

LEGISLATIVE ASSEMBLY OF ALBERTA**Bill 229****Environmental Impact Assessment Act**

Title: **Friday, April 26, 1985 10:00 a.m.**

[The House met at 10 a.m.]

PRAYERS

[Mr. Deputy Speaker in the Chair]

head: INTRODUCTION OF BILLS**Bill 40****Mines and Minerals Amendment Act, 1985**

MR. ZAOZIRNY: Mr. Speaker, I beg leave to introduce two Bills this morning, the first being the Mines and Minerals Amendment Act, 1985.

The purpose of this Bill, which is essentially procedural and technical in nature, is to facilitate petroleum and natural gas lease continuations, the granting of natural gas in coal seams, and transfers of minerals. Mr. Speaker, these technical provisions have been reviewed with industry and have its support.

[Leave granted; Bill 40 read a first time]

Bill 41**Pipeline Amendment Act, 1985**

MR. ZAOZIRNY: Mr. Speaker, I beg leave to introduce a further Bill, being Bill 41, the Pipeline Amendment Act, 1985.

The purpose of this Bill is to simplify the current permitting and licensing procedures for intraprovincial pipelines as well as the defined classes of pipelines. The proposed changes flow from extensive discussions by the Energy Resources Conservation Board with industry throughout 1984 and carry its support.

[Leave granted; Bill 41 read a first time]

Bill 54**Liquor Statutes Amendment Act, 1985**

DR. REID: Mr. Speaker, I request leave to introduce a Bill, being Bill 54, the Liquor Statutes Amendment Act, 1985.

Mr. Speaker, this Bill includes a number of administrative changes. It makes provisions for so-called brew pubs. It clarifies the relationship between the Alberta Liquor Control Board and duty-free stores and agency stores, including wine boutiques. It allows for consumption at designated picnic sites and public parks with food. It rolls into one Act the Liquor Control Act and the Liquor Plebiscites Act and brings the search and seizure provisions in line with the Charter.

[Leave granted; Bill 54 read a first time]

MR. GURNETT: Mr. Speaker, I request leave to introduce a Bill, being Bill 229, the Environmental Impact Assessment Act.

This Bill will provide for rigorous environmental standards, a means whereby individual citizens can also have those standards enforced. The record of this government in environmental matters can in no way be a comfort to Albertans, and this Bill is an attempt simply to regularize at least part of the environmental protection aspects of the department's mandate and provide for substantially increased public involvement.

[Leave granted; Bill 229 read a first time]

head: TABLING RETURNS AND REPORTS

MR. HYNDMAN: Mr. Speaker, I'd like to table the annual reports for 1983-84 of the six pension boards: the Public Service Pension Plan Board, the Local Authorities Pension Board, the Universities Academic Pension Board, the Special Forces Pension Board, the Public Service Management Pension Plan Board, and the MLA pension board.

head: INTRODUCTION OF SPECIAL GUESTS

MR. ALEXANDER: Mr. Speaker, on behalf the normal Speaker, the hon. Member for Edmonton Meadowlark, who is unavoidably absent this morning, it is my pleasure to introduce to you and to the Assembly 55 grades 5 and 6 students from Centennial school in his constituency. Those students and teachers might be pleased to have my view, I think one shared by many members of this House, that their member, Mr. Speaker, is merely the best Speaker of any House in the Commonwealth. I say that without fear of any contradiction. These students are accompanied by their teachers Mrs. Diane Bischof and Mr. Bob Shulko. They're seated in the members' gallery, and I would ask if they would stand and be recognized by the House.

MR. PAHL: Mr. Speaker, today I'm pleased to introduce, on behalf of the hon. Member for Edmonton Kingsway, 17 students attending grade 6 classes at Westglen elementary school. Our colleague the Member for Edmonton Kingsway is officiating this morning at the official opening of the Edmonton hire-a-student office, so he provided this opportunity to me. The students are seated in the members' gallery, accompanied by their teacher, Ms. Fiona Munro. I'd ask them to stand and receive the recognition of the Assembly.

MR. CHAMBERS: Mr. Speaker, I would like to introduce to you, and through you to the members of the Assembly, 57 grade 5 students from Caernarvon elementary school in the constituency of Edmonton Calder. They are accompanied by their teachers Mr. Don Badger and Mr. Don Felstad. They're seated in the public gallery, and I would like to ask them to rise and receive the usual warm welcome of this Assembly.

head: **ORAL QUESTION PERIOD**

Kinetic Ecological Resource Group Ltd.

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Minister of the Environment. The Court of Queen's Bench records indicate that over \$350,000 in claims are registered there against Kinetic Ecological Resources. By way of preparation for the negotiations with Kinetic, did the minister's department or the Special Waste Management Corporation do any review of this publicly available credit record?

MR. BRADLEY: Mr. Speaker, I think we've had that question asked in the House previously, and I believe I've responded to it.

MR. MARTIN: A supplementary question, and I'll make it very simple: did they know about this \$350,000 in claims when his department went into negotiations?

MR. BRADLEY: Mr. Speaker, the department is not involved in a review of the financial status of any company in the province.

MR. MARTIN: A supplementary question. Is the minister saying that in the negotiations with Special Waste Management, when they're dealing with Kinetic about the hazardous wastes and what's going to happen, the financial viability of this company is not important?

MR. BRADLEY: Mr. Speaker, I've responded to that question. I said that the Special Waste Management Corporation was involved with regard to looking at and discussing what the future role of this company would be in terms of the treatment of special wastes in the province. I've also indicated the subject matter in terms of what the negotiations were. I did not believe it would be useful at this time to review every aspect of what the Special Waste Management Corporation was doing. We were involved in negotiations, seeing what the future role of this company might be. In my judgment the discussion of that in this Legislature would prejudice those specific negotiations proceeding.

MR. MARTIN: I guess a little knowledge for the people of Alberta and the Legislature must be dangerous. I thought we were dealing with hazardous waste, which is in the minister's department. On April 22 the minister said that the deadline for bonding on new material at the Kinetic facility is April 27. I remind the minister that that is tomorrow. Can the minister now assure this Assembly that the company has complied and that bonding is in place and in effect and actually real?

MR. BRADLEY: Mr. Speaker. I think we've discussed that in the House before in terms of questions asked on that subject. The requirement is that bonding would be in place on April 27, either a bond which would cover either a period of time to September 30 or in place for the specific materials in storage since March 20. The deadline is tomorrow, and as of this time that bonding has not been received by the province, in terms of a letter of credit which is being required as the instrument which would perform for that bond. It has not been received by the province at this time. The deadline is tomorrow. Those are the requirements

which have been put forward. It's well-known information in this House as to what the requirements are.

MR. MARTIN: A supplementary question. In view of its being Friday, we have today. My question to the minister: when that bonding is not received by tomorrow, does that mean we take over the hazardous wastes at Kinetic tomorrow?

MR. BRADLEY: Mr. Speaker, that's a hypothetical question: what would be in place, and that the bonding requirement would not be met. Bonding is required as part of the authorization by the Special Waste Management Corporation. If the eventualities take place, the department and the Special Waste Management Corporation will deal with it at that time.

MR. MARTIN: That's very reassuring, Mr. Minister. Here it is the day before, and we don't know what's going on. The cargo, the famous or infamous cargo from Quebec by way of Kenora, is now in Alberta. Although I'm never sure what the minister's responsibility is, I expect it's now under the minister's responsibility. [interjection] We'll get a question; don't worry about it, hon. member. Can he outline what precautions are being taken to ensure that it is unloaded and stored safely?

MR. BRADLEY: Mr. Speaker, the shipment has arrived, and the company will be proceeding to store it at its facilities at Nisku. The storage facilities meet the requirements under the federal guidelines for storage of this type of material.

MR. MARTIN: That's very reassuring. I'm sure all the people in Alberta will love that. The minister said the Special Waste Management Corporation has refused to authorize importation of the contaminated asphalt from Kenora. Can the minister assure the Assembly that this is a firm policy of this government and that the asphalt will not be imported once public interest in this issue dies down?

MR. BRADLEY: Mr. Speaker, my understanding is that the contaminated material which was spilled is not considered to be part of the authorization which the Special Waste Management Corporation has given.

MR. MARTIN: My supplementary question to the minister is: we recognize that, but can he assure the Assembly that we will not ever take this asphalt? I put it that way, as simply as that.

MR. BRADLEY: Mr. Speaker, I can advise the Assembly that it's not part of the authorization which the Special Waste Management Corporation has given to this company.

MR. MARTIN: A supplementary question to the minister. Given the very legitimate public concern about Kinetic's practices and its ability to do the job safely, can the minister advise how thoroughly and regularly the facility will be inspected from here on to ensure its security?

MR. BRADLEY: Mr. Speaker, the facility is inspected on a monthly basis by the department.

MR. MARTIN: Yes, that's what we're afraid of, Mr. Speaker. Let me just ask another question. Concern about PCB centres around not only that compound but contaminants such as dioxins in PCB as well as variations of PCDFs,

which are even more toxic. My question to the minister is simply this: is there any sort of program which tests for PCDFs in the ditches and watercourses at Nisku?

MR. BRADLEY: Which substance is the hon. member referring to?

MR. MARTIN: The dioxins, Mr. Speaker.

MR. BRADLEY: Mr. Speaker, I don't believe that specific substance has been tested for.

MR. MARTIN: A supplementary question. Why not?

MR. BRADLEY: Mr. Speaker, one could possibly test at all times anywhere in the province for all sorts of substances. At this time there is no requirement to test for that substance.

MR. MARTIN: A supplementary question to the minister. In view of the fact that they are perhaps even more poisonous than PCBs and the minister told us we're testing for PCBs, why would we not be testing for these dioxins?

MR. BRADLEY: Mr. Speaker, the department hasn't tested for that because it hasn't been a specific concern.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. The minister indicated that the shipment has arrived. Can he indicate whether he personally was out at the site this morning to see that arrival, to monitor the procedures that were in place? [interjections] Well, this is a major issue. The minister doesn't care, and neither do you. You laugh about it. We never know what this government is doing, when they're allowing something, or when the truck ...

MR. DEPUTY SPEAKER: Would the hon. member proceed directly to the question.

MR. R. SPEAKER: Thank you, Mr. Speaker. The second part of that question is: if the minister was not there, who from the department was there to inspect the arrival and to see that all procedures and all caution were taken with regard to unloading the material, inspecting the truck, and living up to the guidelines or regulations which are in place in this province?

MR. BRADLEY: Mr. Speaker, there are some very competent people who work in the Department of the Environment. I understand there were four officials, headed by the head of the waste management branch, which is responsible for this particular area in terms of inspection and enforcement.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. Will those people be reporting back to the minister today, and will the minister table a report indicating what occurred and that all safety was in place as necessary?

MR. BRADLEY: Mr. Speaker, I received a verbal report today in terms of the inspections which have taken place by the department. They met the federal guidelines.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. The minister said, "met the federal guidelines." Is that adequate? What about the provincial guidelines in terms of environment and inspections?

MR. BRADLEY: Mr. Speaker, in terms of these types of substances we go by the federal guidelines.

MR. R. SPEAKER: Mr. Speaker, the other area relates to the question raised here. It is with regard to contaminants in the water outside the site. Last evening I issued a challenge to the minister to personally stand in that water.

MRS. CRIPPS: Sensationalism.

MR. JOHNSTON: Walk on it.

MR. R. SPEAKER: For the good of Albertans, is the minister prepared today to accept that challenge and show Albertans that the water is safe, that he's not afraid of not only the dioxins but the PCBs as well, that are at a higher level there than they are in Blackmud or Whitemud creeks?

MR. BRADLEY: Mr. Speaker, the hon. member makes for good theatre. I think a much more useful exercise would be for the members of the Assembly and the media to attend a briefing by the department and the Alberta Special Waste Management Corporation with regard to PCBs. I'm currently in the process of arranging that. I think that would be a much more constructive process. I advised the House last night that I have no qualms in terms of the water quality at Nisku. I think a very constructive process would be the one I've outlined: a briefing for members of the Assembly and the media on polychlorinated biphenyls and their effects.

