

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Thursday, April 10, 1986 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

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

DR. ELLIOTT: Mr. Speaker, I beg leave to table the annual report for the Standing Committee on Legislative Offices for the 20th Legislature, Third Session, from March 14, 1985, to April 2, 1986.

head: **INTRODUCTION OF BILLS**

**Bill 219****Criminal Compensation Intercept Act**

MR. R. SPEAKER: Mr. Speaker, I beg leave to introduce Bill 219, the Criminal Compensation Intercept Act.

This Bill covers the situation where a criminal has injured a victim, either financially or physically, and where the victim is owed restitution. The victim will now be able to ask the Provincial Treasurer to withhold the criminal's tax return as well as any provincial grants payable to the criminal.

[Leave granted; Bill 219 read a first time]

head: **TABLING RETURNS AND REPORTS**

MR. ADAIR: Mr. Speaker, I beg leave to file with the Legislature Library four copies of the Canada-Alberta northern development agreement and four copies of the application guidelines for that subsidiary agreement.

MR. HORSMAN: Mr. Speaker, I am pleased to table the 11th annual report of the Department of Federal and Intergovernmental Affairs.

MR. RUSSELL: Mr. Speaker, I'd like to table the most recent annual report of the Alberta Association of Registered Nurses.

MR. STEVENS: Mr. Speaker, I am pleased to table the Public Service Commissioner's annual report for the year ended December 31, 1985.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. STROMBERG: Today I have the honour of introducing 52 grades 5 and 6 students from the Callingwood school, which is located in Mr. Speaker's constituency of Edmonton Meadowlark. The students are accompanied by teachers

Mrs. Pierce, Mrs. Oko, and Mr. Viteychuk, and parent Mr. Brown. Mr. Speaker, your constituents are seated in the public gallery, and I would ask that they now stand and receive the warm welcome of the Assembly.

MR. PAHL: Mr. Speaker, it's my privilege to introduce to you and to members of the Assembly 31 grade 6 students from the Satoo elementary school, located in the constituency of Edmonton Mill Woods. They're accompanied by their teacher, who is a friend of mine and a friend of the Member for Barrhead, Mr. David Fairfield, and Meryl Ellsworth, Janice Hudson, Mary Jane Saunders, Keith Stevens, and Joyce Leavitt. They are in the members' gallery. I wonder if they'd be kind enough to rise and receive the traditional welcome of the Assembly.

MR. McPHERSON: Mr. Speaker, I have the pleasure today to introduce to you and to members of the Assembly what I hope will be 34 students in the public gallery. I regret that I was not able to meet with them just prior to entering the House this afternoon. My information, however, has it that we have 34 students from the G. W. Smith school in the constituency of Red Deer. They are accompanied by teachers Mr. Rae Molzan, Mr. Robert Reed and principal Mr. Dick Hornby. I also am advised that we have five parents accompanying the students today: Mrs. Ladill, Mr. Rideout, Mrs. Morasch, Mrs. Wood, and Mrs. Fox.

I know the principal is here; however, I'm not certain that the students are. If they are, however, I would ask that they rise and receive the recognition of the House. There they are.

MR. BATIUK: It gives me real pleasure today to introduce to you, Mr. Speaker, and through you to the members of the Assembly, 17 grade 6 students from the Ryley school, in the constituency. They are seated in the public gallery, accompanied by their teacher Mrs. Pepper and parent Mrs. Kope. It is worthy to note that Mrs. Pepper has been bringing her class annually for all the years I have represented the constituency. I would ask that they rise and receive the welcome of the Assembly.

MR. SCHMID: Mr. Speaker, I think I have three special students from Ritchie junior high school in the public gallery, who are accompanied by Jan Wilhelm and Anna-Marie Stipdonk, an aide. Jan Wilhelm is the teacher. They're here today to visit the Legislature. May I ask them to rise and get the recognition of this Assembly, if they are up there.

head: **ORAL QUESTION PERIOD**

**Husky Oil Upgrader**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Minister of Energy and Natural Resources. I recall the government announcing to Albertans a couple of years ago an agreement that was signed, sealed, and delivered, dealing with \$780 million loan guarantees and a \$50 million grant. Now we have a \$36 million engineering study. My question to the minister: has the minister communicated to the federal government that this backing away on this agreement is totally unacceptable?

MR. ZAOZIRNY: Mr. Speaker, I'm delighted to respond to the incorrect allegation of the hon. Leader of the Oppo-

sition. The fact is that we were able to successfully conclude on Tuesday last, after extensive discussions, an agreement which does a number of things. First of all, it ensures that during this time of oil price turbulence, when it is virtually impossible to make final decisions on major megaprojects, we will be moving ahead in a continuous way with that project. We've made arrangements for the full financing that will be required from the start of the upgrader work to the definitive estimate stage to be provided and on a basis which sees the federal government as the major contributor of some 40 percent.

At the same time, Mr. Speaker, it was part and parcel of that agreement that the existing rights and views of the parties to the agreement are in no way affected by this interim arrangement. In other words, it is on a completely without-prejudice basis. Our view, which has been and continues to be that a deal is a deal and that that existing arrangement is still valid, is very much in full force and effect.

MR. MARTIN: A supplementary question. I'm glad that a deal is a deal. I agree. With that optimistic statement, will the minister tell us when the construction on this project will begin? Will it start this year?

MR. ZAOZIRNY: Mr. Speaker, the hon. member should know by now that the definitive estimate work will not be completed until approximately the first quarter of 1987. That was the estimate provided by Husky and the basis upon which the necessary interim financing was arranged. It was also agreed during the course of the meeting, which was attended by myself and the hon. Minister of Federal and Intergovernmental Affairs, that during this time frame we are going to be working through the final details as to what the necessary fiscal regime will be to ensure that the project moves through to fruition.

The atmosphere and the attitude in the meeting were extremely positive, with a view to the completion of the project. What was recognized is the very obvious fact that at this time it's impossible to predict what specific fiscal terms will be needed, because the price of oil is so very uncertain. We believe that price situation will become much more clear as the year progresses. We're moving on this thing in a realistic way, and we're moving on it in a way that will see the project completed.

MR. MARTIN: A supplementary question to the minister. As he himself and the Premier have said, there's a five-to seven-year lead time. My question is: why did they have to have this meeting and then come back with a further engineering study, if the former deal is still in place?

MR. ZAOZIRNY: That's quite correct. They're moving on with the normal work that would be being pursued at this stage in the project development. What was recognized is that some circumstances have clearly changed since June 1984, when the original agreement — the original and binding agreement, in our judgment — was signed. We have to be realistic about this.

As was mentioned by the participants at the meeting, we're going to be exploring what additional approaches may or may not be required. That's going to become more clear as the year goes along. You can't simply stick your head in the sand, Mr. Speaker, and suggest that nothing has changed between June 1984 and now. But the concept that's embodied in the original agreement, the agreement itself,

has been accepted as being very much alive and well, certainly from the standpoint of this government. The agreement that we put in place for interim financing recognizes that it is without prejudice to the respective views of the party, and that's the way we're moving ahead. That's the only sensible way to move ahead, Mr. Speaker.

MR. MARTIN: A supplementary question to the minister. Certainly times have changed, but as he himself said, a deal is a deal. What we're trying to do is look at a five-to seven-year pricing at that particular time. That's what we're looking at, not what it is right now. I suppose that point was made to the federal government. My question is: what specific action did the minister try to take at this particular time to hold them to their original agreement that we'd move on with it now?

MR. ZAOZIRNY: Mr. Speaker, the hon. member's question is somewhat repetitive. We took the position that we've taken throughout: a deal is a deal. There has to be at the same time a recognition that the world looks very different today than it did a couple of years ago. We want to see the project moving ahead. We've got an interim arrangement in place that will facilitate that. Through the balance of 1986, we're going to be working, in our minds, within the context of that original agreement, to see that that project moves ahead to completion. That's exactly what has to be done.

MR. MARTIN: A supplementary question to the minister, Mr. Speaker. The Husky people have said that they are in need of equity partners. Did the minister attempt at all to get his federal friends to commit to equity investment in this project, since they seem to be leery of loan guarantees?

MR. ZAOZIRNY: Mr. Speaker, I don't know that the hon. member is correct in suggesting that they're leery of loan guarantees per se. There is a question, of course, of an appropriate balance as between debt and equity. Certainly there has been some general discussion about various approaches, including the infusion of additional equity and a number of other approaches which would be very helpful to the project.

The point is, Mr. Speaker, what has become very clear — and I have been involved in these discussions for a considerable length of time — is that it is impossible to pinpoint right now exactly that proper formula to see the project moving through to completion in the context of the world as it will appear as we move through these next few years. What we have to do is move in a staged basis, get through this oil-price turbulence, and be working very hard at the appropriate fiscal regime, which may well be the existing one. Perhaps it will require some enhancement; we'll see. We'll make the appropriate adjustments. That's the way to do it.

MR. MARTIN: A supplementary question, Mr. Speaker. The Premier has said from time to time that we're prepared to go it alone. He has said that there is immediacy to getting on with this program. Now we seem to be getting a different story. My question is: was it raised with the hon. energy minister that because Alberta said that they would go it alone, they'd be quite prepared to let Alberta go it alone?

MR. ZAOZIRNY: Mr. Speaker, how the hon. member can suggest that we're now changing our approach when we're

not missing a beat in terms of the project's moving ahead is beyond me.

MR. MARTIN: A supplementary question to the minister. The Premier has said that we want to get on with this project and announce it. He said that time and time again. Now, is not the federal minister telling us that times have changed and we're going to have to relook at it? Isn't that the bulk of what he's been saying in this question period?

MR. ZAOZIRNY: Mr. Speaker, the hon. Premier is not only very accurate in his statement that we should be moving ahead with these projects; he's also a very good negotiator. It worked well.

MR. MARTIN: A supplementary question. That's certainly a matter of opinion, Mr. Speaker. My question is: did this minister try in negotiations to press the federal government to arrange a special blended price that all Canadians would share to help support the upgrader?

MR. ZAOZIRNY: Mr. Speaker, there's absolutely no sense that that particular move, or a particular move, is the magic ingredient required to see the project making the component package that we need to see it go ahead. What I've said earlier is that we are looking at a range of approaches, which may or may not be required. That will become more clear as the year moves ahead. We're looking at this thing on a very considered basis but not exclusively to one approach, which happens to be a bit of a bugbear with the hon. Leader of the Opposition.

MR. MARTIN: A supplementary question, Mr. Speaker. It seems by the answers that we don't have much of an agreement. My question is: is one of the considerations, one of the options that we're always talking about, of the Alberta government — have they pressed the federal government that we may move the upgrader to the Alberta side instead of the Saskatchewan side? Is that one of the options that was discussed?

MR. ZAOZIRNY: Mr. Speaker, I recognize that the hon. leader is working from prepared notes, which obviously are out of tune with the direction of the questioning. The fact of the matter is that there continues to be a tremendous commitment to the project by the province of Saskatchewan as well as the province of Alberta, the federal government, and Husky. So why on earth would you be moving it?

MR. MARTIN: A supplementary question. Precisely because the Premier said that we were prepared to go it alone. That was one of the options. Is that one of the things that was raised in the House?

MR. ZAOZIRNY: Mr. Speaker, we don't have to go it alone; we're going it together.

MR. MARTIN: A supplementary question. Yesterday in this House the Premier said that we'd still be prepared to go it alone. To the Premier: is that still the position of this government?

MR. GETTY: Mr. Speaker, I can appreciate the hon. member's frustration, because the minister of energy has presented such an effective agreement. I think he's answered

the very question the Leader of the Opposition is posing again.

MR. MARTIN: A supplementary question to this government that is full of options but no answers. My question to either one of the hon. gentlemen, whoever is running the government today — my question is a serious one. Is it correct that the bottom line is that we have no agreement beyond the \$36 million for the engineering study, nothing finalized?

MR. ZAOZIRNY: Mr. Speaker, the hon. member's question is wrong in every respect. I can't answer it more completely.

MR. MARTIN: A supplementary question. [interjections]

MR. SPEAKER: Order please. I hesitate to interrupt this exciting exchange, but this will be the hon. leader's 10th supplementary. I've had a little difficulty the last few days trying to reach even a short list because of the many supplementaries. Might it perhaps be his last. I'm asking that it be his last.

MR. MARTIN: Yes, Mr. Speaker. My question is simply this: will the minister absolutely guarantee to this House that the construction phase of this upgrader will be started by 1987?

MR. ZAOZIRNY: Mr. Speaker, that's a foolish question that doesn't deserve an answer.

MR. LEE: Mr. Speaker, a supplementary to the minister of energy. Could the minister indicate the estimated number of jobs that this will maintain and/or create in Alberta, particularly in the head offices in the city of Calgary, as a result of the successful conclusion of this agreement?

MR. ZAOZIRNY: Mr. Speaker, we're talking in the hundreds.

#### **Oil Industry Debt Collection**

MR. MARTIN: Mr. Speaker, I'd like to direct the second question to the Minister of Energy and Natural Resources. Of course, it has to do with the Esso royalty write-off and the memo. We want to know some of the answers, because the Premier has said that the minister would be forthcoming today.

My first question on this: has the minister taken any action to reprimand the associate deputy minister for attempting to, and I quote: orchestrate a hidden arrangement which would be for insiders' eyes only?

MR. ZAOZIRNY: Mr. Speaker, if I might seek your guidance on this matter. I have reviewed the questions that have been asked in the House in the last couple of days on this topic. There are some 16 questions or supplementaries, questions that have been put to the House for answering. That being the case, and this being a very complex matter, I have prepared a response to the questions which I think will be comprehensive. If it's acceptable to the House, I would be prepared to respond to those questions at this time.

HON. MEMBERS: Agreed.

MR. ZAOZIRNY: Mr. Speaker, I hope the House will provide some indulgence, and that you will, Mr. Speaker.

with the somewhat lengthy answer, because it's a very complex matter and the questions have been numerous.

I do very much wish to respond to the questions put by the hon. Leader of the Opposition during my absence from the House. Prior to those specific responses, based on briefings from officials with which I have spoken and met recently, I should make clear the context within which I feel I am able to respond.

I must also at this time express some very deep concern about the hon. Leader of the Opposition's placing of this matter before the House and the way in which he did it. The fact is, Mr. Speaker, that the subject matter of the memo tabled by the hon. member involves an ongoing legal dispute between the government of Alberta and a company. That is obvious to anyone reading it. Notwithstanding this obvious fact and the equally obvious fact that its being made public may adversely prejudice the legal position of the government of Alberta, the hon. member chose to make it public. Moreover, he did so having received specific advance notice that I was in Ottawa at crucial energy meetings and couldn't be in the House to respond to questions. By doing so, he has placed in the public arena serious allegations on a complex matter that could not be challenged in the first instance. [interjections]

MR. MARTIN: On a point of order.

MR. SPEAKER: I respectfully suggest that it is not essentially germane to the question or the reply that opinions be expressed concerning the behaviour or the statements of an hon. member. I think that may be something that might be looked into through other means. But at the moment, as I understood it, the statement which the hon. minister wished to make and which the House gave leave to be made at some length notwithstanding that we're in the question period, would relate rather to information and not to reflections on some of the things that led up to the answer.

MR. ZAOZIRNY: Certainly, Mr. Speaker. I do, however, feel that I have to make the House aware of the fact that this is a legal dispute that we are in the midst of, and as a result, certainly the responses that I give, given the irresponsible tabling of this memo by the hon. member, will require me to be limited.

Getting on to the answers . . .

MR. MARTIN: On a point of order.

MR. ZAOZIRNY: I'll answer the questions if you'll just sit down.

MR. SPEAKER: Order please. The question period is not the vehicle for dealing with what I think is being implied by the hon. minister as being a breach of privilege. A charge of irresponsibility made against another member of the Assembly is a very grave charge to be made and should not be made just obliquely in the course of answering a question. Such a charge would justify being inquired into just by itself, unrelated to any questions or answers, to see whether there was some substance to it. If it were found to have a great deal of substance to it, it might be a more serious matter.

I would respectfully suggest that the hon. minister might reconsider this allegation and perhaps deal with it a little further.

MR. ZAOZIRNY: Certainly, Mr. Speaker. It is so done. I will deal specifically with the answers to the questions, if I may. The hon member . . .

MR. SPEAKER: I hesitate to interrupt the hon. minister. Do I understand that the allegation or the implication is withdrawn?

MR. ZAOZIRNY: Certainly, to the extent that it's viewed in a formal fashion by the Speaker.

MR. SPEAKER: My suggestion is that under the circumstances the allegation should be withdrawn. I'm afraid I didn't quite assess accurately what went along with the withdrawal.

MR. ZAOZIRNY: Mr. Speaker, consider it done.

Mr. Speaker, in the range of questions there was a question about an under-the-table deal. I can advise the Assembly that there was no under-the-table deal, nor was such ever contemplated. Rather, there is very much an on-the-table and active legal dispute. Moreover, in the context of that question, there is not and was not contemplated any writing off of royalty obligation. In fact, if one reads the memo carefully, one will understand that what is in dispute is payment received some years ago by the company from the flowback fund from export sales of natural gas, which is shared amongst producers. It is not a matter of royalty.

If the legal position of the Alberta Petroleum Marketing Commission on this issue prevails, Mr. Speaker, the \$19 million in question would not go to the taxpayers, and there was a question asked in this account. In fact, it would go to the producers, because it is the producers who are the recipients of the flowback fund, and that would include of course the company in question, as a producer. That's how the flowback fund works, in fact. So it's not a matter of any royalty giveaway, as was inquired about by the hon. member. It's a matter of a dispute about an amount of funds from the flowback fund which goes to producers.

Next in responding to the questions, there was reference in the questions to a cabinet-blessed document and an inquiry about that. There was some intimation that this constituted evidence of some sort of secret or sweetheart deal which would release the company from a debt of \$19 million. In fact, Mr. Speaker, this is a reference to a formal gas storage agreement entered into with the company by the government of Alberta on August 17, 1953 [interjections] by the then Minister of Mines and Minerals and Premier, the Hon. Ernest C. Manning. It was ratified by order in council 1130/53, and gazetted on August 31, 1953.

Mr. Speaker, the hon. member's mysterious cabinet-blessed document is a public one. Nevertheless, I'm hereby tabling a copy of it and the relevant excerpts from the *Alberta Gazette*. Moreover, I must reject out of hand the hon. Leader of the Opposition's suggestion that former Premier Manning signed some sort of sweetheart deal. He's an honourable man and a great Albertan. He signed a straightforward agreement, a commercial one. That's the way we do business too, Mr. Speaker. [interjections]

Mr. Speaker, further, there was a question with an allegation that debts are not being pursued by this government, that allegation being ostensibly based in part on an expression of opinion in the memo as to what the minister's position on litigation might be. That opinion might be expected, of course, to relate to the prospects of success in litigation and the precedent implications of a lack of success if that

occurred. Moreover, it is clear from the memo that the minister will be the final judge of that. Furthermore, given the intensive nature of the current legal dispute, with outside legal counsel having been retained for some time, it is simply rather absurd to suggest that such debts are not being pursued by this government. They are, Mr. Speaker.

Finally, Mr. Speaker, if the memo is read carefully, it is quite apparent that it does not contemplate the government giving up anything that it is legally entitled to. That fact relates directly to another question with respect to an allegation of a special deal for the company, one not offered to other in situ operators, of nonpayment of royalties for gas produced which is used for fuel. Again, if one reads the memo carefully, what was being discussed was a specific policy for all industry involved in in situ development. In fact, what was being considered was a more formal approach than the existing arrangement. Under that existing arrangement, there is a fuel gas royalty exemption currently available, but it is only available on specific application by an in situ operator. This is based on the long-standing government policy that we do not charge royalty on gas consumed to produce oil. In fact, Mr. Speaker, under the existing on-application-only arrangement, the only in situ operator that was not receiving a royalty exemption classification at the time of the memo was the company in question, because they had not yet made application. That's quite a special deal.

