

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Tuesday, July 22, 1986 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: NOTICES OF MOTIONS

MR. TAYLOR: Mr. Speaker, I rise to seek agreement from all members of this House that, on behalf of the Legislative Assembly of Alberta, we send a message of congratulations to His Royal Highness Prince Andrew and Miss Sarah Ferguson on the occasion of their wedding. I know that all of us as members of this Legislative Assembly want the Assembly's best wishes to be extended in addition to those that have already been forwarded by this government.

MR. SPEAKER: Unique circumstances call for unique procedures. A motion has been proposed on behalf of the Assembly. All those in favour, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, if any? Carried.

head: INTRODUCTION OF BILLS

Bill 225
Freedom of Information
and Personal Privacy Act

MR. MARTIN: Mr. Speaker, I beg leave to introduce Bill 225, Freedom of Information and Personal Privacy Act.

The Bill would require the government to produce information about the public business when requested to do so, but provides that information of a sensitive, personal, or business nature would be exempt.

[Leave granted; Bill 225 read a first time]

Bill 226
Children's Rights Act

MS MJOLSNESS: Mr. Speaker, I beg leave to introduce Bill 226, the Children's Rights Act.

This Bill establishes all children's rights to the basic necessities of life and to education, recreation, parental support, and consultation at and explanation of any proceedings affecting the child's guardianship, custody, or determination of status. This Bill would establish the liability to a fine or imprisonment of anyone convicted of depriving any child of his or her rights under the Act unless that person was legally authorized to do so.

[Leave granted; Bill 226 read a first time]

head: TABLING RETURNS AND REPORTS

MR. KOWALSKI: Mr. Speaker, I wish to table with the Legislative Assembly today public information issued by Alberta Public Safety Services, namely a policy statement entitled Disaster Assistance, and three pamphlets entitled: Flood Disaster: What To Do before and after Flooding; Urban Disaster Assistance: To Help You Recover When Disaster Strikes; and Rural Disaster Assistance: To Help You Recover When Disaster Strikes. They will be made available to all members of the Assembly at the end of the question period.

DR. REID: Mr. Speaker, I wish to file with the Assembly copies of the clarifications by Mr. Dubensky of his recommendations. While I'm on my feet, perhaps I should indicate to the Assembly that the Labour Relations Board will be conducting votes by the employees and the employers on Friday, July 25, and they will be giving out the details.

MR. GETTY: Mr. Speaker, with the request of the hon. Member for Westlock-Sturgeon today in the Assembly, I thought it would be helpful to the House if I tabled the telegram which went on behalf of not just the government but of all the people of Alberta to His Royal Highness Prince Andrew, reading as follows:

On behalf of the government and the people of Alberta, I would like to extend our best wishes on the occasion of your marriage. We wish you both a long and happy life and hope that you will have the opportunity of visiting Alberta in the near future.

head: ORAL QUESTION PERIOD**River Flooding**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the minister for Public Safety Services. In reply to my questions yesterday regarding the North Saskatchewan River flood, I believe the minister said that flood advisories from his department were being broadcast Wednesday and Thursday of last week. My question to the minister is this: at that point, did the minister ask for a risk analysis regarding a flood on the North Saskatchewan and, specifically, did that risk analysis include a list of options of flow control at the Brazeau dam?

MR. KOWALSKI: Mr. Speaker, I was advised midweek of last week that basically the flow that would be anticipated because of the enormous rains that were held and the water that was flowing into the North Saskatchewan River in the area between where we're standing today and the Brazeau dam would be very acute. A reading was also given in terms of what the levels were at the Brazeau dam, I think late Thursday.

MR. MARTIN: A supplementary question, Mr. Speaker. It's my understanding that at a certain point Friday morning, TransAlta made a decision that the height of the reservoir should be held 10 feet lower than the yearly maximum level, which I understand is usually reached in September. Given that there was clear evidence that a flood was imminent, did the minister or his department involve themselves in any way in the decision that the water should be

held at that level, even though a further 25 percent of reservoir capacity was available to be filled?

MR. KOWALSKI: Mr. Speaker, it's not my understanding that the information provided in the question from the Leader of the Opposition is correct. It's my understanding that TransAlta Utilities had formulated a plan to retain water at a level of approximately 3,160 feet. Basically, the decision was made in consultation with river forecasters from Alberta Environment not to allow the reservoir to rise above that figure, to extend their ability to handle a probable maximum flood should that be experienced. All members should appreciate and recognize that the timing in question was also during a time when the rains continued to pour in the west central part of Alberta and that no one at any given time during Wednesday, Thursday, or Friday would have any knowledge of when the rains would decide to terminate and what probabilities there would be for extended rainfall over the next several days.

MR. MARTIN: A supplementary question. By the minister's answer I take it that his department was involved. I might point out that Friday morning, which is when we were talking about, the rain was subsiding and the crest seemed to have been reached at that point.

My question, then, to the minister: if the Environment Department was involved, as I take it it was, in the decision not to hold back more water, in view of the fact that the crest had been reached, in view of the fact that the forecast was for less rain, why did they make the decision to reduce the crest level downstream? Was this on the order of the minister?

MR. KOWALSKI: There was no involvement of the minister in terms of a scientific approach dealing with this. The crest on the North Saskatchewan River was not reached on Friday morning. It was reached at 4,600 cubic metres per second at a water level of 11.6 metres at a time of 2100 hours on the day of July 19, 1986, in downtown Edmonton.

MR. MARTIN: A supplementary question to the minister. We will attempt to get an answer. But from his discussion am I led to understand that the minister was not the one that made the decision, that it was the utility company along with some members in his department?

MR. KOWALSKI: Mr. Speaker, there was not a question of a decision to be made or not to be made. Water levels in the Brazeau dam reached a certain level at a certain point last week. The basic level was 3,160 feet. This is not a dam that is owned and operated by the province of Alberta or the government of Alberta. The purpose of the dam is essentially to manufacture hydroelectrical power. TransAlta Utilities was very cognizant of the rain forecast in the area and provided consultation and advice to Alberta Transportation that there was a suitable correct level that would have to be maintained. There was also a risk factor built into it: what would happen if there were additional levels of water retained behind that particular dam and what would happen in terms of the risk mitigating factor if those levels were to rise and damage were to accrue to the dam. One has to make a judicious decision of what would be more disadvantageous to the people: to have the water stored behind the dam to a greater level and degree and risk the factor of a dam being destroyed or to in fact [inaudible] at a certain level to see waters released.

MR. TAYLOR: A supplementary, Mr. Speaker, to the minister. At the risk of getting another blizzard of statistics, I'll try to keep it simple. Would the minister tell us who is in charge of letting the water go down the dam? Is he trying to say that Calgary Power or TransAlta Utilities have the right to flood Edmonton if they want to manufacture power?

MR. KOWALSKI: Mr. Speaker, I have campaigned on several occasions against the hon. gentleman who now has the fortune of representing Westlock-Sturgeon. I have gotten used to the manner in which the hon. gentleman attacks and raises questions. The fact of the matter is that there was no intent whatsoever by anyone to flood Edmonton, and I think there's a very unfortunate innuendo being extended once again by the hon. member. The dam in question is owned by TransAlta Utilities. TransAlta Utilities keeps in regular consultation with Alberta Environment to determine what the water levels are. There was no question of anybody adding anything further to the water crest levels in the city of Edmonton. I indicated yesterday that if it had not been for the retention factor of the Brazeau dam, quite conceivably the water crest level in downtown Edmonton could very easily have been at least half a metre higher than it was.

MR. TAYLOR: Who's the boss, you or TransAlta?

MR. SPEAKER: Order please.

MR. R. SPEAKER: A supplementary question to the Minister of Agriculture. It's relative to the imminent flood and the notification that was given to rural residents in the flood area. Could the minister indicate what notification may have been given by the Department of Agriculture? As well, what steps is the minister taking with regard to damage that has occurred to persons in the farming districts affected?

MR. ELZINGA: In response to the hon. Member for Little Bow, Mr. Speaker, let me indicate to him, as the Minister of the Environment and the minister responsible for public safety have indicated on a consistent basis in this House, that we are going to spare no effort to ensure that life and crops and everything related to the livelihood of our farmers and our urban population is our prime concern, and we're going to continue to function on that basis. I can share with him on a personal basis that the associate minister and myself tomorrow will have an opportunity to view firsthand when we examine the damaged areas within the rural parts of Alberta, to assess ourselves as to how best we can approach this very serious misfortune that has happened to a good many Albertans. I would ask also that he be kind enough to allow us the opportunity to do a proper assessment. Our district agriculturalists are now in the field doing that assessment upon our instructions, and we look forward to their recommendations of how best we can offset this. We in turn will relay it to the minister responsible.

DR. WEST: A supplementary to the Minister of the Environment. Due to the excessive amount of rainfall that occurred last week in Alberta and its addition to the water systems, could you indicate where that rain fell in relationship to the dams? Was the majority of that heavy rainfall below or above?

MR. KOWALSKI: Mr. Speaker, rainfall began flowing in a rather concentrated manner essentially in that area north

of Rocky Mountain House to approximately Highway 16 North and in an easterly direction. Concentrations did not minimize either to the east or the west of the Brazeau dam, and it certainly fell in great concentrations in the some 120-mile distance that exists between this building and where the Brazeau dam is.

I suppose while I'm on my feet, Mr. Speaker, I might follow up to the Member for Westlock-Sturgeon. I guess from his definition I just found out who is responsible for the rain between the Brazeau dam and the city of Edmonton. If the Minister of the Environment is now responsible for rainfall in this part of Alberta, I'll accept the responsibility.

MR. SPEAKER: The Chair is certain that the good Lord is interested in that particular response. The Chair recognizes the Leader of the Opposition, second main question.

Securities Commission

MR. MARTIN: Mr. Speaker, I'm glad to know that he has a pipeline.

My question is to the Minister of Consumer and Corporate Affairs. I might say that to no one's surprise neither North West Trust nor Heritage trust filed their long overdue financial statements yesterday, and the Securities Commission is indicating that there will be no further extensions. Could the minister indicate to the Assembly what the government now intends to do about these unacceptable delays?

MISS McCOY: Mr. Speaker, maybe I should firstly answer the question in this way. From time to time people in this province have funds that are surplus to their immediate living needs, and occasionally they decide to make investments. Investments can take many forms, and sometimes those investments are corporate shares, which is to say that people buy shares from other people who are willing to sell shares. It is the policy of this government that in transactions involving the public at large, the people who are buying shares have sufficient and adequate information from the people who are selling shares, so that the buyers can make an informed decision. Freedom of choice is facilitated by such information.

The Securities Commission, Mr. Speaker, is a facilitator. Its role is to see that purchasers have the information from the people who are selling the shares. If, however, no shares are being traded, there are no prospective buyers who are at risk. I might advise that in the case of both North West and Heritage, the commission's information was that no shares had been traded for the year 1986.

MR. MARTIN: I really do appreciate that answer. I was getting a grade 6 economics lesson. But my question really had to do with the unacceptable delays. Clearly, the law has been broken. That's what I was trying to get to, rather than what the roles of buyers and sellers are, Mr. Speaker. But let me try it in a different way. Has the minister been receiving regular reports from the director of trust companies — who happens to be in her department — about the situation of these two trust companies, and is she satisfied from these reports that they are in financially stable condition?

MISS McCOY: Just to correct one or two misconceptions, Mr. Speaker, firstly, the member opposite has stated that the commission has stated publicly that there will be no further extensions. I do not believe that is the case. I do

believe that the commission has indicated the procedures that are open now to the commission and to its staff.

Secondly, Mr. Speaker, for at least two months it has been public information that the director of trusts, who operates under a mandate of the trust company, does not report to the Minister of Consumer and Corporate Affairs.

MR. MARTIN: A supplementary question. That's quite a department the minister has: see no evil, hear no evil.

My question is to the minister in charge then. Has anybody in this government — put it that way — asked the director of trust companies, who seems to have sweeping powers under the Trust Companies Act, to try and convince these companies that they should file their statements, inasmuch as all the Securities Commission can now do is issue a cease trading order?

MISS McCOY: Mr. Speaker, I believe the director of trust companies is operating under the direction of the minister to whom he is responsible, and I'm sure responsible directions have been given to him.

MR. MARTIN: Great, we have an Act that nobody seems to be responsible for. Would the person who is responsible for the Trust Companies Act tell us what the director of trust companies is specifically doing about these companies?

MR. JOHNSTON: Mr. Speaker, it has been public information for at least two months that the trust companies and the financial institutions have been transferred to Treasury. It's unfortunate that even a grade 6 lesson won't get that message across to the Leader of the Opposition.

MR. TAYLOR: It takes somebody in grade 7 to brag about it too.

MR. JOHNSTON: I'm at least 10 percent ahead, I guess. Let me say, Mr. Speaker, that we must of course separate the two trust companies and not sweep them into the same groupings.

First of all, as I have said in this House previously with respect to the Heritage trust company, a small publicly owned corporation in the city of Edmonton operating within the province and under our jurisdiction, the province has in fact been looking at this company for some seven or eight months. In doing so, we made a proposal with the corporation that we would attempt to save that institution if in fact the private sector would respond by putting additional capital into that corporation to make it viable under the tests provided for in this legislation.

