do that — certainly, that would not be possible by reducing taxes, because more, not fewer, revenues would be needed to make that fund larger.

With regard to the second question, that is correct. In terms of the way in which the liability of some \$4 billion is displayed, the Auditor General has recommended one way in which that should be set forth and has discussed and set forth a number of options. The government does not agree with the proposal he has made, although the new approach this year is one which bears consideration. I think, though, it's very important to underline the fact that there is no question that that liability is there and is disclosed in all the financial statements. The disagreement is purely and simply as to how it should be disclosed and the arithmetic used. There is no question of any secrecy or any hiding of the fact of that liability. It is there in public documents. Everything is open and available to the public. It is the question of how that liability is displayed and the accounting procedures used where there are differences of opinion. We will be reviewing his recommendations carefully this year.

MR. MARTIN: I have a number of supplementary questions, Mr. Chairman, but in view of the hour I beg leave to adjourn debate, if that's what I do in estimates.

MR. DEPUTY CHAIRMAN: No, we'll just have the Acting Government House Leader make the necessary motion that the committee rise and report.

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

[Motion carried]

[Mr. Speaker in the Chair]

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

MR. SPEAKER: Having heard the report and the request for leave to sit again, do you all agree?

HON. MEMBERS: Agreed.

MR. HYNDMAN: Mr. Speaker, I move that we call it 5:30.

MR. SPEAKER: Do the members agree?

HON. MEMBERS: Agreed.

[At 5:26 p.m., pursuant to Standing Order 4, the House adjourned to Thursday at 2:30 p.m.]