That also very much relates, Mr. Speaker, to the paragraph at the top of page 3, which was referenced even this afternoon by the hon. member and which is alleged to suggest orchestrating under-the-table deals. Instead, I am informed by the author that it reflected his view that to handle the situation otherwise than is outlined in that paragraph would, frankly, jeopardize our negotiating strategy and position, a fact which sadly was lost completely on the hon. member when he tabled the memo.

Mr. Speaker, on the question of ministerial role and responsibility, I can advise the Assembly that I've had no direct involvement in these proceedings by way of discussions with the company or the Alberta Petroleum Marketing Commission but have received a verbal overview as to the existence and nature of this complex legal dispute. Any final disposition of this matter would be expected to involve ministerial and likely cabinet approval and would be arrived at after having considered in-house and outside legal advice as well as a careful review of all relevant circumstances.

Mr. Speaker, at the outset I did mention that I have provided this response, mindful of a responsibility on my part not to compound the adverse legal impact of the hon. member's tabling this memo. I simply close my response by reiterating my deep concern about the action of the hon. member. Surely political expediency should not sacrifice our parliamentary responsibilities. [some applause]

MR. MARTIN: Thank you, thank you. Mr. Speaker, first of all, on a point of order. It is our job to find out what is going on behind closed doors. That has always been the role of the opposition. [interjections]

MR. SPEAKER: Order. We've taken up a fair amount of the question period time. There are still some members wishing to ask their first question. I realize this is an important matter. What I would like to find out now from the hon. leader is: is he raising a point of order or is he expounding on one?

MR. MARTIN: Mr. Speaker, I think I'll go on to the questions, contrary to the irresponsible actions of the minister in suggesting it.

SOME HON. MEMBERS: Oh. oh.

MR. SPEAKER: Order please. I should say that the reference to an under-the-table deal has caused me some difficulty. I perhaps wasn't as alert as I should be. I realize that the allegation did not directly concern a member of the House and would ordinarily not then be a direct responsibility of mine. But I have in the past mentioned that when something is said in this House which may affect the fair name or reputation of someone who is outside the House and is not protected by the privilege which members have when sitting in this Assembly, we must be very circumspect indeed, because those people are not here in the House to defend themselves and the damage, once done, may be very difficult, impossible in fact, to undo.

Now, bringing it more up to date and dealing with what just happened a moment ago, it's my understanding that the hon. leader has made an allegation of irresponsibility toward the minister, and what I said a moment ago, of course, applies equally. If such a charge is going to be made seriously, there are appropriate and fair ways to do it, rather than to toss it across the floor in the question period. I would respectfully ask the hon. leader to deal with that remark further.

MR. MARTIN: Mr. Speaker, I will retract it in the same spirit as the minister did. Now may I go on with the questions?

First of all, about the \$19 million only going to the producers. Again, I'm going by the memo. It says, "they either owed the APMC approximately 19MM\$ or they owed the Department a like amount." Mr. Speaker, I thought the department was part of government. My question is: no matter how you take it, the \$19 million eventually was money that the Crown wouldn't have if we didn't get this \$19 million. Is that not correct?

MR. ZAOZIRNY: Mr. Speaker. I am in some difficulty here, because we're getting to a matter of the negotiations that are ongoing. That's what this document very much refers to. The member is dead wrong, but I am very leery of getting into too much detail, because there are outside legal counsel retained on this dispute. Could I get some guidance?

MR. SPEAKER: The hon. minister has total discretion as to whether he wishes to answer at all. Of course, if he answers, then he has total discretion within the limits of the rules of the question period as to the extent to which he wishes to go in answering the question. Now, there is another rule that perhaps hon. members will have thought of. If the matter is in litigation, then we must give very serious consideration to the sub judice rule, which would say we've got to leave it alone until it's dealt with by the courts.

MR. ZAOZIRNY: Mr. Speaker. I do not believe legal proceedings and action have been commenced, but it's on the verge of it. That being the case, I'm simply going to have to say that the hon. member's assertion is incorrect. If he reads the memo further and considers it, I believe

that is actually clear. Having said that, I'm not going to prejudice what may well turn into a lawsuit.

MR. MARTIN: A supplementary question.

MR. SPEAKER: Might this be the final supplementary. We've had a great deal of time on the hon. leader's questions, and there are four other members who wish to ask questions.

MR. MARTIN: Just one other question on this then, to follow up from the same line. It says in there that he didn't believe the minister would allow any litigation. Now we're told that it's on the verge. Is the minister saying that he is proceeding now with litigation, that that's where he wants it to be? That's different from the memo.

MR. ZAOZIRNY: Mr. Speaker, no decision has been taken on that matter.

#### **Solicitor General's Office**

MR. R. SPEAKER: Mr. Speaker, my question is to the Solicitor General. During the past few months there has been a great deal of controversy in this province concerning the legislative office of the minister in his handling of speeding tickets. I'd like to ask whether the minister could indicate whether he has used his influence to attempt to have a police officer who issued a ticket fired.

MR. SPEAKER: I have grave doubts about the propriety of that question. It implies a charge against the hon. minister. In some parliaments and, as far as I know, in historic times, to attempt such a thing would put the seat of the member who attempts it in jeopardy. I would respectfully suggest that if the hon. leader wishes to deal with that topic, there are better ways of doing it.

MR. R. SPEAKER: Mr. Speaker, on the point of order you raise, what I'd like to table for the Legislature are some letters indicating that item, which I certainly can do. I can leave them for the examination of the minister, and I am prepared to bring this question back again.

MR. SPEAKER: The hon. leader knows as well as I do the rules with regard to tabling, and if he is within those rules, he's entitled to table. I'm not at the moment passing any judgment on what's being tabled, because of course I don't know what it is. But I really suggest with all respect that, in fairness, this kind of implied accusation should not be made in this manner.

DR. REID: Mr. Speaker, may I have your ruling as to whether I'm entitled to defend myself against that allegation that was just made?

MR. SPEAKER: If there were any rule that would prevent the hon. minister from responding at this moment, I would say such a rule would have to be totally disregarded.

DR. REID: Mr. Speaker, I am unaware of any controversy about my occupying the position that I occupy in this government. I am unaware of any circumstances where I have used influence in any circumstances to have anything done that would be illegal, improper, unethical, or unjustified by any member of this Legislature. When I read the document, I will then answer it in this Legislature tomorrow.

MR. SPEAKER: I can't perceive how there might be any supplementaries to a question of that kind.

MR. R. SPEAKER: Mr. Speaker, certainly at that time I would like the hon. member to look at the document I've tabled, which is correspondence to Dr. Reid from the chief constable of the Hinton police force and which indicates the matter that I raise in here — that the chief was asked to discipline a member on the request of the hon. member.

MR. SPEAKER: Unfortunately or otherwise, I haven't the material in front of me, but I would remind the hon. leader that ministers reply in the House to questions which relate to their ministerial responsibility, and certainly such questions would have to be limited to the times when the ministers are acting as such. Now, I don't know whether it's ancient history or what it is, but I would respectfully suggest that we let the matter go now until, in fairness, the hon. minister has had a chance to look at whatever item is there.

#### **Extra Billing and Hospital User Fees**

MR. GURNETT: Mr. Speaker, my question is to the Minister of Hospitals and Medical Care, following up on the discussions that I understand were concluded between himself and the federal health minister, in which the federal health minister indicated that he intends to uphold the Canada Health Act with respect to extra billing. My question is if the minister would explain to this Assembly how this government now intends to both comply with the terms of the Canada Health Act and continue to permit extra billing and user fees in the province.

MR. RUSSELL: Mr. Speaker, I should correct an inference in the hon. member's question. He referred to discussions that had concluded yesterday. In my view they've just begun, and I expect they'll continue for some months now.

It was a good meeting. Both parties, the hon. federal minister and myself, agreed that our objectives are the same, and that is to get those penalties returned to the government of Alberta, where they belong. So we're working to the same objective. We both agreed that the method that is being used — that is, consultation on an ongoing basis among the parties concerned, the medical profession, the government of Canada, and the government of Alberta — is the best way to go, and we agreed to continue that. The minister assured me that he will use the authority that is vested in him in the Canada Health Act to try to resolve this issue to the satisfaction of the governments concerned. So with that as a broad framework I had to come away in a very optimistic frame of mind.

To answer some of the specifics that the hon. member raised, though, a study of the Act and the definitions therein give a lot of flexibility to the provinces and to the federal minister. On that basis I'm sure we're going to be able to substantially improve the existing situation.

MR. GURNETT: A supplementary question, Mr. Speaker. Sometimes the minister's answers with regard to this subject sound a little bit like . . .

MR. SPEAKER: Order please. The hon. member has started on a path which ought not to be followed any further.

MR. GURNETT: My question to the minister, Mr. Speaker, is whether or not he could give some indication of whether

the consultative approach that he talks about is in fact going to result in extra billing being voluntarily eliminated in Alberta, and if so, if he could indicate what date we could expect that approach to be successful.

MR. RUSSELL: Mr. Speaker, the date to which we're working is very specific; it's March 31, 1987. That's the date in the Canada Health Act whereby the provinces must comply to get the accumulated penalties. That's our objective, and we realize that there may be lead time involved to undertake certain actions, so everybody is keeping this issue moving.

Again I want to emphasize the fact that there is a great deal of flexibility in the Act in the discretion given to the federal minister under the Act. He's indicated he will be very co-operative, that his objective is the same as ours. Just reminding the hon. members that when the Canada Health Act was brought in, we went on record as saying with respect to this issue that we would watch what the rest of the country did, and we're doing that. We're dismayed by what is going on in Ontario, and I think all the parties are in the same frame of mind. Frankly, I think the method and the role that Alberta has taken in this is far preferable to what's going on down there as a result of the marriage between the NDP and the Liberals.

MR. MARTIN: And the people, Dave.

MR. GURNETT: A supplementary question to the minister, Mr. Speaker. Yes, the people are the winners if it's ended. I understand that one of the possibilities in this flexibility being considered is excluding certain classifications under the Alberta health care plan. I wonder if the minister could outline which services he's considering excluding from the Alberta plan and when we could see legislation that would outline how those services would be excluded.

MR. RUSSELL: Mr. Speaker, we're not considering excluding any services to citizens. I believe that what the hon. member may be referring to is what services we now provide must be included in the federal definition of health care. That's one of the issues on which there's going to be discussion not only between Alberta and Canada but between other provinces and Canada, because that's very germane to the issue we're discussing. Certainly, if we follow that line and still maintain within our own province that very broad array of services — it's now the richest array of services of any of the provinces in Canada — but for purposes of complying with the Canada Health Act meet the minimum definition, then we have a great deal of flexibility at our hands. This is what the federal minister and myself and the medical profession are working on. As I mentioned earlier, we all have the same objective. Frankly, I think that by pursuing the route we are, we're guaranteeing that Albertans are receiving the best quality health care of Canadians.

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

MR. GURNETT: Could the minister report on another aspect of this whole matter and indicate what progress has been made with his federal counterpart with regard to getting the \$22 million that had been withheld by the federal government from the province to come to Alberta? When

will Albertans see that money coming to the province as part of a resolution to the situation?

MR. RUSSELL: The penalties are cumulative, Mr. Speaker, and are being held in trust for all the provinces by the federal government until the end of the current fiscal year, March 31, 1987. They will accumulate until that time, and we have until that time to comply with the Act. Following that, the funds that are owing would then be returned to the provinces involved.

#### **Solicitor General's Office**

*(continued)*

MR. CRAWFORD: Mr. Speaker, I wonder if I might be allowed, by way of a point of order, to raise something that I've briefly reflected upon since the question of the hon. leader of the Representative Party to the Solicitor General. You, sir, quite accurately, remarked upon the fact that the member who poses the question in such circumstances can, by tradition, very possibly create a situation where he has to maintain the charge or resign from the Assembly. I just want to cover that from two points of view.

The tradition in producing documents always is that the author, if that be a private citizen, in this case the chief constable, as I heard the hon. member say, of the town of Hinton — to obtain consent. In motions for return, that is always attached as a rider when the Assembly agrees to a motion: that the consent of the authors is obtained, and the motion is passed subject to that. I don't know the circumstances in connection with the hon. leader of the Representative Party and his obtaining a consent from the author of that particular correspondence.

I want to say to him that when he proposed a few minutes ago to table the matter, the thoughts I've had since would be these. If a proper consent hasn't been obtained or for any other reason the hon. member would wish not to table the document, I have these two observations to make. One is that if he has already gone through the act of handing it to the page and it has found its way to the Table, we would certainly agree on our part as government members that he be allowed by unanimous consent to withdraw his tabling.

The second point, Mr. Speaker, is: after perhaps hearing the hon. member, I would suggest that maybe hon. members would like to allow you, sir, to consult with the hon. member prior to the tabling becoming officially entered, in the light of the willingness that we have to see him, if he wishes, voluntarily withdraw.

MR. R. SPEAKER: Mr. Speaker, I regret that I didn't hear all of the opening remarks of the hon. minister, as I was responding to a question of the Leader of the Official Opposition in a private way here. But as I understand the latter part of the comments, the request is to withdraw the tabling that I made, and the question was whether or not I had permission from the author of the tabling. Through my staff we had that approval to table the document. I asked that question when it was given to me: "Have we his approval to table that document?" The answer from my staff was yes, and on that basis I have tabled it here today.

I agree with the hon. Attorney General, the House leader, that I should not table it unless I have his consent. I certainly agree with that. I would not do that under any circumstances. If the circumstances are such — and I will double check

that personally with Mr. Rhodes following question period today to assure myself that he did give that consent. But I had been given all assurance that his consent was given through to me to table it here, if necessary, during question period.

MR. SPEAKER: Under the circumstances, I'm not aware of any initiative or any steps that are required to be taken by myself. I perhaps should mention in passing that there is no provision, and perhaps it is not necessary to have such a provision, for tablings to be scrutinized in advance by staff of the Assembly or by myself.

We're at the end of the time of the question period. I know there are differences of opinion whether points of order and other interventions should be counted toward the time of the question period. There are three hon. members who would still like to ask their first question. I'm in the hands of the House. We can leave them until tomorrow. Do you wish to proceed with the question period?

HON. MEMBERS: Agreed.

MR. SPEAKER: Perhaps we should not leave it wide open but agree on a time. Would the Assembly agree that we might have a limit of, say, 12 minutes?

HON. MEMBERS: Agreed.

#### **Apprenticeship, Training and Certification Act**

MR. PURDY: Mr. Speaker, I'd like to address a question to the Minister of Manpower. I'm concerned about the implications of the training legislation as outlined in the Apprenticeship, Training and Certification Act, which the minister introduced and was passed in this Legislature last spring. Can the minister indicate to this Assembly when the specific sections will be proclaimed that deal with work that people may perform?

MR. ISLEY: Mr. Speaker, as the hon. member is aware, the Act received Royal Assent in the last sitting. Updated regulations are currently being drafted. A lot of discussion is going on with employer and employee groups that are not as much concerned with Bill 35 but with the Manpower Development Act, which is the one that it was rewriting. Until those discussions are completed, we will not be proclaiming the Act.

MR. PURDY: Mr. Speaker, a supplementary question to the minister. Has the minister considered how placing restrictions upon the work which people may perform, as outlined in the Apprenticeship, Training and Certification Act, affect the labour market needs? Does the legislation really reflect the economic reality of the day?

MR. ISLEY: That, Mr. Speaker, is why there is considerable discussion in the workplace at both the employer and worker level. Keep in mind that the new Act is not bringing that legislation in place. That legislation is currently in place under the Manpower Development Act.

MR. PURDY: A further supplementary, Mr. Speaker, to the minister. Does the minister not consider that the legislation, which does not allow cross-crafting, conflicts with the competitive spirit of Alberta? Does it not stifle the

growing aspiration of many employees to perform diversified work? In other words, a millwright should be able to do a welder's job on the same plant site.

MR. ISLEY: Mr. Speaker, there's a significant difference of opinion out there on that issue.

MR. PURDY: A final supplementary, Mr. Speaker, and the minister alluded to it in the first question that I asked him regarding the organizations that are working with the minister's office. I'm glad to see that that process is ongoing. I'd like to know when we can have some final decision between the minister and the interested groups that are working on this particular legislation so we can finally draw it to a conclusion and have the regulations in place.

MR. ISLEY: As I indicated earlier, Mr. Speaker, as soon as discussions with the interested groups are completed. My best feel for that at this point in time would be within a few months.

#### **Oil and Gas Industry**

MR. LEE: Mr. Speaker, my question is for the minister of Energy and Natural Resources. Could the minister indicate, as a result of the meetings this week with his federal counterparts, whether he has been successful in advocating the position of this government that the PGRT should be removed and that there is urgency in seeing the removal take place?

MR. ZAOZIRNY: Mr. Speaker, during the course of the meeting in Ottawa on Tuesday of this week, in addition to the arrangements in respect of the important Husky project and discussions on the Syncrude expansion as well, there was a very lengthy discussion with both the minister of energy, the hon. Pat Carney, and the federal Minister of Finance, Michael Wilson, on the state of the industry. At that time, the province of Alberta, with the strong support of the provinces of Saskatchewan and British Columbia, formally placed before Ottawa our call for an outright elimination of the PGRT, which is namely an excess-profits tax by any other description.

I can advise the Assembly that the response received during this meeting was not a negative one. There was not a defensive approach taken by the federal government on that issue and on the related broader question of the overall state of the industry and what measures of government working together may be required. In fact, we expect to hear a decision from the federal government on the PGRT question within a very short period of time. Without wishing to overstate the case at all, I am frankly very hopeful that we are going to see a positive response by the federal government on this matter. I express that view because I was impressed with the recognition by the federal ministers that the state of the energy industry, the oil and gas industry in particular, is very much a Canadian issue. We need a strong Canadian energy industry in the oil and gas sector, and there was a clear recognition of that.

My second reason for feeling very hopeful is the fact that there was a recognition that this is an emergent situation, a situation that requires prompt action by government. We'll have to see what events come our way on this subject in the next number of days, but we feel very good about the outcome of the meeting.



MR. LEE: A supplementary. Could the minister indicate, in terms of timing, whether he would look forward to an announcement prior to the OPEC meeting of April 15 or after that or by the end of the month? What would be the deadline the minister would have in mind?

MR. ZAOZIRNY: Mr. Speaker, I really can't comment on that except to make the observation that a decision would likely be tied to a meeting date of the federal cabinet, because it's a decision of that magnitude.

MR. LEE: A supplementary, Mr. Speaker. I know the minister has been away, but could the minister indicate if he has had an opportunity to review the recommendations of the Canadian Association of Oilwell Drilling Contractors, in which they recommend that if the PGRT is in fact removed, a portion of it be linked to activity? In other words, the association has recommended that 25 percent of the rebate or the benefit be applied to investment in additional drilling activity.

MR. ZAOZIRNY: Mr. Speaker, I am familiar with the submission of that association and a number of other associations on these important issues and certainly understand that association's desire to see measures which are specific to their part of the industry. Having said that, I should make it clear that our view is that the PGRT should be eliminated in an outright fashion with no strings attached, because it is an excess-profits tax, because it has no place in the current very difficult circumstances of the industry, and because the industry has indicated in the past a very strong commitment to reinvestment.