At the same time, Mr. Speaker, we indicated to the depositors of Heritage trust that we would guarantee those deposits, taking the place to some extent of the CDIC, a federal institution which ensures deposits across Canada up to \$60,000. Unfortunately, the corporation has not been able to find investors to assist them in recapitalizing. That hasn't changed much over the past seven or eight months. The corporation is still attempting to find ways to resolve their own financial difficulties, engendered essentially by reduced real estate values in this province similar to all banking institutions across Canada operating here. They are now attempting to work out some possibility as to recapitalization, merger, or several other alternatives which they are following.

There should not be any misunderstanding with respect to the Heritage fund — the Heritage trust corporation. That

always is a problem with the Heritage out there. [interjection] That's right; the Heritage trust fund is in very good shape, \$15 billion in assets. Of course, we're hopeful that we can attempt to save this corporation, to maintain its important part of the financial infrastructure of this province, contrary to some of the difficulties which the province has seen in the case of the commercial banking situation.

With respect to the signals you're giving me, Mr. Speaker, and the case of North West Trust, as the Minister of Consumer and Corporate Affairs has pointed out, what the corporation has done in two previous cases is to ask for an extension to the filing of its financial statements, which essentially is to provide protection to the shareholders of the corporation. It's also my understanding that yesterday North West Trust issued a press release, part of which I can perhaps give to the Legislature, in which they indicated that they are now in the process of

working on certain significant transactions, the effect of which would have substantial benefits to the financial statements of the [corporation].

I can only conclude from that press release that the corporation is attempting to reorganize or do something that is going to affect the financial statements. Therefore, it would not be appropriate to file the financial statements unless that had taken place or had been reflected in the statements, and of course, that is what they're now operating on. To the best of my knowledge, Mr. Speaker ...

MR. SPEAKER: All members of the Assembly are aware that we've gone through a rather lengthy reply to the question because the original question had two questions involved in it. Perhaps we could narrow the parameters of the question somewhat and hope that the reply from the ministers would also be somewhat narrowed.

DR. BUCK: Mr. Speaker, they don't call the Treasurer Tricky Dicky for nothing.

My question is to the Provincial Treasurer. In the discussions with Heritage savings trust, if they are merged or taken over by another financial institution, does the offer of \$10 million by the province still stand, in light of the fact that there was an offer of \$10 million provincial if Heritage could raise \$6 million? Does that offer still stand in case of a merger?

MR. JOHNSTON: Again, Mr. Speaker, we would have to speak to the specifics. I have not seen a proposal of that order, and we would have to consider it in light of the offer given to Heritage trust and any recommendations they may make to the government.

MR. SPEAKER: The question was hypothetical.

MR. TAYLOR: Supplementary, Mr. Speaker, to the Treasurer. Is it possible that part of the trust company's problems stem back to his point, that if it was solid they might put some money in it? That's what happened to the Northland Bank. It was the previous Treasurer's comment that it was a solid company — all the shareholders took off afterwards.

MR. JOHNSTON: Mr. Speaker, if the member is leaving any impression that the government put money in Northland Bank, let me correct that. We did not.

Treasury Board

MR. TAYLOR: Mr. Speaker, this is also to the Treasurer. We are concerned about wasteful spending and better public accountability by the government. Yesterday the chairman of the Treasury Board said, and I quote:

The normal practice of the government has been to publish the Treasury Board minutes in the *Alberta Gazette*, and that does take place on a normal course throughout the year.

My question is: would the Treasurer please clarify his statement by telling the members of this Legislature if all the Treasury Board minutes are published in a timely manner?

MR. JOHNSTON: First of all, Mr. Speaker, the Treasury Board operates in two kinds of messages. One is minutes and one is directives. In the case of directives we operate on the basis of managing the resources of the province, ensuring that asset control is in place, and that effective expenditure controls are in place. In doing so, those are the normal kinds of statements which go to a variety of departments which are circulated fairly widely, which might deal with, as I've said, such sorts of things as accounting officers or housing for northern employees or the simple transfer of money or even the replacement of lost cheques or the writing off of claims against the government. That sort of normal directive is published very widely, and it is nothing which in any way should be seen to be confidential.

With respect to Treasury Board minutes, Mr. Speaker, under the Financial Administration Act — which I know the Member for Westlock-Sturgeon is well aware of — section 5.1 does provide that specific responsibilities under the Treasury Board ambit deal with such things as I've mentioned but also includes some kinds of expenditures, in particular the hosting expenditures which the member talked about. It is my understanding that in the case of publications or standard operating procedures for Treasury Board with respect to the publication of minutes, quarterly Treasury Board minutes of certainly types which deal with the transfer of money and other Treasury Board directives are in fact gazetted and published in the *Alberta Gazette*. That is on a routine basis. I have to admit that I will have to check to see, but I believe it's quarterly, if you allow me that discretion.

Second, with respect to hosting expenses, Mr. Speaker, those are also gazetted and publicly provided the people of Alberta. The last gazetting, as I understand it, of hosting expenses took place in January of 1986.

MR. TAYLOR: A supplementary, Mr. Speaker, to the Treasurer. Am I to understand that the members of the Treasury Board arbitrarily decide what financial decisions — I'm not talking about transfers, et cetera, but financial decisions — are to be published in the *Alberta Gazette*?

MR. JOHNSTON: No, Mr. Speaker. It should be clear that Treasury Board minutes are published. The timing is essentially every quarter. As I've indicated, the last publication of Treasury Board minutes was in January 1986 by my colleague the then Treasurer, Mr. Hyndman.

MR. TAYLOR: A supplementary, Mr. Speaker, to the Treasurer. I'm still having trouble following his explanation that some of the things are published and other decisions are not. If the Treasury Board minutes are published, what

is the typical elapsed time between when the Treasury Board decisions are published in the *Alberta Gazette* and/or the public accounts, the amount of time that elapses between the two?

MR. JOHNSTON: That will of course vary, Mr. Speaker, but as I've indicated, we are attempting wherever possible to publish these on a quarterly basis.

MR. TAYLOR: The last supplementary, Mr. Speaker. Let's get more specific. When can the Legislature expect minutes on the increased car allowances or other preferential spending to appear in the *Alberta Gazette*?

MR. JOHNSTON: It seems they don't have to appear in the *Gazette*, Mr. Speaker, because some other member has already made them public.

Alberta Mortgage and Housing Corporation

MR. R. SPEAKER: Mr. Speaker, my question with regard to MAP and CHIP is to the Minister of Municipal Affairs responsible for Housing. At present there is \$1.2 billion of loans from various apartment personnel owed to the Alberta Mortgage and Housing Corporation, with the potential of some \$600 million of losses. I was wondering if the minister could indicate whether that \$600 million is the potential estimated loss at this time relative to capital and interest in terms of the loans.

MR. CRAWFORD: Mr. Speaker, as the member would know from previous questions and answers on this issue, there is a workout program with the corporation and the borrowers. Until we are able to fully assess the transactions that will replace the previous transactions with those borrowers, I wouldn't think we would know the extent of the write-down that might be necessary. I think the estimate of 50 percent that the hon. leader raised would be astronomically high.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. Could the minister indicate how many applications have been filed at the present time for review under the new plan or concept?

MR. CRAWFORD: Mr. Speaker, the proposal went out to borrowers, and my understanding is that about 170 responded and about 60 percent of those accepted the proposed arrangement in the first instance. I can't tell the hon. member right off what portion of the portfolio that represents.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. Could the minister indicate whether a committee of industry and departmental officials has been established to review the original terms that were established in March, leading up to a more acceptable arrangement between the people that owe the money and the government?

MR. CRAWFORD: Mr. Speaker, I intend to have a further conversation on that today. What the proposal is now is that corporation board members, two or three perhaps, plus some industry representatives and, potentially, one or two other members of the public who wouldn't be directly involved would conduct that review and conclude everything in respect to it by September.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. Could the minister indicate whether that review will simplify the terms of reference in the new agreements and that any agreements that have been reached at the present time would be renegotiated under recommendations of that respective committee?

MR. CRAWFORD: Mr. Speaker, the objective is to find a proposal that would be more workable for some of the borrowers. As I mentioned, a number of the borrowers had already accepted the original workout proposal and some felt that they could not, so it is addressing those presumed shortcomings in the arrangement that the committee will look at. I've already said that if the result of that is to produce a better arrangement, directing the attention to the presumed shortcomings of the original proposal, then that proposal would be made available to all borrowers.

MR. TAYLOR: A supplementary, Mr. Speaker, to the minister. A point of view of a report out of Calgary today: of 2,000 foreclosures of the housing corporation 350 or more have been rented out. The concern of Calgary council would be of a rental ghetto. Can the minister tell us whether or not these people were offered a chance for the workout and if the rentals are to the original owners or to an outside group?

MR. CRAWFORD: Mr. Speaker, the corporation tends to hold the foreclosed properties for quite some time so that the market won't be affected abruptly by sales. The landlord in the case of the rentals out would be the corporation.

Blood Sugar Testing Devices

MR. SHRAKE: Mr. Speaker, I have a question for the hon. Minister of Community and Occupational Health. Most of our senior citizens who have diabetes must use a visual Chem strip to test their blood sugar. Have the hon. minister and his department considered providing some financial assistance for these diabetic seniors to acquire Chem strips, especially in view of the fact that the price for these strips just went up from \$14.75 to \$18.50?

MR. DINNING: I appreciate the question from the hon. member, Mr. Speaker, because it's a matter we are giving very serious consideration. There are some 14,000 diabetics in this province who are dependent on insulin in one form or another. Through work with the College of Physicians and Surgeons and through the Department of Hospitals and Medical Care officials in the Department of Community and Occupational Health are attempting to come up with the best way of providing funds, if possible, to those insulin-dependent diabetics who are truly in need of this kind of special new device. So if the hon. member will permit me and the officials in our department, we are carefully looking at this and will hopefully come up with the best possible solution.

MR. HAWKESWORTH: Mr. Speaker, a supplementary. If a diabetic fails to properly monitor the blood sugar, it may end up in hospitalization or visits to the doctor. Is the minister prepared to provide these Chem strips as part of the aids to daily living program or through any other program in order to prevent unnecessary hospitalization or medical care?

MR. DINNING: I wouldn't want the Assembly to believe that this government is not committed to or now supporting by way of funding the need of insulin-dependent diabetics for that kind of testing. In fact, some \$450,000 is provided out of the aids to daily living program now for urine testing, which is still a very good monitoring system to determine the blood sugar level for diabetics. Please, Mr. Speaker, I wouldn't want the Assembly to think that that program isn't now in place, that that funding is not in place, because it most certainly is.

River Flooding (continued)

MR. PIQUETTE: To the minister responsible for public safety, Mr. Speaker. Safety is threatened when farmers make desperate efforts to save what they have: machinery, granaries, et cetera. What assistance and expert advice is the minister making available to rural Albertans along the flood path attempting to prepare for the rising flood?

MR. KOWALSKI: Mr. Speaker, almost four to six times a day releases are issued out of the offices of the operation headquarters of Alberta Public Safety Services here in Edmonton to the local emergency disaster preparedness teams that are located along the flow of, in this case, the Pembina River. Such advice has been provided to the county of Lac Ste. Anne. We're concentrating on the county of Barrhead today along with the MD of Westlock. As late as noon today I was in contact with both of the teams existing in the county of Barrhead and the MD of Westlock. I phoned the local radio station in Westlock, CFOK radio, and did a rather lengthy interview with them advising of the caution that individuals must choose to take.

The hon. member represents the riding of Athabasca-Lac La Biche. That area is covered by the radio station in question. Contacts have been made with all of the communities along the Athabasca River. We would anticipate that by Thursday or Friday of this week the water would flow into the Athabasca River at the confluence of the Pembina and the Athabasca rivers, Athabina.

MR. PIQUETTE: Thank you.

To the Associate Minister of Agriculture. What consideration is the minister giving to assistance for crop damage for farmers who do not have crop insurance?

MRS. CRIPPS: Mr. Speaker, as indicated yesterday in question period, the government will be assessing the whole situation in relation to the general policy originally under Disaster Services and now under the Public Safety provisions.

MR. PIQUETTE: A supplementary. What assistance will be available for damage suffered by farmers who are not covered by crop insurance, such as damage to buildings, machinery, livestock, and equipment?

MRS. CRIPPS: Mr. Speaker, I understood that that was included in the first question, and the same answer holds true.

MR. PIQUETTE: A supplementary to the minister. What assistance will be provided to deal with longer term damage such as hay fields covered by silt deposited by the flooding?

MRS. CRIPPS: Mr. Speaker, that's a question we'll have to assess. I know that the district agriculturalists are looking

at the damage now, and we'll assess that situation once the floodwaters recede.

MR. TAYLOR: A supplementary, Mr. Speaker, to the Minister of the Environment. Is the minister considering putting any additional funds into the program for flood control at the Brazeau and Bighorn dams?

MR. KOWALSKI: Not at the moment, Mr. Speaker. We're currently fighting a war on the Pembina River, attempting to alleviate public safety concerns in that part of Alberta. I thought that because some of the individuals who might be affected might be of concern to the Member for Westlock-Sturgeon, he might want to concentrate his efforts on that and expect the Minister of the Environment and Alberta Public Safety Services to be concerned about public safety for his constituents and mine rather than be concerned about dealing with the Bighorn and Brazeau today.