MR. R. SPEAKER: Mr. Speaker, the hon. minister can set up his own preplanned and precontrolled environment to discuss the issue, but the issue is at the site. Could I ask the hon. minister why berms, control fixtures, or dirt mounds aren't in place around the site at Nisku that would control any escape of PCBs from off the site into the ditches? Here we have a water sampling that's been presented to the Assembly that indicates PCBs are higher there, in terms of parts per billion, than in the nearby Blackmud Creek. Why isn't that type of structure in place?

MR. BRADLEY: In terms of the facility out there, Mr. Speaker, it meets the federal guidelines for the storage and handling of this type of material. The parking lot is paved. As I understand, that's one of the requirements. There are berms inside the buildings to ensure that any leakage from the stored material would be caught. There are also drain pans. Inside the building there is a type of tank, et cetera, which this material also would drain into. So there is adequate protection in terms of the site.

MR. R. SPEAKER: Mr. Speaker, this is my final supplementary with regard to the matter. In terms of the comments the minister has made that it meets federal standards, could the minister explain clearly to me and to the Legislature at this time how the 3.4 parts per billion just outside the site escaped from the site into that water in the nearby ditch?

MR. BRADLEY: Mr. Speaker, I think we had a thorough examination of that subject and topic here in the Legislature in February and March 1983. We had extensive sampling done there, in terms of a specific incidence. At that time there could be no direct correlation as to what happened. PCBs were discovered outside the compound at certain

levels. We went through that: what the levels were, what the criteria would be in terms of actioning for those types of incidences. I went over the guidelines extensively last night, in terms of what levels would require action, and the levels found outside are below the action levels.

MR. LYSONS: Mr. Speaker, a supplemental question to the minister, if I may. Is it the minister's intention to have the department examine and police the transportation of any and all transformers and containers that have contained PCBs at one time or another?

MR. BRADLEY: Mr. Speaker, the particular guidelines are being put in place through the transport of dangerous goods Act. Some 3,200 different substances would be under the aegis of that legislation. I think hon. members understand what type of system would have to be in place. Every single shipment of any type of these goods under the transport of dangerous goods Act would require the enforcement the hon. member is suggesting. What is being put in place is the federal transport of dangerous goods guidelines, which will be coming into effect. The hon. Minister of Transportation previously alluded in the Assembly to the process which is taking place, the placarding and manifesting to ensure that proper safety precautions are taken with regard to shipments of all dangerous goods. I believe it would be impossible to put in place a policing and inspection function, which has been suggested by the hon. member. It would affect the transportation of many goods and products which are necessary to trade and commerce in this country and to the carrying on of business.

MR. LYSONS: Mr. Speaker, I'd like to ask another supplemental question, if I might. Has the minister considered the possibility of environmental sabotage where these samples have been picked up?

MR. BRADLEY: Mr. Speaker, there are certain actions which I don't believe anyone can specifically plan for. We do have the emergency measures organization and planning function with regard to incidents of this type, which would be handled through Alberta Disaster Services.

MR. GURNETT: A supplementary question, Mr. Speaker.

MR. DEPUTY SPEAKER: This will be the 24th supplementary question. I believe, on this topic. Perhaps this could be the last one. If we have time later on, we could return to it, if wished.

MR. GURNETT: Mr. Speaker, my question to the minister relates to the ongoing concern about what levels are acceptable and unacceptable and what levels exist in various places. My question is whether the minister would now be prepared, in view of the ongoing concern and uncertainty about this, to instruct his department to do a detailed soil sampling at and around the site to provide a comparison with soil sampling from 1983.

MR. BRADLEY: Mr. Speaker. I responded to that question yesterday.

MR. MARTIN: That's a typical answer that we're used to from the Minister of the Environment, but it's not going anywhere.

Health Care Premium Arrears

MR. MARTIN: I'll turn to the Minister of Hospitals and Medical Care, to get some clarification. I'm sure the minister would like an opportunity. Could the minister confirm or deny the existence of a document which reportedly has purged the names of people from the Alberta health care commission?

MR. RUSSELL: That's a difficult question to answer, Mr. Speaker. I've no idea what document the hon. member may be referring to.

MR. MARTIN: The minister is trying to be cute. He knows precisely what document. It's a document which reportedly, on March 20, took off names of people who were in arrears. I'm asking if that document is there or not, to the minister's knowledge.

MR. RUSSELL: I repeat, Mr. Speaker, that I am unable to answer that question.

MR. MARTIN: It's just a simple question. Does the minister know what's going on in his department?

MR. RUSSELL: Mr. Speaker, I believe what the hon. member is referring to is the process used in overdue or past accounts in the health care commission. There is a procedure. There's nothing much new about it. It's been changed slightly since the introduction of the new Canada Health Act and the requirement of that Act that all residents of the province be covered by health care insurance. That is being adhered to. But we still have the problem of overdue and past accounts. It is correct that with accounts more than three months overdue, if we have not heard from the people proving that they do have a residence in Alberta, their names are removed from the list of coverages. The past accounts are sent to the bad debts collection division of Treasury. This is quite standard by all departments of government. In fact, it's something the health care commission has been doing for several years, as far as I know. So I'm at a loss to know what incredible document the hon. leader is referring to, because it's business as usual in the health care commission.

MR. MARTIN: A supplementary question to the minister. Nobody said it was an incredible document. One doesn't have to become so defensive right away, Mr. Minister. I was just trying to get information. As the minister would say, "Well!" In lieu of his answers, which are reasonable answers for a change, let me ask him this: could he clarify that those people taken off the list and sent to Treasury are not Alberta residents? Would he give this Assembly an assurance that none of those people are still Alberta residents?

MR. RUSSELL: Mr. Speaker. I suspect that some of those people still are in the province, but we have no way of knowing and no way of contacting them. Anybody's last known address has been contacted through first-class mail at that address. We've had more than one series of public advertisements both in the printed media and on the radio with respect to making sure that everyone is registered. There has been good response to that. Later on in the session when I'm dealing with my estimates, I'll mention the fact that the two classes for people who are having difficulty — that is, the waiver of premium entirely or the

premium assistance or subsidy programs — have gone up substantially. So we do feel that a lot of people have come forward and received that assistance, but there are still a large number of people we simply haven't heard from. We have no idea where they are. They haven't responded to mailings or to public advertising, and after several months their names are taken off the lists and those overdue accounts are passed on to Treasury for collection, if possible.

MR. MARTIN: A supplementary question to the minister. Has the minister any estimates, roughly, a ballpark figure of how many accounts in arrears have been or are in the process of being turned over to the collection agency?

MR. RUSSELL: Mr. Speaker, I believe the number is in the order of 34,000.

MR. MARTIN: Just a supplementary question on a procedure, then. If somebody taken off the list because they weren't able to contact them showed up at a doctor's office, would they be served or turned away at that particular time?

MR. RUSSELL: Mr. Speaker, several months ago when the new Canada Health Act was proclaimed, the doctors in the province were notified and given the forms to register anybody who showed up under those conditions. So as long as somebody is a resident in Alberta, they're covered. That meets the requirements of the Canada Health Act. But if we can't find them, we can't register them. So registration is one problem. Of course, the second problem is getting people to pay their bills. We just follow good businesslike practices, and if we can contact the person, we tell them how much they owe us. After several months the overdue accounts that I've mentioned are sent to Treasury for better collection services than we're able to provide.

MR. MARTIN: A supplementary question. I believe the minister said there were some 34,000 accounts. Can he give us a rough ballpark figure about how much money that is?

MR. RUSSELL: No, I can't, Mr. Speaker. Several months ago I did make available to the members of the Legislature the total, compounded, accumulated amounts owing since medicare came in in 1969. At that time the amount was past the \$45 million mark and climbing. It took a sudden jump upwards, as members would understand, during those hectic boom days when there was a large immigration of new people into the province and a high number in a very transient construction industry. It was very difficult to keep track of those persons. At that time the department made moves to collect on past premiums, where it was possible to do so. Members will recall that in the first few months of that program we collected something like \$11 million or \$12 million, in that neighborhood; I'm going by memory now.

But there is still a group of persons out there that, for all we know, may have moved out of the province, may have never even heard of medicare or cared about it because they are living in some remote circumstance in the province or may even be deceased. But all attempts to contact them have failed, and therefore their names have been removed from the register. They'll be put on if they can be contacted and found.

Energy Agreement

MR. R. SPEAKER: My question is to the minister of energy and is a follow up to a question I raised on April 22 with regard to small independent Canadian oil companies re prorationing. At that time the minister said to me that prorationing can be maintained under the western accord and at the present time it would be. I was wondering if the minister would confirm at this time that it will maintained, that there is no threat to that prorationing formula that is in place.

MR. ZAOZIRNY: Yes, Mr. Speaker, that is the case. It is our intention to maintain the prorationing system. What may have in part spurred the hon. member's question and any concerns that may have arisen in regard to the prorationing system are some comments made by representatives of the Energy Resources Conservation Board in the last few weeks. They've had some discussions with industry about any deregulated environment, whether we can further improve and fine-tune the prorationing system. They are having some discussions with industry along that line, but that would in no way involve any movement away from a prorationing system. It would simply involve a look at whether we can do it even better than we have in the past.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. The minister mentioned the effects of deregulation. Could the minister indicate in those discussions what kinds of plans may be in place to make adjustments for the small independent Canadian companies that have been affected by deregulation. I understand their gross incomes have decreased by some 5 percent in some cases.

MR. ZAOZIRNY: Mr. Speaker, the circumstance I believe the hon. member is referencing — the only way in which there would be any adverse impact on immediate cash flow would have to do with the fact that under the current regulated oil pricing system in Canada we've had an anomalous result obtain where, in fact, under the NORP system a higher than true market price has been paid there for a period of time. There's been a suggestion from time to time — and I've read it in the media — that this was intended as some sort of incentive price. That certainly was never the case. It simply points out that a regulated regime can never truly reflect the market circumstance. As we move to deregulation on June 1 and thereafter, we will have a true market price. So I think if the term "windfall" is ever applied in circumstances related to our new energy accord, that's where it would have some modest application.

As far as the prorationing is concerned and its impact on small producers — in fact, prorationing as it's presently structured very much works to the advantage of the small producer because the prorationing is based upon actual reserves, and the fact is that the bulk of the reserves in the province is held by the majors, so their pools are most impacted by any prorationing process. As a matter of fact, in the current month of April the burden of some 65 percent of any shut-in light and medium production is borne by eight of the largest companies. So the system both for that reason, being based upon reserves, and because we have a minimum allowable provision of about 50 barrels a day per well, very much favours the smaller producer. That isn't intentional. It's based upon the reserves circumstance, but we have no intention of moving away from that approach.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister with regard to the Alberta royalty tax credit, which was adjusted in 1982. Is there any consideration of readjustment of that tax credit back to those rates; that is, increasing it at this time?

MR. ZAOZIRNY: No, Mr. Speaker. My colleague the hon. Provincial Treasurer, if he wishes to of course, might supplement my response because the administration of that program very much involves his portfolio responsibilities. As the members will recall, back in 1982 we initiated the oil and gas activity plan, which was a dramatic response by the province to the imposition of the NEP by the then federal government. We've moved in a very deliberate and clearly identified way to increase the royalty tax credit for a specified period of time. We felt it was essential that the industry have a boost during that difficult time frame, and as was identified at the inception of the plan, we moved back to a more traditional level of royalty tax credit within a couple of years thereafter. So the current intention is to maintain that system.

I have received a couple of suggestions from industry that that be taken into account in the course of our incentive review. Certainly, we're going to consider all that input, but I wouldn't want to create the impression that there is any current plan of expanding that provision. It's a very generous one as it currently stands. It very much benefits the small producer. In most cases it dramatically reduces their effective royalty payment. We think the plan is quite adequate at its current level.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister with regard to provincial royalties. Representation has been made to me with regard to higher input costs or costs of exploration and development in northern Alberta. Has the minister considered whether there could be a differential rate in terms of royalty relief for those that drill in northern Alberta, say, versus those that drill in southern Alberta?