Having said that, Mr. Speaker, clearly this government — and I think it's appropriate on a province-by-province basis because of the provincial ownership of the resource — is examining measures and has already instituted some measures which are designed to ensure that along with restoring a healthy measure of cash flow to the industry, there is a good measure of specific activity whereby all sectors of the industry can work through these difficult times. We're examining those alternatives at the same time.

MR. LEE: A supplementary. During those discussions, could the minister indicate if there was any response or any discussion at all with respect to potential federal government involvement in some form of cash flow stabilization program for producers?

MR. ZAOZIRNY: Mr. Speaker, we made the point that there are really three areas in which the federal government can work with the industry and with the producing provinces in these times. The first, of course, is in the area of any front-end taxation. That's PGRT, and that's got to go.

The second area which was discussed is the area of the tax system. We would like to explore and have called upon the federal government to work with us in determining in what ways the tax system can be utilized to assist in this time and, even more specifically, to try and ensure that it is not a disincentive, that it doesn't work against specific initiatives brought in by the provinces.

The third area, of course, has to do with the cash flow side of it, if we can describe it in that manner. I think there is a recognition that depending upon the outcome of the upcoming OPEC meeting and the direction of the price of oil thereafter, there has to be consideration of all the options, which includes cash flow enhancement. The point

that was made, and I think it's a very fundamental one on this matter of cash flow, is that in the course of the last 12 years the producing provinces and industry have built up a credit of some \$50 billion in the Canadian system. If there's a need in the industry to draw upon that credit, we think that's entirely appropriate.

MR. SPEAKER: Might this be the hon. member's final supplementary.

MR. LEE: Mr. Speaker, to the minister. In view of the projections by the CAODC with respect to drilling activity in the remaining part of 1986 and in view of the difficult time junior producers particularly have had in terms of retaining their leases on Crown lands, I would like to ask the minister if there is consideration being given now, particularly in the last week and a half or two weeks, to the possibility of a moratorium on lease expiries for a two-year period, given the condition of the junior oil producers?

MR. ZAOZIRNY: Mr. Speaker, the hon. member asked a similar question on a previous occasion, and my answer is the same. Certainly we're prepared to look at all the options and ways in which to assist the industry. On that particular one, there must be a recognition that in fact if there is no obligation to undertake work, that works against his thrust in the earlier question of encouraging activity. So it has to be a well-thought-out, balanced approach.

MR. SPEAKER: The hon. Member for Edmonton Gold Bar.

MR. HIEBERT: Mr. Speaker, in light of the time I'll forgo my questions until tomorrow morning.

## ORDERS OF THE DAY

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

HON. MEMBERS: Agreed.

### head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. McPHERSON: Mr. Speaker, this is my second opportunity this afternoon to introduce to you and to members of the Assembly a group of students from the constituency of Red Deer. Once again, I'm at some hazard to be sure if they're here or not, but I hope they are. Seated in the public gallery this afternoon are 24 grade 6 students from the Piper Creek school in the city of Red Deer. They are accompanied today by two teachers, Miss Jean Tatlow, and also teacher and principal and one of our erudite city councillors in Red Deer, Mr. Larry Pimm. I hope they're seated in the gallery. If they are, I'd ask that they please rise and be recognized by the House.

MR. KOWALSKI: Mr. Speaker, this is a grand day for 116 grade 6 students from Barrhead elementary school. They're seated in both the members' and the public galleries. They're full of enthusiasm and dynamism. They're accompanied by four outstanding teachers: Florence Wallace, Janice

Klenke, Maureen Tansowny, and Don Roblin. As I ask my young friends to rise, I would certainly ask my colleagues in the Assembly to afford them the traditional welcome.

#### head: MOTIONS FOR RETURNS

MR. HORSMAN: Mr. Speaker, on the matter of Orders of the Day, Motions for Returns, I'm somewhat at a loss since several of the motions are under the name of the hon. Member for Little Bow. I'm wondering if arrangements had been made for somebody else in the opposition to move the motions? No? [interjection] Well, under those circumstances then I guess we will have to hold some of them. I guess they're all by members of the Representative Party, and therefore we can't do anything about them except to move that they all stand and retain their places on the Order Paper.

MR. SPEAKER: They automatically stand, and they fall to the bottom of the Order Paper. The only question is whether they should retain their priority, but since they're the only ones, I don't know how they can lose it.

#### head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

205. Moved by Mr. Martin:

Be it resolved that the Legislative Assembly urge the President of the Executive Council not to seek the prorogation or dissolution of the 20th Legislature nor to advise Her Honour the Honourable the Lieutenant Governor to prorogue or dissolve the 20th Legislature until after such time as a budget for the 1986-87 fiscal year has been introduced and examined in the Committee of Supply and the consequent appropriation Bill has received Royal Assent.

MR. MARTIN: Mr. Speaker, I will be short and to the point today. [applause] I knew that would get a good reaction from the Members of the Legislative Assembly.

MR. TRYNCHY: Mr. Speaker, on a point of order. I'd like to go back to the questions on the Order Paper. I have the answer to Motion for a Return 135, and I'd like to table that today, if I may.

MR. SPEAKER: Of course, the hon. minister is free to table anything he wishes that comes within the requirement as to tabling, but I think it would be a little difficult to contrive a reply to an order for a return before the order is made.

MR. MARTIN: I take it I can go ahead now. I was getting paranoid: a point of order, and I hadn't even started yet.

If I may proceed, Mr. Speaker, this motion is straightforward, as I said. The reason we brought this to the attention of the Legislature is that we thought we had to do it relatively quickly, by some of the talk around the province about an impending election. I would make a point that seems self-evident: we as MLAs, regardless of our political stripe, were obviously elected to do the people's business. Part of the people's business, a big part of it, is examining and looking after the budget, going through it, scrutinizing it, and then eventually passing it: a very important part of all of our roles. That's a collective responsibility

that all of us have, whether we're in the cabinet or we're on the government side or the opposition side.

I would point out that in the last year we did not have a fall session. There were other reasons given, but I think we know it was because there was a Conservative leadership convention. We have not been in session since around the end of May, so it's almost 10 months, and almost a year since we passed the last budget. In that time since we passed the last budget — and we'll know the full story tonight — we've passed the figure of at least \$1 billion in special warrants. Special warrants: that's decisions cabinet makes behind closed doors. I recognize that from time to time there are circumstances that arise when the Legislature is not sitting and that the cabinet has to have that power, but I do not believe it was ever meant to be looking at \$1 billion in special warrants. Frankly, I think that that is abusing the principle of the Legislature controlling the purse strings. That is a lot of money: \$1 billion.

Not only that, we're told — I believe it was April 26 or somewhere in that vicinity — that another \$4 billion in special warrants had been passed by cabinet to go into the next part of the year. Mr. Speaker, that is a total of \$5 billion. The government may say, "We'll check this later; we will come back with an appropriation Bill," and they will. But the reality is that it's still against the democratic principles of British parliamentary democracy. We are to scrutinize the Bills ahead of time, scrutinize the money, and \$5 billion is approximately half a full year's budget. I say to you that we are in danger of basically flying against the very important principle that the Legislature controls the purse strings. As I recall history, in England there was a king that was beheaded because he didn't like this principle. Maybe he should have come to Alberta in 1986. He might have solved his problems a little better. But, of course, it is a fundamental principle I am talking about. We are slowly, slowly drifting, if I may say so, to government by special warrant, by the cabinet behind closed doors.

Let me say to the members here in the Legislative Assembly, although I will not hold my breath, that by passing this motion, we would be doing something that was very worth while and very special for the people of Alberta. I believe we would be saying that the Legislature is supreme, that we're all elected to do this, that it is an important job, and that we want to get on with scrutinizing the budget.

Mr. Speaker, it seems to me — the hon. Premier is here; I appreciate that — that the only possible reason we wouldn't follow this motion is that we're going to dissolve the House and have an election. I would say that at a certain point — we're three and a half years into the mandate, from 1982. We weren't in a hurry to push the House. What I've said is that we should have come back in January if we wanted an election at this time. Frankly, we can live without it. We could do the job. The election could be called in two or three months. It's not even four years yet. By law we can go five, although I think I would agree with the Premier that that would be too long, especially without a mandate.

It seems to me that we do not need the election now. Let us finish our work in the Legislative Assembly. Let's go through. We have the budget tonight. Let's have the estimates presented, and let us debate those estimates in the needed time — at the absolute most it can only be 25 days that we debate this — and then, if the Premier so decides, go to the polls. If we go to the polls without passing this, we don't know when we will get a look at the budget. We don't know when the Legislature will be called back.

In conclusion, Mr. Speaker, I say to Members of the Legislative Assembly, regardless of which political stripe, that I think we're talking about a very fundamental principle, and I would ask the members here to vote with their conscience and not according to whether there's going to be an election. The Legislature, at least on paper, is supreme. It was set up this way. So I would ask the members here to support this motion. We'll get on with the business of the House, we'll pass the budget in a certain period of time, and then the Premier can decide whether it's in his best interest to call an election at that point. I think that's what the people of Alberta expect from us, at least that's what I hope they would expect from us.

Thank you, Mr. Speaker.

MR. ANDERSON: Mr. Speaker, in rising to participate on designated Motion 205, I have to admit to being somewhat perplexed. I sat here last Friday when the hon. Leader of the Opposition with great gusto and, in fact, some eloquence presented a resolution to this House calling for an emergency debate on the issue of energy prices. Frankly, although I agreed with your decision on that date — that in fact the emergency debate wasn't appropriate — I had a lot of sympathy with the topic raised, because that's the major one of importance to my constituents.

Today, the first day the Leader of the Opposition has an opportunity to present a topic of his choosing to this Legislature, we're faced with a motion that has nothing to do with the price of oil or the difficulties with agriculture or the other issues important to my constituents but with some nebulous motion which, in fact, seems to be based on rumours and thoughts of when an election will be. If the hon. member is looking for rumours, I heard one this morning that the election will be in September. That's probably worth about as much as other rumours that have been going about the province in the last few months.

I have some difficulty with the motion itself, though frankly I'm not sure it's the best way we could be spending our time this afternoon. I do appreciate the words of the hon. Leader of the Opposition in terms of the supremacy of the Legislature, the traditions of Parliament, and the history that's involved. I agree and support all of that. There's no question that I think any of us in this parliamentary process gains a firm respect for the process and the needs of that process in protecting the people of the province, but I fail to see how this motion accomplishes that kind of protection.

First of all, throughout history I can't recall another motion of this sort, though I haven't checked all parliaments and all motions. But in all cases in British parliamentary history that I'm aware of, the prerogative of calling an election has been that of the Premier. I don't know where there is a more ultimate judge should that happen during a budget process, which it has on many occasions — I think in this House in '75 and '79 — than the public judging the budget that comes down. I don't suggest that the leader is feeling that he is superior to the public of Alberta in making the recommendation that, indeed, he and this House judge the budget rather than the public. I can't understand why he would suggest that democracy was being undermined if that happens, rather than our examining this budget first in the House rather than after the public has had a chance to judge a government on that basis.

All of that, though, is hypothetical. When the date of an election will be is a question which none of us knows, except perhaps one person. As I said, September sounds

like a good date. I've heard May or June. We could potentially go through two full budget debates before we have an election.

Mr. Speaker, in dealing very briefly with the question of special warrants, I agree that all such warrants should be subject to the scrutiny of the Legislature and, indeed, the scrutiny of the Official Opposition, which is there to scrutinize government, as we are as individual members, and to make sure that all expenditures are done in accordance with the will of the people. Those special warrants, though, that have been presented have been essential for the operation of the government. I guess I'd challenge the hon. leader to indicate to me which of the programs that have been funded by those special warrants he would prefer that we did not proceed with, whether it be social assistance for those who have no income, widows' allowances for widows without funding, or some of the programs for our small businesses or agriculture. Which ones would he prefer we had not proceeded with in terms of this House?

The one answer the hon. Leader of the Opposition seemed to imply in his speech this afternoon was that in fact we could have called the House back earlier to cover those responsibilities. That's an argument that has been made in some of the newspapers and, indeed, by the hon. leader on occasion. My personal feeling is that this government and the Treasury Board of the province would have been less than responsible had they called the Legislature back into session without having a full chance to go through the estimates one by one, as representatives of the public, and judge how they wanted to present those estimates to this House, rather than some haphazard way of putting together a budget and then asking this House to approve something that did not have that day-by-day scrutiny, the time that was required. It took a great deal of time between November and this particular sitting.

Mr. Speaker, although we have been 10 months without sitting, I don't think that's been an inordinate amount of time given the events that have taken place in this province. Frankly, I believe my constituents would rather that I debate the issues of oil prices and agriculture than a motion which deals with rumours of possible elections and with the potential of finishing a budget debate. I haven't had one call from one constituent that said, "Boy, you'd better not call an election before you finish debating that budget in the Legislature." I don't expect to get one, although the hon. leader may receive calls that I don't. It may well be, and it's perhaps even likely, that we'll finish that budget discussion before the Premier calls an election.

I personally couldn't lend my support to the motion, which is restrictive on the traditions of the parliamentary process and, as I said, which I am quite ambivalent about in terms of its importance to the Legislature at this point. I suggest that perhaps we might look at adjourning this motion so that the hon. leader might have the opportunity sometime this evening to assess the budget and think again as to how much he would want to debate it. Perhaps he's saying by this motion that he thinks it'll be such a great budget that there'll be no need to wait very long or to ask the people what they think about it. One can only speculate, because it is a hypothetical motion which presumes upon the traditions of parliamentary democracy.

Mr. Speaker, I wouldn't be inclined to support the motion at this time. Perhaps other members have other points of view in that respect.

MR. NELSON: Mr. Speaker, I would like to take a few moments to address the motion that's before us. First of

all, I am somewhat perplexed that this motion would even be placed before us at this early date. In the constituency that I represent — I'm certain that my constituency isn't totally different from most in the province, especially in the urban communities. To consider debating whether or not the Premier is going to call for a writ is in my opinion something that under our parliamentary system is not necessarily the most important topic we should be discussing in this Legislature today. I, too, would like to suggest that the item be adjourned in a few moments so that we can get on and discuss some of the issues that are really in our communities. Some of those issues, of course, are relevant to the economic times, the education of our young people, agriculture, the social needs of some of citizens who are underprivileged, day care issues, and so on.

Mr. Speaker, we in the Legislature, whether we are sitting here or endeavouring to work in our communities, do so for the good of the community and the good of the public. In so doing, we have to sometimes rely on the information we may present to our ministers in the cabinet for assistance in the community. It's interesting to note, when the hon. member starts talking about the number of special warrants that have been issued regarding supply throughout the province over the last number of months — I'm just wondering whether the hon. member would be making such a motion if he really knew what all these warrants were for. For example, there's \$1.8 million for street assistance programs. There's money spent for programs to offer the cities of Edmonton and Calgary automated fingerprint identification systems and money for the Oldman River dam project, a very important project for the farmers of Alberta. Warrants for lump-sum payments to the Workers' Compensation Board on pre-1974 pensions: certainly we're not going to disadvantage those people who may already be disadvantaged. Moneys for sour gas plans: on the east side of Calgary we certainly have concerns about sour gas and the development of same, and I would certainly not like to see that restricted when we have some concerns about that particular development.

Day care operating allowance program: because of increased demand of some of our working mothers and fathers — single parents — surely to goodness we're not going to slow down the process to assist these people that need it. How about extended health benefits in the Alberta aids to daily living program? Are we going to tell these people, "Look, I'm sorry, folks; we don't agree, because the Legislature isn't sitting"? That's absurdity. Twenty-five million dollars was put in as a cash requirement for urban hospital projects. Are we going to stop development of hospitals and other projects when in fact the opposition is standing there and telling us we want more jobs? Are we going to cut off jobs because they don't want special warrants issued? Goodness gracious, Mr. Speaker, we can't talk out of both sides of our mouths all the time.

Mr. Speaker, \$6.3 million provided for special employment programs: again, making every effort to employ people in this province, and we're sitting here saying: "Look, folks, you can't issue special warrants. It's too much money. You don't have my permission." Who do people think they are? We've got people out there who are in need. Do we say: "No. I'm sorry; you can't have that need, because I'm not sitting in the Legislature"?

For the Alberta assured income for the severely handicapped program, \$6.1 million: are we going to tell our handicapped citizens and senior citizens that they cannot have that money because we're not sitting in the Legislature?

Are we going to tell our agricultural friends, "Look, folks, I'm sorry; we know you're in trouble, but we're not going to be sitting in the Legislature for a little while, so you can't have those moneys to assist you in your farming operations." What about the public service that works for the government in Edmonton and other parts of the province? Are we going to tell those people that they cannot be paid because we are unable to get approval for those moneys? How about crop insurance claims for our farmers? Are we going to tell them they can't claim on crop insurance because we're not sitting in the Legislature?

It goes on and on, Mr. Speaker. Farm fuel distribution allowances, because the government said, "We're going to double the amount of money to assist you, Mr. Farmer, but unfortunately we can't do it until — the opposition says we've got to sit in the Legislature."

Mr. Speaker, the federal parliament in our parliamentary system has issued special warrants since 1891, and it is a common practice. The provincial legislators have done a similar thing. We still have the opportunity, in debating the budget and the estimates, as to which items or elements of those estimates we wish to reject. Certainly I have to agree with one thing: \$4 billion or \$5 billion is a considerable amount of money. At the same time, it is not conducive of the complete budget of the government of this province for the full year. Therefore, we still have that opportunity to reject or turn down certain elements of those estimates.

I do not agree that we should be restricting the parliamentary process, no matter what the objectives may be. We will have the ability to view and review the complete budget and the estimates that will be presented by the hon. Provincial Treasurer this evening. Let's remember that the Legislature is supreme, and we all will scrutinize this budget.

I would suggest again, Mr. Speaker, that in looking after the interests of the citizens of this province — be they farmers, be it the energy and gas industry, be it our underprivileged or our handicapped, be it our school systems or our municipalities — our ministers and Executive Council must be allowed the ability to concern themselves, whereas others may not deem that concern at the same degree that we on the government side of the House do.

I would suggest, Mr. Speaker, that this motion be adjourned at the earliest possible moment so that we may debate and discuss issues of concern in our communities — those being our economic concerns, agriculture, educational needs, the social concerns of our community, and other important matters — other than matters that under our parliamentary system have been open to leaders of the governing party for many years. There is no reason to have any restriction on the parliamentary process that has been evident in this country for so many years.

Mr. Speaker, I ask that we immediately adjourn. No, I guess I won't ask that. There may be another person who wishes to speak on this motion. I would suggest that at the earliest possible time, we turn this motion aside and get on with the business that I have indicated is necessary to be discussed for the betterment of our province.

Thank you.

MR. GURNETT: Mr. Speaker, I was getting a little concerned there for a moment, because there are certainly some thoughts I want to share with the members about this motion. I'm pleased to have the opportunity to do that, to perhaps re-focus the motion to a certain extent on the real direction that it is pointing and bring it out of the fog.

As I see it, Mr. Speaker, in this motion we're certainly not looking at a matter of whether or not this Assembly should be spending any money. I think it's more related to a more significant issue, which is the way we go about functioning. I think that's where we need to focus as we look at the motion.

Mr. Speaker, if we're going to talk about matters that are of importance, this motion touches very, very closely on the whole area of parliamentary democracy and the democratic process and reminds us, by the very fact that we're looking at it and considering reasons why we should support it, that unlike many places in this world, we're not living in a totalitarian state but in a state that has a process of representative democracy. I want to emphasize particularly that people need to have a sense that we recognize that we're functioning within that context, that we are not an irrelevant or a puppet kind of Assembly. It's not necessarily enough that the reality say that's what it is; we have to make sure, by our actions and by the way we operate, that we're communicating to the people in this province that this is an Assembly that recognizes that situation.