Geriatric Care

REV. ROBERTS: Mr. Speaker, losing first-class geriatricians like Dr. David Skelton from the Youville in Edmonton sadly contributes to the growing crisis of meeting the health care needs of Alberta's fastest growing population, the elderly. Could the Minister of Hospitals and Medical Care indicate when he anticipates receiving the report from a geriatric assessment team that has recently investigated the Youville and what approach he will be taking with the board in responding to the team's report?

MR. M. MOORE: Mr. Speaker, the report of three internationally known geriatricians with respect to the operation of the Youville hospital is being done for the board of the hospital. I do, however, expect to receive a copy of that report. My information is that the individuals in question were here last week and that they expected to take perhaps up to a month — maybe longer, I'm not sure — to complete the report.

I should say with respect to Dr. Skelton that the hon. member's information as to the reasons for Dr. Skelton's having left the General hospital are somewhat different from the information provided to me by the executive director of the General hospital. The situation really involved a case where the General hospital — the Youville pavilion — being a teaching hospital with respect to care of the elderly, a long-term care facility, as well as a short-term facility terms of its treatment of elderly citizens, has a number of masters. The University of Alberta Faculty of Medicine is of course involved in the teaching aspect. Geriatricians like Dr. Skelton are involved in both teaching and the short-term care programs, the rehabilitation programs.

Dr. Skelton apparently was not happy with several aspects of the operation of the hospital and took his unhappiness to the management of the hospital, the senior staff and the administrators. Finally, when no solution could be found between him and the administration, Dr. Skelton presented an ultimatum to the board of the hospital with respect to the manner in which it would be operated. As I understand it, the board reviewed his proposals and rejected them. I must say that no matter how noted or how good medical practitioners might be, the board ultimately has the responsibility for the operation of the hospital. In this case they accepted that responsibility.

REV. ROBERTS: Since immediate development of community health programs for the elderly are critical, could

I ask the minister of community health what role he took with Dr. Skelton in his not being hired as a geriatric consultant for regional mental health services?

MR. DINNING: Mr. Speaker, I took no role in that matter. I am aware that some discussions took place between officials in the Department of Community and Occupational Health and Dr. Skelton, but no arrangements were finalized and no offer was made, yet.

MR. M. MOORE: Mr. Speaker, I should add to my earlier comments that they are not in any way meant to reflect upon the ability or integrity of Dr. Skelton. He is indeed a very fine individual and a very fine geriatrician that we would be delighted to have work in this province. The facts of the matter are that whatever position he assumes with whatever hospital must be in accordance with the management guidelines provided by that hospital board. We would be delighted if he would continue practising in this province with practically any board that is involved in the care of the elderly.

REV. ROBERTS: Back to the minister of community health. What is he doing to match the bold initiatives taken by the province of Ontario and its senior citizens minister to increase by 300 percent health promotion and illness prevention programs for the elderly, programs which are valuable in reducing more expensive medical care?

MR. DINNING: The hon. member behind me, the chairman of the Senior Citizens Bureau, suggests that they're perhaps trying to catch up to Alberta. If the hon. member would like to put a motion on the Order Paper, I know that many of my colleagues up and down the rows of the Executive Council would be very, very proud to convey to the hon. member for his own information, if he's not aware of it, all of the very fine programs, second to none in this country, that we offer to the senior citizens in this province. Certainly I believe that under the capable guidance and direction of the chairman of the bureau we're well served in that particular regard. So I welcome the representations of the hon. member, but perhaps we could have a very lively and informative debate on that matter.

MR. SPEAKER: The Chair is concerned about the level of debate at the moment. Final supplementary, Member for Edmonton Centre.

REV. ROBERTS: Re this white paper which has such comprehensive services, what is the Minister of Hospitals and Medical Care doing to match their program for a multidimensional department of geriatrics, which is still not existent in this province? Is he going to introduce that soon, for a couple of million dollars?

MR. M. MOORE: As I indicated in the Legislature yesterday during debate on my estimates, Mr. Speaker, one of the individuals from Los Angeles, California, who was here last week as one of the three specialists examining the role and the nature of the Youville hospital, indicated that it was in his view the finest facility on this continent. That included, I might add, those people who are involved in programming as well. So from the point of view of an internationally recognized geriatrician there's no question that we've been doing a lot in Alberta with respect to the care of our elderly citizens. I would be only too pleased

to try and do more. That's what we were talking about yesterday when we indicated that the field of care for the elderly is one that this government is committed to, moving ahead with the times in terms of day hospitals and day care and making sure that people have every opportunity to remain in their own homes and not just be hospitalized.

MR. CHUMIR: A supplementary to the hon. Minister of Hospitals. A concern has been expressed in Calgary, particularly in a recent letter to the Premier from the Kerby Centre, with respect to the absence of even a Youville-type facility in Calgary. Can the minister give us some indication of whether there is a concrete plan and timetable for implementing a similar program in Calgary in light of the absence to date?

MR. M. MOORE: I know but there are some extremely good programs in Calgary now that are going on with respect to geriatric care. Once again, there's always some difficulty in attracting and retaining the kind of specialists we want when you're in a field where there are less than 30 in the entire country. But I'm confident that the people who are involved in various institutions in Calgary will continue to expand their scope of work in terms of care of the elderly.

There's nothing particularly magic about having a Youville hospital in Calgary. What we're doing in the Youville hospital in Edmonton is researching, if you like, some new concepts in terms of having a teaching facility, an assessment and short-term care facility, an active treatment, and a long-term facility all in one hospital. Until we've had an opportunity to see how that works, find out what the problems are, I would think it would be wrong to try and duplicate that exact facility somewhere else.

But at the same time there's a lot of learning occurring here at the Youville centre connected with work that's being done in Calgary and obviously other parts of Alberta and other parts of the country. That's very beneficial for the overall program of treatment of elderly citizens.

MR. SPEAKER: Time for question period has expired. However, the hon. Minister of Public Works, Supply and Services wishes to supplement an answer given previously.

Government Purchasing Policies

MR. ISLEY: Thank you, Mr. Speaker. On Tuesday, July 15, the hon. Leader of the Official Opposition raised a series of questions with regard to a tender issue for the Walter C. Mackenzie Health Sciences Centre parking control equipment. The hon. leader suggested that government projects were encouraging U.S. firms rather than Canadian firms with lower bids. My investigation of the matter reveals a number of things. Number one, this was not a tender call of Public Works, Supply and Services, but rather of the board of University of Alberta hospitals. Number two, the awarding of the tender certainly complied with the fair opportunities for Alberta firms program.

The successful bidder, Time Business Machines, has been based in Edmonton for 23 years and employs 11 workers, including factory-trained servicemen. The firm that the hon. leader was lobbying on behalf of, Canadian Parking Equipment, maintains a box number office and answering service in Edmonton with no permanent full-time employees. Both firms purchase sophisticated items of equipment elsewhere, mostly in the U.S.A. Time Business Machines quoted

and installed the Alberta-manufactured equipment as specified in the tender. Canadian Parking Equipment, the firm the hon. leader is supporting, indicated that the specified equipment manufactured in Alberta was not available and offered an Ontario-manufactured alternative.

Mr. Speaker, I could go on, but I think the point is made. Might I suggest the hon. leader use his research dollars more effectively and not bring unresearched letters of complaint to the Legislature.

MR. SPEAKER: Statements really should not provoke debate either. The Leader of the Opposition has the ability to ask a question.

MR. MARTIN: Knowing this minister, it's not surprising the type of answer you get. It's clearly out of order under section 23. While I'm on my feet, Mr. Speaker, I might say that we're not lobbying; we're trying to find out what the policy of the government is. Smart alecky answers like that are not what the people want.

My question, Mr. Speaker, flowing from this: we were trying to find out what the government policy is coming from Public Works. Would they now issue the guidelines of how they do the tendering process and make it public?

MR. ISLEY: Might I suggest, Mr. Speaker, that if the hon. leader is not familiar with the fair opportunities for Alberta firms program, I will certainly make a copy available to him. Secondly, I think I stressed that the tendering process behind this particular contract had nothing to do with Alberta Public Works, Supply and Services.

MR. MARTIN: I will recognize that that particular minister — it's not worth commenting upon. But I do want a point of information.

MR. SPEAKER: Order.

MR. MARTIN: Okay, you've got order.

The Treasurer indicated that they had changed the Trust Companies Act some time ago. I was under that understanding too, but the reason we asked the Minister of Consumer and Corporate Affairs is that we could not find an order in council where this had been done. Surely if it had been done, it would have had to come through an order in council, so I would ask the minister to clarify who is responsible for that, public trust companies.

MR. BRADLEY: Mr. Speaker, I don't believe the hon. leader had a point of order.

MR. MARTIN: I'd like to know who the trust companies fall under, and if the Treasurer now says it's under his department, when was it done? I think that's legitimate information.

MR. SPEAKER: Thank you, hon. Leader of the Opposition, but it really is a question seeking information; it is not a point of order. But you've obviously made your point of information, and the hon. Provincial Treasurer responded earlier today. If you feel that he has not carried that through sufficiently, I expect it to be done within the next hour.

ORDERS OF THE DAY

MR. HORSMAN: Mr. Speaker, I move that questions 150 and 152 and motions for returns 154, 155, 157, 158 stand and retain their places on the Order Paper.

[Motion carried]

head: MOTIONS FOR RETURNS

153. Mr. Gibeault moved that an order of the Assembly do issue for a return showing copies of any and all studies and reports prepared by or for the campus development branch of the administrative services division of the Department of Advanced Education where those studies and reports are chiefly concerned with

- (a) assessing the need for expansion at one or more board-governed postsecondary educational institutions, or
- (b) assessing the costs of expansion at one or more board-governed postsecondary educational institutions

where such studies and reports have been received at the campus development branch after December 31, 1984.

MR. RUSSELL: Mr. Speaker, we're going to vote against this motion for the following reasons. First of all, the nature of the information is that which we have traditionally turned down; that is, it's departmental information within the department and used as such. Secondly, the reports referred to are the property of the institutions submitting them, in the cases where they have been prepared by those institutions. I suppose the hon. member could approach the various institutions and get copies of the reports that way. Certainly the reports prepared by the department on behalf of the department have not been traditionally made the subject of motions for returns.

I can say that we searched the files, and I think there have been about 10 such programs submitted since the date contained in the motion for a return. There is certainly nothing mysterious or sinister about them. Generally, whenever an institution expands by way of building additional capital facilities, a report of this nature is submitted. Since the date mentioned, we've received them from the University of Calgary, Lakeland College, Grande Prairie Regional College, the Foothills hospital school of nursing, the Banff Centre, and the Lethbridge Community College.

Going by established principles, we would decline to support the motion.

MR. MARTIN: Mr. Speaker, I could understand some sort of confidentiality if it were confidential papers coming from an institution that we were concerned with. But as I understand the minister's answer on this motion for a return, he is saying that it has been traditional; that's the way it's been done in the past. Of course, that doesn't necessarily make it a correct procedure. But it seems to me that as members of the Legislative Assembly, we are all lobbied from time to time, as I'm sure the minister is: this institution needs this; that institution needs something else. If we don't have this type of information, it's very hard to make legitimate decisions in this Legislature about what is realistic. If it's only behind closed doors with the minister's department, how are the elected representatives to make decisions about these sorts of analyses and if it's worth pursuing here in the Legislature, where we're supposed to determine government business and government expenditures.

I cannot see why this type of information could not be made public. I would like the minister to reassess it. Just because it hasn't been done in the past, perhaps it should be done in the future. There have to be better reasons than just saying that. Remember, Mr. Speaker, as I understand our parliamentary form of democracy, this Legislature is supposed to control the purse strings, not the minister's bureaucrats. How can we make intelligent decisions about debate in estimates, for example, if we don't have this type of information?

In conclusion, Mr. Speaker, I would say that I recognize that perhaps we don't have the votes to overcome this particular policy, but I ask the minister to reconsider at some point if this isn't information that should be shown to this Legislature.

MR. HORSMAN: Mr. Speaker, I want to respond briefly to part of the remarks made by the hon. Leader of the Opposition. Any member of the Assembly should be perfectly clear that when the government has made a decision relative to which if any of the various capital projects sought by various postsecondary institutions — when those decisions are made, they are indeed brought before the Legislative Assembly by way of estimates for the capital division of each department. Of course, for the Department of Advanced Education in particular separate appropriations are requested for various institutions. It would be interesting to know the reasons by which those decisions are made, and I'm sure the opposition would like to have information as to why it is necessary for the government and the minister in question not to accede to the requests of the various institutions, but I can tell the Assembly, having been minister of the department at one time, that it would be impossible to fund all the requests that come forward to the Department of Advanced Education from the postsecondary segment.

Decisions have to be made, but there is no question that the ultimate authority relative to the supply of funds for the capital construction purposes of advanced education facilities — are made by Members of this Legislative Assembly. We are involved in that process today, and for any suggestion to be left by the hon. Leader of the Opposition that such is not the case is quite erroneous. The motion should therefore be defeated.

MS BARRETT: Mr. Speaker, in response to the comments made by the Attorney General, I'd like to point out first of all that the capital expenditures the Attorney General was referring to are often brought to this Assembly as a matter that occurs after the fact. In the second place, this motion is not simply calling for information pertaining to a physical expansion; that is, a particular capital project. What we're asking for under this motion for a return are studies and reports prepared by the campus development branch. These are people who are working under the guidance of the minister, paid for out of the taxpayers' dollars, supposedly doing the taxpayers' business. What we're asking for is the assessment, what it is that they did, assessing the need for the expansion.