MR. ZAOZIRNY: Mr. Speaker, the hon. member and I have been receiving some of the same representations. In particular, I received one excellent submission which suggested that we take a look at that area, and we're going to do that. Certainly, the northern part of the province is seeing a tremendous amount of activity. It does have some unique factors in terms of accessibility. As we look at our current incentive programs, the grant-type systems we have, and whether we can move to a more reward-based system, that will be one of factors we will take into account.

MR. R. SPEAKER: Mr. Speaker, a further supplementary in that area with regard to levying royalties on net rather than gross revenues. Has the minister considered that change in policy?

MR. ZAOZIRNY: Mr. Speaker, I think what one must do is always recognize the fundamental distinction between taxes and royalties. A royalty is a payment to the owner of the resource. In this instance the owner is, of course, the people of Alberta, their trustees being the government of the province of Alberta. We have taken that approach and that principle in the implementation of our royalty programs, whereby they are paid upon the revenues because, in fact, it is a payment to the owner.

When one looks at the actual level of royalties, at the gross revenues received in Alberta for oil and gas and the net that the province actually receives after taking into account all of our various initiatives, we're receiving about 20 cents on the dollar. I don't think, Mr. Speaker, that that's an inordinate receipt by the owner of the resource for the development of that resource. The one circumstance where we have looked at a royalty system tied in some measure to profitability is in the in situ oil sands and oil sands circumstance by virtue of its very unique characteristics, with the tremendous high costs of establishing those developments. But even in those instances we have had a royalty in place on a phase-in basis from the inception of the project.

MR. R. SPEAKER: A final supplementary with regard to the Alberta petroleum incentives program. Can the minister indicate what the future is for that program? Will it be phased out as the federal program is?

MR. ZAOZIRNY: Of course, that's one of the initiatives we're going to be assessing. We've asked for the industry input on or before May 31. It's a very major program. It has provided to the industry in the order of some \$400 million to \$500 million per year. Directionally this government has certainly always taken the view that the PIP approach was not one that we embraced with any enthusiasm. So we're going to be examining it in that light in the next few weeks and months. I should say that no final decision has yet been taken.

As the hon. member will be aware, within the western accord there is a specific stipulation that the federal program will end within a year's time. In the course of assessing that program and if, in fact, there is a decision taken to move out of it, we're going to be very mindful of the fact that some of our producers and operators have put in place various plans based upon the existence of the APIP program to its scheduled expiry at the end of 1986. So we're going to be mindful of that and try to ensure that any change in direction we embark upon will not adversely affect those companies who have in good faith based their current arrangements on the existing program.

Rail Relocation

DR. BUCK: Mr. Speaker, my question is to the Minister of Economic Development and has to do with the federal and provincial program of rail relocation. Is the minister in a position to indicate what discussions have been going on between the minister, the federal minister, and CN as to the relocation of the CNR tracks running through the centre of Fort Saskatchewan?

MR. PLANCHE: Mr. Speaker, I don't think there is a requirement for any kind of discussion with the federal government on that issue.

DR. BUCK: Mr. Speaker, to the minister. Was there not a program in place to look at some funding assistance from the federal government to help with rail relocation?

MR. PLANCHE: I'm trying to recall. It seems to me that at some time in the distant past the federal government did have some kind of cost-sharing program available that's been withdrawn. I'd like to check that for precision. In any event, as it presently stands, we are not calling on the

federal government for any licensing, concurrence, or any other activity in our decisions to do rail relocation, other than in Fort Saskatchewan where it's the CNR which, of course, is an offshoot of the federal government.

DR. BUCK: Mr. Speaker, can the minister bring us up to date on what progress is being made in the minister's and CN's discussions to proceed with the rail relocation in the town of Fort Saskatchewan?

MR. PLANCHE: Mr. Speaker, we've been working on this initiative for some time, the criteria being that the land recovered by the movement of the rail has to pay for the cost of moving it and whatever other infrastructure needs to be built because of the move. In this particular instance, negotiation is going on with CN as to the value of the old bridge, the cost of the new bridge, and how much CN is prepared to contribute to that activity. I believe there has been a meeting of the minds on costing and that the mayor of Fort Saskatchewan has some obligations to her community to get their acceptance and concurrence for their part of the arrangement. Subsequent to that, it will then be brought forward to my colleagues in the House.

DR. BUCK: Mr. Speaker, what studies does the Minister of Economic Development have in place, or what studies have been looked into to look at the feasibility of using the new portion of the proposed line and the old CN line to look at the commuter movement of people between the community of Fort Saskatchewan and the city of Edmonton?

MR. PLANCHE: Mr. Speaker, we're practical. As these rail relocations take place, we like to preserve the abandoned right-of-way in such a way that capital structures aren't built on them, so that in the future that would be available. Our preference would be that the land that's precisely where the tracks were would subsequently be used for park, walkways, or something that could be recovered at a later date should commuter demand require it. We'll make that same representation on this negotiation.

DR. BUCK: Mr. Speaker, to the minister. In light of his answer, if that right-of-way is being preserved for non-revenue use, can the minister indicate what system there would be to recover the land that's given up, to look at the economic impact or lack of funding available from that town to the new relocation?

MR. PLANCHE: Mr. Speaker, if the negotiation was such that the global land belonged to a joint venture between the province and the community, then if the community wanted to use this land for some application, the community would buy it, based on its highest value for the zoning that was applicable. If, on the other hand, the negotiation insisted that the right-of-way be maintained in some manner, then that would be a carve-out of the ultimate recoverable land value that we would assess in terms of whether or not it's practical to do the job. So those are the two options that would be available. One or the other would apply.

DR. BUCK: Mr. Speaker, in the minister's study and discussion on this item, can the minister indicate what dollars we're looking at for the bridge and the relocation and what portion of that the province would bear?

MR. PLANCHE: Not at this time, Mr. Speaker. I think that should be reserved until the mayor of Fort Saskatchewan

is prepared to make that part of the documentation public. The cost sharing generally will follow the same patterns it did in Lethbridge.

MR. DEPUTY SPEAKER: I wonder if this could be the final supplementary on this topic.

DR. BUCK: Mr. Speaker, can the minister indicate if a time line has been established in these discussions? This has been an ongoing problem. Is the minister in a position to indicate when we could indicate to the people in Fort Saskatchewan and in the surrounding area and the CNR when some type of move could be made?

MR. PLANCHE: Mr. Speaker, the reason for the protracted time of the negotiation is that part of the assessment of the land recovered involved the relocation of the jail. Until that was concluded, it wasn't really possible to get a global assessment of where we might be in land recovered. We're now satisfied that the value of the land recovered will in fact pay for the move.

Pork Industry

MR. GURNETT: Mr. Speaker, my question is to the Minister of Agriculture and relates to some of the advertising copy that greeted us this morning in the *Edmonton Journal*. Can the minister confirm that to the best of his knowledge there are serious factual errors or distortions in the information contained in that advertisement?

MR. FJORDBOTTEN: Mr. Speaker, I of course have seen the ad, as has everyone else. However, I couldn't give an opinion with respect to anything specific within the ad, unless the hon. member would like to raise a specific.

MR. GURNETT: A supplementary question, Mr. Speaker. My information is that, in fact, there are some inaccuracies in the ad. Earlier this week when I asked about the possibility of a public information campaign to correct any impressions being created by the current advertisement and past advertisements, the minister indicated there was no thought of anything like that. In view of the continuing tension over the situation, I wonder if the minister has reappraised whether there is a need to get involved in a public information campaign to accurately make clear the situation about pork production in this province.

MR. FJORDBOTTEN: Mr. Speaker, from a government point of view, I don't believe we would be coming out with any kind of advertising campaign. However, I expect that the hog producers in the province would welcome the opportunity to work at clearing up any inaccuracies.

While I'm on my feet, Mr. Speaker, I might say that one thing disappoints me. Of course, a private company has a right to advertise however they wish with respect to their own advertising budget, but I hope that there could be a resolution by all the participants in the industry, where we could work together. I think it's unfortunate that we have a confrontation attitude in the industry at the moment.

MR. GURNETT: A supplementary question, Mr. Speaker. I think we all think it's unfortunate. My concern about the government's involvement is because the pork producers are already in financial difficulty and the cost of an information campaign on their part is very difficult. My question

to the minister is whether he has given any consideration to moving quickly to establish Alberta Meats, the Crown corporation that was originally advocated by Dr. Homer in 1981, so that if Gainers should continue its current campaign and decide to quit operating in the province, the province would be prepared to move in quickly and continue to keep the plant in operation.

MR. FJORDBOTTEN: Mr. Speaker, we have given absolutely no consideration to that particular proposal, but we recognize that within the province there certainly is a need for a resolution to the problems now being faced not only by the hog producers but with respect to the viability of the packing industry. There are a couple of elements that I think demand action soon, one of course being the Crow payment to the railroad and the impact it's having on all red meat producers in this province. The absolutely ridiculous payment to the railroads has certainly shown an impact to us. That demands a resolution quickly, and I think that has to be done.

With respect to a red meat stabilization program, I think there has to be some target date established. The nonsense of going on and trying to work for something that doesn't seem to be happening — I think it demands action quickly, not only for the province of Alberta but for the country. When we look at what we may do with respect to the whole area of the red meat industry, number one, we need the optimum price for our producers in this province, not some of the lowest prices in North America. Secondly, we want an environment and a climate within the province in which the processing sector can not only continue to grow, expand, and develop but can be healthy for the long-term future.

MR. DEPUTY SPEAKER: The time for question period has expired. Would the Assembly agree that we could have one final supplementary by the Member for Spirit River-Fairview? I had recognized the Member for Drayton Valley. Would they agree that she might ask her question as well?

HON. MEMBERS: Agreed.

MR. GURNETT: Thank you, Mr. Speaker.

Earlier this week, in talking about the \$10 per tonne subsidy to aid the sugar beet industry in the province, the minister indicated that he didn't particularly like the idea of subsidies but that in that case it was a temporary necessity. My question to the minister is: given the bleak situation for hog producers that he has just described and that producers are aware of, will the minister now recognize the temporary necessity of stop-loss support for this industry, for the hog producers in the province as well?

MR. FJORDBOTTEN: Mr. Speaker, the hon. Member for Spirit River-Fairview raises a concern about subsidies, and that's why we're in this stupid problem we're in today. The problem is that we have subsidies in other provinces that are causing a negative impact on our producers in this province. That nonsense has to stop. I don't like short-term subsidy programs. I think they distort things over the longer term. We have been holding meetings and discussions with the industry, looking at what would be the best approach we could use, recognizing that the best decision that can be arrived at is of course one with government working in co-operation with the industry. The industry in this province is strong, it's got a good resource base to work from, and

it's time the nonsense, that's happening in this country stopped.

MRS. CRIPPS: Mr. Speaker, my question is also in relation to what's happening in the hog industry. Could the minister indicate if it's the policy of ADC to continue to make new loans for expanding hog barns in the province?

MR. FJORDBOTTEN: Mr. Speaker, each application made to the Agricultural Development Corporation is assessed, and a decision by the board is made on the merits of that individual application. At the Agricultural Development Corporation we look at a number of criteria. One is the repayment ability of the operation, considering the present state of the industry in which the loan is applied for. All I can answer is that I can't give an answer to whether loans are being approved at the moment. The answer I can give is that if there are loans for any commodities in this province that meet the criteria we've established under the policy guidelines of the Agricultural Development Corporation, they will be looked at favourably.

MRS. CRIPPS: A supplementary, Mr. Speaker. Given that many hog barns are empty and that the corporation owns some of these hog operations, has consideration been given to encouraging new producers to take over some of the ones the corporation now owns rather than starting another operation?

MR. FJORDBOTTEN: Not that I'm aware of, Mr. Speaker. As I stated a couple of days ago, I believe there are some 900 loans to hog-producing operations in the province. Somewhat less than 10, eight I believe, have had legal action instigated against them in the past year, so a very small percentage of the hog operations have been in difficulty through ADC. With respect to whether there's encouragement to take over a present hog operation by new applicants for loans, I can't answer that question.