We've already heard this afternoon that we've had a long period of time when the Assembly has not met; there's been no sitting. We are elected to represent people within the process of democracy in this province. What tends to happen if we're unable to fulfill that responsibility is that the job has to be picked up in a less adequate way by others. This motion is indicating that we continue with the process of looking carefully at the budget and the estimates and moving through to that point where we would decide to approve them or otherwise. Mr. Speaker, I'd suggest that during the period of time that that debate and that consideration of estimates was going on, the matters that have been raised by a couple of other members would be well covered in that we would certainly have ample opportunity to also debate many other issues and continue many of the other important discussions that need to be happening.

However, we have to address the perception of many people in this province that there has been an excessive use of the privacy of cabinet to make decisions. People feel, Mr. Speaker, that there hasn't been adequate public examination and opportunity for public discussion of decisions that are being made, and that has to be addressed by the Assembly fulfilling its responsibility and carrying through its work. I've explained many times to my children and to other schoolchildren, as I've worked, that that's a fundamental part of our responsibility here.

As we look at the budget estimates, there are certainly going to be many opportunities to deal with the urgent concerns and issues that people want to hear debated and discussed by their elected representative. Issues like employment and the unemployment crisis we're facing, particularly as it faces young people, like what's happening with oil prices and the energy industry in this province, the many issues in agriculture, the debt load our farmers are facing, the input cost side of things: these are all subjects that would be looked at in careful detail as we worked our way through the estimates, as well as the whole area of services that we're offering to people.

So, Mr. Speaker, we need that careful examination of the estimates. We need to be able to reassure people that they have a budget that has been approved by this Assembly and that as the government continues to operate, it can do so with the sense of confidence that people know that those people they have elected to serve them — to serve them in part by making sure that the expenditures of this government

are acceptable and proper and that those estimates have been carefully looked at and then approved.

Mr. Speaker, in supporting this motion, I want to remind all the members here that in our approving this motion, what we are going to do is in a sense calm the rumours, reassure the people that the calling of an Assembly that many people suspect may last only a few days is not going to end up being a wasteful and expensive exercise but that in fact this Assembly is going to continue to carry out its responsibility. I think that if we provide that reassurance, there's going to be a great deal of confidence restored and people are going to say: "Yes, that process of democracy that makes this province so special and this country so special is intact, it's healthy, and it's carrying on there. We're not living in a regime where a few people, in privacy, behind closed doors, make decisions about how money will be spent, about what legislation will be passed, how people's lives will be affected. We're in fact living in a situation where we participate through our elected representatives in the directions that this government takes."

Mr. Speaker, I certainly urge all members of the Assembly to give their solid support to Motion 205.

MR. KOWALSKI: Mr. Speaker, as I look at the Orders of the Day and through all the motions that are before the hon. members of the Assembly and at Motion 205, I view it as a very important item for debate by all hon. members in this Assembly.

There's no doubt at all in my mind that a fair amount of activity has occurred in this province over the last year, and I for one would like to know why certain things have occurred and how come it is that this government has moved, and moved quickly, in dealing with this series of matters of urgent public appeal to the people of Alberta. In particular, I noted that when the hon. Leader of the Opposition moved the motion, he alluded to the fact that certain special warrants had been exercised in the past fiscal year, and I for one had not really realized that we had been that active in terms of responses to the many concerns of the people of Alberta. There's no doubt at all in my mind that as we sit here, there are a number of questions that hon. members certainly have to ask with respect to this. By way of further amplification of the importance of the motion put forward by the hon. Leader of the Opposition, I think it's important that as I participate in this debate, I ask certain questions as well.

I note that only a few days ago, on March 26, 1986, there was a special warrant of \$4 billion to provide interim supply for the 1986-87 fiscal year, pending the voting of supply by the Legislative Assembly. I think it's important to those hon. members who might not quite understand it. If such funds are not in place as of the beginning of a fiscal year, then really all operations of the government come to a quick halt. It's important to recognize that the expenditure level of \$4 billion effective as of April 1 allows many of the very much needed services that we have in the province of Alberta to continue and to carry on. There is no doubt at all in my mind that I would prefer our coming here and sitting down and talking about a budget and perhaps finally approving it who knows when. I know that my hon. colleagues like to get involved, and we all have the responsibility of being involved, but what would happen if we really didn't approve the budget till, say, April 14? I suppose in theory no government operations would have occurred from April 1 through to April 14.

I look at the listing of some other activities that have occurred with respect to recent public expenditures: a special warrant of \$129 million to provide interim supply for the Alberta Heritage Savings Trust Fund, capital projects division. I was fortunate to serve the Legislature in the previous session as the chairman of the Alberta Heritage Savings Trust Fund committee, and by golly, it seems to me that as I recall all the meetings we've held in this Assembly, most of the hon. colleagues have come forward with suggestions to move on certain projects: "Let's get some action on it. Let's just go with it. Let's accelerate these projects."

Certainly the public scrutiny we've had as hon. members of this Assembly, through some 30 days of meetings in this particular room that we're in right now, to talk about needed expenditures under the Alberta Heritage Savings Trust Fund were extremely important. In retrospect and reflection I think that the opportunity was not denied to any hon. member at any time to raise any question with any witness or respondent before us in that committee. I recall the hon. Minister of Hospitals and Medical Care responding enthusiastically to all the questions put forward to him by my colleagues from all parts of Alberta with respect to a number of these very important expenditures under the Alberta Heritage Savings Trust Fund. These questions are important, Mr. Speaker; they're very, very important for all of us.

I look at other expenditures, and I want to get some of these answers. I want to have the opportunity to have my hon. colleague stand before me in this Assembly and tell me why the Yellowhead Gas Co-op Ltd. gets another guarantee of additional borrowing of \$107,950. When we first brought in this natural gas price protection plan in the province of Alberta and the co-operative marketing associations and rural utilities guarantee way back in the mid-1970s, there were a lot of people who criticized this government, Mr. Speaker. There were initial problems with the type of pipe that was installed in the ground, the quality of the pipe, the need of ministers and MLAs and representatives of our government to go back to basically ensure the effective productivity of that system.

Well, here we are in 1986, Mr. Speaker, and I was very delighted just recently to attend the annual meeting of the Ste. Anne gas co-op, where I found that this has now become one of the most efficient and effective gas co-ops in the province of Alberta. There are upwards of 60,000 to 70,000 to 80,000 rural citizens today who have benefitted from that particular program.

I'm certain the intent of the motion put forward by the hon. Leader of the Opposition today is to find out why it would now be necessary to guarantee additional borrowings to the Yellowhead Gas Co-op Ltd. of \$107,950. I know the system in place is a very good one, a very efficient one, and a very effective one.

There are important questions that hon. members have to have an opportunity to raise, Mr. Speaker. My list of questions and the types of questions that I think are important have to be amplified by example: \$117,000 required to initiate public hearings on the recycling of wastes in this province. Now, I recall that it's been some time since hon. members have had an opportunity to be here in the Legislative Assembly, and I recall certain public events being raised through the late fall of 1985 and the early winter months of 1986 on the subject matter of wastes.

Let me tell you that as the MLA who has within his constituency the new special waste management plant, located in Swan Hills, I have a fair number of questions that I

want to raise with respect to this matter. I want to know exactly where that \$117,000 is going to be expended and why. If we're prepared as a government to initiate public hearings on this question, then I say that's great. But I want the hon. Minister of the Environment to stand in this House and tell me exactly what he's going to be doing, because I have a fair number of constituents who have been asking me questions, and while I feel fairly comfortable in asking most of these questions, I recognize that as each day goes by one is always in a position to learn more. If one has the opportunity to ask questions, one can of course simply compound the information base and the knowledge base that he has and the opportunity to go on and try and look knowledgeable on certain question matters.

Recently a \$102,175 special warrant was approved for the Western Premiers' Conference. We have not yet had a reporting in this House from the Premier and the Minister of Federal and Intergovernmental Affairs with respect to that conference. I want to know, in terms of value expended, whether or not we in fact did get full value for this expenditure. I think it's very important, recognizing the leadership role Alberta plays in western Canada, that the western premiers would in fact meet in this province. I think that's very significant. If we lived in another province of western Canada and our Premier had to go to Alberta, I suppose the citizens there might ask the question, "Well, why is it that you're always leaving Manitoba to come to Alberta to get wisdom and understanding, and to really find out how a progressive government can handle the concerns of the people?" There's no doubt at all but our Premier at that time and the Minister of Federal and Intergovernmental Affairs might also have had an opportunity to pick up a little bit of wisdom. I think it's important that all members of the Assembly should have an opportunity to raise questions with respect to this important new data base that has been covered.

I see that the hon. Mr. Moore, the Minister of Transportation — \$1.8 million to cover insufficient funding to accommodate demand under the streets assistance program. I recall talking to the Minister of Transportation last year and pointing out that I had a number of towns and villages in my constituency and I wanted to get some special assistance to cover some of the concerns that they'd raised with me. I was so-so successful, but I do not recall, subject to checking my files, if I was able to get all the funding that I requested. If the Minister of Transportation is coming back with \$1.7 million to cover the streets assistance program, I would certainly hate to be in a situation of having my constituents come to me and say, "Look, Ken, you told us you were working really hard on our behalf in that big city, and we understand that another village or town in a neighbouring constituency got this money and you were unfortunately not successful in getting it." I'd be very disappointed, Mr. Speaker, if I were to find that out from any source other than the hon. Minister of Transportation, who should rightfully stand in this Assembly and defend himself and answer those questions for all hon. members, but in particular for the hon. Member for Barrhead, who of course would have to be responsible for any negativism that would be incurred as a result of this special warrant expenditure of \$1.7 million under the streets assistance program.

Many of my constituents have told me that they're really concerned about criminal investigations and identification of criminals in the province of Alberta. I see here a \$1 million special warrant to provide \$500,000 each to the city of

Edmonton and the city of Calgary towards the purchase of an automated fingerprint identification system. I believe that the people who live in rural Alberta should have equal opportunity to get the same protection under the law as the people of Edmonton and Calgary. Until I have the hon. Solicitor General here before me in this Assembly and have an opportunity to ask him certain questions with respect to what access the people of Barrhead have to this new enforcement system, what access the people of the village of Onoway and the summer village of Alberta Beach have to this program, until I get those answers, I simply don't know what I can tell my constituents. I think it's really important that the hon. gentleman, the Solicitor General, have an opportunity and be before the hon. members of the Assembly to answer further with respect to that.

I note that in the early part of March 1986 a special warrant for \$14 million was approved with respect to the capital projects division of the Alberta Heritage Savings Trust Fund for expenditures other than for the purchase of land associated with the Oldman River dam project. I recall, Mr. Speaker, the meetings of the select standing committee on the Alberta Heritage Savings Trust Fund, which I repeat were held in this Assembly last summer, and interviews with the Minister of the Environment inquiring of him as to the funding procedure and the funding responsibility with respect to the purchase of land associated with the Oldman River dam project. At that point in time the hon. Minister of the Environment indicated that the matter was under review, as I recall. Now I find that in fact the expenditure was made by way of special warrant, I think quite legitimately. I have a number of questions that I can certainly ask of him on behalf of my constituents. Hon. members will know my interest in the environment from having heard me raise questions previously on such diverse topics as the Paddle River dam project and the Special Waste Management Corporation. It comes as a result of very important concerns.

Mr. Speaker, \$1.5 million to provide funds for lump sum payments on pre-1974 pensions: I think that's particularly important. I notice that the hon. minister of workers' health and safety is out at a very important meeting this afternoon, and I can't ask him the question as to who this applies to, but I certainly do know in looking at my mail that there have been more than two or three people who have written to me in the last five or six years saying, "Look, Ken, what are you going to do about these pensions?" If we've got \$1.5 million, I think there is a responsibility on behalf of the minister of the Crown to be here to be answering those questions. Again, I think that there is some merit in the motion put forward here to really get a handle on it.

Mr. Speaker, \$815,000 under the jurisdictional responsibility of the Minister of Agriculture to provide additional funds for the Canada-Alberta subsidiary agreement on nutritive processing assistance: that's very important to me. I think agriculture and the enhancement of agricultural production in this province are really key to economic development. It was only just recently that a small flour mill in a little community to the east of the town of Barrhead, a place called Manola — which, as all hon. members know, is really at the confluence of the two important rivers, the Paddle River and the Pembina River — got under production. In fact, a former member of this Assembly, a very, very aggressive member of this Assembly, my mentor in many ways, Dr. Horner, was involved in that little project, and he now has on the market a new flour product called Dr. Best. It's now in many stores located throughout the province

of Alberta. It's nutritive and has no additives added to it. But I simply don't know, because my predecessor has never ever talked to me about any application that he might have made under the Canada-Alberta subsidiary agreement on nutritive processing assistance, and if he had not, I wonder. I can't believe that he would have forgotten about this particular program being in place, but it may very well have been the case that it would be incumbent upon me as the MLA for the constituency of Barrhead to bring to his attention the additional number of dollars that are involved in this program and to ensure that he would not ignore filing an application for a project and a program of agricultural enhancement which I think is really important to the province of Alberta. With the hon. Minister of Agriculture in the House, I've got an opportunity to raise those questions, get those answers and dutifully respond to my constituents about the availability or the nonavailability in terms of his particular view.

The Minister of Social Services and Community Health: \$4.75 million required in the day care operating allowance program as a result of increased demand. Again, Mr. Speaker, I recall certain issues being raised by certain people saying, "What is the government going to be doing with respect to day care operating allowances?" I find that we've now passed an additional \$4.75 million in terms of the day care operating allowance program. I have day cares in the constituency of Barrhead. I don't know those details, and I think we've got to have the minister before us to talk to us about this particular matter.

I see \$3.5 million added to the extended health benefits in the Alberta aids to the daily living program as a result of increased caseloads. I've talked to a number of these people in my constituency, and I know that they have talked to me about the need to see additional funding for it. I'm delighted to see that it has been approved and is now in place. But once again, what does it really mean to people who live in the constituency of Barrhead? I think that's fundamental and very important, and I think it is crucial that we know all about that.

Wildlife crop damage compensation is a very important subject matter in rural Alberta; \$1.52 million has been approved. I've talked to the minister through 1985, and I've said to him on many occasions that my constituents are worried about these deer, elk, and the other kinds of wildlife that cause damage to their crops. Some urban members may not really empathize with this. If the hon. minister were here in the Assembly, and all hon. members had an opportunity to raise important questions of him with respect to this program, then in essence what we do is accomplish a double-barrel objective. First of all, we find out exactly what the initiative is and, secondly, we're in a position to elucidate to all of our urban members the importance of this very important program. Of course, there are certain people who say, "Why don't you just shoot the animals?" You can't do that, Mr. Speaker.

Mr. Speaker, there are so many things that have to be raised before various ministers of the Crown, and I'm not really sure that even this afternoon I will have an opportunity to raise even the few questions I want to raise among my colleagues in support of this very important motion. Three hundred grand, emergency water assistance program; \$6.34 million for special manpower programs; \$835,000 for the Alberta vocational training centre; \$5.3 million to provide a grant to the Alberta Microelectronic Centre for the purchase of microchip design and fabrication technology. I want some answers; I need some answers.

Unfortunately, Mr. Speaker, it seems I'm not even going to have an opportunity this afternoon to conclude the speech I want to make on this particular motion, so in view of the time, I beg leave to adjourn the debate.

MR. SPEAKER: I would respectfully suggest that the hon. member's motion to adjourn the debate might have come a little late; he was beyond the time limit for his speech. Under the circumstances, unless the House agrees otherwise, we would have to conclude that the debate has not yet been adjourned.

MR. MARTIN: You won't get in it again, Ken.

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

**Bill 201**  
**An Act to Amend**  
**the Landlord and Tenant Act**

MR. OMAN: Mr. Speaker, going from the ridiculous to the sublime here, I am pleased to move second reading of Bill 201, which is a Bill that I think would redress some inequities that have come about in our society in the last two or three years simply because of the march of ongoing events, particularly as reflected in the setting aside of the Lord's Day Act by the Supreme Court of Canada.

I want to make it clear from the beginning. Mr. Speaker, that this is not a Sunday shopping Bill as such, although it certainly has some relationship to that. There is nothing in this Bill that says that stores should be closed on Sunday. But when the Lord's Day Act was set aside, some inequities were put into motion which I think ought to concern us. That's why I bring this Bill before the Assembly today.

I have been taken aback a little by some events in the last little while about my ability to persuade such an august body as this. Some of you know, of course, that I conduct services at the church in Calgary. We have recently decided to tape those services for a number of reasons. Sometimes people who are sick and shut in would like to share in them, and the other thing is that I find it's good to sit down and criticize oneself and see if they can be improved. It was a couple of weeks ago when I sat down to listen to one of these tapes. Having gone through the first part of the service, with the invocation and the hymns and so on, I thought perhaps I should listen to myself and see if I had any ability to change people's lives. So the sermon started off as it should. About 20 or 30 minutes later when I woke up, I found that we were at the close of the service already. I've tried to smarten up my act a little bit, but we shall see.

Actually, this Bill is about freedom, as I see it, because what has happened is that certain store operators, not owners so much as operators, have signed tenancy agreements indicating that they would stay open at all times when the mall owners designate that the stores should be open. At the time those agreements were made, they never dreamed that the Lord's Day Act was to be set aside. The result has been, as I think members of this Assembly well know, that a good number of store operators are now being forced to stay open seven days a week against their will. This has indeed subjected them, in some instances at least, to con-

siderable personal hardship as far as time and expense are concerned.

Many of these businesses are family businesses that are operated by a husband and wife. They really don't take in the kind of incomes that allow them, in many instances, to hire extra people. And just because they are open seven days a week doesn't mean that their incomes have increased accordingly; in fact, they have simply spread out and increased their expenses, but their sales remain somewhat on the same level. My question is: do these people not have a right, do they not have the freedom, to close the doors one day a week if they should so choose? That seems to me to be a right that any store owner should have, and because of the inequities of the system which was brought on by unforeseen events, they do not have this right at this particular time.

I want to call to the attention of the members of this Assembly that there is no mention in this Bill of religion. There is no mention in this Bill of what day a store owner should be closed. In fact, the Bill specifically says that the store operator may choose what day he wants to be closed, and he does not have to close one day a week; he may open seven days a week if that is his desire. On the other hand, if he wants to close one day a week, I think he should be given that opportunity, and at the present time in many of the shopping malls of our province he cannot do that.

When this Bill came out last year, when I first tabled it in the Legislature, Mr. Speaker, I was amazed at the almost universal support I received from all across the province really — unsought support, but it was a live issue at that time, because that was the moment when the full effects of the setting aside of the Lord's Day Act were being felt.

I beg your indulgence, Mr. Speaker, because I realize it's not necessarily the custom of the Assembly to allow long matters to be read. This is not very long, but it gives you a sample of a letter and it speaks more adequately than I could of what is happening out there in the marketplace. This lady writes to me to this effect:

My husband and I are forced into a position where we, as store owners, will work seven days a week. This happened in December when we were open for Sunday shopping. Counting the last week of November, we worked over 30 days straight without a break, were closed Christmas Day, and were back at work on Boxing Day. Personally, we found this schedule (including late night Saturday shopping) to be very exhausting. (In addition to being open regular mall hours, our working day begins at 6:30 A.M.)

In our type of business (fast food/bakery), Sunday shopping is not a "12:00 to 5:00" operation. On Sundays, we are in the store by 9:00 A.M. (we need this advance preparation time as all of our food is . . . fresh . . .) and [we get through about] 6:00 P.M. Consequently, Sunday becomes a long work day, and as I experienced in December, this schedule was incompatible with my right to worship on Sunday mornings.