An expansion need not necessarily be something that pertains to a major capital project, as the minister well knows. An expansion may have to deal with increasing staff ratios. It may have to do with enhancing research facilities within existing structures. It could have a lot to do with a lot of other things aside from the capital expenditures that the Attorney General referred to.

The reason we've got this motion for a return on the Order Paper is so that legislators can take part in the decision-making process long before anything ever appears in the estimates. If that point isn't really clear, let me make the other point; that is, to take part in the decision-making process so that when we're not in session, it isn't simply a matter left to order in council, special warrant, and that sort of thing. That's what we're asking for, that all Members of the Legislative Assembly be able to assess the minister's officials' assessments of the needs for advanced education in this province. We think it's very reasonable and continue to urge the government to consider it again, please.

MR. HAWKESWORTH: Mr. Speaker, I noted with some interest the comments made by the hon. member opposite. In fact, I did ask for a listing of the capital projects from the Minister of Advanced Education during our estimates discussion not too many days or weeks ago. If his estimates ever come back, perhaps the minister will provide those to us. If they don't come back, I don't know whether members of the Assembly will receive that listing of capital projects or not, but it was requested. I can't say that an adequate review of the budget has taken place if those projects are not provided to the Assembly.

Secondly, we're asking the campus development branch, not all the postsecondary educational institutions in this province, for needs assessment studies and cost assessment studies. We're asking somebody why, if a department branch under the control of the Minister of Advanced Education has the studies, members of this Assembly have to go all over the province approaching each and every postsecondary institution to receive that information. But perhaps the government really isn't interested in providing information to the public about publicly funded studies under their direction and control.

Finally, Mr. Speaker, as I mentioned in the estimates debate, the budget is the ultimate policy document of a government. If decisions are being made without adequate information in that budget to support why those decisions are being made, members of the Assembly and members of the public don't really know what the government has decided to do in terms of requests from institutions for decisions on the kinds of role statements they've made, the kind of role they want to play in education in this province. When decisions are made to deny particular boards their requests, there may be good reasons for those, but they're never made explicitly. They're brought forward in these documents.

We have only 25 days of review to go through all the spending that this government does. If we're not provided with information in this form, in many cases we just don't get it. We certainly don't always get it when we review individual estimates in individual departments. So it's very difficult at times to understand the implicit decisions made by a government as to capital expenditure approvals and rejections. This kind of information would be very helpful to us and to the institutions, as well as to the general public, as to the basis under which government makes decisions and rationalizes those decisions, so I'm speaking in favour of the motion, Mr. Speaker.

MR. WRIGHT: Mr. Speaker, I am indeed puzzled by the minister's reply to this motion. All it asks for are reports or studies prepared at public expense for or by the campus development branch of the appropriate department so that hon. members and the public beyond them may judge the

basis on which, or in spite of which, the government has, acted or not acted. With the greatest respect, Mr. Speaker, it really astonishes me that that simple, obvious, democratic request is being denied.

MR. SHABEN: Mr. Speaker, I am also somewhat surprised, though for other reasons. In the democratic parliamentary system it's traditional for ministers of the Crown to be able to seek advice from their employees, and that is done in a variety of ways in order for the government to make decisions. It has been traditional and historic in all parliaments that that advice provided to the ministers upon which decisions are made is held confidential. Of course, the decisions are made public. There is adequate opportunity for members of the Assembly to debate those decisions, to probe into the rationale, but the advice that is provided privately to ministers is information that is held in that regard and should continue to be.

Therefore, I would support the hon. Deputy Premier in requesting that members of the Assembly defeat this motion.

MR. SPEAKER: May the hon. member close debate?

HON. MEMBERS: Agreed.

MR. GIBEAULT: Mr. Speaker, we are kind of concerned about this refusal to provide what is really some very basic information. If the government is not willing to reconsider, I think it's going to be one more reason why we need a freedom of information Act in this province.

In Motion 153 we're not asking for the minister's correspondence; we're not asking for cabinet meeting minutes. We're asking for the proposals that public institutions have submitted to the department and the assessments that public employees, the officials of the department, have made of those proposals. Mr. Speaker, as the people in this Assembly — not just the government members but all of us collectively — responsible for the public purse and the effect of utilization and implementation of the provincial budget and the dollars of taxpayers, how can we assess the proposals that the department puts forward in the budget without having an understanding of the other proposals that may have been submitted to the department and what assessments have been made of the various competing needs?

I think this is important information to be able to assess the budget documents that are presented to us. I think we need to be assured that we're getting good value for public money. We need to ensure that the variety of needs for advanced education across the province is being met, that there is a balance there. If we do not get this kind of basic information, Mr. Speaker, we are handicapped and, as legislators, are not able to make proper decisions about the value of public resources going to advanced education.

I would encourage the government to very seriously reconsider their refusal to entertain this motion.

MR. SPEAKER: Having heard Motion 153 as moved by the Member for Edmonton Mill Woods, those in favour of the motion please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Those opposed, please say no.

SOME HON. MEMBERS: No.

[Several members rose calling for a division. The division bell was rung]

[Eight minutes having elapsed, the House divided]

For the motion:

Barrett	Laing	Roberts
Chumir	Martin	Sigurdson
Ewasiuk	McEachern	Strong
Fox	Mitchell	Taylor
Gibeault	Mjolsness	Wright
Hawkesworth	Pashak	Younie
Hewes	Piquette	

Against the motion:

Ady	Getty	Orman
Alger	Gogo	Osterman
Anderson	Heron	Payne
Betkowski	Horsman	Pengelly
Bogle	Hyland	Reid
Brassard	Isley	Rostad
Campbell	Johnston	Russell
Cassin	Jonson	Shaben
Cherry	Koper	Shrake
Crawford	Kowalski	Sparrow
Cripps	Kroeger	Stevens
Day	McCoy	Stewart
Dinning	Mirosh	Trynchy
Downey	Moore, M.	Webber
Drobot	Moore, R.	Weiss
Elliott	Musgreave	West
Elzinga	Musgrove	Young
Fischer	Nelson	Zaruský
Fjordbotten	Oldring	

Totals:	Ayes — 20	Noes — 56
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[Motion lost]

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

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS

MR. OLDRING: Mr. Speaker, it's my pleasure to introduce to you, and through you to the members of the Legislative Assembly, three of my top supporters and three individuals who share in the responsibilities that I've accepted here in Edmonton: my wife of 10 years, Bonnie, and two daughters that we are awfully proud of, Lori Michelle and Kelly Lynn. I would ask that they rise and receive the traditional reception of this House.

MR. JOHNSTON: Mr. Speaker, maybe I can just interrupt the proceedings, since the Leader of the Opposition requested information about an order in council. I know it's inappropriate for the government to do the research for the Leader of the Opposition, but simply to facilitate his work — I know it's difficult — I will table a copy of the order in council which transfers officially and by public record dated June 11 administration for trust companies/credit unions to the Treasurer of the province.

MR. SPEAKER: Both the request and the receipt of the information occurred at inopportune times with respect to

the Orders of the Day. Perhaps we could now continue with what should transpire. Thank you.

head: **MOTIONS OTHER THAN
GOVERNMENT MOTIONS**

210. Moved by Mr. Musgrove:

Be it resolved that the Legislative Assembly urge the government to implement a system, through the Alberta health care insurance plan, whereby all insured persons would be required to sign every bill for medical care services that are insured under the plan.

MR. MUSGROVE: Mr. Speaker, it's certainly my pleasure to bring second reading to Motion 210. There's some concern in Alberta about our increasing medicare costs when we consider that we are looking at 1986-87 estimates of over \$2.3 billion, almost 25 percent of our entire 1986-87 budget, and also when we consider that in 1986 there will likely be \$1,000 spent on health care for every Albertan compared to \$480 for every Albertan in 1980. We certainly need to let everyone in Alberta know what is happening.

[Mr. Deputy Speaker in the Chair]

There has been a lot of discussion on what route we should take to make the public aware of our increasing medicare costs. Mr. Speaker, in a discussion I had with one of our counterparts from Saskatchewan when we were on a tour in British Columbia a couple of years ago, we came up with the idea that instead of having a blue medicare card, we should issue a credit card that is basically similar to our Visa or American Express cards. Whenever you use medical services, whether it be with a doctor or hospital or for any other medical services, you'd present your card, have it filled out, including the costs, and you'd sign it. Then it would be sent to Alberta medicare for payment.

Mr. Speaker, I understand there was a similar pilot project in Red Deer not long ago under our former Minister of Hospitals and Medical Care. I believe it was called the bill that you don't see. It met with minor success as far as making the public aware of what their medical costs were. However, I don't see that as being a deterrent for trying some other system.

The card could also serve several other purposes. It could include on it some of your personal codes such as medical alert, whether you have any important allergies, whether you're a diabetic, or any other medical information. It might also include some personal information such as whether you're a senior citizen or permanently disabled person or any information that could be of assistance to the medical clinic or to the doctor or hospital where you are being treated.

Other than alerting people of their medical costs, Mr. Speaker, there are certainly other benefits from changing the method of payment. The doctors could certainly benefit from the change. There's a lot of criticism today of whether doctors do or do not abuse medicare. I'm not going to elaborate on whether they do or do not abuse medicare — I'm sure there are a lot of our doctors that don't — but we could eliminate that image through the credit card system.

There's also some misunderstanding between doctors and patients. As we all know, periodically we get a printout of what benefits have been paid on our behalf by Alberta medicare. A lot of people get the printout. When they open

the envelope, they're relieved that it's not another bill for medicare, so they may or may not even look through it. In some instances where they have looked through it, I've had some of my constituents come to me and say, "You know, there's a payment for a doctor on my behalf under medicare, and I've never heard tell of that doctor." Through some research we found out that in these cases, some tests had been sent to another clinic or to another hospital and, of course, they didn't know the name of the doctor because it was through their own doctor that these tests originated.

I'd also like to relate a story that happened in my constituency fairly recently. A senior citizen got a new set of dentures made through the senior citizen medicare plan. He had a set of dentures made in 1983, and they didn't fit him. After several tries with the dentist that actually made these dentures, he decided there was no way they could be made to fit. He put them away and got along with the ones that he had previously had for some time. In 1986 he went to a different dentist to try and get some new dentures again, but he was informed by medicare that he couldn't get any until 1988. He came to me at that point and was surprised that the ones he had had in 1983 that wouldn't fit had actually been paid for. He now has to wait until 1988 before he can get new dentures funded through Alberta medicare. Fortunately, the dentist that made the last ones said, "You bring them in and we'll somehow see that they fit or else you can go to the dentist of your choice and get some new ones made and we'll pay for them." If we had had the credit card system, that wouldn't have happened, because he would have known at that point that the dentures he had made in 1983 were in fact paid for through Alberta medicare.

Mr. Speaker, there's another reason for this type of billing, and it has to do with the debate over the extra billing dispute in Ontario. I was watching a debate on TV one night about extra billing and the points for and against it. The point was made by one of the doctors that without some personal contract with your doctor, there is some loss of patient and doctor relationship. That point was made quite strongly. I am not trying to talk for or against extra billing, but in a case where you had a credit card and you filled out the bill and signed it, I would assume that that would be a contract between you and your doctor. If there's some assistance there psychologically with the relationship between you and your doctor, I believe that would certainly be a promotion for this type of billing.

There is a problem that we have to recognize, and that is that when certain tests are sent to specialists for a diagnosis, the patient generally is not present. Therefore, he wouldn't be there to sign the credit card, but there are ways of handling this problem. The credit card number could of course go with the sample, and then an unsigned copy of the bill could be sent back with a diagnosis. We all know that if you want to reserve a hotel room and you're not going to be there by 6 o'clock at night, you phone in your credit card number and, of course, that room is charged to that number whether you sign it or not — that or park space, as I just heard the hon. Minister of Recreation and Parks bring to my attention. In those cases there may or not be a signature on the credit card, but they would certainly know that that medical service had been provided to them.

There are some other benefits to the doctors, Mr. Speaker. Today, particularly if a person doesn't have a medicare card, the doctor generally doesn't have any way of knowing it until after the medical service has been provided, and of

course at that time he has to absorb the cost of that medical service himself. I'm told that where we have to get medical services to cover getting certain kinds of drivers' licences, et cetera, that's covered by medicare once a year. If we don't like the analysis and go to a different doctor, he has no way of knowing. I think one of my colleagues is going to elaborate a little more on this.

So this system, Mr. Speaker, could solve several problems. The most important one, or probably as important, is that it would make all Albertans aware of their medical costs. We could possibly bring down the Alberta budget for medical costs. It would also relieve a lot of allegations that our doctors are abusing medicare. Of course, that would improve the image of our doctors in Alberta. Then there would be a contract between our doctors and patients which could make a better psychological relationship between them.

For those reasons, Mr. Speaker, I would ask that the Legislature support this resolution. Thank you.

MRS. MIROSH: Mr. Speaker, it is my belief that the purpose of this motion is to find a way to curb medical expenses and to educate the public about rising health care costs. There is an unnecessary utilization of health care by people who require additional attention and a lot of misuse of this care. During my experience in hospitals, I've recognized people who have gone doctor-hopping, as we say. These people do not like the original diagnosis made by their doctor, so they go to several doctors until they get what they want. Sometimes they do and sometimes they don't. When there is this abuse of the system, I think there should be some direct charge to that patient. I think a lot of it may be ignorance on behalf of the public in that they are unaware of the costs of the medical services provided to them.