MRS. CRIPPS: Five of those must be in my area, then. If the taxpayers are and have become liable for some loans, would it not be prudent to re-evaluate this policy?

MR. FJORDBOTTEN: I'll consider the hon. member's representation.

ORDERS OF THE DAY

MR. DEPUTY SPEAKER: We have had a number of special guests arrive in the galleries during the question period. Would the Assembly agree that the appropriate members might make introductions at this time?

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MRS. LeMESSURIER: Mr. Speaker, I am pleased to introduce to you and, through you to members of this Assembly, 28 members from the Maranaw troupe from the southern Philippines. This troupe combines a cultural fashion show, which interprets the rich cultural traditions of the Moslem

Maranaw people from the southern Philippines through a dance presentation interspersed with a fashion show depicting the Moslem-inspired designs made contemporary for today's women. They are accompanied by their leaders Mrs. Amy Sundberg and Roy Sangil. They are seated in the members' gallery. I ask that they rise and receive the warm welcome of this Assembly.

MR. WOO: Mr. Speaker, it gives me a great deal of pleasure this morning to introduce to you and all hon. members a group of 50 bright and energetic grade 6 students from Father Kenneth Kearns school, which is located in the Edmonton Sherwood Park constituency. They are accompanied by their teacher Bruce Plante and are seated in the members' gallery. I ask that they all rise and receive the very warm welcome of all members.

MR. KOWALSKI: Mr. Speaker, it's my pleasure today to introduce on behalf of the Member for Stony Plain and myself a group of 24 grade 6 students from Rich Valley school. Rich Valley is a fine agricultural community located some 60 miles northwest of Edmonton, and it's situated on the soon to be world famous Grizzly Trail, or Highway 33. Rich Valley is also the birthplace of the Member for Stony Plain. The students who attend Rich Valley school live in the Rich Valley, Onoway, Alberta Beach, and Gunn areas. I know my colleagues are delighted to see these young people here today. As I ask the students and their teacher Mrs. Debbie Behringer, parent Maureen Bucknell, and bus driver Muzzy Gingras to rise in the public gallery, I ask my colleagues to give them a warm welcome.

MR. WEISS: Mr. Speaker, I too would like to take this opportunity to introduce through you to members of the Assembly a distinguished gentleman from the constituency of Lac La Biche-McMurray by the name of Mayor Chuck Knight of the city of Fort McMurray. He is seated in the members's gallery. I ask that he rise and receive the cordial welcome of the Assembly.

MR. TRYNCHY: Mr. Speaker, I too would like to introduce 19 grades 5 to 12 students from the Whitecourt Christian Education Centre in the Whitecourt constituency. They are accompanied by their teacher and several parents and are seated in the public gallery. I ask them to rise and receive the warm 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.

Department of Hospitals and Medical Care

MR. DEPUTY CHAIRMAN: Has the minister any opening comments?

MR. RUSSELL: Thank you, Mr. Chairman. There are a couple of things I would like to emphasize. First of all, I think we should look back and reflect upon the results of the moves this Legislature undertook during the past couple of years to try to do something about the rapidly increasing

costs of health care and to see if something couldn't be done in that respect without diluting the quality of services. I'm really pleased with the way the hospital boards and trustees around the province have responded to that challenge and the way they finished their last fiscal year — the cost-awareness that has been introduced to the system. Reports I get on an ongoing basis are that medical and support staff in hospitals throughout the country are now becoming more cost-conscious, certainly in the smaller hospitals where the workers on the wards have a real interest in what is going on in the economic management as well as the health care services part of their duties.

As members who have looked at the estimates will note, we got a very nice surprise last year with respect to the amount of funds the province had to put into the Health Care Insurance Commission by way of provincial revenues. What is not made up by health care premium revenues and transfers from the federal government is, of course, a vote which is presented to the Legislature. The forecast for that is substantially lower than the estimate asked for a year ago when the estimates were presented. So that has to be an encouraging move.

There are two reasons for that. Number one, more revenues than had been estimated were received from the federal government as a result of the kicking in of the tax formula. Secondly, there was a decline in the utilization rate combined with a slowdown in the population increase that had been apparent in previous years. Those factors all combined to give us a much smaller base than would have been there under other circumstances. Members will note that there is actually a decrease proposed in that vote, and that's the reason for it. It's a big-ticket item, almost half a billion dollars, so even holding the line or a decrease of 1 percent is something which is very much appreciated.

We believe the ongoing support for running institutions in the three levels — acute care, auxiliary care, and nursing home — is all there to cover what we know by way of increased labour costs and also an inflation adjustment to take care of price increases in nonlabour items. We believe the estimates we're presenting for consideration will cover those and that the hospital boards should have adequate funds to manage those institutions.

The vote for assistance toward the construction of capital works continues to be very high. I'm not sure whether it is the highest of any such vote in the country this year, but it's certainly right up there at the top. Our program of capital construction is continuing at a very high level. The investments we started to make, the commitments we made a few years ago, are of course now reaching the concluding stages, and many members are aware of new or improved facilities which have recently opened in their constituencies. Of course, there are always more new ones being announced and coming on stream. It's a very gratifying thing to have over \$200 million in capital dollars committed to this year's estimates. If it's passed, it will certainly be a very significant contribution, not only to the improvement of our hospital system but also to the situation that exists with respect to the construction industry and the unemployment problems this year. This is another item of help, and there are several hundred man-years of labour involved in those votes that are put before you.

The bottom line on that, Mr. Chairman, is that a 2.4 percent increase over last year's estimates is being asked for, and we're looking at something like a \$2.2 billion budget. That is so close to being a \$1,000 per capita expenditure for every citizen in the province that that's a

good and easy way for members of the Assembly to explain it to constituents and relate it to actual family numbers. So it's a big item. I don't need to repeat the concerns that all provincial governments have had with respect to managing this very critical and expensive social program. It is probably one of the best in the western world. I know that's been said many times, but I think it bears repeating.

I'm going to conclude and wait for questions, Mr. Chairman, by just very quickly going over a summary of figures to give members the opportunity to see what has happened over the past few years. I think they can share in the credit for some of the moves that have been taken with respect to cost control. If I go back over the past five years, for example, and give the percentage increase of each year's budgets, here's how the figures go, starting from 1981 through 1985. This is total department expenditures, giving the gross percentage increases over the previous years. In 1981 it was 31 percent. It went to 37 percent, then down to 10 percent, down to 8 percent, and this year down to 2.4 percent.

It would be interesting to pick just a couple out of that. I'll take the same figures for the health care insurance plan over that five-year period: 32 percent, 51 percent, 4 percent, 24 percent, and this year minus 1.4 percent. The other one I'd like to bring to hon. member's attention is the vote for acute care hospitals. The figures for that five-year period are 34 percent, 27 percent, 10 percent, 6 percent, and 5 percent.

The reason I brought those figures to the attention of members, Mr. Chairman, is that I think it shows that the kinds of figures we are dealing with in those votes for the last one or two years are manageable figures for a provincial government. The figures we faced in the years previous to that were certainly unmanageable, some votes expanding by 25 or 30 percent a year. Of course, it's very difficult if you project that kind of increase into the future; it could cause grave worries. I guess what I'm trying to say in a few lines is that I think the members can take some satisfaction in looking at the budget this year, with its very reasonable request for very minor increases in a relative sense, and look back at the results of some of the moves that have been taken in order to achieve those results.

MR. BATIUK: This time I'm going to be briefer than brief — if anybody knows the old saying: the squeaky wheel gets the grease.

I would like to mention through you, Mr. Chairman, to the minister that I appreciate his dedication and the support I have received from him over the years as a member of this Assembly. I even appreciate his budget, which is considerably higher than any other minister's budget and several times higher than the provincial budget we had in this province 15 years ago.

I have one concern, Mr. Chairman, and that is the urgent need for more accommodation for nursing patients in the Vegreville area. When I see from statistics that there are more senior citizens in the Vegreville constituency than in any other constituency in the province, it proves the need. At present there is one person in the senior citizens' lodge who is 99 years old and is in a wheelchair and really should not be in a senior citizens' lodge. There are several others who are in wheelchairs, and I can see that the numbers have been mounting continuously.

I believe the seniors are living to that ripe old age because of the good health care and the programs they receive in the province. But the time comes when these

people reach an age and health that they cannot look after themselves. All I do, Mr. Chairman, is plead that the minister give consideration at the earliest possible date to making provision for more accommodation for nursing home care in the constituency.

Thank you.

MR. THOMPSON: Mr. Chairman, I would like to commend the minister for opening two new 25-bed prototypical hospitals in the constituency of Cardston. I've toured the Magrath hospital, and to my untutored eye this facility will probably serve the community needs well for the next 40 or 50 years. I really believe that the prototypical hospital was a wise decision. I think the design and layout of these facilities are really something that everyone should tour sometime or another and get a feeling for. The staff and the community in general are very proud and grateful to the government for this facility. I would also like to say that facilities such as these will guarantee that small-town Alberta will be viable for many years in the future.

I've got one other thing I'd like to say. It was brought up in the question period today and has to do with people who are in arrears to the health care system. Arrangements can be made so that the premiums of those people who cannot pay are not charged to them. However, I am concerned about those who can pay and choose not to pay. I feel that these people should be prosecuted to the fullest extent of the law. I can assure the House that the people in the Cardston constituency fully support the above statement. As far as I'm concerned, it is just not fair for some people to pay their premiums and others to ignore the premiums. The system we have in Alberta is as good a medical system as there is in the country, and from my point of view at least, people who can afford to should be happy to pay their premiums. Mr. Minister, I think the ones in that category should be prosecuted to the fullest extent of the law.

Thank you, Mr. Chairman.

MR. ANDERSON: Mr. Chairman, I'd like to make a couple of comments from two different perspectives. First as chairman of the Health Facilities Review Committee and then as the Member for Calgary Currie.

In the first instance, I'd like to thank the minister for the co-operation he has given the committee over the years, particularly for the relatively new direction of responding in writing to the recommendations of the committee's report. That assists the committee to gauge the recommendations as to their practicality on a year-by-year basis, and of course it is gratifying for committee members to be able to see responses, and in most cases positive responses, to the recommendations.

I would also like to echo the congratulations already forwarded to the minister on the general running of his department and the excellent way in which he has addressed the very difficult budget question over the past few years. It actually is an amazing situation that the minister has been able to reduce increases to the degree he has.

In terms of the institutions generally in the province, it's my perception as chairman of that committee that things are good and continue to get better. As a general statement I believe that in the nursing homes, for example, in the two years that I've been chairman, we've seen definite improvements in such areas as community involvement, occupational therapy, and other requirements. There is certainly still a problem in some areas in terms of increasing

pressure for more nursing home and auxiliary treatment beds. This will likely continue to take place because of the increasing average age of our population. By and large, with very few exceptions, I believe things are in very good shape in the province in the nursing home, auxiliary care, and active treatment hospital areas. There will always be specific weak areas, but I fully believe we have the best system in the country in that respect.

There are specific difficulties related to that increasing average age. One of those most often brought to our committee's attention is that of the confused patient or those bordering on becoming psychogeriatric patients. They continue to cause concern to their families and themselves, but mostly to other residents, who feel uncomfortable and at times feel invaded by people who do not know better and are not able to deal with themselves in a proper manner. The institutions are always in a situation where they have to make a judgment on how to deal with those individuals. I don't believe there are any easy answers to that question. Our committee has long gone about the arguments of segregation versus integration and various ways of handling it. I don't think any one method works the same in all institutions, but I think it's a question that has to be addressed in some detail.

One area that I had some definite concerns with a year or so ago was Alberta Hospital, Ponoka, which had some difficulties in terms of staff, facilities, and morale. I am amazed at the improvements. I've personally been in the institution three times over the past couple of years for a couple of days at a time with three or four of our committee members. The last trip, which was just a week or so before this session began, showed an amazing improvement over the year before. They have started to find some very qualified medical staff, a clinical director with Canadian qualifications and the experience necessary to run that kind of institution, and an executive director. We were extremely impressed with the changes that had taken place in that short period of time in some areas, like occupational therapy. While the accreditation was lost a year or so ago, frankly I am confident that any time the institution wishes to reapply for that accreditation, they're likely to receive it. I congratulate the minister for the improvements in that particular facility.