It is very difficult to find enough qualified and trustworthy staff to work on their own. I work in the store every day, partly because I find that the quality of our baked product tends to suffer if I don't monitor the daily production. I have had a "HELP WANTED" sign up for some time now, but so far I have been unable to find an alternate baker who can work without my supervision. I am continuing to look for responsible



staff, but notice when taking job applications, some people are starting to stipulate that they will not work Sundays. This makes it harder to hire, as I believe that all my staff should share the work load on Sundays.

Also, the City Transit System is not geared to Sunday work schedules. Some of my staff at Christmas were unable to get to work unless they took a cab, which was expensive and often did not make it worth their while to work that day.

When our lease was originally signed in 1981, I believe that both parties signed in good faith to abide by the existing mall hours of operation, and that neither anticipated Sunday becoming a regular working day. As it stands now, the law is undecided as to the legality of Sunday shopping. However, the major malls in Calgary have decided to ignore the objections of most of the tenants to have the option to remain closed [one day a week]; they appear to be pressuring them into remaining open. We feel that these tactics are unfair, can only lead to poor tenant/landlord relations, and are an infringement on tenants' rights to

open on the day that they choose.

Mr. Speaker . . .

MR. SPEAKER: It's true; the hon. member is hesitating. The length of the quotation was causing me some concern. The only justification I can see for a quotation of that length would be the possibility that the hon. member's correspondent might be able to express the matter more succinctly than the hon. member himself

MR. OMAN: That's precisely why I read it, Mr. Speaker.

I had another letter, which I shall not quote verbatim. It was from the other side of the fence, from the Building Owners and Managers Association, which objected to the Bill. They said that in effect building owners were fair-minded people and, therefore, they could work out the problems with their tenants very easily. It wasn't very difficult to send a copy of this particular letter right here back to them. I indicated to them that at this point at least the mall owners had not demonstrated that degree of fairness and, for the most part, had forced these people to be open against their will.

I don't think I have to spend an awful lot more time, Mr. Speaker, because it seems to me so obvious that this Bill is right and that this is the right time for it. I can't see any real objections. I can't even see any political objections to it, because I think it would be so universally popular.

There are a number of people in our province who have criticized this government because it failed to act on the Sunday shopping issue. Even though I happen to be in the ministry, I have never been of the opinion that the state needs to back up the church as far as Sundays are concerned. It's always been my opinion, and I think experience has proved this, that the church isn't very largely affected by Sunday blue laws or whatever. Where they have been taken out, I'm sure the churches will survive because they're bigger than that. They don't need the government's support.

I think there is an advantage in having a common day of rest in society on which you do things together. There's a sort of binding force in society when that happens. That's why we have our national holidays. To have one day a week, whether it be Saturday or Sunday — and there I suppose the majority would tend to reign — I think has advantage for recreational, for restful, and for worshipful

activity. So in that sense, yes, I have some prejudices that way. But I don't think it's for the necessity of supporting religion as such. I think that particular aspect isn't either needed or good for the church or society.

Nevertheless, the government has failed to take any action on this, except they have allowed the municipalities to do as they wish. Because there is such an obvious inequity that's been perpetrated by the setting aside of the Lord's Day Act, it seems to me that here is where we need to move in. There is an inequity; there is unfairness. If government is involved with anything, it ought to be involved with justice and fairness. That's why I recommend this Bill to the members of this Assembly. I hope you will pass it.

Thank you, sir.

MR. PURDY: Mr. Speaker, in rising to say a few words on this particular Act, hon. members will know that in previous years I put forth the retail business Act in this Assembly. In fact, the first Bill was for closing of retail outlets except for certain sizes on Sundays. Then the Bill was amended to get away from the political connotation of it and put it in there that there could be days when the various businesses would be allowed to close on their own; however, it would limit them to six days a week.

In my surveys over the last little while, I guess right now I'm at the juncture where the marketplace is dictating what should be open and what should be closed and how it should be done. Should it be done through a special Act of the Legislature as a retail business Act? Should it be done through the Act the hon. member is promoting today, amendments to the Landlord and Tenant Act, or should it be in other ways?

Visiting some of the areas in my constituency where Sunday opening is now a fact of life, I find that amendments to the Landlord and Tenant Act would be of no use to the individuals I represent. Many of these people are proprietors that own their own building and their own establishment, so they're outside the mall concept. Because of other events that have taken place, such as West Edmonton Mall and other areas that have followed, they have chosen to stay open on the seventh day, be what it may. I don't know if legislation can be introduced to reverse the trend we now have.

There are two sides to the coin, Mr. Speaker. At times when you talk to owners in various malls, maybe at Capilano or wherever it is, they are locked into agreements where they must stay open for seven days a week. Some of them tell me that they're slowly not making any money on those particular days. The seventh day they stay open is one that is not profitable for them. Because of overhead, payment of wages for extra employees, just the many things that go into operating a business, it's non-profitable for them to be open seven days a week.

If we accept this particular piece of legislation, it would then be against the entrepreneur that maybe builds a small mall with four or five outlets. I would imagine that maybe the small mall owner does not have restrictions and lease agreements where you have to stay open seven days a week, but we certainly know that it's seven in places such as West Edmonton Mall and some of the other malls in the city of Edmonton. How do you curtail that? Do you curtail it by this particular legislation? If you do, you will have the various entrepreneurs saying that you are then infringing on their rights to run a business and to sign lease agreements for seven days a week.

I think that what we have to wait for in this Assembly before any real judgment or decision can be made is the final decision from the Supreme Court of Canada to see what they're going to do with that seventh day of shopping. As members know, I've questioned the Attorney General in this Assembly a number of times where that particular decision is at, and to my knowledge there has still been no decision reached for the seventh day to be restricted.

I don't think there's much more I can say on the Bill now. In closing, Mr. Speaker, the Bill presented by the hon. member, which has amendments to the Landlord and Tenant Act, is a bit premature right now. I believe we should wait until the Supreme Court of Canada makes their decision, and also wait for the Ontario decision to see how well they fare when that particular piece of legislation comes out of the court system there.

Mr. Speaker, I beg leave to adjourn the debate.

MR. WEISS: Mr. Speaker, I imagine there are other hon. members who would like to speak in regard to . . .

MR. SPEAKER: I'm obliged to put the hon. member's motion for adjournment, but of course the matter is then in the hands of the House.

Having heard the motion by the hon. Member for Stony Plain for adjournment of the debate, would the members in favour of the motion please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: And those opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The motion is lost.

MRS. EMBURY: Mr. Speaker, I'm very pleased to speak this afternoon to this Bill, an Act to Amend the Landlord and Tenant Act. I would like to commend my colleague from Calgary North Hill for bringing this forth. It seems now, looking back, that there's been quite a quiet period, shall we say, in the cities since this was a really major issue. It's even hard for me to believe that the member introduced his first Bill last spring. It seems to me it was more like last fall, but of course we weren't here in the Legislature. This particular issue that is the major premise of his Bill, of course, was overshadowed at that time — there's no doubt about it — by the larger issue of what was Sunday opening or Sunday closing of stores, so maybe to some people it didn't have as much of a hearing as it should have had.

I really do admire the member for reintroducing it, because now maybe it seems a little ludicrous. The issues have certainly quietened down a lot, and by that I mean that I for one am not being very, very heavily lobbied on this issue like I was. There were hundreds and hundreds of letters from both sides. A lot of people in Calgary North West, of course, wanted all the stores to be closed on a Sunday, not only for themselves — a family day and to attend church — but also they were worried because a lot of their children who wanted to seek part-time employment would have to work on Sunday. This concerned the parents. But on the other hand, there were just as many people expressing the other side of the coin. They felt it was their individual right to choose if they wished to work on a Sunday. As I said, that issue has certainly quietened down

in my riding. My malls are open on Sunday. I must admit they're doing a very fine business at this time. They didn't start out that way, but I've certainly seen a growth in the number of people, and I understand there have been some public statements to the fact that they're doing very well with their Sunday opening.

This was a particular issue, and that's why I think the member did a lot of research into identifying this issue and then looking at some solution to this issue. I think that the basis I would support this Bill on is the very fact of: do we or do we not want to support our small businessmen or women or families or persons? Because this is exactly what happened to a constituent of mine who had a men's clothing store in a large mall. Of course, he was absolutely forced out by the lease he had signed previous to the Lord's Day Act being changed in the Supreme Court. As a result of that he refused to stay open for the seven days including Sunday, which was an extremely difficult situation for him because that left him absolutely no time to be with his family. He had one or two other employees, but it was still very difficult to rotate that small number of staff throughout the seven days and evenings and also to look at a small profit margin. Times haven't been that great over the last little while in Calgary, and someone in that type of business was really struggling. So it was a very, very difficult situation for him.

There did seem to be some anomalies in these mall openings and closings. Not all stores had to be closed. This was very interesting. Exactly how long some could stay open seemed to vary. I must admit and I will confess that you might wonder why I would support this Bill. I can now very happily tell the Assembly that this gentleman has gone into another newer area which has more individualized stores, although I suppose one would still call it a shopping centre, and is very pleased with the move he's made. His business is doing all right, so at least it does have a happy ending, but it did create a lot of turmoil for him at the time. It was a difficult situation, just as the Member for Calgary North Hill said, due to a circumstance that had changed since they signed the lease.

I can't help but believe, though, that there must be lots of other circumstances in life that change. You can buy a house on what you assume to be a very quiet street with assurances that it won't change, it won't become a major artery, and we know that that can certainly happen. So that does give me a little concern, to think that the Legislature can always patch up every situation that comes along. But basically, I would support this Bill, and I would urge the members of the Assembly to at least give it that consideration. I will look forward to hearing other comments from other members.

MR. WEISS: Mr. Speaker, I too would like to speak with regard to Bill 201. When I heard the hon. Member for Calgary North Hill present it and having presented it before in the Assembly, I wasn't sure whether it was a Sunday sermon or a Sunday omen that I was being spoken to on.

I found it very interesting, though, and in particular would like to point out some of the other sides — the other side of the coin, as it was referred to by the hon. Member for Stony Plain. There are some long-term lease arrangements that generally have been made by some of the proprietors and the mall operators, and some of these rental arrangements are based on percentage of gross sales. This, of course, would present a problem if only part or the minority of the stores were open, and I could see rental

decreases to the mall owners as well. So I think those things would have to be reviewed and reconsidered and perhaps new lease arrangements looked at.

As well, of course, there are some other costs that are borne by all the merchants in a mall, in particular such things as, in the common area, the janitorial services. I would hope that the hon. member would be able to address those and ensure that all store owners within the mall would share those common costs whether they be open or not. I could see in particular some smaller person asking why they should have to pay that percentage of janitorial costs on a Sunday when they weren't there. I think that in fairness to all the others that has to be on a prorated basis.

There are also the advertising costs, which generally are calculated on a per-square-footage basis to the overall number of merchants. Location is one that's very important. When I say "location", Mr. Speaker, I'm referring to the differences that would occur between a downtown mall such as Edmonton Centre and West Edmonton Mall. In particular, the need for Sunday shopping would certainly be increased to the West Edmonton Mall area or to any outlying mall area more so than to what would be in a downtown area. Of course, we all know and realize that downtown areas generally are concentrated with those in the working sector, and a lot of those people would disperse and would leave the area on a weekend. So the need would vary in those particular areas.

That, too, would follow true in the urban versus the rural. When I say "urban", I'm referring to the major cities in relation to a community like Fort McMurray in my constituency. The need for Sunday shopping would be entirely different in that area than what it may or may not be to those in an urban centre and particularly those that are on shift work. We're working, perhaps, on a more routine basis in the smaller outlying areas.

I've gone on to just mention the pitfalls or the other side of the coin, as was indicated, Mr. Speaker, but I believe I have mixed emotions, because I too have been a leaseholder in a mall. I can sympathize with and understand the concerns and the needs of those in the mall. I believe sometimes that it's too controlled by the mall owners. I believe individual rights and freedoms should be expressed.

The hon. minister of energy calls a deal a deal. I think that a deal is a deal. If there is a contract that's written by two people, it should be exercised and honoured. In the case of an agreement where a mall is under a new tenure and they have agreed to be open on a seven-day-a-week basis, I think all tenants should share that responsibility and honour that commitment. But for those people who go back many years, who did not enter into an agreement knowing full well that they would have to be open seven days a week, I believe there should be some recourse. As I said, I believe it's unfair and unjust.

When you start to weigh the advantages, disadvantages, or all areas of concern, I really think there is more in favour of having the hon. member's Bill approved by the Assembly rather than the other way. As I say, I have mixed emotions. But I wanted to point out to all hon. members some of the other problems I've seen, so that people would understand my point of view as a member as well. I believe I've reached out to see and understand some of the other problems. I believe those are outweighed by the advantages of approving and supporting the hon. member's Bill. I would urge all hon. members to do so.

Thank you, Mr. Speaker.

MR. GOGO: Mr. Speaker, I appreciate the opportunity of making some comments on Bill 201, sponsored by the hon. Member for Calgary North Hill. I think those of us who have had the pleasure of not only serving with the member but knowing him in something of a personal way for these past years have nothing but respect for his views. Some may take the attitude that they are parochial in nature. So be it. But he is here representing a considerable number of constituents, and I think he's put an excellent case for it.

There are those who are of the view that had the province acted in a different manner, we wouldn't be faced with this today. So be it. The province acted in a different manner, and it wasn't a manner that may have resolved this problem earlier. The government, in its wisdom, has said that is a municipal responsibility. I, along with other members, have carried out questionnaires in the constituency, and the results from Lethbridge West are somewhat unique. The majority, albeit not a big majority, have said it should not be municipally; it should be provincially. I respect their views. In fairness, it dealt with a larger issue, and that's the whole question of Sunday shopping.

Reference has been made to agreements, and when agreements are there, this shouldn't interfere. As a matter of fact, the Bill says "notwithstanding." I would point out — and we'll probably hear more about it tonight — that a tremendous number of agreements have been made in this province: people borrowing money to either farm, buy land, or get into the oil business. Just last week, as I recall, the Minister of Housing said that developers who entered into CHIP have received a 50 percent reduction in interest. What do agreements mean anymore? We're talking about a matter that I think is substantially more important. But even the Bill doesn't deal with the matter of the agreements. It says quite simply that where a businessman — small, large, or otherwise; I don't know if there's any other kind — is required by the owner or developer to be open seven days, he should be able to. Under an amendment to the Landlord and Tenant Act — which I thought was only with residential tenancies; however, that's maybe a small matter — he should be able to take one day each week and close. I think he's on a very strong point, an excellent point.

Mr. Speaker, I think you would have the majority in support. I don't know the position of chambers of commerce or other groups, but as far as one member representing constituents in southern Alberta, Lethbridge West. I would indicate that I sincerely believe they would be in favour of it. Therefore, I commend the member. I think he's done an excellent piece of work by bringing this to the House. I think it would be so appropriate for the Member for Calgary North Hill to leave this House recognizing there has been a major achievement for a substantial number of Albertans. Therefore, I will support the Bill, and I would seriously ask other members to consider likewise.

Thank you.

MR. THOMPSON: Mr. Speaker, basically. I support the Bill too, especially subsection (1). I really do think people should have a certain amount of choice, and this does give them choice. I think myself that as time goes by and the newness of seven-day shopping wears off, people will have regretted getting into it. That's just my personal opinion. I'm close to the United States. I don't see that seven-day, wide-open shopping really does anything for anybody down there. I think we will find later on that it isn't the big deal

that some people think it is here. However, that's beside the point.

I would like to ask the mover of the Bill, when he closes debate, to answer a couple of questions for me. I understand subsection (1) fine, and I understand subsection (2). But I have a little difficulty with subsection (3), where the tenant has complete control of deciding when, where, and if he closes, and he can change it at his whim. And I don't understand subsection (4) at all. With that, Mr. Speaker, I'll sit down.

MR. HIEBERT: Mr. Speaker, I, too, would like to briefly join in the debate of Bill 201 introduced by the hon. member. I am listening with an open mind with regard to the views that are being stated. I, too, have circulated a point-of-view newsletter in the constituency on the Sunday shopping matter, and I think it relates to the Bill that has been introduced.

There is a wide range of viewpoints on Sunday shopping, from the point of view that they don't care; they disagree with any regulation; let the whole matter be negotiated between the store owner and the shopping mall — they willingly enter into an agreement, and they should be in a position to accept whatever that agreement might result in. On the other hand, we have a large segment of constituents expressing the viewpoint about family life, that there should be a singular day in the week on which the family and the community can share a common day. If it be Sunday, so be it. It just happens that that has been the tradition and the practice in this country, and many people would like to see that as a desirable objective.

They often state in their remarks that quality of shopping is also a factor. Just having stores open seven days a week doesn't necessarily ensure that there are quality shopping venues available when they are open throughout the day and into the evenings. Many times the stores are a lock-key situation, where they have someone at the till and there's no one to serve the customer. Often very few people are around in certain critical hours of the week for shopping. Many take the view that when a store owner is open that long, their overhead costs go up, those costs are transferred to the consumer, and ultimately the consumer is paying more for their goods.

If I read the viewpoints of the constituents correctly, those that are concerned about having a day off from shopping within the week are suggesting that there should be something uniform. It should not be a municipal decision but rather there should be some common bylaw or law throughout the province. There is a concern that the province could be fragmented, in that an area like Edmonton could have no shopping with the larger stores on Sunday, yet satellite communities could stay open, and there is a fear that there could be chaos with regard to what the impact would be on the small businessman.

In the viewpoints from constituents that I've looked at, they believe that the lease owner or mall owners are now forcing people to stay open. If the small businessman stays open, many times they are hiring young people at lesser wages and trying to skimp by on a minimum of staff. Yet who is suffering in the long run, since there are only so many consumable dollars in the community? Whether you had seven days or five days or six days, in light of the economic circumstances we face in Alberta, the shopper is only going to spend so many dollars. Quality is just as much a factor as the amount of time.

Others will argue that if we're looking at having stores wide open on Sundays, it should be true for all services then. The public service should not have weekends off. Provincial offices should be open, schools should be open, professional people should be offering services, and there should be no sanction for anyone. If it's good for the worker in a commercial retail store, it should be good enough for others in providing different kinds of services to the community. They think there's an inconsistency here. Only the commercial retail outlet is involved. How about the bigger service area of our community? I think that is an argument that has to be addressed, because many times people will take a decision on Sunday opening by saying they are in favour of Sunday opening, yet they benefit having Saturday and Sunday off. Would they share the same opinion if they, in fact, were compelled to work on weekends?

As the chairman of the Edmonton caucus, I've had an opportunity to poll the constituents on this matter. I'm looking at viewpoints from other parts of the province, so if this matter comes up again, I will be in a position to respond in a way that the constituents are represented with regard to this very important area on Sunday shopping.

I know Sunday shopping is not directly the intent of the Landlord and Tenant Act, the Bill that has been introduced, but basically I think that's what we're talking about: the impact of the leases and the commercial premises relative to the singular day off during the week. So I wait, listening to some of the arguments others will present on this very important issue.

MR. McPHERSON: Mr. Speaker, I'd like to address a few remarks to Bill 201, proposed by the hon. member. At the moment I suppose I find myself in the almost classical conundrum of a politician. I don't support this Bill. I can't support it on principles which I'll try to indicate here, but I'm not so sure those are the views of my constituents. Frankly, I believe the whole Sunday shopping issue — and I know we're not referring directly to that issue — and this attendant issue, is split precisely fifty-fifty down the middle in the constituency of Red Deer. There just does not seem to be a consensus developing at all in this whole area.