Over the past decade health care costs in Alberta have increased at a soaring rate. In 1979 to '80 our cost was \$996 million. In 1985 it went to over \$2 billion. It seems that in the last five years it's been increasing at a rate of 6 percent. These are alarming figures, and we all heard them yesterday in the House from the hon. minister. A large factor contributing to these costs is operating hospitals. The highest costs are doctors' fees, nurses' salaries, support staff salaries, and diagnostic treatment. We have the best health care system in Canada and possibly in the world, but it is very expensive, and the public must be made aware of these costs if they continue to want this type of service.

Last week at the opening of the new wing of the Rockyview hospital, our Deputy Premier alluded to the fact that the total cost of our health care system in Alberta is our total deficit this year. Currently, health care service is provided to all Albertans. After paying a monthly fee, they are provided with a blue card, thus identifying the registrant and their registration number. This card must be presented prior to receiving medical services. The medical services are billed to the patient's registration number. The billing for the service is then made by the doctor to the Alberta health care insurance plan. At this point, the patient is totally unaware of the cost of the service provided to him or her. Information on the cost of medical services currently provided to Albertans is provided by a statement of benefits. This statement outlines the cost to each family member of the services during the past six months.

A lot of people forget what services have been rendered over a six-month period or else they don't pay attention or can't be bothered to check it. A lot of people really don't care and totally ignore the statement. Some of the solutions

to make the public aware of these costs are probably submitting brochures with their statements or outlining the services that are available and their costs. I think issuing these monthly statements, or perhaps a credit card as the hon. Member for Bow Valley mentioned, is an excellent idea. Each time they are given a service, they have to sign this card. I think that's an excellent idea, thus making that person responsible or at least having a commitment to the services.

Patients come to the doctors' offices to have lab work done and diagnostic treatment. Some of them are then sent to the hospital, and they have the same treatment done. Therefore, there is a duplication of treatment and diagnostic procedures. A patient's signature on final billing briefly outlines the procedure done and the cost adjacent to it. This data should be easily readable and in a condensed form for the patient to understand. There should be some accountability by the patient and the doctor. The recommendation for this would be through the utilization of a monitoring service. A working committee could be established with input from the department, the Alberta Medical Association, and the College of Physicians and Surgeons. This committee could provide monthly summarized data.

Educational programs based on this data should be implemented for both the profession, through its professional bodies, and the public to help gain an understanding of these costs. The schedule of medical benefits should be reviewed. The ease of access to free services provided by new marketing strategies means easy convenience and should be controlled. Perhaps there should be elimination of services such as cosmetic surgery from some of the scheduled fees. Consideration of a delivery system where both patients and physicians have financial incentive to control costs is an alternative to the present system of unlimited access. However, we must be careful not to damage the quality of our health care.

In conclusion, Mr. Speaker, it is my view that there should be some method established within the health care system to identify the responsibility and accountability of services rendered. This responsibility should be that of the patient and the physician together. The signing of a bill for medical services that are insured under the plan is only one of many methods that can be used. Perhaps one may argue that this would be difficult for the elderly, the severely handicapped, or the seriously ill patient. However, I'm sure exceptions can be made under these unique circumstances.

With the advanced use of computers and education of staff, I'm convinced a method of signing a credit card and the use of medical statements can be adopted. This method should be kept as simple as possible. Mr. Speaker, I'm speaking in favour of the motion. Thank you.

REV. ROBERTS: Mr. Speaker, I think this is a very interesting motion, and one that I would like to support. However, I would also like to debate it. In terms of what we're called here to do, I think we should look at all sides and the whole spectrum of the question and bring it to a debate of opposite views.

The pause that I have in terms of how the motion is worded is that it seems to put the whole burden of proof or the burden of the medical cost onto the insured person. I agree that there have indeed been many abuses throughout the system by patients who have gone shopping around or who think that because this is in a sense a free system, they can go for whatever treatment or diagnosis they want. Yet I don't know why we always have to focus on just

these insured people or the abuses of the system on this side of the ledger. As I say, I agree with that, and I think it's commendable to bring in measures that are going to be cost conscious and cause us to have a second look at the real costs of medical treatment and what a particular visit might cost a particular person. If the motion could be amended — and I'm not asking for an amendment just now, but I'd like to think it through — I'd ask if all members don't also agree that there is abuse of the health care system on the other side. That is, those who benefit from the plan; i.e., the physicians and the specialists.

As I've heard over and over again — here are just a couple of examples. For instance, at the Royal Alex hospital there is an orthopedic surgeon who has just found out about a fancy new way of putting on a cast. You all know that we have plaster casts, and they've done well in terms of healing broken bones and so on. This particular orthopedic doctor found that there is a plastic way to go at this and that with some ways of developing this, it might improve healing, but there's been no proof of that. What is proven is that other forms of casts like this cost about 10 times as much.

Certainly a young boy with a broken arm isn't going to come to a doctor and say, "Listen, I want this 10 times more expensive cast." It is the doctor who is prescribing, "Why don't we go with this?" In a sense for the doctor it's also a free system. If we were to say that the doctor must also sign or must post what the cost of this other procedure is in comparison, then I might agree.

Similarly, we heard the minister tell yesterday about the physicians who say — the patient may be recovering; he may be doing quite well, but the doctor says, "Come and see me next week." It's not the patient. I know I've been feeling better from a particular treatment, and I don't necessarily want to go back for another checkup next week or the week after. When the doctor puts the onus on the patient to come back and see him next week, he may have some good reasons for that, but shouldn't he also be aware of the costs? If the initiative for this extra visit and these follow-up visits is coming from the doctor, maybe the doctor should be the one that's aware of the extra costs involved in that.

Similarly, we heard from the minister yesterday that we're now going to be delivering \$2.5 million to start up and \$1 million a year to continue the heart/lung transplant program at the University hospital, and he is suggesting that this procedure be available for 12 patients a year. In my quick calculations, in terms of just the heart transplant, that averages out to \$150,000 for one person to have a heart transplant.

I'm sure that that money might well be necessary in terms of modern technology and the cost to the system. But who's going to decide yes, you are one of 12 Albertans whom the system is going to, in a sense, give \$150,000 to so that you can have a heart transplant? I wonder what responsibility the doctor would take in saying, "Listen, if we had \$150,000, maybe we could do this and this and so on to you to improve your cardiac situation, your diagnosis."

In terms of this debate I really want to say that there are two sides to it. Certainly the consumer of health care needs to be well aware of the costs involved, but it seems to me that in a sense they have done this in other provinces. They've posted in the doctors' offices the real costs of a particular visit or whatever other procedure it is, so the costs are available for them to see.

As well, I'm quite sure that in our printouts from the Alberta health care plan every three or four months, we get the printout of what our consumption of the system has totalled. Those are ways that remind and reinforce to particular users of the system what the real costs are. If you want to get them to sign the bill each time, I think it may force some into a great sense of guilt that maybe they shouldn't be here in the first place. Or it may keep them from abusing the system, and that may be well and good, but let's be fair about it.

Let's realize that there's also an abuse of the system by physicians and doctors who need to be cost conscience too in terms of the diagnosis, the treatments, that they are suggesting and providing. Often the burden of proof needs to come from them in terms of prescribing a particular procedure and the comparative costs to them in terms of what other treatments or therapies may be available at a reduced cost.

Unless someone is prepared to make that amendment — I'm not willing to before I think it through a bit more — I think the motion as it stands is one that I cannot support because it's so one-sided.

Thank you, Mr. Speaker.

MR. DOWNEY: Mr. Speaker, I must say that I'm much relieved to find the opposition speaking against this motion. It makes me feel more comfortable about our position. In beginning my comments, I think the major reason that we have to look at something, as proposed by the hon. Member for Bow Valley, is that in many cases the patient is entirely unaware of the cost of the services provided to him or her. I would also say at the outset that if the program is going to be effective, it must be simple in administration in order to be popular with both doctors and patients.

One of the concerns expressed which came out in the Red Deer pilot project was the increasing move to automate our record keeping and billing systems. However, I can see a system being developed that would possibly operate with a credit card type of input or that could operate in a simple fashion parallel with the billing system as it exists now.

Mr. Speaker, I see his arguments in favour of this proposal as firstly, a means to increase patient awareness of the cost of medical services. Increased awareness may decrease unnecessary utilization of medical services resulting in an overall lowering of health care costs. A proposal like this, if enacted, could be useful as an audit tool. It would promote patient responsibility for the health care system in Alberta.

Another one of the problems that we encountered in the Red Deer program was that some patients, particularly the elderly, were reluctant to sign a statement for fear that it would result in a bill. I can understand that there might be difficulty in some cases in explaining this to people, particularly if it is something new that they haven't encountered in the system over the last number of years. But I think that's a problem of education, Mr. Speaker, and one that can be overcome quite easily.

A similar program is now operating in some hospitals and is being expanded into other operations gradually. Some of our feedback on the hospital programs is very positive, Mr. Speaker. Based on hospital patients who recalled receiving a statement of costs, virtually all had read the statement, and 9 out of ten were able to state the total cost of their stay in hospital. Estimates of the average daily cost to keep a patient in the Red Deer Regional Hospital Centre provided

before receipt of the point of service statement are on average low compared to actual costs. In fact, almost half, or 44 percent, of the people surveyed in this program discovered that their services cost a good deal more than they had originally thought.

In conclusion, Mr. Speaker, I would just like to say that I support this motion. I see it as a positive step, as a means of encouraging a sense of responsibility on the part of physicians and users or patients in retaining Alberta's excellent health care system.

Thank you, Mr. Speaker.

MR. McEACHERN: Mr. Speaker, I rise to speak on this for a couple of reasons. One, I think it's a fairly interesting concept, and I'm not against it. I wanted to take up the Member for Stettler on his attitude of "if they're in favour of it, we're against it," and that sort of thing, or his "I could speak for it if they're against it" sort of attitude. What are we getting into here, a Laurel and Hardy sort of give-and-take: "I did. Yes, you did. No, you didn't. Yes, I did. No, you didn't. No, you didn't. Yes, I did"?

As this session goes on, and in fact even tonight, you'll see that the government will be bringing in a couple of Bills that suggest things that we, in fact, first proposed in this Assembly a number of years ago. I think that is enough said on that subject for the moment.

We didn't take a stand on this issue as a caucus. We said that we could each speak as we felt on it, and so to some extent I'm going to disagree with my Edmonton Centre colleague and vote in favour of this particular Bill, if it comes to a vote.

I share his reservations about it. It's an inadequate Bill in a lot of ways and doesn't cover a lot of other things about reducing costs. If it ever becomes law, I would hope that it doesn't result in people sort of pointing fingers at somebody for seeking health care or seeking two or three different opinions, as some of you feel may be worth doing. I don't. I don't see much point in picking on people that are somewhat hypochondriac. I think we could, however, live with the Bill as it is, because people should know the costs of medicare. So that makes a certain amount of sense.

Before I sit down, I want to challenge the members of the government, those of you that are here — it isn't a very high percentage — to let this come to a vote. It would be the first private member's Bill. Just nobody else stand up and speak after I sit down, and it will come to a vote. Then we'll find out who's in favour of it and who isn't and whether or not the government would like to have this Bill passed.

MR. TAYLOR: Mr. Speaker, the previous speaker sat down so fast that I didn't have the spring in my legs ready here. I rise to support the hon. Member for Bow Valley. I agree with many of the speakers that there's much more wrong with our medical care system than possibly policing the cost. It's rather popular for the people of the right wing to talk about increased costs in medical care, but really what we're doing is transferring from the private sector to the public sector. You can now see what costs are. In older times, when you had to reach into your own pocket to pay for the doctor or hospital bills, those costs didn't show up as a public charge. So to argue that charges are becoming higher completely does away with how much cost would be spent if we had private medicine. One only has to survey the cost of medicine in the U.S., total public and private,

to realize that the costs for our public medicine up here are not running away; they're actually quite economical.

However, I was surprised to hear some of the reasons for signing the bill. It was argued that it was going to make the consumer of the service a little more cautious. I thought of it the other way around. I thought the signing of the bill — let's face it; particularly in Calgary, where many doctors extra bill, every patient signs now. It's called a cheque, though, when they sign it for the extra billing. When they sign the cheque, they darn well know about the extra billing.

What I think it will do is control the cost from the medical point of view, not the consumer point of view. I know many people do not want to blow the whistle on their doctor, do not want to question a list of payments. Every six months or so from Alberta health care you get one or two pages showing that you and your family visited different doctors here and there. There's a rare consumer indeed that's going to alienate their doctor by calling up and saying, "Say, Dr. So-and-so, did I really call on you on last February 14, four months ago?" There's a tendency to sign everything carte blanche. So in spite of what the Member for Edmonton Centre said, worrying about the consumers' point of view, I think the actual signing will do more to control the doctors than it will the consumers.

Consequently, I find that I can support the Member for Bow Valley, and I'd like to see it move to a vote very quickly. Therefore I ask, Mr. Speaker, whether you would put the question. I want to see what this government will do.

MR. CHERRY: Mr. Speaker, I must admit that the principle of the motion intrigued me when I first considered it. I guess one of the things that we cannot deny is that our health care system is very expensive. However, anything the government can do to reduce unnecessary uses or costs associated with providing this essential service certainly must be given some consideration.