In terms of my situation as the Member for Calgary Currie, I know that the minister and I, having adjoining constituencies, face similar questions from constituents. The one that I've received the most questions on, I know he has received at least twice as many on, and that, of course, deals with the situation at the Holy Cross hospital. I believe some citizens are happy that the minister has indicated the hospital will remain active and have a couple of hundred treatment beds attached to the emergency ward. But many who approach me are still concerned that the facility is not going to be large enough, that some of the programs they've had will not still be there, and feel that it's essential for that part of the city. He may wish to respond to that particular situation and give us an update on where changes lie.

Attached to that question, of course, is the the Colonel Belcher, which I'm asked about less but still frequently: what will the situation be at Colonel Belcher? Is it now going to fully move into an auxiliary treatment facility? What happens to the upgrading that has been done there in terms of active treatment material and active treatment wards that have been developed? For example, is the minister considering what I understand to be a recommendation for a very specialized geriatric program in total? What in fact

is that circumstance? That is my only question from within the constituency itself.

As I said, by and large I believe we have an excellent system in the province: the best in the country, I believe. It's gratifying to see that you can have a medical system with the level of care we have and still see it improving over the years. The Member for Edmonton Kingsway and I, who sit on that committee, have a chance to do that on a province-wide basis perhaps more than other members. I thank the minister for that and look forward to his responses.

MR. GURNETT: Mr. Chairman, there are a number of questions I'd like to pose to the minister and look forward to his replies. Let me begin by going through the estimates and posing some specific questions about items there and then some more general questions later.

In connection with vote 1, I would be interested in information about the amount of money that's allocated for professional services. There's a fairly significant increase there. I wonder whether this figure involves money that's basically being spent for consultants, outside people being hired by the department for various purposes, something I question the necessity of. Hopefully we have people available. I wonder why we're spending another hundred thousand dollars in that area.

With vote 1, however, I think my major concern relates to the amount that's allocated for the health care plan administration, where again there's a 14.1 percent increase. So a lot more money is being spent here. I'm puzzled about this, because it would seem that the move to increasing computerization and staff reductions, to use the euphemism, or layoffs that were related to computerization should have increased the efficiency of the administration. Instead we see that it is going to cost another 14 percent this year. I wonder why money is being spent there. I'd be interested in the minister's comments about whether the administration process has been carefully looked at with regard to whether it has unnecessary duplication built into it and that type of thing that results in inefficiency.

I'm also concerned, Mr. Chairman, about two sections in both vote 3 and vote 4. I'm referring to sections 1.10, 1.11, 1.12 in vote 3 and to 1.5 and 1.6 in vote 4. These sections involve very large increases, in some cases 93 percent and almost 107 percent, and more than the percentage increase, many millions more dollars, almost double and in some cases double, and they're very vague entries. I see "other program support" jumping from \$25 million to \$48 million in vote 3. Again, in vote 4 I see "other program support" jumping from \$3.4 million to over \$7 million. When we see such large amounts of money being dedicated to such vague entries, I'd be very interested in some information about what particular things are involved with "other program support" or with "specific programs", to refer to another of the entries that sees some big increases. In a budget that involves as much money as Hospitals and Medical Care, I think it's important that we know the kinds of things these millions of dollars are being dedicated to.

While I'm speaking about vote 4, I want to commend the minister on the increase that's been dedicated to long-term chronic care. I think a recognition is beginning that there is an older group of people in our population. It's good to see money there. It's particularly good to see the increase for rural long-term chronic care facilities. I would be interested, however, in knowing why there's a decrease in specialized rural long-term chronic care facilities in vote

4.3.1. I wonder whether or not that reflects an increasing move to providing in-home care as opposed to care in specialized facilities or what accounts for the decrease in that particular case.

Of course, there's one other commendation that I think is due, and that is the fact that we see a 59 percent decrease, \$27 million or so, in provision for these small political hospitals in rural areas, which in many cases have not proven to be useful or efficient.

MRS. CRIPPS: Shame.

MR. GURNETT: I would also be interested in some idea from the minister, Mr. Chairman, about what happens as far as a philosophy of planning and money spent by the department on planning for the future. I am not sure I see any particular place where there's money being dedicated to developing strategies for the long term, and yet in these times there's an increasing recognition amongst health care people that there is a need to explore a lot of alternatives in the whole area of health care. I wonder what the department's philosophy is about doing that and, given their ideas about it, what money is committed to that process and where that money exists within the estimates.

I recognize that it is very important to have excellent care and also to be efficient, and I'm convinced that as we explore some of these alternatives we might see possibilities that might meet both those needs, good care and efficiency. We could maximize the treatment options for people, particularly in rural areas, and I'm interested in the minister's comments about what actions might be under way as far as developing increasing roles for personnel like nurses, chiropractors, psychologists, physiotherapists, and midwives within the overall health care system in this province.

I'm also interested in — and again this is thinking about what attention we're giving to developing a system that will really meet the needs as they evolve in our society — what priority is being placed on palliative care in the province, particularly away from the major urban centres, and whether there's any attention to developing new programs in that area. Also, what attention and financial support, Mr. Chairman, is being given to expanding the whole area of psychospiritual care, if you like, the provision of counselling services and chaplaincies in every possible area where hospitals are operating.

I'm particularly interested in what attention and priority the department places on the whole area of preventive care, in the sense of both providing services, or supporting the provision of services, and supporting educational programs that are in the preventive care area. That covers a wide range of things: attention to diet, environmental issues, the growing seriousness of some of the chemicals that are so pervasively finding their way into our environment, issues of life-style related to alcohol and tobacco use, for example. In the interest of medical care we are also recognizing that preventive health care as opposed to the provision of medical care is an area that needs an increasing priority within this government.

I'm concerned about the whole issue of balance billing, to use another of the euphemisms that we hear, or extra billing as it could more accurately be termed, because of the whole humiliation involved for people that need to go to a doctor and are faced with that question. I'm concerned whether the department is involved in any careful investigation of whether or not people are deciding not to go to doctors because of the humiliation of having respond to

that question. It was good to have some members of the Alberta Medical Association reassure me last night that no doctor, other than perhaps a plastic surgeon, would ever turn away somebody who, in response to being asked if they could afford extra billing, indicated they could not. But I'm still concerned about whether we know anything about how many people may simply choose not to go to a doctor because they are too embarrassed to be faced with the question and to admit that they can't afford extra billing. That might seem like a small thing, but I know that a lot of people, especially where language difficulties or social status kinds of difficulties enter in, would hesitate to go to a doctor for those kinds of reasons. I wonder if we're trying to find out how many people and how widespread that kind of situation is. By supporting the concept of extra billing, I wonder whether or not we're allowing a drift toward a situation where medical care becomes a matter of provision of services when a real emergency situation arises and it's absolutely critical to provide the services, not provision of services when it could still easily restore good health.

[Mr. Kroeger in the Chair]

I'd also be interested in what attention the minister is giving to the issue raised in this House toward the end of March about the new legislation, the amendments that permit easy access to information about doctors providing certain services or about people receiving those services and the potential for abuse that other groups, including the AMA, have since agreed exist — whether he's planning to repeal the legislation that was passed recently or to introduce amendments to it so that people's rights with regard to information about themselves are protected and that information can't be made easily accessible to people without their at least knowing it's happening.

I want to particularly ask the minister his thoughts on some areas related to the provision of health care within the rural area, Mr. Chairman. Hospitals are beneficial if they're properly located, and it's beneficial if we also have the proper medical staff for these kinds of hospitals. I have a concern that it seems a lot of beds are not being efficiently used in the rural hospital system and whether there's not a need to give hospital boards greatly increased discretion to use hospital beds on a need basis without a threat to the funding basis of those rural hospitals, so we could encourage better utilization of the beds in rural hospitals. I'm also concerned about what attention is being given to allowing doctors and other health care specialists to work basically out of hospitals but to travel for some days of the week to community clinics where they could provide outpatient care for people.

What attention is being given to making more use of high technology to speed up both diagnostic and treatment services in rural Alberta? Again, that relates to my questions about long-term planning and the strategies the department is developing for the future. What's happening to reduce the need for long-distance travel by patients? I'm aware there is income tax assistance for people who do this, but again people who have to travel are frequently not aware of the assistance, the claims they can make in the income tax context for the expenses of that travel, and certainly the inconveniences of that travel can be extensive when in some cases they have to come to Edmonton and use up basically a week in connection with some specialized testing. I'm interested in what's being done to investigate more use

of new microelectronic technology, satellite technology, and long-distance telephone technology to improve the provision of those kinds of services.

I'm also interested in what's happening about ambulance care. Again, in rural areas sometimes the situation can be truly life and death when you've got inadequacies in the ambulance system. I'm interested in when we're going to see a move to uniform standards and funding for a proper ambulance system in the rural areas that will meet the needs of all communities. I recently listened to one community just outside my constituency that is very concerned about the fact that ambulance service has for all practical purposes been lost to them, at least without a time lag that's so long that in many cases it's not worth talking about.

Mr. Chairman, I want to expand just a little bit for the minister on the issue of the efficient use of beds in rural hospitals. My research says that there are about 4,500 acute care beds in hospitals in rural Alberta and that the cost of maintaining an unoccupied bed in an acute care hospital is approximately 95 percent of the cost of having that bed occupied by a patient. So with that background, that situation where we can see that we don't really save very much money for an acute care hospital by having a bed sit empty as opposed to having it filled, my concern is whether or not we don't need to adjust the situation that faces hospital boards. As I understand it right now, hospital boards in rural areas hesitate to use empty beds in acute care facilities to make room for chronic care patients because that would result in fluctuations in their funding from the provincial government. If they got into making beds available for chronic care, it would make their own planning very difficult on a yearly or even a monthly basis.

I can understand that acute care beds are more expensive because of the increasing need for expensive equipment, for more specialized facilities and personnel; whereas chronic care facilities can obviously get by with a lot less expensive equipment and staffing. But my concern is still that in many cases when we've got situations where chronic care facilities are not available and acute care facilities are — and a lot of the time those acute care facilities have half or more of their beds sitting empty — couldn't the department look at some kind of adjustment that would in fact save a great deal of money? Because the provision of acute care facilities is the mammoth part of the estimates we see before us, couldn't we save money in the long run by setting up a situation that would let hospital boards have the authority to make decisions about that, so there would be no threat of running into situations where needed acute care beds weren't necessary but where we saw more efficient use of acute care beds?

As I mentioned a little earlier, I'm also interested in whether we're going to see an increasing move toward community clinics and some way whereby we can see more specialists available away from a few large centres in this province. It seems to me this could be done by having specialists, both doctors and other types of specialists like therapists, physiotherapists, speech therapists, who would spend various days of the week in some of the community clinics but were based in a hospital centre. Therefore, we would have more specialists available around the province in a diversified way. I think that is an option that needs to be explored very seriously.

Again, I think that there needs to be communication within the medical community in this province to facilitate the whole issue of what investigation is being done of the use of technology in medical care and to develop networks

to permit that to happen. In addition to investigation and the department's direct support of it, I'm wondering what support is being given to the medical community in general to develop other ways to extend and make good use of this direction for the future?

I know there are other members who would like to add their questions to the minister. I have some others, Mr. Chairman, but perhaps for now I'll turn the floor over to others.

MR. McPHERSON: Mr. Chairman, it's always a challenge to speak to the estimates or a Bill or a motion in this Assembly following the Member for Spirit River-Fairview. I must say that I really am enormously impressed with his considered and thoughtful questions to the minister. In the past I have had occasion to think some of the debate from members opposite has been rather scurrilous. I have not found that whatsoever this morning. I thought his questions were very well considered. I hope he doesn't think my upcoming comments are scurrilous toward his particular point of view.