Members will probably know that one of the recently nominated candidates for one of the constituencies in Red Deer has been an outspoken advocate, through the plebiscite held recently in Red Deer, on the Sunday shopping issue. The remarks made by the Member for Edmonton Gold Bar just made me recollect a little story that happened not so long ago when both he and I were invited to a German-Canadian annual meeting and dance, at which time, as is the custom, they have a barrel speech. The barrel speech, of course, is an opportunity for whoever it is — he's masked — to take all sorts of shots at politicians and community leaders. So he commenced to do that, and of course most of his potshots were made at yours truly and most of them were appropriate. But he had one shot to make at this particular city councillor who has been so outspoken on the Sunday shopping issue. He said, "Our understanding of the reason that this individual is seeking election to the provincial Legislature is that the Legislature is closed on Sundays."

It seems to me it is a situation that is very divisive. There are many people on one side of the issue, many people on the other. It's a hard one to get a handle on. I can say personally, however, that I have some real difficulty with a piece of legislation that contemplates breaking the

sanctity of private contracts. Now I know that the Member for Calgary West has just indicated in his remarks that in his view it seems to happen all the time. He referred specifically to CHIP and the recent announcements made by the Minister of Housing with respect to that program.

But I would like to remind the member and other members that that was not a breaking or renegeing of any contract. There was an offer made by the Minister of Housing to renegotiate contracts that included a reduction in interest in exchange for concessions made by those who participated in that plan. The ultimate result of that particular program will be the absence in this province, I hope forever, of developing rent controls. Not to get onto that issue, Mr. Speaker, but rent controls are poor people out of the housing market. In any event, it was not a circumstance where we removed ourselves or interfered with existing contracts. That situation, of course, was an offer to renegotiate. It's a different situation.

My concern with this Bill as it's put forth by the member is that we are going to retroactively interfere with private contracts. To me that is a fundamental erosion of the principles of democracy. Personally, I simply cannot abide by it. I must say that I could support this Bill if it was not retroactive. It's not that I'm without sympathy for the issues involved in this Bill. There are concerns. I'm a great believer in free choice. And I do believe that many merchants in malls across this province should have the choice of whether or not they should be open on Sundays. I would be supportive of this Bill if it came into force upon proclamation and had no tenets whatsoever to it of retroactivity.

On those few comments, Mr. Speaker, I'll await consideration of the Bill from other members.

MR. NELSON: Mr. Speaker, I would like to take a few moments to address this very important Bill that's been presented to the members today. Having been actively participating in the business community with a large corporation and also as a small businessperson for a number of years, I can appreciate, probably more so than many, the reason for this Bill and the reason it should be given some consideration of support.

I note that the Member for Red Deer indicated that, of course, we shouldn't interfere with private contracts, and any retroactivity that is considered in this piece of legislation should not be considered at all. I would suggest that that is the whole case that is being presented here, at least in part: that we should give consideration to the retroactivity of the particular Bill.

First of all, let's deal with the issue of contracts between landlords and tenants. A large business has a considerable amount of negotiating power to contracts offered to large mall developers. In fact, many of your national accounts that deal with these malls use their own independent, individual lease that they prescribe themselves rather than one developed by the mall developer or management. Therefore, they have some negotiating consideration or power. However, when you start talking about the CRUs, which basically I guess you could call many of the small businesspersons who may not even have the expertise to deal with the lease document other than through a lawyer, in most cases the lease document would be signed with very minimal change other than to affect the particular type of operation that may be negotiating it. In itself, the lease — virtually what you might determine as a guarantee that you might sign at a bank — is an unconscionable document; "unconscionable"

in legal terms basically meaning that the small businessperson does not have any negotiating power.

It should be noted that when these leases were being negotiated many years ago, stores and malls were open six days a week and usually two nights, those being Thursdays and Fridays. The operators of malls then started determining that maybe they should open Wednesday nights. Most businesses concluded that that wasn't a bad idea, so they did. Then they went to Monday and Tuesday. Many of the small operators objected to that. However, it was determined in the lease document that: hey, you've got to open, because we tell you you have to. We then went into Saturday — they're now open Saturdays — and then, of course, Sundays for a number of hours, whatever that may be, whatever the mall determines.

However, when we have to deal with the term "retroactivity," let's deal with the intent of that lease document years ago. The intent basically was that the mall would have control over the hours of business in the mall. In general terms it was determined that during the week they would open for those hours that the mall determined necessary, which at that time were generally set from nine to 5:30 or nine to six, with the exception of a couple of evenings a week. That was basically the intent of those leases in those days. And because most leases are either five, 10, or up to 20 years in length, many of them are still in effect today, when in fact many of these small businesspeople are encouraged, forced or otherwise, to open seven days. As I've already indicated, the mall determined these expanded hours, which was not necessarily the original intent of those leases.

We've talked about small business, and I've banged away on small business many times in this Legislature — in fact, earlier this week a little bit. How can you ask an individual with an investment, and in many cases a large investment, who is trying to operate a business in some of these malls where business may not be so hot — how can you ask that person or that family to operate and run for a period of 12 or 13 hours a day seven days a week? First of all, it is unfair. The ramifications of what could happen to that small businessperson being in conflict with his lease because of the manner in which it is written: if he determines not to open on the specified dates that may be indicated by the landlord, he may be in default of that lease or may be fined by the landlord, whatever he deems necessary at the time, because there is usually a clause in that lease that determines a fine.

Secondly, if the person is determined to be in default of that lease and asked to either open or leave, or is forced to leave, a large investment that he has paid to that mall or the premises that he has leased — because usually the tenant has to go in and improve the premises at great cost. It may be anywhere from 10, 20, up to hundreds of thousands of dollars, depending on the amount of space and the lease that is signed.

We talk about the free-enterprise system. Mr. Speaker, and I am one that believes in the free-enterprise system as much as most and maybe more than many. I sometimes ask myself, though: what is the free-enterprise system and who is it free to? In many cases it certainly is not free to the small guy, because his efforts are not necessarily given the same consideration as many of the big guys who are out there trying to squeeze it all out of the little guy.

Additionally, it should be noted that in a publication of one of the retailers in Calgary that I read recently, with their expanded shopping, the elongated hours during the

week, plus Sunday shopping and what have you, they have not hired one additional person in their operation. So what's happening? In effect, we're developing more hours for business with the same staff and less service to the consumer at probably higher cost. We now have stores, supermarkets in particular, that have expanded operations from nine or 10 in the morning till midnight. In fact, many are going 24 hours, seven days a week. Determination of those kinds of hours should be left up to the individual or the community involved.

However, where an individual or a small businessperson in good faith signed a lease some time ago, or even in recent time, when it had not been determined that seven-days-a-week shopping is desirable in that particular mall, that person or small business should be able to determine whether or not they open or close on the seventh day, be it Sunday, Monday, Tuesday, or whatever. My understanding is that the Lord's Day Act, as it was written, has to some degree been struck down by the federal court. I hope I'm correct on that matter.

In essence, I don't want to use the term that Sunday be the day. I think it should be left up to the individual small businessperson to make that determination, by legislation or otherwise. Certainly because of the environment that is out there now, new leases that are signed, I'm sure that we, and especially businesspeople, recognize that, in fact, Sunday shopping is in evidence in many malls. I can assure you that when their lease comes up for renewal, anybody who doesn't participate in the hours prescribed by the mall will either participate or they won't be in that mall. You can rest assured of that.

So what are we doing to small business? Mr. Speaker, I have my own opinions on what we're doing to small business — not necessarily by the government. But I can tell you that out in the community small business is not necessarily always getting a fair shake. I would encourage this government and the members of this Legislature to give due consideration to this and certainly in future ensure that small businesspeople in the province of Alberta are not only given a good shake but a fair one.

Thank you.

MR. ANDERSON: Mr. Speaker, in view of the time and the comments that I would like to make on this particular Bill, I move that the debate be adjourned.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: The motion is adopted.

[The House recessed at 5:29 p.m. and resumed at 8 p.m.]

MR. HYNDMAN: Mr. Speaker, I have received certain messages from Her Honour the Honourable the Lieutenant Governor, which I now transmit to you.

SERGEANT-AT-ARMS: Order!

MR. SPEAKER: Her Honour the Lieutenant Governor transmits estimates of certain sums required for the service of

the province for the 12 months ended March 31, 1986, and recommends the same to the Legislative Assembly.

Her Honour the Lieutenant Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1987, and recommends the same to the Legislative Assembly.

Her Honour the Lieutenant Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1987, and recommends the same to the Legislative Assembly.

Her Honour the Lieutenant Governor transmits estimates of certain further sums required for the service of the province for the 12 months ending March 31, 1987, and recommends the same to the Legislative Assembly.

Please be seated.

#### head: **GOVERNMENT MOTIONS**

2. Moved by Mr. Hyndman:

Be it resolved that the messages of Her Honour the Honourable the Lieutenant Governor, the estimates, and all matters connected therewith, be referred to the Committee of Supply.

[Motion carried]

3. Moved by Mr. Hyndman:

Be it resolved that the Legislative Assembly do resolve itself into committee when called to consider the supply to be granted to Her Majesty.

[Motion carried]

5. Moved by Mr. Hyndman:

Be it resolved that the messages of Her Honour the Honourable the Lieutenant Governor, the 1986-87 estimates of proposed investments of the Alberta Heritage Savings Trust Fund, capital projects division, and all matters connected therewith be referred to the Committee of Supply.

[Motion carried]

6. Moved by Mr. Hyndman:

Be it resolved that the Legislative Assembly do resolve itself into Committee of Supply when called to consider the 1986-87 estimates of proposed investments of the Alberta Heritage Savings Trust Fund, capital projects division.

[Motion carried]

4. Moved by Mr. Hyndman:

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

#### head: **BUDGET ADDRESS**

MR. HYNDMAN: Mr. Speaker, this is the first budget initiative under the leadership of Premier Donald Getty. It also marks my eighth budget as Provincial Treasurer.

It reflects Alberta's deep strengths and bright future. It is a budget of reassurance and justified confidence to and through the '90s.

The temporary oil price uncertainties are a concern, but Albertans have shown they can tough it out through adversity.

By pulling together in partnership with a government that has a realistic game plan, Albertans know they can handle problems that are thrown their way and can look ahead to opportunity.

The circumstances that caused the 1982-83 downturn are not present now. Interest rates and inflation have fallen dramatically, the national energy program has been replaced by the Western Accord, and the Alberta energy incentives of June 1985 and April 1986 are in place. Lean and trim, our provincial economy is no longer built on unreasonable speculation. The Canadian economy is strong and growing.

Through these last eight years my objective has been to balance steady economic progress and increased standards of living with the goal of fiscal responsibility. This budget continues that balance.

Nineteen eighty-five was a banner year for Alberta economic performance. Our private-sector strengths powered the recovery to solid growth. We have the momentum to carry us forward. The fast recovery in our economy in 1985 showed just how quickly this province can rebound from temporary adversity. Alberta's economy is in fighting shape, and our entrepreneurs will capture new opportunities. Despite world oil price instability, Alberta is still one of the best places in the world for oil and gas development.

#### **Alberta's Economic Outlook — Confidence is Justified**

Last year was marked by a renewed spirit of confidence in the basic strength and future of Alberta's economy. The recovery continued to broaden. Alberta's overall economic performance was the best in years.

Restored investor confidence was clearly evident in our key oil and gas industry. The federal/provincial Western Accord, Alberta's June 1985 changes to the royalty and incentive system, and the agreement on natural gas markets and prices improved our oil and gas producers' cash flow. By reducing the industry's fiscal load and deregulating markets, these major policy changes significantly strengthened Alberta's oil and gas industry.

The new fiscal and regulatory environment has provided momentum and flexibility. This enables the industry to cope better with lower oil prices. It also creates a favourable environment in which to plan the development of new energy supplies for Canada.

The current national and international economic scene is a challenge for Alberta businesses. World oil prices are volatile, competition in natural gas markets is vigorous, and agricultural prices are uncertain.

Alberta's private sector is pulling together to meet these challenges.

Alberta is not an island. The performance of our economy depends on developments outside our borders.

Although the world's major industrialized market economies expanded in 1985, their overall growth was modest and uneven. The United States economy slowed its rate of expansion, reflecting the federal deficit, an overvalued currency, and a large trade deficit. Positive actions have been taken. Domestically, the American government is dealing with its budgetary deficit. Internationally, successful co-operative action has been taken by the five largest western economies to lower the value of the United States dollar and restore more balanced international trade flows. This international co-operation should help stave off protectionist sentiments in the United States.

The impact of these developments is potentially far-reaching for Alberta. To prosper, we can and must trade in foreign markets. Alberta industries would be strengthened by strong economic growth in North America and overseas. That will happen if there is international co-operation in the design of economic policies and a strong world commitment to freer trade.

Renewed federal/provincial co-operation in setting trade and economic strategies based on regional strengths and private-sector initiatives will boost investment and create jobs.

The Canadian economy performed well in 1985. Bolstered by a resurgence of consumer confidence and a much improved investment climate, real economic growth averaged 4.5 percent last year. With continued growth in the United States and most other industrialized countries and the strong commitment of our 11 governments to work co-operatively to achieve key national economic goals, the prospects are for further national economic expansion in 1986. Alberta will benefit from that expansion.

Canadian economic expansion will be led by consumer and investment expenditure this year. Employment growth and low inflation will further strengthen consumer demand. Investment activity will be sustained by the momentum of four years of national economic growth.

In its February budget the federal government made further progress in reducing its deficit. Restoring integrity to federal finances is essential to the maintenance and enhancement of Canada's long-term economic prospects. Further improvement in the federal government's budgetary situation is needed to sustain consumer and investor confidence and reduce interest rates. Because the Alberta economy is capital-intensive and our competitiveness is seriously impaired when we have interest rates higher than those of our main trading partners, lower and more stable interest rates must be a clear federal government priority.

For the first time in years, Mr. Speaker, a medium-term plan for Canadian economic renewal is taking shape. The start of negotiations for a free trade agreement with the United States is historic. Federal and provincial governments are working together to identify national goals and devise policies that set the stage for the private sector to achieve those objectives. The foundation is being laid for high levels of investor confidence.

The Alberta economy pushed ahead with renewed vitality in 1985. Albertans must not over-react to the swirl of speculation in world energy markets. By pulling together we can meet the challenges facing us in 1986.

In 1985 the Alberta economy expanded strongly. Despite the drought that depressed crop yields, our real gross domestic product increased by about 4 percent and virtually all sectors other than agriculture expanded. Total investment grew by 12 percent, with investment in the oil and gas sector increasing by an impressive 29 percent.

Over the last 12 months the number of Albertans with jobs increased by 56,000, and the unemployment rate dropped a full 1.8 percentage points.

Albertans know that they cannot be shielded from international developments. The recent turbulence in world oil markets is a concern, as are soft markets for our primary grains. But we must not over-react. Despite these worldwide developments we should all remember that Alberta's economy is basically strong and vibrant and will continue to expand. With the positive momentum gained in 1985, I expect the Alberta economy to register real growth this year.

Both exports and consumer expenditure should lead the economic expansion this year. Assuming favourable weather conditions, grain shipments should post a healthy increase when the harvest is marketed. Exports of natural gas and manufactured goods to the rest of Canada and the United States should also continue to improve. Higher employment and increased take-home pay should see high real consumer expenditure being sustained. Private investment, already at high levels, should remain stable in 1986.

We recognize that some Albertans are being hurt. Being out of work is a devastating experience. We, too, are concerned and will help wherever we can. We will provide support and work together with the private sector to assist in reducing the unemployment problem. Over 10,000 new jobs will be created this year.

Partly as a result of a stable wage and salary climate, inflation last year in Alberta was below the Canadian average for the third year in a row. It should average a low 3.5 percent in 1986.

Oil and gas are building blocks of the Alberta economy. The long-term world energy fundamentals favour Alberta and should be the focus for investment today to ensure Canadian energy self-reliance.

By deregulating oil prices and phasing out or eliminating five federal taxes, the Western Accord dismantled what was left of the national energy program. The result was substantially improved cash flow for oil producers.

Last June a major Alberta royalty reduction and incentive package was introduced to encourage our oil and gas industry further. It included a reduction in royalty rates on oil and gas production, royalty holiday programs for new oil and gas wells, and an increase in the Alberta royalty tax credit designed particularly to assist small producers. These measures ensure that the benefits of oil price deregulation flow to the industry.

Earlier this month a further enrichment of the royalty tax credit from 75 percent to 95 percent and a new \$300 million temporary exploratory drilling assistance program were announced.

These Alberta initiatives improve producers' cash flow, encourage drilling activity and jobs, and reward those who invest in the future of Alberta's promising energy resources.

Over the past 12 weeks world oil prices have fallen. It is too early to predict prices in the months ahead, but these lower prices must be put into proper perspective:

- Major policy changes over the past year have significantly improved the industry's financial ability to withstand the impact of lower and volatile prices.
- United States gas markets will improve over the next few years, resulting in substantial rewards for the industry and Alberta's economy.
- Our economic growth is now more broadly based than it was before the 1982-83 downturn and is better able to cope with a softening in energy investment.
- And, most importantly, the medium and longer term prospects for energy prices are positive. Oil is a depleting resource. Alberta has it.

The future development prospects for our energy resources are unequalled given

- the basic strength of the industry,
- our favourable taxation and royalty regime, and
- our firm commitment to a policy environment which maintains rewards for successful investors.

These longer term fundamentals, Mr. Speaker, are unaffected by current short-term oil price weaknesses. The proposed Husky upgrader and Syncrude expansion projects

are examples of oil investment decisions that should not be dependent on temporary price fluctuations. Investors have shown that they have confidence in Alberta's longer term future as an important source of secure oil and gas supplies. This government is firmly committed to working with investors in planning for major future energy investments.

A review of the energy industry's 1985 performance shows its strength and vitality. Development footage drilled rose a remarkable 36 percent; exploratory footage drilled rose 20 percent. A total of 7,623 conventional wells were drilled, a new all-time Alberta record.

Development of Alberta's huge oil sands deposits accelerated in 1985. Major in situ projects such as Esso Cold Lake, BP Wolf Lake, Dome Lindbergh, and Amoco Elk Point raised the production of bitumen to 43,000 barrels a day. New capacity should further increase production this year. Syncrude and Suncor pushed production of synthetic oil to 168,000 barrels a day, a 25 percent increase over 1984 levels. With a stable output of conventional oil, Alberta's total production of crude oil and equivalent should increase further this year.

Natural gas producers increased their sales volume by close to 10 percent last year despite strong competition in the United States and eastern Canadian markets. These volumes should rise again this year, although average prices could be lower than in 1985. The agreement on natural gas markets and prices is helping our producers to achieve further penetration in all markets, and Alberta gas producers are well positioned to reap substantial benefits when the current United States gas surplus is absorbed.

This government is committed to the long-term health of our energy industry. We will work with the industry to ensure that every potential option is considered.

This government stands foursquare behind its commitment to agriculture as a way of life and as a key Alberta industry. It is our primary renewable economic strength.

The family farm remains the historic foundation of our province. We are committed to the long-term health and strength of agriculture in Alberta.

There are two basic ways in which our government can assist: by providing a safety net to stabilize the industry and reduce risks and by lowering farm and ranch input costs. World prices and demand are factors beyond our control.

Last year the volume of grain production fell due to a very dry early season, grasshopper infestation, and heavy rains in much of the province during harvest. Poor weather also reduced the average quality and the value of the crop. These two years of very adverse weather conditions, coming after a period of hardship created by high interest rates and falling land prices, left many Alberta farmers in difficult circumstances.