I remember that I was at a seminar two years ago in Calgary, and a speaker from Toronto said to us that if health care costs continue to escalate in the future the way they are doing now, by the turn of the century we will be broke.

MR. TAYLOR: They were still on strike, though.

MR. CHERRY: Thank you.

So I found it very interesting to take a look at the Red Deer study of the bill you don't see. A primary objective of this project was to see if providing a bill with actual costs increased the cost awareness of the users. Increased awareness was to be measured by a movement towards the correct answer of the costs for physician visits and hospital stays in the survey. However, there was no appreciable movement towards correct answers among the general public, the hospital patients, or physicians' patients. Surveys conducted both before and after the project indicated that most patients do not consider that their knowledge of health care costs influences their use of health care services.

I find it also noteworthy that physicians found the practice time consuming and could discern little positive reaction from their patients. Some patients hesitated to sign because they thought it was an extra bill. Doctors thought their time would be better spent on patient care rather than explaining statements. However, the other part of the project was more successful. The hospital found more positive results and the

program simpler to administer. Mr. Speaker, perhaps this is where the thrust of any action should be. The statement of benefits sent out each year already provides more information to users of our health care system than many of the other provinces provide. This annual statement isn't particularly costly, as it costs much less than \$1 per statement to send out about one million of them annually. So you can see that in that regard it's quite cheap.

Mr. Speaker, the proposal to provide a bill you can see to patients visiting a physician is a very expensive one and one which would be very, very difficult to administer. I believe those dollars would be better utilized in preventative health care programs. That is not to dismiss the proposal totally. This billing procedure at the hospital level might well at least serve to keep Albertans aware of the cost of their health care system. Nor would I dismiss a multimedia public awareness campaign. My concern would be only that we didn't create new, greater expenses as we sought to reduce costs.

Thank you.

DR. CASSIN: Mr. Speaker, I would also like to speak in favour of Motion 210, as I support the concept of making both the consumer and the physician much more aware of the cost of delivery of health service to Albertans. When I first considered speaking to this motion, I looked at it as more of a public relations commitment and something that all of us must be aware of.

Certainly during the discussion I realized that there's an additional benefit of having such a card. One of our major problems as providers of health services is communication — difficulty in communicating information on a particular patient between his physician and the hospital. Someone arrives in the hospital at two in the morning, unconscious, in diabetic coma, and we've got no information on him. We can't find his doctor. With our modern technology and with our computers, if this information were available, such a card with a number would allow individuals to access that information 24 hours a day. With our high tech and new technology, I think this is something we should be looking for. It's another benefit, and that would only come about if someone had some form of identification or a number.

So I would have to support this motion on that basis. But I also feel that this is just a token responsibility, that we're asking the consumer or the patient to do some little thing that makes them a little more aware of the cost. I also feel that it's a small responsibility that we ask the physician, because I think the fault lies in both areas. Those of us who are trained in the science and discipline of medicine spend very little time in the science and discipline of economics and cost. Since somebody else is paying for the services, the thought process as to how much that particular service is going to cost is not part of the equation. It's like the survey that was done in Red Deer; 70 percent of the people really didn't care what it cost. They were going to have it one way or the other, whether they paid for it or the health services paid for it.

I have worked in a system in the United States, where you are ordering tests and say: okay, I'd like to have this and this and this, but it's going to cost an extra \$100 and that individual is going to have to pay for it; now, do I really need it? I go back to the patient and say: "In my clinical judgment I don't think there's a fracture there. We can go ahead and get an X ray, but it's going to cost you \$30 or \$40 or \$50." That becomes another consideration.

He will say: "Hey, you know, it doesn't feel too bad. I can stand on it and it works all right. I'll make that \$40 decision and I'll decide not to have that X ray." There are different sides of that argument, but I think that the onus of spending the dollars should go on both parties.

I also realize that at this point in time most of us as Albertans receive a statement, whether it be semiannually or annually, on the cost that we have generated for the services to the system. But these costs only represent the cost in outside facilities; in other words, a doctor's office or a lab. I suspect that perhaps that doesn't come often enough to have the impact, but I would certainly feel that we should all receive a breakdown of the cost of the other services, the hidden services: those costs that are generated in the provincial labs and hospitals.

I've heard various quotations of the hospital bed per diem rate. It varies from \$200 to maybe \$700 or maybe \$1,000 in an intensive care unit. I would like to say to you that this is not really the total cost. I'm not certain if any hospital or any administrator in this province has ever costed out the cost of dealing with a fractured femur, an appendectomy, or a coronary care problem. What we seem to do is take the total operating budget and divide it by the number of patients, with no consideration for capital costs, land costs, depreciation, the other costs that are associated with running any other business.

We pound our chests and say how great a job we're doing and how much less expensive health services are in this country as opposed to our neighbours south of the border. I would like to suggest to you that if we were to cost out these costs, whether it be a heart/lung procedure or coronary care, our costs aren't that far different from our neighbours' south of the border. If there is a difference, it's more likely to be in the area of professional services.

I'd like to dwell on that for a short period of time. The physician always seems to be pointed out as the villain. He carries some responsibility from the standpoint of services that he generates on behalf of his patient, but we must remember that the physician did not ask for the Canada Health Act, he did not ask for the Medical Care Act, and he was not responsible for the Hospitals Act. In this province we had a very good system: 80 percent of the people of this province belonged to the old MSI system, it provided a good service, it was working well, and it even operated on a management fee of some 10 percent. I would suggest that if we look at our present figures, our management and operating costs are much higher than that.

It also galls me a little bit that our Official Opposition seems to have no consideration, no concern whatsoever, for the cost. A paltry sum, 8.6 [percent] of the gross national product, was spent in this country on health services. Why can't we be like the Americans? Why not move it up to 11 percent? Who is going to pay for this? We seem to create these images and illusions that somebody else is going to pay for it. It's always those big corporations and those big companies that are going to be taxed to the hilt by the government that pay for these services. How do these big corporations and companies get their money? By selling their product to us. We have to pay for the product, so if we try to tax these people to the hilt, they either have to pass that cost on to the consumer or they go out of business. They seem to forget that 93 percent of the jobs in this province are created by small business. They're really going to hurt the small businessman. It's always nice to sell something if someone else is going to pay for it, but the bottom line is that it comes down and we are each responsible for those costs.

I might just dwell shortly, since it's been raised, on the whole issue of balance billing. It bothers me when we have some members of the opposition whine and concern themselves about some lady having to pay \$300 for the delivery of her child. First of all, I would think that in the marketplace that's probably high; number two, I would think that there are other options that were open to this individual at that point in time; and then let's put that total figure into perspective. We're talking about nine months of continuing prenatal care, delivery maybe at two or three in the morning and maybe a two- to three-hour wait, and six or eight weeks after delivery. What are we really talking about? Thirty-three dollars a month. I'd like to suggest, Mr. Speaker, that this probably represents the equivalent of half the money the same individual spends on her cigarettes in a month or what she would blow at the neighbourhood bingo palace.

If we look at the Canadian nuclear family of 1.7, we might say: what does it actually cost that individual over and above those costs — and this is assuming the high end — to have that family, your offspring, those individuals who will carry on after you and provide and populate this country? Maybe \$500. Now, how does that compare with the price of a three-speed bicycle, a television, a refrigerator, or the family car? Let's really put things in perspective where they belong. I think it's important. The hon. Minister of the Environment used some examples of trying to equate cost with things that we can appreciate. Whether it be so much per mile of road improvement or so much per bridge, I think that we really have to look at this in perspective.

Two and some years ago the federal minister of health, with a Liberal-NDP coalition, brought in the Canada Health Act.

REV. ROBERTS: Every Tory voted for it.

DR. CASSIN: That may be a separate issue.

We have to make a decision on this. What's it going to really cost us? We heard from the minister of hospitals last evening that we're going to have to do away with the \$10 surcharge for admission to hospital. That's going to cost us some \$2.7 million. We're going to perhaps save \$8 million or \$10 million max by accepting the conditions of the Canada Health Act. In order to offset the loss of revenue in the other areas of inequity, particularly if we look at trying to deal with the problem of paying an adequate amount for the delivery of a child, of paying for some of the other services that are being balance billed, I would suggest to you that we will find a year from now that we will be spending a good deal more than \$10 million a year for absolutely no improvement in the level of services.

I'd like to refer back to the suggestion that was brought up that the doctor again is driving this money machine. I'm quite familiar with the plastic cast. It's been around for 12 or more years. It's not the doctor that's encouraging the use of a plastic cast; it's the patient. They want that nice, light plastic cast that they can go swimming in. They can put it out, they can dry it, it's lighter, and it's the in thing. For the physician, number one, it's harder to put on. It is more difficult to take off. In many cases when they first came in, we ended up taking them off because there was no expansion and no give to them. I'm not certain what happens in the city of Edmonton, but certainly in the city of Calgary they recognize that the cost is six times as much and if the patient wants that special cast, he pays the difference. And that's the way it should be. If we want

to have special and extra services, I think the individual should pay the difference.

I would hate to turn over the decision-making for the necessity of health care in this province to the Official Opposition. We would see that the heritage trust fund and the other moneys we have in the bank would be gone. We would spread those moneys over the total population, as they would like us to do, in the way of social services. They don't recognize that for the last 2,000 years we've had poor people. And "poor" is a relative factor. Two thousand years from now we will still have poor people. Some people just manage things a lot better than others. We've got lots of examples of people who are relatively poor and they win a million dollars in the lotto. A year later they're worse off, because they've got creditworthiness. Not only have they lost all their money, but they've accumulated debt. I think those are the facts of life that we have to recognize.

AN HON. MEMBER: Do you really believe that?

MR. MITCHELL: This is enlightenment.

DR. CASSIN: Yes, I really believe that we are responsible for managing our funds.

I have to also go back to the comment we heard from the whiny people about the poor people, the people that are denied services — this image and illusion that's created. I've practised medicine for over 20 years in this province. I have yet to know the doctor who turned down services, who refused to care for anyone. I've yet to be able to identify any family that has been ruined, and I practised before medicare. Going back to my youth — and I was probably as poor as anyone at that time, as a member of nine children in a small rural area in Ontario — I'd have to say I don't remember that the family suffered because of lack of health care, because of an uncaring doctor or an uncaring physician. This myth that we pick out may be an example. I'm familiar with the story of Tommy Douglas and whether or not he would have had a leg amputated, but I guess I have to question that as a circumstance. It really disturbs me that this myth is continually produced, and it's costing all of us. It's asking for services and extras that we as a country or a province can't continue to afford.

MR. HAWKESWORTH: Are you suggesting [inaudible] 11 percent?

DR. CASSIN: No, the 11 percent was what was suggested by one of your colleagues.

I'm saying that we must be responsible and that we must take corrective action at this point in time. Our health care services represent 24-some percent of our total budget. I think the only way that this is going to be corrected is that we look at the inefficiencies, make people responsible, and try and save health care dollars. I think Motion 210 is just a tip of the iceberg in saving these costs.

Later I would like to address the whole question of seat belts, and I appreciate that there's some support here. I don't think that the rest of the people should necessarily be paying the costs of what one individual considers his privilege if those costs are going to be increased or that because he didn't wear a seat belt, we're responsible for them.

Another issue I think we have to address is the whole question of drinking and ...

MR. ACTING DEPUTY SPEAKER: Order please. I wonder if the hon. Member for Calgary North West would return to the specific motion.

DR. CASSIN: Thank you, Mr. Speaker. At this point in time I would like to support Motion 210 as being an issue of promoting awareness of the cost of health care.

MR. GOGO: Mr. Speaker, I welcome very much the opportunity to speak to Motion 210, sponsored by the hon. Member for Bow Valley.

Hearing the discussion to date, it seems to me that everybody is very interested in pointing fingers. It would be very sensible, first of all, to identify what the problem is. I think it's been made evident many times that we have perhaps the finest health care system in the world in this country and our interests are in protecting that, not in adopting another system. But surely its incumbent upon us as the provincial government that now sees before it in the estimates some \$673 million in expenditures — it doesn't matter what the net is; it's the gross that we spend through the Alberta health care insurance plan. By looking at the annual reports, we immediately make the accusation that that fellow, that doctor, or that person is the one who is most guilty, and that's obviously the one we should curtail.

Mr. Speaker, the Member for Calgary North West has already pointed out that the budget in health care is now about 24 cents on every dollar — a very significant amount for something that, frankly, in this day and age of enlightened medicine should be much less. One has to wonder when you look at the budget of the minister of community health: \$250 million. Theoretically, in this day and age of Participation, of fitness and the rest of it, we shouldn't be needing this curative process.

One would think that in this province of enlightenment we equate hospitals with a house of illness. Why else would you go there, if you're in your right mind? Yet for some reason there are 50,000 births a year in there. I understood birth to be one of the fundamental functions of the female. Fifty thousand births a year at Foothills, with an average stay of five days, is \$110 million a year. If we're interested in reducing health care costs, why don't we talk about being well and encouraging people to be well, instead of pointing fingers. As members know, we're the only province in the nation that doesn't have midwifery. Half of civilization has practised it for a long time. Maybe the Member for Westlock-Sturgeon got here that way. It's an interesting question for debate later on.