Mr. Chairman, I fear that my comments today are going to be rather lengthy, much to the disdain, no doubt, of the Member for Calgary North West, who has commented in the past with respect to some of my lengthy comments. I guess they're going to be somewhat lengthy today, because in looking at Votes and Proceedings, I notice that the Member for Spirit River-Fairview has leave to introduce Bill 219, An Act to Provide for Universal, Financially Accessible Health Care in Alberta. But because it's in Votes and Proceedings and because of the length of the Bills on the Order Paper at the moment, it's not likely to be debated this year. So I'm going to seize this opportunity to make some remarks to the minister on estimates — perhaps lengthier than some members would like them to be. That is a forewarning.

First of all, Mr. Chairman, let me very sincerely compliment the minister on what I think has been a very important direction in the last couple of years. I was interested to listen to him comment on the increases over the past five years for the Alberta health care insurance plan and the acute care hospital increases and to see the downward trend in the increases in the health care system over the past couple of years. That's a plus. What does concern me, however, is what I perceive to perhaps be some structural problems in the overall system, when one looks at the increases in the enormous costs involved in our health care system. The issue moves me to ponder the root cause for the predictable circumstances we find ourselves in.

Mr. Chairman, you and members of the committee are aware of the methodical determination of our former federal government and some other provincial governments to convert our health care system, step by unrelenting step, into a public utility. In my view, this shift has been supported by the incessant clamour of the socialist element in our society, but it doesn't rest just there. It's also supported by a wide group of very popular support from all quarters in society because, let's face it, human health strikes at the emotional chord and everyone in this committee and surely everyone in the province of Alberta does not want to see an individual suffer financial ruin because of an illness.

Mr. Chairman, the point is that the metamorphosis is almost complete, despite the sometimes unpopular urgings of some, like me and others, who try to caution that free open-panel health care, devoid of any individual responsi-

bility or constraints, will paradoxically lead us to a two-tiered system replete with rationing, erosion of services, turnstile medicine, and overworked state physicians. Nonetheless, as I have stated a number of times, I really do raise the caution of the massive vortex created by the rampant move toward socialized medicine. Despite the fact that these may be unpopular urgings, I will frankly loathe the day when popular sentiment dictates that public policy conscript a whole class of citizens — that is, health care professionals, whatever their line of responsibilities may be — directly into the civil service, without negotiation, without discussion.

Mr. Chairman, in 1948 Nye Bevan established the first comprehensive national health service in Britain, promising unlimited free medical care of the best possible standard to the entire population.

One year later it replaced this with something completely different.

As costs soared out of control in Nye Bevan's first year (his replacement) Stafford Cripps announced in his 1949 budget that henceforth the treasury would set an annual ceiling for NHS spending, and Britons [after that] would be allowed as much free health care as could be afforded within that.

Mr. Chairman, Britain and other European countries are finding that the supply in the health care system is being constrained. I note that the April 28, 1984, edition of *The Economist* from Britain contains a table of male standardized mortality ratios which was produced by the Merrison royal commission, a Labour party appointed board. That table has some revealing statistics. It illustrates the mortality of various social classes — that is, professionals, managerial, skilled workers, partly skilled workers, and unskilled workers — against various age groups. In commenting on the results of the table, a rather embarrassed Merrison streamed forth with a number of non sequiturs, but concluded that

since the establishment of the NHS the position of those in social classes IV and V [that is on the table, unskilled and partly skilled workers] appears to have worsened relative to those in social classes I and II [i.e., professional and managerial] ...

He comments that the general health of all classes was enhanced over the past 30 years with the NHS, but he then goes on to say in the article:

There is also evidence that the higher socio-economic groups receive relatively more of the expenditure on the NHS.

Going on, Mr. Chairman, one of socialist medicine's godfathers, Richard Titmuss, started complaining as early as 1968 that:

the higher income groups know how to make better use of the NHS. They tend to receive more specialist attention; occupy more of the beds in better-equipped and staffed hospitals; receive more elective surgery; have better maternity care, and are more likely to get psychiatric help than low income groups — particularly the unskilled.

Mr. Chairman, in many of the state-controlled economies in Europe, a second tier of health care is emerging, where private hospitals are being constructed at a faster rate than public hospitals. Simply stated, the British health care system is applying the brakes on the supply side of the equation by rationing services and limiting accessibility. I guess I harken back to a classic economic theory known as Says law, which says that supply creates its own demand. In a system where we have complete accessibility with no con-

straints to the system whatsoever, surely the supply will indeed create the demand. When supply is limited in any discipline, be it health care or any area, the rich will always find a means to that supply. This inevitably leads to and produces a two-tiered system.

Paradoxically, Mr. Chairman, I believe the well-intentioned people who would remove any constraints on utilization in our health care system will discover that the precise opposite effect may be accomplished. In Britain the national health service is breaking down in precisely the areas in which it was intended to be the most help. The inevitable result is queuing and undertreatment of the inarticulate. The NHS in Britain now rations against the inarticulate.

There was a party of visiting American congressmen that I read about recently who went on a health care study in Britain. They found a young Englishwoman who had waited eight years after an accident for plastic surgery to remove the facial scars that resulted from that accident and that had blighted her from her youth. They asked sympathetically for her comments on the national health service. "Oh, it's a wonderful system we have in Britain," she replied. "You know, our medical care is all free."

When are we going learn from history? On the continent of Europe, France and West Germany have turned their original health insurance care system into a system of even more fundamental Marxist ideas which requires that employers contribute an overlarge amount to the contribution of the health care system, and in my view that is the most unemployment-created sort of tax.

Mr. Chairman, recently there a study was done in the United States by the Rand Corporation, which was considered by many in the health insurance field to be the preeminent study on health care delivery, in an effort to resolve the question:

Does free medical care lead to better health than a mechanism that requires an individual to shoulder part of the cost?

That was the mandate of the Rand commission. The United States federal government commissioned the Rand Corporation to undertake an enormously large-scale study over a 10-year period to determine the relationship between the type of cost-sharing arrangements for medical care and the effect of cost-sharing on accessibility and quality of care.

The first report was published a few years ago and reported that when cost-sharing was higher, the use of medical care and, accordingly, the expenditures were lower. Here's what they did. They investigated an individual deductible insurance plan whereby a family paid 95 percent of the cost of outpatient service, to an annual out-of-pocket expenditure of \$150 per individual or \$450 per family. After satisfying the deductible, all service and inpatient care was free. They also established mechanisms and studied co-insurance plans where a family paid 1 percent of outpatient and patient care until it had spent 5, 10, or 15 percent of total family income, to a maximum of \$1,000. After that, of course, everything was free.

In one example, people enrolled in cost-sharing plans made only about two-thirds as many outpatient and hospital visits as those receiving free care. This analysis left an important question unanswered: were the people who received free medical care and thus used more of it healthier as a result?

The Rand health insurance experiment studied 3,958 people between the ages of 14 and 61, free of disability and randomly selected, to a set of insurance plans, as I've discussed. As reported previously, patients that cost shared

made about one-third fewer visits to physicians and were hospitalized about one-third less often. The recent findings, the follow-up to that particular study made by the Rand Corporation, held that for the average participant, as well as for subgroups differing in income, no significant effects on health status were detected, with the exception of people with poor vision, myopia. Those were the only people who found less health quality than those on a free care system. The other exception, Mr. Chairman, was with low-income people who had high blood pressure. With the exception of those two conditions, which are well recognized by the medical people, there was no effect on health care. They concluded thus:

We conclude that although free care did not improve health status across the entire range of measures or income groups examined, it did confer demonstrable benefits for patients with selected conditions that physicians are trained to manage.

So we had a major study which arrived at the conclusion that those who have some individual responsibility attached to health care, as opposed to those under a first-dollar, totally free health care system, indeed used the system up to two-thirds as often as those who had open-panel, free health care. But the important question relative to quality of health indicated that there was essentially no reduction in the level of quality of health care.

[Mr. Purdy in the Chair]

I would like to drop one question on the minister: what is the long-term plan for health care in this province? Looking at the statistics over the years, Mr. Chairman, it strikes me that the question in terms of health care has to be asked: if it's a legitimate question that society is going to encroach upon a position where we simply cannot afford what we've got, how can we afford what we need? Perhaps medicare is seen as a universal good rather than what it really is. It's a great range of benefits. Some benefits are more important than others. Another question that strikes me is: has the schedule of medical benefits or the fees become a mechanism of distributing income to physicians rather than bearing any real relationship to priorities for resource distribution or to relative value? Are we spending too much too fast on less important things? If we're going to hold the line on costs or medicare, if we don't do those things, is there a possibility in the future of eroding or losing some service?

Perhaps some background might be interesting, Mr. Chairman. I'm going back to 1982-83. There are five points. Lab and office visits account for nearly one-half of all medical services and over 40 percent of total medical costs. Secondly, office and routine diagnostic services account for over 60 percent of balance billed services. The minister has just indicated the significant reduction in balance billing over the past number of years. The great majority of Albertans, some 91 percent, make some use of their medical benefits every year. The great majority of those people, 80 percent, use benefits adding up to less than \$400 a year. There is one other point I find revealing. In the '82-83 year Albertans received nearly \$43 million in benefits under the Alberta health care insurance plan that were not included in the schedule of benefits as put forth by the famous — or infamous, depending on your point of view — Canada Health Act.

Mr. Chairman, I want to address very briefly a subject that doesn't seem to be discussed around here very often.

It almost seems that if we discuss it, we do so at our peril. It strikes me that there are two sides of the equation. There are supply-side strategies and demand-side strategies. I did an investigation of the kinds of savings that may be effected in the health care system by looking at supply-side strategies and comparing them to some demand-side strategies.

Let me articulate quickly some of the strategies to constrain costs on the supply side of the equation. We could control the number of health practitioners. They're doing that in Quebec and B.C., I understand. Those areas may very well be contested under the Charter of Rights and Freedoms. We could control where the health practitioners can locate. I understand they're doing that in B.C., and there is probably going to be a court case relative to that. We could control the allocation to the specialists. We could reduce the number of benefits provided. I just mentioned the \$43 million that the Alberta health care insurance plan pays in excess of the requirement under the Canada Health Act. We could perhaps tighten the assessment rules. We could reduce payments per service after a certain income level. We could ban financial arrangements between physicians and laboratory services. We could introduce volume discounts for high-volume labs. We could take control from the medical associations to allocate money to benefit items. Apparently they do that now. We could reduce payments per service where technological advances have reduced the cost of services, for example lab testing. There is a variety of things. If Alberta effected all those supply-side strategies, which I think would have considerable impact on the availability and accessibility of health care in our province, the saving that has been suggested to me through the department is something like \$68 million a year.

Let's take a look at some of the demand-side strategies. We could perhaps put annual limits on certain benefits, as we do now with eye examinations. But where do we do those kinds of things? How often? Whom do we affect? I don't like the prospects. We could embark on public awareness programs. I think that's happened. I think the user-fee program demonstrates that.

Mr. Chairman, the one other area we could consider is to introduce a deductibility into the health care system, which would be a basic change in the structure of our health care insurance from a first-dollar, total coverage for all benefits plan to one that makes health care insurance more closely aligned to that of the private insurance sector — establish deductible levels. Of course, I would only speak of a deductible level for nonsubsidized patients. I hope there would never be any suggestion that a deductible would apply to senior citizens or to those who receive a premium subsidy or premium reduction. No one is interested in providing any constraints to those individuals in our society who cannot afford it:

Here are the calculations I received, Mr. Chairman. If a \$100 deductible for a family were to be introduced to the health care system, it is estimated it would yield 30.5 percent of total expenditures in the Alberta health care insurance plan, or \$143.4 million. If a \$200 deductible were introduced to the Alberta health care insurance plan, by estimates it would yield a 46.1 percent savings in total expenditure or \$235.4 million.