The Alberta government has acted quickly to increase support to the agricultural community and to help our farmers. Major program initiatives were introduced, including funds to facilitate payment of crop insurance claims, enrichment of the Alberta farm fuel distribution allowance, the Alberta feed grain market adjustment program, and the Alberta supplemental livestock assistance program. Partly as a result of these initiatives and ongoing provincial and federal income stabilization programs, the decline in Alberta farm cash receipts was held to less than 3 percent last year.

Assuming a return to more favourable weather conditions this year, grain production should rebound by as much as 25 percent, but there are still longer term problems. Average wheat prices are expected to remain soft due to high world



inventories and subsidization of production by most major producing countries. Oilseed prices are under pressure due to competition from soybean and tropical oils.

Livestock results were mixed last year. Receipts from the sale of cattle and calves rose more than 2 percent in 1985 but may soften this year due to herd liquidation. Long-term prospects of the livestock sector have been significantly improved by the creation of the national red meat stabilization program. Hog production increased by 12 percent, but lower prices caused total hog receipts to fall. Improvement is expected this year.

Mr. Speaker, Alberta is not a two-dimensional province. Our economic base is broadening year by year.

Most other sectors of the increasingly many-sided Alberta economy grew last year. Coal production was at record levels. Sulphur enjoyed an outstanding year. Lumber production exceeded one billion board feet for the third consecutive year. The real value of Alberta's manufacturing shipments grew by over 5 percent. The upgrading of our resources here in Alberta broadens our economy and creates jobs for Albertans.

This increased activity, coupled with the fact that many producers sold their goods in intensely competitive markets, is clear evidence of the growing strength of our industries and the quality of Alberta products. Our businesspeople have proven that they can meet challenges and prosper in the competitive world environment. Our citizens frequently overlook, Mr. Speaker, this surging growth and this momentum in the marketing of our products and services outside the province of Alberta.

Based on our fundamental resource strengths and the talent of our citizens, the future is bright for Alberta. We can be reassured in planning ahead for ourselves and our families.

Decisions taken in Ottawa, New York, Tokyo, or Geneva will continue to shape Alberta's economic prospects. I'm optimistic that national and international policy developments will lead to stable inflation levels and lower interest rates.

Deficit reductions in the United States and Ottawa will allow real interest rates to fall and inflation to remain in check. Co-operative international actions to achieve better fiscal and monetary policy co-ordination and more stable exchange rates will help to ensure sustained international economic performance.

Finally, the co-operative spirit in which the federal and provincial governments are working to set forth national economic goals should continue to build investor confidence. That confidence is the single most important ingredient of a strong and prosperous economy.

Our private sector emerged from the '82-83 downturn stronger and leaner than ever. Albertans have shown that they can take on the world and expand sales abroad through aggressive marketing. The Alberta government will continue to assist the private sector to penetrate international markets.

Compared to other provinces, in 1986 Alberta will be at or near the top in key performance indicators such as

- retail sales per person,
- family income after provincial taxes,
- the proportion of working-age population with jobs, and
- per capita construction expenditure.

Even with the temporary uncertainties in oil prices, Alberta's economy will continue to expand. Based on the momentum of the 1985 recovery and fundamental strengths of our economy, we can achieve stable, sustained growth through to the '90s.

### Fiscal Situation and Strategy — A Balanced Plan of Action

Alberta's unique financial strength has been developed through the responsible management of public funds.

Like the basically sound economy I've just described, our provincial finances have been kept in shape through prudent financial management.

In 1982-83 we faced a budgetary deficit of over \$2 billion. This was turned around to a budgetary surplus of \$1 billion in 1984-85 through two initiatives:

- First and foremost, the helping hand of the heritage fund was there when we needed it. Beginning in late 1982 the income earned on the assets of the heritage fund was used to supplement budgetary revenue.
- Second, Mr. Speaker, we bit the bullet on government spending. This resulted in an actual drop in budgetary expenditure of \$263 million in 1984-85 over the previous year. No other government in Canada has done that.

For 1985-86 I expect a budgetary deficit of \$340 million and a combined general revenue and heritage fund surplus of \$83 million. Our debt servicing costs will be the lowest by far of any government in Canada. We have been able to achieve this even though assistance to our agricultural sector increased massively and even though we started to phase down royalty rates and offer new energy incentives. While these actions were costly, they represent investments in our long-term strengths. They will pay dividends down the road.

Although we enter the new fiscal year facing uncertainty in world oil prices, we set out with an accumulated budgetary surplus of over \$900 million and a unique heritage fund containing over \$12 billion in income-producing assets.

Other oil-producing provinces and states were spending every dollar of oil income, but we saved through the Heritage Savings Trust Fund. Mr. Speaker, while others borrowed large sums in the anticipation of future oil price increases, we maintained a responsible live-within-your-means policy. The international investment community recognizes this financial strength. That is why they like to do business here. Jobs for Albertans are the result.

The fiscal game plan for 1986-87 stresses realism, compassion, and moderation.

The fiscal strategy for '86-87 is based on two fundamentals:

- The basics of the Alberta economy are strong, despite short-term problems in agriculture and oil price uncertainties.
- Secondly, our financial footings as a province are solid, although caution must be exercised.

After carefully weighing the situation, we propose a balanced fiscal action plan for 1986-87 which will do these things:

- assist our farmers and livestock producers.
- stimulate small business job creation and maintain the momentum of economic growth.
- reach out to Albertans who are less fortunate.
- continue our quality people programs and facilities,
- further streamline government, and
- maintain our success-oriented, low-tax environment.

Crucial to our ability to offer this fiscal strategy is the continued use of heritage fund investment income for day-to-day operating purposes. The heritage fund is our confidence-builder; it is our financial safety net. We will continue our commitment to the integrity of the fund by

maintaining the 15 percent resource revenue transfer this year. We must always remember that this transfer increases the budgetary deficit when revenue is low.

#### **Expenditure Plan — Focus on People and Jobs**

Based on the fiscal strategy just described, our budgetary expenditure package for 1986-87 is moderate, balanced, and realistic.

This year's plan calls for a total budgetary expenditure of \$10.7 billion, only 4.1 percent over the 1985-86 forecast or 5.9 percent over last year's comparable estimates. Applying Alberta's expected inflation rate, real expenditure growth is targeted at less than 1 percent.

Streamlining government remains an ongoing priority. Our goal — to manage better with less.

I stress that the increased expenditure will not result in increases in government bureaucracy. On the contrary, we are continuing to downsize the public service. In 1986-87 we will trim a further 311 permanent positions from the rolls. The past four years have seen a total reduction of almost 2,000 permanent positions. We will also continue the momentum of privatization.

The lion's share of this budget covers the operating costs of people programs that enrich the lives of all Albertans.

By far the largest proportion of our operating costs is composed of grants to hospital boards, school boards, post-secondary institutions, and municipalities. Over 40 percent of our operating expenditure goes to these major grant recipients, and about 80 cents of each grant dollar goes to pay wages and salaries such as those of nurses, teachers, professors, and municipal employees.

For 1986-87 we propose to increase these major basic grants by 4 percent, an increase which for the first time in four years surpasses the rate of inflation. Accordingly, these grant increases should reduce the pressure on municipalities, school boards, and hospital boards. All taxpayers will benefit.

Spending on agriculture is investing in a long-term strength. This government does more than any other for its farmers and livestock producers, and a key thrust of our expenditure plan is agriculture.

The importance of agriculture cannot be measured, Mr. Speaker, just in terms of bushels per acre or head of livestock. It is more than economists' figures can convey; it means people working the land. Agriculture is a way of life. It reflects a closeness to the earth.

Our commitment to agriculture is deep and lasting. This government, acting for all Albertans, has as a priority a strong and healthy agricultural industry.

To achieve this goal, we are taking action in two areas:

- firstly, income maintenance, by providing a strong safety net through stabilization programs and strengthened insurance initiatives, and
- secondly, input cost reductions for farming and ranching through less expensive fertilizer, energy, and credit.

Overall, our existing programs in these two areas are unmatched. Farmers know realistically that we have little control over world prices and demand for their products.

We will continue to expand our steadfast commitment to agriculture. Because drought had dealt a cruel blow to our agricultural community for a second straight year, beginning last August we responded with an extensive two-

year action plan to provide special support for farmers and livestock producers:

- \$162 million facilitated the payment of crop insurance claims.
- Crop insurance rules were eased to retain livestock feed in drought areas at a cost of \$13 million.
- \$29 million in provincial funding allowed crop insurance coverage to be restored to pre-drought levels; a further \$35 million is provided in this budget.
- \$25 million was allocated to the Alberta-Ottawa livestock drought assistance program, and a further \$12 million is budgeted for this year.
- The supplementary livestock assistance program was implemented at a cost of \$41 million, and a further \$22 million is allocated for 1986-87.
- \$3.5 million was paid to cover one-half the cost of insecticides to fight the drought-induced grasshopper outbreak.
- Emergency water supply programs received \$11 million in financial support, including the new farm water grant program, which has a three-year budget of \$16 million; and construction of the \$58 million Forty Mile Coulee reservoir was accelerated.

Our agricultural sector has also been adversely affected by market instability and distortions. To assist producers, we responded:

- \$47 million in additional funding was paid to neutralize the impact on feed grain pricing of Ottawa's decision on the Crow rate, with a 1986-87 budget for the feed grain market adjustment program of \$86 million.
- \$42 million was spent under the interim red meat insurance program, pending implementation of a national program, and this budget provides \$20.5 million for participation in the national red meat stabilization program for 1986-87.

Input costs are a major concern of our agricultural sector. Again this government responded:

- The subsidy for purple gasoline was doubled retroactively starting January 1, 1985, through to March 31, 1987. The total program is estimated to provide benefits of \$133 million annually.
- A program to reduce fertilizer costs was introduced at an estimated cost of \$22 million in 1985-86, and this budget includes a further \$24 million.
- The program to assist farmers who use natural gas in agricultural production has been extended through 1987 at an estimated cost in 1986-87 of \$4 million.

An extra \$3.6 million will be provided to the Agricultural Development Corporation in support of the farm development loan guarantee program.

The massive new Alberta farm credit stability program will provide \$2 billion of long-term 20-year money at predictable 9 percent interest rates. Farmers and ranchers will be able to plan ahead with certainty as to the cost of credit.

Fixed 9 percent interest rates for two decades will provide newfound stability to family farms and will remove uncertainty by flattening out the risk of roller coaster interest rates. Existing farm debt can be restructured and consolidated, and new loans secured for up to \$200,000 per farm family.

With this new stability in credit costs, our farmers and ranchers will clearly have the lowest overall input costs in North America.

Responsible fiscal planning has made this credit program possible. We have two unique strengths: the Alberta Heritage Savings Trust Fund and the highest provincial government credit rating in Canada. To help our farmers, these special strengths will be used now.

A separate budget document highlights this government's priority commitment to agriculture. Alberta ranks number one in Canada in terms of support for farmers and ranchers.

This year the total budget for agriculture is \$567 million, up 77 percent from the comparable budget figures for '85-86 and double the amount of two years ago.

Jobs will result from government initiatives that broaden and strengthen Alberta's economy.

Our economic development strategy is clear: build on strengths to achieve the goals of sustained growth and a more broadly based economy.

Mr. Speaker, that strategy works. The June 1985 royalty reduction and incentive package built on our strengths in energy. The 1985 package and the more recent package of April 1, 1986, demonstrate a major long-term commitment to that key industry. These initiatives will assist the oil and gas industry in weathering the current market instability.

Alberta is a province of small businesses. They provide most of the jobs and by far the largest proportion of new jobs.

Wide-ranging support for jobs in small businesses is provided:

- The Alberta small business corporate tax rate is among the lowest in Canada.
- The five-year tax holiday for small businesses primarily involved in manufacturing and processing helps to broaden our economy and create jobs.
- The Alberta Opportunity Company has assisted thousands of small businesses.
- The Alberta small business equity program has made available \$200 million for investment.
- The new Alberta stock savings plan will strengthen the smaller businesses and create jobs.
- Vencap is initiating positive employment spin-offs.
- The Economic Development department and its small business component provide one-stop shopping.

We will continue to respond to the needs of small business and to boost this provincewide, job-creating sector of the economy.

To sharpen the edge of our economic diversification efforts, three new departments were recently created: Tourism; Technology, Research and Telecommunications; and Forestry. They will provide leadership and act as catalysts to broaden the economy and stimulate even more private-sector jobs.

Alberta's beautiful and varied terrain and its man-made attractions make tourism a natural building block. Expo 86 in Vancouver and the 1988 Calgary Winter Olympics are springboards which will make Alberta even better known as an exciting tourist destination. The tourism promotion budget will receive a major increase for 1986-87. Funding will be provided to establish a tourism standards council. Over \$15 million will be spent on new tourism development initiatives under a recently signed five-year agreement with Ottawa.

A new \$4 million festival marketplace program will enhance the attractiveness of the downtown cores of Calgary and Edmonton.

Research and development and the commercialization of research efforts will be even more important to our economy in the future. Alberta is developing world-class strengths

through the Alberta Heritage Foundation for Medical Research. We receive international recognition through the Alberta Oil Sands Technology and Research Authority. Nineteen eighty-six will see the completion of the \$53 million Alberta Research Council building, which also houses the Electronics Test Centre. This year the council will receive \$23 million in funding for research work. On a per-person basis Alberta spends almost three times as much on research as any other province.

Forestry is gaining recognition as an important strength, and the recent Forestry Futures paper plots an exciting course. World leadership in oriented strandboard technology is here. Hardwood technology holds promise. Our economy can be broadened with future initiatives led by a separate, high-profile forestry department. A five-year agreement worth \$23 million has been signed with Ottawa to accelerate efforts in reforestation, marketing, and research on new manufacturing opportunities for Alberta's extensive stands of prime timber.

This budget also marks the beginning of a new forest industry development initiative which will provide \$3.5 million in funding for trade promotion and product commercialization.

This government funds job creation and training programs which are second to none. Education is critical to obtaining a job. High levels of support are provided.

There are few frustrations greater than those faced by a person who wants to work and cannot find a job. A job contributes to a sense of self-worth and brings stability to family life. There is no substitute for meaningful employment.

In 1984 we launched the unique 30-month employment initiatives program, the major focus of which is youth employment. For 1986-87 we are budgeting \$99 million for this special initiative. In addition, the budget of the Alberta vocational training program will be increased by 58 percent to \$29 million to provide further retraining and skill upgrading for unemployed Albertans. In total this budget contains \$178 million for job creation and employment training programs over the next 12 months.

The key to job creation is the private sector, not make-work projects or government quick fixes. Just as the private sector must adapt to the changing world economy, so too must our labour force. Today and especially in the future the right education is essential to securing jobs. Albertans will need to be well educated to compete in the rapidly changing and increasingly sophisticated world economy.

This government provides high-level support for education. The 4 percent basic grant increase exceeds inflation. For 1986-87 per-pupil grants to school boards will increase in total by \$38 million to over four-fifths of a billion dollars. An extra \$5 million will be provided to begin development of the important high school New Basics curriculum initiatives.

Our self-governing postsecondary education institutions will receive basic operating grants of \$658 million. Five million dollars in funding will be provided for contemporary new courses and the operation of new facilities. Special enrollment funding for postsecondary institutions will reach \$21 million in 1986-87, an increase of 13 percent.

To ensure that financial problems do not deter young Albertans from attending higher learning institutions, this government provides student financial assistance beyond compare anywhere in Canada. For 1986-87 \$143 million is budgeted for student financial support, and \$40 million in new student loans will be guaranteed.

Through our top-ranking support for education and training, we invest directly in our most important resource, people.

Albertans have access to top-quality health care services. Policies to reduce health costs are working. The provision of one of the finest health care systems in the world is another reflection of this government's commitment to people.

But that commitment is expensive. For 1986-87 this budget provides \$2.3 billion to cover both the operation of our health care facilities and the services of health care professionals. Including capital expenditure, this amounts to about \$1,100 for each Albertan.

The operating expenditure associated with our modern hospitals and nursing homes will total \$1.7 billion in 1986-87. Over the last few years we've been working with trustees, hospital administrators, and citizens to reduce the rate of health cost increases. That hard-fought campaign is working.

After a two-year freeze in doctors' benefit schedules, this year the fee schedule is increased by 3.7 percent.

Again this year there are no increases in health care premiums. It marks the third budget without a premium increase. The total cost of medical services is \$831 million; less than 25 percent is paid for by premiums. To meet the deficit of the Health Care Insurance Fund, over half a billion dollars in funding is provided from budgetary revenue.

Community health programs are an important part of Alberta's total health care assistance package. Local health units will receive a basic grant increase of 3 percent plus an additional \$7.3 million for specific needs including home care. The overall budget for community health programs will be \$214 million.

This government stands by those Albertans who are less fortunate by, providing the widest range of assistance programs in Canada.

We continue our comprehensive support to those Albertans who are disadvantaged and require special assistance.

Support for the assured income for the severely handicapped program will increase by 13 percent. Funding for the day care operating allowance and day care subsidy programs will increase by 14 percent. Funding for the family and community support services program will jump by 25 percent. The total budget for all social service programs will rise to \$1.1 billion.

Nineteen eighty-six/eighty-seven will see the first full-year operation of the Alberta maintenance enforcement program at a budgeted cost of \$3 million. An additional \$1 million will be set aside for emergency shelters for women. Legal aid is targeted to receive a 14 percent increase. The new impaired drivers repeat offenders program will receive \$2 million.

Uniquely, Alberta widows and widowers of limited means between the ages 55 and 64 are eligible for all senior citizen programs. In addition, we provide a pension to those widows and widowers who are in need, at an estimated cost of \$16 million in 1986-87.

To assist in ensuring the availability of shelter at affordable rates this year, the government will provide \$334 million in various forms of selected housing assistance to Albertans in need.

Older Albertans form an ever-increasing proportion of the population. They should be able to live with dignity. Unparalleled health, shelter, and income support benefits are provided.

We pledge to ensure that our elderly, who have contributed so much, are able to live with dignity. The programs offered by this government are without equal in Canada:

- premium-free health coverage and other health benefits,
- assured annual income,
- social allowances for the elderly,
- property tax rebates and renter assistance grants,
- self-contained and lodge accommodation,
- special home heating grants, and
- home improvement grants.

Every year the average age of Albertans goes up. We recognize this long-term trend and invite Albertans to be partners with us as they move toward retirement.

I'm pleased, Mr. Speaker, to confirm three enhanced initiatives to assist seniors:

- First, the job-creating seniors' home improvement program, scheduled to terminate this year, will now be extended to the end of 1989 with additional grants of \$48 million.
- Second, the successful and cost-effective home care funding program will receive total funding of \$33 million, an 18 percent increase.
- And nursing home quality improvements will total \$18 million, an increase of 16 percent, and 600 new nursing home, auxiliary, and lodge spaces will be provided.

Overall, Mr. Speaker, this government will provide approximately \$830 million in benefits to our senior citizens in 1986-87.

A partnership approach between the provincial and municipal governments will benefit all Albertans.

The Alberta government works in tandem with local governments to advance the province's economic and social development. We are elected to serve the same citizens. We want a partnership of joint action in such areas as transportation, social services, community health, libraries, parks, and policing.

In 1986-87 our unconditional grants to municipalities will increase by 4 percent to \$102 million. Interest relief on municipal debt is budgeted at \$120 million, the new seven- to nine-year, \$500 million Alberta municipal partnership in local employment program is one of a kind in Canada. It will create jobs and reduce pressure on property tax payers. In total, over \$768 million in provincial support will be provided this year to local governments and local service agencies for a wide variety of services.