Mr. Speaker, I'm reminded clearly of this fellow I'll call Joe. Joe had about 10 kids and three jobs — it wasn't at Gainers. He was wondering how he was going to make ends meet, and he said to himself: "I cannot possibly support another youngster. If my wife, Heaven forbid, should become pregnant, that is it. I can't possibly support any more and I'll do away with myself." Sure enough, he came home from work and got the good news that he was about to be a father again. So there he was, out in the woods, a rope over the tree limb and around his neck, standing on this box, all set to step off and end it all, when a little voice whispered in his ear, "Joe, are you hanging the right man?"

Before we put the finger to the physician, we should seriously ask ourselves that question. I can't think of a better target to aim your bullets at in health care costs than doctors. As the Member for Calgary North West pointed out, they make excellent targets, particularly in their Mercedes.

But are they the cause of the problem that results in that system breaking down? We've all heard the story of the physician saying, "Mrs. Smith, if I find that surgery is necessary, can you afford it?" And Mrs. Smith says, "Doctor, if I can't afford it, will you still find it necessary?" We've all heard those stories, many of them unfair.

If you look at utilization, in '78 or '79 surgical procedures were 50 percent higher here than anywhere in Canada. Those are knife-happy physicians. That's what surgery is. I don't understand why, with the lowest acid content in the country, we have the highest rate of surgery. I don't understand. Surely that tells us something about the practice of medicine which is within the domain of the schools of medicine. As even the Member for Edmonton Centre knows: as I'm taught, so I'll be. If I'm taught this way in a school of medicine, I'll practise this way. Either that's the reason or for some crazy reason people are lining up at the door asking for surgery.

Surely we should give Albertans enough credit for the fact that when they see a physician and the physician recommends something, they don't look to the Almighty and say, "He's enlightened; therefore, I should accept it." I don't understand why many of these Albertans don't get a second opinion. But that's their business. If the civil libertarians have their way, even second opinions won't be good enough. I would submit, Mr. Speaker, it would dramatically lower the incidence of surgical procedures if second opinions were required before health care would pay. I think that's a perfect option.

I look at the premium system. We pay \$1 a day for health care premiums in this province. I have yet to see an incentive. We have 2.3 million people registered according to this book. Every Albertan makes a claim every month against the system according to this book — 11.83 a year. But there are 400,000 Albertans who never make a claim. Why not? Is the doctor dangerous to their health? Is that why? Why don't they? They don't because for some reason they don't think it's necessary. Yet they continue to pay premiums. Yet all of us that drive automobiles, if we go five years without an accident, get a discount on our premiums. Have we ever considered giving people a rebate on their premium if they never make a claim? Wouldn't that go a long way? It seems to me it would.

The Member for Bow Valley, I think, puts out something extremely logical. You receive a service. If there's anything synonymous with living today, it's a charge card. If you can't write your name in today's society, then you've had it. That's one of the first things our school system teaches. So what's wrong then with signing your name for a service received? You visit a physician's office, you see him after you go through the hoops, he has to fill out an A21 or A26 or VYZ or whatever they call them. They're like wholesale cost cards at furniture stores, so you can't understand them. I appreciate that. But why can't they end up with a dollar amount and the patient simply signing for it? Surely that's not unreasonable in this day and age.

To hear the arguments that it would impede the delivery of medicine, I don't accept that for a minute. What it would do, I think, is make people very aware. If you're in a dermatologist's office for 12 and a half seconds and it's \$92, then you're aware of it, whereas your family physician, if you're in Westlock-Sturgeon, goes through those muddy roads, takes an hour to get there to visit you, and gets \$20. I don't believe Albertans today know the difference between what ...

MR. TAYLOR: Not any more; we're fixing the roads.

MR. GOGO: The hon. member's going to get testy, because you keep making me lose my train of thought.

Mr. Speaker, there are many options that I think we should try. We now send out a statement of benefits every year. British Columbia does it to a select 10 percent, including those they think are scoundrels in the system in terms of practitioners. Ontario does it, by the way. We send out about a million every year. It costs us \$300,000 in postage costs, assuming nobody's going to answer, because as you know, they're postage paid return envelopes. The experience at health care is that not many people complain, because next to complaining about the good Lord, you never complain about your physician. The number they've received back at health care is very few. So perhaps that system could be reviewed. You all know what the statement says: you're credited with having made these many claims last year; would you please check it, put on the reverse those you dispute, mail it back and we will investigate. Obviously, if you're under anesthetic in an OR, you're not about to say that that doctor didn't do that, because you're unaware. It could be a referral, as the Member for Calgary North West has pointed out.

Mr. Speaker, I think there are many things that could be done, and I want to compliment the Member for Bow Valley for bringing this forward. But if we, as the result of this discussion today, did nothing else except come up with one solution to the problem, I think we'd have made progress. The solution I would suggest is this. When you call a physician, invariably for a hundred reasons he says, "Meet me at emergency." You then trigger a system by going to emergency. First of all, the physician is fearful of malpractice, because his premiums with the protective association are going up. So what does he do when he gets you in the hospital? He says: "I'm an ENT guy and I'd better be careful. I'd better practise defensive medicine." So he puts you through all those diagnostic tests they have. He will call in the X-ray technician with overtime rates of whatever they are. He will administer all kinds of tests to you so that in his mind he's justified in having practised everything he should have practised in terms of determining your illness. It's called diagnostic medicine. That's one thing he will do.

Another thing he will do is say: "Well, there's a temperature and there's a vacant bed. Maybe I can get them out of my hair by admitting them to hospital." Even Premier Getty cannot put a person in hospital. The Hospitals Act tells you who can, and they're only physicians. So when we look at the occupancy of our hospital system as a result of phoning your physician and reporting to emergency, remember how many options you've left your physician. He says: "Is this person going to drive me crazy on the weekend? It's better that I put him in hospital; my partner can visit him tomorrow on his rounds." Or "I'm going to do all these tests, and he will be so sick of tests that he won't bother me."

I suggest we do one simple thing. Sometimes the most complex problems are solved the simplest ways. You've all heard the standard saying that only firemen make house calls. It's not true; there is the odd physician who makes house calls. Why don't they make house calls? I don't believe it's in their economic interest in many cases to make them. Mr. Speaker, if we paid a \$100 bill for a house call, what would happen? First of all, they'd make house calls. Secondly, if your child or your wife is ill in your home, you don't have any of this fancy diagnostic equipment, so the physician would practise medicine at the

bedside. He would be under peer pressure from the family, because the wife would say, "What's wrong with my youngster?" or the husband, "What's wrong with my wife?" I think that way we would, first of all, practise preventive medicine. Secondly, we wouldn't get people into a hospital setting and expensive diagnostic testing, where most of the costs are.

Remember that the budget is \$2.3 billion and the health care budget is \$600 million-odd. I think there are somewhat reasonable ways of addressing the health cost question. This business of everybody having an inalienable right to health care — where does that come from? Who gives them that right? The government of Canada says under the Canada Health Act that people have access and choice of physicians. Does it have to be in a hospital? Have we groomed ourselves to the point where the house of illness becomes synonymous with good health? Why can't we encourage the practitioner — and you've got to make it worth while to them — to practise keeping well instead of keeping ill?

Mr. Speaker, I've enjoyed the comments of all members. I simply want to close with this note. When we look at community and occupational health at \$250 million in this \$10 billion budget we are presenting, I question whether we have our priorities right. I'm a strong supporter of the health care system within our communities, called the health units. They have done more in my view to educate my five children about the positive aspects of good health than all the physicians there are in the curative process. I would certainly like to conclude with encouraging the motion by the Member for Bow Valley that people should indeed request and be informed of what it's costing to see a physician. But that's only the tip of the iceberg. I would suggest that we could go much further, and if we had time in this House, I would suggest we should.

Thank you, Mr. Speaker.

MR. NELSON: Mr. Speaker, just to rise for a few moments to speak to the motion as presented by the hon. Member for Bow Valley. We all know, probably without extensive debate, that the cost of medical care in Alberta, and not only here but across the land, is exorbitant to say the least. In fact, when you consider the cost to the national product of the country, you might even consider that it may be out of whack. It's all right to discuss and talk about what other places or jurisdictions might be doing — the Americans' medical costs are 11 percent of their GNP and so on and so forth — but let's examine what we have here in Alberta.

First of all, what responsibility does a doctor or a patient really have in controlling cost of medicine? What do they think their responsibilities are? I guess most, if we feel the need to attend a doctor, for some reason or other do so without considering what the cost of that visit may be to the doctor and what the additional costs may be from there on, considering what the illness may be. I think people who are ill and require attention should be offered that without any questions whatsoever. At the same time, I think those people should recognize what the costs of those visits are, albeit those that are extremely necessary and those that may not be. Let's face it; there are people who may decide that they want to get 12 separate opinions on what is wrong or right with them. At the same time, they're not considering the costs of the visits.

We tend to hear on occasion, and maybe more so than we really should, about the cost of doing business, the financial contribution to the doctor's pocket. I'm not sure that that's not a red herring to some degree. Like many

people who have spent a lot of years educating themselves for various professions, a doctor spends an extremely long period of time in a university, endeavouring to reach a certain qualification so he is able to participate in his chosen profession. Doctors, and more particularly specialists, have expended a lot of time without consideration of income for many years. I guess that's not unlike many lawyers, accountants, or what have you. They go to school and take apprenticeships or internships without any consideration of pay and in many cases no pay whatsoever. So they finally get into the work force with some expertise that most of us do not have because we have not wished to attend the same opportunities that the person going into the medical profession, in this case that we're talking about today, has taken.

When I visit my doctor, because he is one who does balance bill, I often ask: what is my health worth to me as an individual? In so doing, I pay my doctor \$5 for that visit, and on top of that he gets the fee from the medical system, which I do not identify with because I don't sign anything. I just walk in and give my number and \$5, and he does whatever is necessary. If I'm ill, he gives a prescription and I have to go and pay out a whole pile of money for some medicine. We don't hear too much in the House about the cost of medicine. In many cases it is greater than that visit you expend to the doctor.

What is the value of that attention I seek from the medical profession? Should that value be placed onto, in many cases, a decreasing tax base? Should I not have some responsibility to have a check and balance as to that cost that is being paid for by the system? Should I also not have a responsibility to suggest that, yes, I'm ill and I can pay the \$5? Should I not recognize that medicine does cost money? Today MSI and MSA were brought up. Years ago, when MSA and MSI were available, it was satisfactory. But no, we had to enter into a very costly social medicine situation in this country. Not that I'm suggesting there is anything wrong with it, but then again there wasn't very much really wrong with the other system. It was more cost-effective than the present one in many instances.

Certainly I think we have to examine when somebody asks who is responsible for seeing to the costs of medicine and who is responsible for controlling those costs. Let's face it, folks: the buck stops here. However, in so doing, we may have to examine areas that we give that control over to, those being some of our hospital boards. We really don't have any control over who participates on those boards. For example, in the city of Calgary the boards are selected by the council of the city, including the General hospital board, the district 93 hospital group, and the district 7 group. I'm not sure that is the best way to do it.

[Mr. Speaker in the Chair]

Possibly another way of controlling costs and seeing that the community is well looked after in medicine is to look at the private sector. They may even look after some hospitals. I'm certain that isn't a favourite of many of our socialist friends. So that option certainly has to be carefully examined before something like that is done. Too many people criticize the private sector. I like to think of doctors as being businesspeople that enter the private sector for an income certainly, but they also have a vested interest in the well-being of the people who live in our community. If they didn't, I'm sure they wouldn't be doctors. Therefore, the community is well served by our people in medicine,

not only doctors but nurses, physiotherapists, chiropractors, dentists, ophthalmologists, and so on.

In any event, Mr. Speaker, the motion that has been presented to the Legislature today is one that we should give every consideration to, basically so that each of us as Albertans is able to identify with the cost of the medical services that are given to us periodically as we attend a doctor. I think this issue is narrow to some degree, yet on another point, because of the issue itself, it could be discussed for many, many hours without a complete resolution with support of all members because of their own personal views on what should or should not be as far as costs of medical care and who should control those costs. In any event, Mr. Speaker, I would suggest that members give considerable thought to the motion before us today and then vote accordingly as they see fit.

Thank you very much.

MR. STEVENS: Mr. Speaker, I rise to lend some of the views that I've learned in representing Banff-Cochrane. I'm particularly impressed today by the presentations of all members who have brought their individual and their constituent concerns before us. I would like to compliment, though, a new doctor in the Assembly, who has joined another physician. I think his comments today have given a very balanced view, as so many of us in this occupation of ours find it very easy to find whipping boys or, as the Member for Lethbridge West said, to point fingers, if we're not very careful. I thought his views today were very, very helpful for us all.

Mr. Speaker, I'd like to remind us that in Alberta the premiums we pay are not always paid by those of us who use the service. Through arrangements between employers and employees, those premiums are paid, in some cases 100 percent, by the employer. That's a product of our market, a product of negotiation, and sometimes a product of traditions of one employer versus another employer. That always leaves the employee or the user of the system unaware of the cost of the system or the services that he or his or her family requires. So the motion by the Member for Bow Valley is extremely timely. It is urging the government to establish a system to remind the user of our costs.

Again, Mr. Speaker and members, the premiums cover less than one-third of our medical care costs, and there is no contribution whatsoever from the premiums for our hospital costs. I think that's very important to know. And our premiums are about one-third to one-half of the cost of premiums in the other provinces throughout Canada where there are premiums. Of course, in Alberta there are exceptions or exemptions for seniors, people on social services, students, or those who are unfortunately losing an income or otherwise having their taxable income reduced. They can make application to have their fees set aside or waived for a period of time and then make them up.