Mr. Chairman, another variation of a demand-side strategy would be to introduce a co-insurance plan to provide, let's say, 80 percent of the coverage of the Alberta Medical Association fee schedule up to some annual limit and require that the first office visit for each year be paid by the patient, remembering that any consideration of those kinds

of things would, of course, have to be done in recognition that no one would be interested in affecting people with low incomes, senior citizens, or those kinds of people. One could readily recognize that with a \$100 deductible, which could effect a \$143 million saving under the health care insurance plan, for those who have the complete ability to afford that \$100, there is such a dramatic saving that all the people involved who should not be subjected to any kind of deductible could be assured that that wouldn't happen.

I would like to touch on one other area, Mr. Chairman, and perhaps conclude with a couple of questions to the minister. I'll start with a question to the minister and then make my case. I wonder if the minister has given any further consideration, as suggested about a year ago, to the privatization of the Alberta health care insurance plan. I've done some investigation, and I think members of the committee, if they're still with me, might be interested in some of the results. The California experience has indicated that they have in fact contracted the administrative functions of Medicare and Medicaid to the private sector. As I understand it, it's a company known as Computer Sciences Corporation, and it's under contract to administer the payment of claims. Remember that in California they operate a program that is about eight times the size of Alberta's.

I think the experience in cost savings in the past six years has been nothing short of astounding. The first competitive bid, Mr. Chairman, was let with very little experience on the part of the Computer Sciences Corporation and amounted to a cost for a five-year period of \$126 million. By my rough guess that's about \$25 million a year. This is actually less than the cost to administer the Alberta health care insurance plan. Mr. Minister, while I don't have the estimates for this year right in front of me, I notice in the '82-83 annual report of the Alberta health care insurance plan that support services for AHCIP are some \$33.5 million. When one considers the overhead costs that are not factored into the Alberta health care insurance plan — obviously, things like depreciation of equipment, capital requisition, interest charges, or something like that — and that Alberta provides a service of one-eighth the magnitude of California, we're witnessing a substantial difference in costs.

But there's something else, Mr. Chairman. Five years after the Computer Sciences Corporation finished its mandate, California relet the bid, and they did it on a completely competitive model. I understand that the Computer Sciences Corporation was again successful on a six-year contract to provide the service delivery for Medicare and Medicaid in that state. After five years' experience, a six-year contract was now \$72 million. They went from a \$126 million cost over five years to a competitive bid of \$72 million over six years. That's some \$12 million a year for a delivery system eight times larger than the province of Alberta's. By my calculations, our costs are some \$35 million a year.

What might be some of the reasons? First of all, I guess a private-sector corporation under the mandate of the minister can spread its overhead in terms of capital equipment to a greater degree than the public sector can. For example, perhaps capital can be utilized more effectively under a private system. I understand the Alberta health care insurance plan has amply demonstrated that the cost-effectiveness of their computers compared to manual functions has saved them a considerable amount of money, but no doubt those computer facilities are dedicated to only one function. They're probably 40 or 50 percent — I don't know; someone might be able to enlighten us on that. If a private corporation was only using 40 percent of its capital equipment, it could

no doubt make full utilization of its computers in the private sector.

The other area is the effect on profit and incentives. Just like any business, the private sector can adopt incentives for efficiency. I understand the Computer Sciences Corporation has three middle managers, compared to some 26 middle managers at the Alberta health care insurance plan, and the employees are involved in a profit-sharing program. They've been able to find ways of rapidly concluding reassessments. I think that's the point of the Member for Edmonton Kingsway in the not too distant future. They don't pay physicians for services that are not performed. Interestingly enough, I understand that the Computer Sciences Corporation pays an average of 20 percent less than government for a basic salary, but employees earn 40 percent more in the end because of employee incentive plans. One other aspect of it may be that the private sector could deal more effectively with suppliers.

I think it's crucial that I underline that we're only examining ways to effect savings if they can be absolutely and clearly identified in terms of reassessment rules, the audit role, and those kinds of things. It would be crucial that there would be no transfer of the insurance risk. Mind you, I wonder what insurance company would even consider taking over a book of business where the annual insurance premiums are some \$187 million and the benefits paid out are in the area of \$600 million. I can't think of an insurance company that would be interested in that prospect. It must be clear that we're dealing specifically with administrative aspects, certainly not the insurance element of it.

Mr. Chairman, I would like to conclude my remarks to the minister and perhaps comment quickly on a couple of areas specifically relative to Red Deer. I'd like to thank the minister and his department very sincerely for recognizing a demonstrated need in the central Alberta region and approving a CAT scan this year. It's an important area. We in Red Deer are looking forward to that very important diagnostic tool. As I conclude my remarks, I'd also like to compliment the elected board, the administration, the staff, and all the people who work so effectively at the Red Deer Regional hospital, which clearly is a very, very fine institution. With those not brief remarks, Mr. Chairman, I'll take my seat and look forward to the remarks of other members.

MR. FISCHER: Mr. Chairman, I'll try to make my remarks as short as Jim's. I would also like to thank the minister and his department for their co-operation with me and my hospital boards in the Wainwright constituency. We had some fairly trying times in the construction of our new hospital. I would also like to commend the minister for the overall operation of the department and the control of the high costs of our health care services today. We're proud of our new hospital in Wainwright. It's almost completed and they are moved in. We're looking forward to your visit to our grand opening sometime in May; I'm not sure of the date right now.

I'm interested, Mr. Minister, in knowing why the funding for our ultrasound services in Wainwright has been discontinued. The cost of these services is much higher when we have to travel 400 kilometres round trip to Edmonton for these services, and it overcrowds the facilities here in Edmonton.

That reminds me of another little problem we have: why is it that for patient transfers to the major hospitals in Edmonton from our smaller rural areas, there is always a

two- to 12-month waiting list? Is there an extreme shortage of beds here, or are there some administrative problems? I would just like to know what is wrong with that. We have a big problem with that in our area.

Thank you.

MR. SHRAKE: Mr. Chairman, I just want to address a couple of comments to our minister. With the addition of the new 500-bed hospital in Calgary, it appears that at long last the number of beds will be adequate for that city. It appears they won't have that long waiting time to get a bed and get an operation, and our medical profession in the city of Calgary will be able to serve our citizens a little bit better. I'm really pleased with that. And I'm pleased our dear minister was able to save the Holy. It seems he's got them all calmed down there, which is really good. I think Alderman Scott in that city thinks he's not such a bad minister after all.

I'm a little bit concerned about the number of beds available in the privately run nursing homes. As I understand, there's a shortage of beds. Perhaps a waiting list is the best gauge to judge whether there's a shortage, and I understand there is a waiting list to get into nursing homes, especially the better-run, newer nursing homes. On the east side of the city — when I say east, I'm referring basically to the north side of the city east of what would be Centre Street, following down to the Bow River and east of the Bow River. With a population of perhaps a quarter of a million people in that geographical area of the city of Calgary, I think there is only one nursing home. That nursing home recently had an addition of almost 100 beds built, which was good. But it filled up immediately, and I understand there's a waiting list again.

I have a few questions I hope the minister will address or answer. Do we have any freeze on new nursing homes in the city? Are there adequate funds in the budget or is there funding available for another nursing home in Calgary, especially on the east side? Are we encouraging the privately run nursing homes to perhaps build another nursing home? Is the cost of beds in the privately run nursing homes more economical than in a hospital or auxiliary hospital? Is the care in the privately run nursing homes satisfactory? Is it up to par, on par, or even better than, say, in the auxiliary hospitals? Basically, those would be the only concerns I have for our minister.

MR. GOGO: Mr. Chairman, I listened with a great deal of interest to the Member for Red Deer on how to solve our health care problems in the province. I'd be interested in the minister's response.

First of all, I'm encouraged very much, Mr. Chairman, by the information the minister has given us on the decreasing costs, not in actual dollars but in terms of percentage, from 1981 to 1985, both with the health care plan and the hospital system. I think the minister is to be commended for getting a handle on slowing the rate of increase in expenditures in his department.

Mr. Chairman, I wonder if the minister would comment on the trend with our aging population. My information is that the seniors use our health care system five or six times more than the younger people in our province. Could he indicate to the committee what the trend is in terms of expectations in his department? Lethbridge has 12 percent senior citizens; I believe Wetaskiwin is the highest in the province at 15. Obviously, that's got to have a very important

impact on the projection of health care costs through the balance of the '80s and into the '90s.

The minister might also comment, Mr. Chairman, with regard to the Hyde report on nursing home care, which was concluded some time ago: what the minister's plans are with regard to a new Nursing Homes Act and what those changes might mean in terms of cost. I understand the nursing component of one and one-half hours per day per patient may be altered. I'd like that information.

Mr. Chairman, the minister might also be able to share with the committee the question of relative cost. The Member for Calgary Millican has just mentioned auxiliary home cost versus acute care cost. My understanding is that because of the system now, with the increasing number of seniors, there may be people in acute care hospitals ranging from \$850 a day at the University in Edmonton to \$200 a day in a rural community. Obviously, if some of those people could be in either auxiliary beds or nursing home beds, that cost would be substantially reduced. In meeting with the people responsible for our lodge program, Mr. Chairman, it is my view that they have inappropriate people there who should really be in nursing homes. I think we have some 12,000 nursing home beds in the province — or maybe it's 6,000 nursing home beds and 12,000 acute care beds. I wonder if the minister would comment on the relative mix of those beds as they exist today and if there are priorities that should be given another way.

We in the Lethbridge area are very fortunate to have had a recent addition of some 100 nursing home beds in the community. But I think it's put a unique problem with the hospital boards, and that's in the area of auxiliary hospital beds. The minister may comment with regard to the application by the regional hospital in Lethbridge for additional auxiliary home beds.

Mr. Chairman, I wonder if the minister could also give us an update with regard to the request by St. Michael's hospital in Lethbridge for upgrading their facility, particularly with reference to the need they perceive for expansion of services to prevent or eliminate certain ophthalmic patients having to go to Calgary for eye surgery.

As well, I'd appreciate his commenting on the status of the regional hospital, which is a major undertaking of some \$116 million in the community of Lethbridge. Reference was made earlier to palliative care. The Member for Edmonton Sherwood Park, as we all know, has some strong views on that. I wonder if the minister could comment on what's being done in terms of new initiatives with regard to palliative care.

Mr. Chairman, the minister and the department should be commended for having both the emergency fund with health care and the air ambulance. Unfortunately, many Albertans have a health crisis outside this country, and getting them home becomes a very high priority. I think the government, certainly the minister and his department, should be commended on the quick response in getting some of these people back to Alberta. I think that's a marvellous service, and regardless of the cost it's one that would continue to be strongly supported by all Albertans.

With regard to the minister's budget of \$2.338 billion, Mr. Chairman, one looks at the estimates coming up and sees prevention at a total of \$155 million, of which only \$93 million goes to health units. One has to wonder about the priorities with regard to the curative process compared to prevention. It seems to me that we could do so much more in terms of prevention.

The Member for Red Deer mentioned the economic side, which I'd like to comment on. I recall a proposition by certain doctors in this province: if our health care beds are indeed filled with booze problems and life-style problems, have we considered putting a dollar a bottle on our booze? Have we considered further increasing the tobacco tax? If, in fact, those problems exist because of them, is there merit in taxing them specifically, referred to as a "sin tax", to help offset those costs?

Mr. Chairman, we represent the public here. It's always interesting to hear the views of members in the House. We're told continually that voters send us here and that we should listen to voters. I want to comment with regard to the Member for Spirit River-Fairview and the meeting last night with the Alberta Medical Association. A survey carried out by the *Lethbridge Herald* asks, "Should doctors be paid a regular salary?" Isn't it interesting when citizens at random make the comments? "I don't think they should be able to charge any more than they already are." "I think it's a good idea." "I think they should get a salary. It would probably keep the cost of health care down." "They should be on a salary scale." And the final one, "Maybe there should be a merit system for doctors." When you listen to the voters, it's interesting that sometimes they seem to have different views. I thought what we were doing here was representing those voters, which raises the interesting question of compensation to physicians.