We are conducting a priority review of our municipal funding policy. The goal — to make more of that funding unconditional.

Municipalities will also benefit from the new fines collection program. Outstanding fines from parking tickets and traffic offences will be automatically added to the bill payable by vehicle owners and drivers when they renew their vehicle registration or drivers' licences. An additional \$4 million is expected to flow to municipalities from this initiative.

Our operating budget, Mr. Speaker, for people programs in 1986-87 is targeted at over \$3,800 per Albertan.

To summarize, our spending on operating programs that directly assist the almost 2.5 million Albertans is budgeted at \$9.1 billion for 1986-87. This represents a 6 percent increase over last year's revised forecast, or a 9 percent increase over the comparable estimates. It ensures that Albertans will continue to have available high-quality hospital and medical services and educational instruction at all levels. It also provides generous benefits for seniors and those in need.

The capital budget, combined with the additional building activity flowing from the heritage fund and Crown corporations, will generate thousands of jobs for Albertans.

This year our capital budget is targeted at \$1.5 billion. Also, over \$330 million will be provided for construction projects from a new capital fund. Additional capital funding of \$205 million will flow from the heritage fund, and the capital construction activity of Crown corporations is expected to reach \$740 million in 1986-87.

This overall level of capital activity, involving \$2.8 billion, occurs at an appropriate time as construction costs remain reasonable. It will provide thousands of new and continuing jobs; the resulting incomes will strengthen the economy.

We provide cities and rural areas with state-of-the-art hospital facilities. Our education facilities are among the most modern anywhere.

For the last several years Alberta has financed its hospital and postsecondary education construction on a pay-as-you-go basis. This was an appropriate policy in times of surpluses.

Now, with our budgetary position less certain, it makes sense to return to the debenture financing system. Similar to home mortgage financing, it simply means that the cost of projects is spread over their useful lives. Most provincial governments use debenture financing, and we have always financed schools this way. The change will in no way affect the continuing efficient operation of our hospital boards or the boards of our self-governing educational institutions.

To implement this return to debenture financing, legislation will be introduced to create a capital fund.

Albertans enjoy the most modern and efficient hospitals in Canada. State-of-the-art facilities and quality hospital care are provided in cities and rural areas. Since our major hospital expansion program started, projects have been approved in 38 communities outside Edmonton and Calgary — another example of our commitment to quality of life for all Albertans. The total operating cost of all rural hospitals is only 21 percent of the total provincial hospital operating budget.

We have given the green light to the Northern Alberta Children's hospital. Funds will be provided in this year's budget for planning purposes.

For 1986-87 the province will provide \$281 million for capital construction funding for health care. Approximately \$83 million will be made available for the continuing construction of the two urban hospitals in Edmonton and Calgary. Rural hospitals will receive capital support in the amount of \$93 million. To keep our hospital system up to date with technological advances, a further \$28 million is provided for equipment.

Alberta's educational facilities are among the best in the world. This year our universities, colleges, and technical institutions will receive total provincial capital support of \$52 million to fund the construction of 19 new and previously approved projects on 12 campuses throughout Alberta.

I'm pleased to confirm that \$80 million will be made available over the next five years for a new and revised advanced education endowment fund. The new fund will continue our generous program of grants to match donations to our public postsecondary institutions.

For the basic grades 1 to 12 education system we are budgeting \$154 million for capital debt retirement, and \$10 million is planned to assist schools to purchase new equipment.

Alberta's exciting and high quality recreational and cultural facilities are a major attraction for Albertans and their visitors.

Ours is an activity province with much to offer Albertans and visitors alike. Our citizens enjoy a comprehensive and growing inventory of parks and other recreational facilities.

In its second year the streamlined community recreation/cultural grant program has a budget of \$48 million.

Calgary will host the world for the exciting 1988 Winter Olympics. This much-prized winter sporting event will focus the attention of the world on Alberta. We will capture this once-in-a-lifetime opportunity to expand our tourism and our export potential. In this budget the province will provide \$19 million in capital support as part of our total planned Olympic capital commitment of \$128 million. Construction is on time and on budget.

The new Tyrrell dinosaur museum in Drumheller is a stunning success that brings Alberta's past to life for all, particularly our young people. This year \$7.5 million is targeted for other historical sites and facilities.

This government has developed an efficient transportation system which links all parts of the province and spurs economic growth.

Our farm-based communities are supported by a well-maintained and comprehensive transportation network. That road system also spurs economic development, and enables Albertans and tourists to experience all areas of the province.

This year more than three-quarters of the Transportation department's nearly \$680 million capital budget will go toward the construction and maintenance of highways. A program which will assist local jurisdictions in financing improvements to local resource roads is being introduced. Funding is also provided to begin widening the highway from Edmonton to Fort McMurray. Our progressive commitment to the twinning of highways 1 and 16 will be continued.

To assist our urban centres in coping with modern transportation challenges, \$127 million in capital support is included in this budget. Total capital support from the province to Edmonton and Calgary over the past 10 years exceeds \$820 million.

Alberta's communities have a better quality of life as a result of this government's support of utilities and public works.

Utilities, like transportation, are essential for economic and social development. In this budget \$77 million in capital support is directed to water and sewer programs, which, since their inception in 1979, have assisted 370 communities through a total investment of \$740 million.

The rural gas program will receive a budget of \$21 million. Since its start in 1973, over 89,000 farms and other rural customers have been helped through grants totalling \$277 million.

The expansion of the extended flat rate telephone program from 34 miles to 40 miles will provide new convenience to thousands of Albertans.

Mr. Speaker, this year our public works' budget will provide \$195 million for a wide range of projects, more than two-thirds of which will be in smaller centres.

Heritage fund capital projects are investments in the future of the province.

To start a new tourism and recreation initiative and continue or complete other projects, heritage fund investments of \$205 million will be recommended this year.

Over \$100 million will enable work to continue on major irrigation projects, agricultural research, grazing reserves,

and flood control. To date, close to half a billion dollars has been invested in these areas.

Jobs and tourism opportunities will result from the new four-year, \$10 million municipal recreation/tourism areas program. This brand-new heritage fund initiative will see 100 recreation areas established over the life of the program.

With an estimated expenditure of close to \$17 million, parks in Alberta's major centres and our unique provincial mountain park, Kananaskis Country, will be virtually completed this year.

Future-oriented oil sands and enhanced oil recovery research will receive \$66 million from the heritage fund and the province's general revenue.

Support for health care, including cancer research in the world-class Walter C. Mackenzie Health Sciences Centre, is planned to exceed \$38 million.

Funding will also continue for reforestation, land reclamation, and electronics research and testing. All of these heritage fund projects will provide new jobs and will retain existing jobs.

The activities of Alberta's major Crown corporations will help create jobs for Albertans.

Alberta's five major Crown corporations will make capital commitments totalling \$911 million in 1986-87. This will result in direct capital construction activity of approximately \$740 million in '86-87, creating and maintaining employment for Albertans.

The Alberta Mortgage and Housing Corporation will provide direct funding for the construction of 680 rental housing units, primarily for senior citizens and low- to middle-income Albertans. Under the family home purchase program, the corporation will commit \$4.5 million to finance the construction of 75 new housing units for low- and moderate-income families.

An estimated \$380 million in capital projects undertaken by cities, towns, school boards, and other local entities will be financed through the Alberta Municipal Financing Corporation. Because these loans will be provided at our comparatively attractive borrowing rate, local authorities and Alberta property tax payers will receive significant cost savings.

During 1986 Alberta Government Telephones will continue to expand and improve its telecommunication services to Albertans and will also maintain its world-class position by making a capital expenditure of \$231 million.

This government is deeply concerned about the unemployment situation. We will continue to help our jobless citizens find meaningful, long-term work.

Our high level of support on the job-creation front is unparalleled.

In the fall of 1984 we launched the massive quarter of a billion dollar package of new and enriched employment and training initiatives. Nearly two dozen programs will receive a funding commitment of \$178 million in 1986-87, and they range from the Alberta vocational training program to the summer temporary employment program to the career information services.

Our capital building program will maintain and create thousands of jobs for Albertans. The table outlines the capital activities supported by government departments, the heritage fund, and Crown corporations. During the period 1984 to 1987, capital expenditure tied directly to job creation will total over \$7 billion.

This government also boosts employment through programs that strengthen our dynamic small business sector,

which is the major employer in Alberta. These innovative programs include

- one of the lowest small business tax rates in Canada, including a five-year tax holiday for small manufacturing and processing businesses,
- the Alberta Opportunity Company, which provides alternative financing to small business,
- the Alberta small business equity corporations program, which stimulates reinvestment in Alberta of privately owned and managed capital,
- the export guarantee program,
- the farm implement dealers guarantee program, which, through government guarantees, encourages chartered banks to extend loans, and
- the Alberta Agricultural Development Corporation, which extends loans to agribusinesses to encourage local processing of our primary products.

In addition, the province indirectly creates jobs using strategies that promote investment by providing a stable environment and offering needed incentives. Investment in Alberta is assisted by having fiscal and economic policies that are known and understood. A stable economic environment is also made possible by our unique Heritage Savings Trust Fund. Investment is stimulated by such incentives as the new Alberta stock savings plan.

Jobs in the future will result from the wide range of technological building blocks that we have put in place or assisted recently. They range from the Centre for Frontier Engineering Research to the Alberta Laser Institute to the Alberta Heritage Foundation for Medical Research to the Food Processing Development Centre.

With these employment programs, the capital budgets, and student financial assistance mentioned earlier, Alberta leads the nation in programs to assist young people and stimulate jobs.

While this budget contains the largest job effort in the history of the province, Mr. Speaker, the real creator of permanent jobs is the private sector.

#### **Taxation — The Lowest Rates in Canada**

In this budget there are no new taxes nor any increase in existing tax rates. This is not the time to impose tax hikes on our citizens. The economy must have breathing room to continue to expand. We want to maximize available consumer dollars. Jobs will be encouraged through investment if taxes are kept low.

Alberta individuals and businesses continue to enjoy the most favourable tax environment in Canada. This assists in the retention of existing jobs and creation of new employment as well.

Albertans pay the lowest personal income tax rate in Canada. Unlike residents of other provinces we pay no sales tax and no payroll tax. Albertans also pay no gasoline tax. This has allowed our citizens to take home more of their paycheques than other Canadians. In dollars and cents this means a family in Alberta would have at its disposal \$1,475 more, after provincial taxes, than a comparable family in Ontario.

Alberta businesses also benefit from the most attractive tax structure in Canada. This government views the corporate tax system as a tool to encourage private-sector risk-taking and create jobs. Last year's manufacturing and processing rate reduction broadens the economy. The small business simplification initiative eases the paper burden. Both these

measures mean that approximately \$75 million per year remains with Alberta businesses.

Earlier this year we introduced the new Alberta stock savings plan, which will also broaden the economy and create jobs. Clearly, Alberta has one of the best investment environments in North America.

#### Revenue — A Moving Target

For the 1986-87 fiscal year our total tax revenue is estimated at \$2.7 billion. Even though Alberta has the lowest tax rates in Canada, taxation will account for approximately one-third of our budgetary revenue inflow.

With current volatile world oil prices, nonrenewable resource revenue is impossible to forecast with any precision.

The estimated total of nonrenewable resource revenue is comprised of many variable components: the prices and volumes of crude and synthetic oil, and domestic and exported natural gas; proceeds from the bonuses and sales of Crown leases; royalty rates and the exchange rate.

As I stated last year, events halfway around the globe can have a direct impact on Alberta's finances. With the combination of volatile world oil prices and energy deregulation in Canada, it is impossible to predict with any precision nonrenewable resources royalties over the next four quarters of the fiscal year.

In the past the relative stability of world oil prices enabled me to estimate resource revenue based on reasonably predictable oil and natural gas prices, volumes, and activity levels. That is not practical this year. Accordingly, the most realistic general estimate at this time is that total nonrenewable resource revenue to the province over the next 12 months will be approximately one-third lower than last year.

The cost of the significant incentive packages we introduced last June and earlier this month are contributing factors in the expected decline in our resource revenue. Generous new oil and gas holidays are in place, the major enrichment to the royalty tax credit began the first of this month, and our royalty rates are being phased down. Since 1980 we have reduced our net royalty rates from about 35 percent to 20 percent.

The heritage fund umbrella continues to shield Albertans.

Helping to protect us from the skittish world energy situation is the heritage fund. Every dollar of investment income from the heritage fund will be used to assist in creating jobs, operating hospitals, paying for medical services, running our education system, providing benefits to seniors, and generally cushioning Albertans from the effects of the current internationally generated problems.

In 1986-87 the income from the heritage fund will total almost \$1.5 billion. This will be about 17 percent of total budgetary revenue during the year, enough to pay the costs of people services and facilities for almost two months.

Since 1982, when the heritage fund umbrella was first brought out and opened, through to the end of this fiscal year, the heritage fund will have provided a total of over \$7 billion in protection and stability to Albertans in all walks of life.

To get a more complete picture of the province's revenue position, resource revenue transferred to the heritage fund should be included.

I'm estimating overall budgetary revenue at \$8.5 billion, which is 14 percent below the revised forecast for 1985-86. However, this does not account for all the revenue which is expected to flow to the government. The heritage fund receives 15 percent of resource revenue. In 1986-87

this heritage fund resource revenue is estimated at \$440 million, bringing the combined revenue of the province to \$9 billion in 1986-87.

#### The Financial Plan — Realistic and Manageable

In past years the province's budgetary transactions have been separated from heritage fund transactions. The purpose was to distinguish between day-to-day budgetary operations and the long-term savings and economy-broadening objectives of the heritage fund. This year I am combining the revenue and expenditure of the two funds to provide an overall picture of the province's financial position.

Let me recap our revenue and expenditure estimates. Budgetary expenditure is estimated at \$10.7 billion, which, together with heritage fund outlays on capital projects of \$205 million, brings combined expenditure to \$10.9 billion in 1986-87. Budgetary revenue is estimated at \$8.5 billion and heritage fund resource revenue estimated at \$440 million. The combined revenue of the province's two major funds is therefore \$9 billion. As a result, I am expecting a combined deficit of \$1.9 billion in 1986-87.

While this is a large deficit, Mr. Speaker, it should be remembered that Alberta moved from a combined deficit of \$1.1 billion in 1982-83 to a combined surplus exceeding \$1.5 billion in 1984-85.

The deficit is manageable given our unique financial strength. We enter 1986-87 with an accumulated budgetary surplus of over \$900 million and \$12 billion in income-earning assets in the heritage fund. Our per capita debt levels are by far the lowest of all Canadian governments.

Responsible fiscal management in previous years will keep our debt servicing costs down to approximately 2 percent of revenue in 1986-87.

#### Summary and Highlights

The highlights of the 1986 Alberta budget are these:

- no new taxes, no increases in existing low tax rates, and no increase in low health care premiums;
- agriculture a priority, with a 77 percent budget increase and the long-term cost of money stabilized through the new 20-year, \$2 billion Alberta farm credit stability program;
- a commitment to the imaginative new \$500 million provincial/municipal partnership program and a new heritage fund municipal recreation/tourism areas program, both of which will stimulate construction and jobs throughout Alberta;
- a three-way boost for our senior citizens through
  - a \$48 million extension of the seniors' home improvement program,
  - major additional funding for home care, and
  - 600 new spaces for auxiliary, nursing home, and lodge residents throughout Alberta, and major quality improvements to existing nursing homes;
- more than \$4 billion in grants, with higher than inflation increases of 4 percent to support basic and advanced education and hospitals and medical care;
- further broadening of our economy and new jobs through priority support for tourism, forestry, research, and technology;
- continued trimming of the public service and further initiatives in privatization and deregulation; and
- a combined deficit of \$1.9 billion with only 2 percent

of provincial revenue to be used to pay interest on debt.

In conclusion, Mr. Speaker, this budget provides steady reassurance to Albertans at an admittedly uncertain time.

Alberta's fast economic recovery in 1985 showed just how quickly we can bounce back from temporary adversity.

Agriculture receives priority support through a range of initiatives unmatched by any province. We have responded and will respond as necessary to energy industry problems.

Dozens of programs will help maintain existing jobs and create new employment. As well, benefits from this budget will flow to seniors, students, workers, taxpayers, women, consumers, small businesspeople, and investors.

A responsible fiscal balance is achieved while holding down taxes. Even with a large deficit our debt costs will be the lowest in the nation.

Living with uncertainty is never easy, Mr. Speaker, but in Alberta in 1986 we can be reassured in the knowledge that our deep and broadening strengths mean jobs and growth in the opportunity years that do lie ahead.

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

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: The motion is carried.

MR. GETTY: Mr. Speaker, before we adjourn perhaps you would permit me to say a word about the hon. Provincial Treasurer. I notice his family is here. He has just delivered his eighth budget. He has advised us that it is his last.

He entered this House in 1967. The hon. Member for Clover Bar and the hon. Member for Little Bow remember, as will my colleague the Member for Calgary Elbow. That was 19 years ago. The hon. member has served Alberta with outstanding distinction. He surely will rank as one of Canada's and Alberta's outstanding parliamentarians.

We will find another MLA for Edmonton Glenora, we'll find a new Provincial Treasurer, but we will not replace the Hon. Lou Hyndman. [applause]

MR. MARTIN: Mr. Speaker, in the moment I, too, would like to rise as Leader of the Official Opposition and say that for the last four years, from across the way, I've always respected the Treasurer. We've had some interesting debates. He's certainly one of the most able people that has come into this Legislature. With deep respect, I want to wish him the best, not in his retirement but in his new endeavours. Thanks very much.

MR. R. SPEAKER: Mr. Speaker, I too would like to offer my congratulations to the Hon. Lou Hyndman and also thank him on behalf of my colleague who is presently in

the Legislature and many other colleagues who have gone back to private life. I know they would like to extend their thank you and congratulations for the excellent contribution you've made to the province of Alberta. On a number of occasions I've questioned that, but that's part of the process that we have here in this Legislature.

I can recall some very interesting incidents in this Legislature when presentations were made by yourself. The first Bills that were introduced after the opening of the Legislature, I believe in 1967-68: one of the Bills was presented by yourself, hon. member. That was something new. I'd sat in this Legislature for four years, and an opposition member had never presented a Bill. I thought: what an innovation. [laughter] It seems to have gone with the symptoms of a government being here too long. We won't talk about that at the present time.

Certainly my best to you and your family, and the best in your future responsibilities. I know that your contributions will be great and worth while and always positive.

DR. BUCK: Mr. Speaker, I would like to ask your permission as the class of 1967 to also — because there aren't that many of us left, Mr. Premier — offer my congratulations and thank the hon. member for the many years of service. I guess there's only one way that I know how to play politics or to participate, Mr. Speaker and members of the Assembly. I couldn't operate under a system as we have in many other Legislatures where you are really basically enemies. We are all here for one purpose, and that's to conduct the business of the people of this province. But I would like to say: Lou, thank you from my constituency and from the people of Alberta for a job well done.

MR. GETTY: Mr. Speaker, with regards to business tomorrow, I wish to advise you and the members of the House that I'm now proceeding directly to meet with Her Honour the Lieutenant Governor to advise her in respect to a provincial general election on May 8, 1986.

MR. R. SPEAKER: Mr. Speaker, is there any opportunity to amend that motion? [laughter]

MR. CRAWFORD: Mr. Speaker, this Assembly has several more minutes in its lifetime, and in order for all of us to be able to leave tonight, I think I must move that the Assembly now adjourn until tomorrow at 10 o'clock.

MR. SPEAKER: Having heard the motion by the hon. Government House Leader, do you all agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: The motion is carried.

[The House adjourned at 9:21 p.m.]