Quite frankly, if there's all that keffuffle about physicians' incomes, is there not some merit ... They seem to be saying that the dermatologist is getting more than this, and so on. I notice that every year British Columbia publishes a manual through their health care system of all the payouts to physicians in the province. Maybe that's not a bad idea, so our physicians around Alberta could know what their colleagues in the province are earning. It's published name by name, every penny from the health care system in B.C. The minister may want to comment on whether there's any merit in considering that. I'm not saying a full-page ad in the paper. But if they're public dollars, why not disclose the public dollars? It would be interesting to find the reaction of the medical community on that.

Mr. Chairman, I'd like to comment about a study that was done recently, mainly because of the comments raised on the health care side. We seem to be in the spirit of commenting on reports this morning. This one was done recently at York University. It's called Medical Perspectives on Canadian Medicare. This segment was conducted in Alberta. It's interesting to see that the majority of Alberta physicians support health care — that's encouraging — under a so-called socialized program. It's also interesting to see that Alberta physician practitioners work 49 hours a week and specialists work 50 hours a week. They see an average of 144 patients, and the specialists see 81 patients. They spend an average of 20 minutes with a patient. I think that's very interesting, because we continue to hear about conveyor-belt medicine. Reference has been made recently that perhaps doctors should form a union. It's interesting that over 65 percent of Alberta physicians say that under no circumstances should there be a labour-union-approach organization by physicians.

Reference to extra billing was made earlier by the Member for Spirit River-Fairview. I've always opposed the principle of extra billing, but the government in its wisdom sees merit in it. It's interesting to notice that 82 percent of Alberta physicians say that prior notice of any extra billing must be mandatory. In other words, no cards just sitting

on a wall in an office, no secretary saying there will be extra billing, but indeed the physician himself should discuss it with the patient.

Mr. Chairman, in the time remaining I'd like to make a few comments with regard to medicare. I think it's one of the finest systems in the world. Reference was made by the minister that the cost for the health care system is about \$1,000 per person per year. The Member for Red Deer recommended that we have a system whereby once it reaches \$1,000 a year, there not be any more. He made reference to the fact that it's a free system. Well, it can't be a free system if the citizens of this province, the taxpayers, are now paying \$1,000 a year for the health care system.

We look at the U.S. It's over 10 percent of the total gross national product, and there are many medical bankruptcies. I don't know of any in Canada, certainly none in Alberta, and in Canada we spend less than 8 percent of the total in terms of our health delivery system. One has to be realistic. We have a Canada health care Act. I suggest that we should be a part of the country, and to do that, we should be part of the health care Act. As for privatizing the system, we can't even get the G out of AGT. How we're going to get government out of the health care system is beyond me.

Mr. Chairman, some specific questions to the minister regarding awareness. Last year I remember the minister saying we were taking some special initiatives to make citizens aware of health care costs. For example, I believe the Fort McMurray Regional hospital was issuing patients a document of the actual cost when they left the hospital. I wonder if the minister has pursued that with other hospitals. I recognize the autonomy of hospitals, but I'd be interested in knowing whether that was being pursued. In addition, I believe the minister mentioned a year ago that in making patients aware of physicians' costs, we might enter a process whereby the patient would sign for the service provided expressed in dollars. That could be accomplished very easily with all the computer equipment. I would appreciate it very much if the minister would comment on where we are with that, because I think it's essential that people in Alberta know the actual cost of delivering those services.

Mr. Chairman, the question of extra billing has already been touched on, and I understand it's approaching about \$12 million a year in penalties under the Canada Health Act. Down the road when we face the public again, one wonders how we're going to deal with that if, indeed, there's an option for dealing with it.

In terms of physicians in rural areas, as the committee knows, recent amendments passed in the House are now offering an incentive to physicians to locate in rural Alberta. I would like to put the question to the minister as to who really, in his view, has the responsibility to see that physicians service areas of this province? In my view, the college really has the primary responsibility of locating physicians. That would be at variance with the views expressed by the previous speaker.

My understanding, Mr. Chairman, is that the cost of education is some \$400,000, yet we continue to hear of physicians leaving the country. It almost seems to me that we should have a system in place — they do it in many other areas — that if you accept subsidization by the state you should commit yourself to serving the state for a period of time. I don't think that applies with physicians, and I wonder if that's not a thing we should look at. Students go to our medical schools to be trained at public expense. If the cost is \$400,000, should we not get a commitment

from them to serve the province until that cost has been utilized? Any civil servant or deputy minister in this government who goes at public expense on courses, like the National Defence college, must sign an agreement to remain in the service of this province for so many years. I wonder if that's not an area that should be viewed with regard to physician manpower.

Finally, Mr. Chairman, two other points. Home births haven't really been mentioned. I mention that in concert with the Member for Calgary North Hill and his Motion 220, where members have been asked to support an alternative system of health delivery with nursing professionals to reduce the health care costs. Clearly, is that not an option we should be looking at? If, indeed, a physician is well trained and capable of doing the things they do ... We seem to hear about patients who abuse the system. Physicians tell me that if you could slow down the abusers in the system, it would certainly lower the cost. Would that not be one way of considering that? If a person going to see a physician with a perceived health problem, could see one of these people prior to seeing the actual physician, would we not in fact eliminate a lot of the cost that's incurred when they see the physician himself?

With those comments, Mr. Chairman, I simply want to close by saying that my experience with the minister's department for the past year has been very positive. There is always a quick response to any questions I have. I certainly support the estimates before the House.

MR. MARTIN: I'm going to have to come back, Mr. Chairman. I had a speech about saving money, and I know that's fond to the minister's heart. I know he wants me to have a little more time to give him some advice in that area, so I will come back to some areas of medicare. It's a serious matter.

For a couple of minutes, though — this may surprise the minister, but I think we are spending enough on medicare. When I look at the fact that the overall spending on health care is almost \$2.5 billion, I think the case can be made that that's enough. It's some 25.7 percent of the budget. This may surprise him: I'm going to say that medicare is not underfunded. From there I want to make a point, and I want to come back because it is a serious point, about reshifting priorities and not necessarily moving to the American system, which I think the Member for Lethbridge West pointed out doesn't work very well. But it would take some time, and I think there are some other members on, so I'll save those pearls of wisdom for the minister for the next time his estimates come up and let other members get in at this time.

MRS. CRIPPS: Mr. Chairman, I didn't really intend to get in on the minister's estimates, but I did decide to get in after the Member for Spirit River-Fairview indicated that it was somehow demeaning to have to say that extra billing or user fees would be a hardship. I think that's absolute bunk. Surely we all recognize that there are income level differences and that the ability to pay medical and hospital costs is affected by these differences. Thank heavens for our medical system; everyone can obtain medical services regardless of income. From personal experience I know that without this system a family with a chronically ill person would probably lose any tangible assets they might have and be in debt for the rest of their lives.

I do know that if you don't have the ability to pay, it does not mean you don't get the surgery from the practi-

tioners. It simply means they'll go ahead with the operation in any case. It certainly seems to me that we should support a system where anyone gets this kind of service regardless of income level. Quite frankly, if we have people who need the support of society there is nothing whatsoever demeaning in having to say they need that support. It's far more demeaning, I think, to not need the support and automatically get it. I really do. That's the only point I really wanted to make. I feel so strongly about it.

While I'm up, Mr. Chairman, I'd like to say that the new hospital in Drayton Valley is operating effectively and efficiently and that the whole community is extremely proud of the facility. It's a great asset to the town.

DR. ELLIOTT: Mr. Chairman, I wish to make a couple of comments with respect to these estimates. First of all, it's important that we in Grande Prairie say thank you to the Minister responsible for Hospitals and Medical Care. Many things have happened there in the last few years when attention has been directed to our constituency, and we have been the beneficiaries of many of his good plans. I'm referring, of course, to the opening of the Hythe hospital in 1983 and the nursing care beds attached to that new unit and to June 15, 1984, when we opened the Queen Elizabeth II hospital in Grande Prairie. I also want to thank the minister for the number of times he's had to meet and patiently review our concerns with delegations from our constituency. The understanding and the interest he has shown in these discussions has been sincere and has been appreciated.

The Grande Prairie constituency, which I represent, has two hospital districts, the Grande Prairie hospital district and the Hythe-Beaverlodge hospital district. So I deal frequently with two individual hospital boards and their staff. I'm really proud of the management and staff of those hospitals, and I compliment them on their integrity and the sincerity with which they do their work.

I leave one comment with the minister. Maybe I should say it's more of a reminder. It is important that that corner of Alberta be equipped with a CAT scanner. We will continue to monitor our requirements and needs and work with the minister and his department in the months ahead to acquire that kind of equipment.

Thank you, Mr. Chairman.

MR. GURNETT: Mr. Chairman, first of all, I want to respond briefly to the Member for Drayton Valley about the problem of services and people asking for them when they can't pay. In my comments I was not in any way indicating that the service isn't provided. I specifically said that as far as I know — at least doctors tell me — with the exception, perhaps, of plastic surgery, any time the request is made and someone says they can't pay, they do in fact get services. The question I put to the minister earlier, which I think is still valid, was whether or not there is a perception amongst a significant number of people that they don't want to face that embarrassment of going and asking for the service — not that it is demeaning to have to say, "I can't afford the service." Some of us may not mind saying that. If we can't afford it, we go in and we make clear to the doctor that we need the service but we're not able to pay.

My concern is about people who find themselves in situations where they feel intimidated having to sit across the desk from a doctor. I think particularly of some situations that have come to my attention that have involved people

where there is a language difficulty or a sort of socioeconomic difficulty. These kinds of people will sometimes simply not dare to go and make that kind of request. So I was asking what kind of attention has been given to investigating how much of that is happening. There is no question that some of it is happening. But how widespread is the problem of people who are afraid that they might have to make that admission, and because of embarrassment about having to do that, are choosing not to go for care when they could go for the care?

Instead, we may be ending up with more expensive, greater costs for hospitalization, because they don't go until the situation becomes an absolute life-and-death emergency. Of course, they receive the treatment then, but that treatment might by that point be a much more extensive and expensive treatment than would have been necessary if they had felt free to go earlier and simply say, "I can't afford the service and still need it." So I'm concerned that as long as the situation exists where people are put in the position of having to go and say that kind of thing to a doctor, there are inevitably going to be a certain number of them who choose not to take the service.

While I'm up, I'd also like to ask a couple of other questions of the minister in addition to the ones I posed earlier. I'm wondering about the process his department uses, Mr. Chairman, in determining the need for new facilities or for expanding facilities. What studies go on? What investigation goes on in deciding that a particular community needs a hospital of this size or needs these new facilities at a hospital? I wonder how much of it is simply based on looking at apparent population trends and analyzing them. What other factors might figure in deciding where to put hospitals and what kind of hospitals to put in the places they're located?

Finally, the other question I would like to ask and have the minister respond to deals with vote 2, which is for the health care insurance program. I note that although there should be an overall decrease of 4.9 percent there, that's based on a forecast increase of revenue of 9.6 percent. Since the Budget Address indicated that we won't be looking at higher health care premiums this year, and since I imagine the penalties from the federal program will continue to be in place as long as extra billing continues to be allowed, it would seem that there's not much room to see an increase in revenue. So I wonder why we're looking at that decrease

of 4.9 percent. What assumptions were made to calculate that there will in fact be a decrease in the expenditures there in view of those situations?

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Would the hon. minister like to respond to the comments, or do you want to rise and report?

MR. RUSSELL: Mr. Chairman, I move the committee rise, report progress, and ask 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. CRAWFORD: Mr. Speaker, it is proposed that the Assembly sit on both Monday and Tuesday nights next week. On Monday afternoon we want to deal with Motion 11 on the Order Paper and, if there is time after that, perhaps conclude or further deal with the estimates of the Department of Advanced Education. On Monday evening the department to be called will be Executive Council. If the Executive Council estimates do not take the entire evening, we would see at that point if there are other departments which have been opened and could be called for some further time. As for Tuesday night, I will try to give an indication on Monday as to the department to be called in Committee of Supply.

Mr. Speaker, I move we call it 1 o'clock.

MR. SPEAKER: Do the members agree?

HON. MEMBERS: Agreed.

[At 12:51 p.m., pursuant to Standing Order 4, the House adjourned to Monday at 2:30 p.m.]