In this province we have a remarkable system too, unavailable in other provinces, for an air ambulance. We also have a service that takes senior citizens from one facility to another facility where they have been hospitalized or institutionalized. All of these costs add to our incredible rising health care costs.

I have some concerns with the member's motion, which I hope the minister, who I know will read *Hansard* very carefully, will consider. I have concerns as to who would present the bill or the invoice. Would it indeed be the physician? Or because we value her or his time, would it be another health care professional, perhaps appointed by

the physician — a receptionist or a nurse? Will there be a discussion, for example, in the office of generic drugs and prescriptions? Will there be a discussion of the tests that are required and the names perhaps of the clinics or the organizations that are required to be called upon for these things, so that the patient will indeed receive an understanding?

Far more needs to be done to acquaint all Albertans with the costs of health care and the escalation of these costs — not just doctors, not just nurses and other health care professionals, but each of us. It's not just services that are available in the doctors' offices or at home but through hospitals and in clinics.

Mr. Speaker, I see the time is arising. Perhaps I would beg leave to adjourn debate.

MR. SPEAKER: Having heard the motion by the hon. Member for Banff-Cochrane to adjourn debate, does the Assembly agree with the motion?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed, if any? Carried.

MR. HORSMAN: Mr. Speaker, government business this evening will consist of Government Bills and Orders for second reading, commencing with Bill 12 on the Order Paper, followed by Bill 14 and then Bills in order as will be called from the Order Paper.

[The House recessed at 5:27 p.m. and resumed at 8 p.m.]

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

Bill 12 **Farm Credit Stability Fund Act**

MR. JOHNSTON: Mr. Speaker, it's with a great deal of pleasure that I move second reading of Bill 12, the Farm Credit Stability Fund Act.

As I indicated when I introduced this piece of legislation, there are three fundamental provisions in this legislation which allow the government to set in place a \$2 billion fund to assist the farmers of this province in securing long-term financing, to make regulations to ensure that as far as possible all farmers become eligible for the program and have an understanding as to how the program will operate, and to deal with the administration of this legislation. Finally, the third part of the legislation essentially provides for costs should there be a shortfall in the funding of the program from the borrowing which is in place.

Mr. Speaker, I think it's appropriate that on second reading we spend just a bit of time talking about the broad principles of this legislation. Again, when I introduced this Bill I indicated that it's a key part of the government's program to secure economic strength for this province, focussing in this case on the very important farming sector.

Why was it that we introduced this Bill, and why is it that we want to strengthen this sector of our economy? Mr. Speaker, as many members realize, agriculture is the backbone of our economy. It is one of the fundamental strengths

of the sectors that participate in our economy, and it's very important in terms of job generation. Approximately 30 out of 100 jobs depend on agriculture. Members will well recall that my colleague Mr. Hyndman tabled an important statement of agricultural policy with his budget, which this government has advocated for some time and which it is tabling. It tells about the variety of programs which, in the case of agriculture, are important priorities of this government. Suffice it to say that agriculture is a key part of the gross national product of this province, and we intend to maintain that sector to ensure its vitality and to ensure that it succeeds through this difficult period which has now beset the sector, driven essentially by world economic forces.

Speaking just from a very narrow point of view — and I'm sure the Leader of the Opposition and other leaders will allow me in doing that — in the case of Lethbridge, the city that I represent, food processing and agricultural services are extremely key to that city and are an important and vital part of the southern Alberta economy. In my own city of Lethbridge there are a variety of agricultural upgrading manufacturers in place, including beef and pork processing, one of the most comprehensive canola plants in the world, and the return to the sugar beet industry has of course been an important sector. So speaking again for my own constituency, obviously the farm sector is important as one of the engines of growth in our part of the province and one in which we must ensure continued strength and vitality. The case that I've just given can be replicated many times, and I'm sure all members will have an opportunity, as they already have in both the budget and throne speeches, to address the importance of agriculture to both their own lives and the community they represent.

There's no doubt, however, that driven by world pricing and, as I said in my budget speech, perhaps by unnecessarily high subsidies in some parts of the trading world, agriculture has been beset by surpluses on the supply side, extremely soft prices driven by subsidies by OECD countries, and here in Canada characterized of course by high input costs, in particular some of the input costs that we all know including gas and oil prices, fertilizer prices, and other input costs which have been extremely high to the farm sector. This government has moved dramatically, through the leadership of various ministers of Agriculture, to stem that increase in costs.

I think all members are well aware of the substantial amount of money which this province and this government have committed to agriculture through the past year to ensure that input costs are maintained. However, the world situation is not easy, and as *Foreign Affairs* wrote two years ago, "the world is awash in grain." Many members have quoted that article in terms of the variety of countries who are now emerging as world competitors on the supply side. Of course, the price is being driven down by subsidies and surpluses of grain, as I have mentioned.

In recognition of that, through the campaign our leader, the Premier, pointed out that one of the significant costs, one of the very important variables that farmers meet in terms of their annual cash flow, is the cost of financing. We believed and certainly the Premier indicated that it was key to any recovery or any economic program of this government that sustained long-term financing must be provided to the agricultural sector to ensure there was predictability through the 20-year period on the payment of long-term funding.

The Premier also indicated that it was important that the province use the strength and vitality on its economic

side, I guess characterized by the tax regime, the heritage fund, and by the surpluses which this government has generated, to use that economic strength to borrow and to use its political and economic clout to amass a \$2 billion fund and make that money available to the farming sector to secure the long-term financing I referred to. It was this vision, Mr. Speaker, which led us through the campaign to this legislation today to fulfill our commitment to the farmers and the people of Alberta with respect to this important piece of legislation. I'm sure it will be of significant assistance to the agricultural sector when the program is in place. It will of course provide a complementarity to the other agricultural support packages, which this government and this province have considered to be important and to which this legislator has voted resources to achieve, to secure the agricultural sector in this province.

Mr. Speaker, I think the farming sector will be secure in knowing that on second reading I believe all members will provide some support to the general principles of this Bill and will also indicate a strong word of importance to this sector. From our side I hope the farming community will know that we intend to maintain and to protect the agricultural sector, influenced dramatically by world forces of pricing and supply, to aggressively pursue new opportunities for this sector both here in Canada and in world markets, and to do whatever we can to continue to put a high priority on the agricultural and farming communities across this province. That has been our commitment historically, that was our commitment through the campaign, and that will be our commitment in the future, providing the Conservative government maintains its role in this province, which I do hope continues for another two decades or so.

This important step, Mr. Speaker, will allow us to build on the economic natural resources of this province, to develop the human resources which are fundamental to our province and the agricultural sector, the backbone of many communities, and to sustain the vital farming sector. It's my view, Mr. Speaker, that before we start to diversify in a lot of new ways which have been recommended to us, we have to secure the strengths which we have here. One of those strengths is the agricultural sector, which is the building block of our economy.

As I said, Mr. Speaker, this Bill provides for the provision of regulations. All of us know that regulations are a bit of a bear sometimes, and I for one have advocated less regulation. I think it's important, at least in communicating to the farm community, that we restate what these regulations will be. Of course, we have given some thought to which farmers will be affected by this program.

First of all, as others, including my colleague the Minister of Agriculture, have communicated, this program is a \$2 billion program for 20 years at 9 percent fixed financing. Two hundred thousand dollars per farm family is available, and there are of course some opportunities to expand that based on the corporate form or the partnership form that may be taken. Of course, the \$200,000 is the essential level to which we are directing our funding.

The intention of the program, Mr. Speaker, is to take that short-term commitment which farmers have had to amass to cover their operating costs and to extend that wherever possible to a longer term period to match both the cash flow and the economic return which will come to this sector over a period of years. No other government has managed to do this, and I think it's important that we extend this commitment to a longer period of time to allow

the farmers to work out the current difficulties they are experiencing. At the same time, there will be an opportunity to acquire new assets to extend and round out the economic farming unit. That will of course be provided for in the regulations.

In terms of repayment, if you make a loan to somebody, you obviously have to have a repayment schedule. Those repayment terms, although fairly traditional, are somewhat flexible as well and generous in comparison to what other financial institutions may offer.

On the security side again, Mr. Speaker, we are doing the best we can to offer the best loan to asset ratio, perhaps moving beyond what normal financial institutions would provide in allowing whoever possible a greater amount of loan or a greater amount of 9 percent money to be advanced against a lesser amount of security. We're doing everything we can in this way to sweep more farmers into the program, to provide more opportunity for them to succeed over the longer period, and to work out their current difficulties.

We want to ensure wherever possible that the largest number of farmers will benefit under this program. That isn't to say that some farmers may well be precluded, because it is the intention of the program to use repayment schemes and cash flow repayments wherever possible. Of course, we have to fundamentally look at that test to ensure it is in fact a viable farming operation.

What about the timing? I know many members are concerned about that, and many constituents have been in contact with me and all hon. members asking when we can have this program up and running. The pressures are on the farm sector. I appreciate the patience which both the farming sector and the financial communities have extended to the farm sector knowing that this commitment would be fulfilled and that the funding program will be put in place.

It is now my understanding, in discussion with my department and others who are working on this fairly ticklish problem, that the banking system has received the working manual, has had at least two weeks to review the so-called eligibility criteria and to sort out and meet recommendations on a flow back and forth between the government and their own spokesman as to the best way to accommodate the objectives — common objectives I might note — which are shared by the financial institutions.

I can say that I am confident we will meet our timing forecast of having the system in place just after the long weekend in August. Final details of the program are now being completed, and we're obviously concerned about the way in which the government will guarantee these loans and the way in which the process will operate, in particular to ensure that financial institutions have the same understanding as the government of the guidelines, commitment, and objectives. Of course, that can only take place over time with a series of meetings and a communication process which is now under way.

Obviously, from my own point of view, Mr. Speaker, I'm concerned about the cost of the program. That is one of the fundamental items which must be negotiated and is now under way in terms of our discussion with the financial institutions and my department.

Perhaps just a note on the fund, Mr. Speaker, because several members have asked me both here and in other places about the fund. This special fund is to be set up, and it will be the fund itself which advances money to financial institutions. Of course, it is the fund which collects the repayment of the loan. This money will be held in the

fund, and whoever possible will retire the debt or the borrowings which are also attached to the fund.

It is our intention to borrow this \$2 billion for this program in Canadian and world markets, and we will achieve the best rate possible to provide and to pass on to farmers a very, very low rate in terms of long-term financing, the 9 percent that I referred to. So the fund would be a separate entity. It will be set up apart from the General Revenue Fund and will operate as a flow-through mechanism in both collecting and providing money to the institutions and also making repayments to the debt on the other side.

It should be noted that there is a vote in the Minister of Agriculture's department which has been set up and which allows for the government, at least on a best-guess basis, to provide additional funding to the fund should there be a shortfall in terms of both the cost of operating or the shortfall between what we can borrow the money for and what we can put out to the financial institutions. That will in fact explain the budgetary item which shows up in both the Department of Agriculture in the context of this Bill and the context of Economic Development with respect to Bill 14.

But I think it's going to work effectively, Mr. Speaker. My colleagues, the Premier and his agricultural committee and other members of government, have spent an awful lot of time ensuring the process will operate. I certainly appreciate the assistance I have received in the context of the Bill and in the principles and the eligibility tests from my colleague the Minister of Agriculture and his department. I should say that on an unselfish basis, the Treasury Department itself has provided many long hours to ensure this Bill is up and running in the time frame in which we have directed it should be done.

The concluding note, Mr. Speaker, is just a brief summary. This legislation, this Bill, this fund, this \$2 billion worth of long-term financing at 9 percent will significantly benefit the farm sector in this province, will ensure the agricultural priority which we all know to be a very fundamental principle for all of us and an objective we all share, secures the financing for farmers on a long-term predictable basis to allow them to work through the current uncertainties which now exist in some parts of the agricultural sector, and with the financial strength of this province, comes to the aid of a sector which is so vital, so important, and so significant to our province.

Finally, Mr. Speaker, all Albertans know this party is a party of its word, a party that fulfills its commitment. Through the campaign we indicated quite clearly that this would be one of the pillars of our platform and we would in fact put it in place to secure the long-term assistance to the farm sector. With the passage of this Bill, Mr. Speaker, we will have accomplished just that.

I urge all members to support the legislation. I welcome the comments and advice which others may give me. Wherever possible, I will listen attentively and may even react at some point to the recommendations.

Mr. Speaker, I move second reading of Bill 12, the Farm Credit Stability Act.

MR. SPEAKER: The Chair would respectfully suggest that a reading from citation 734 of *Beauchesne* is appropriate with regard to second readings:

The second reading is the most important stage through which the bill is required to pass; for its whole principle is then at issue and is affirmed or denied by

a vote of the House. It is not regular on this occasion, however, to discuss in detail the clauses of the bill.

The Chair offers that so the House may indeed deal with the principle of the Bills which are up for second reading.

MR. R. MOORE: Mr. Speaker, this Bill addresses a major problem in our farm community, which is the need for long-term, reasonable financing. It demonstrates this government's sensitivity and responsible reaction to the needs of our citizens, in this case our farmers. There is no doubt that every member of this House who is sincere in their support of our agriculture sector will push for fast passage, as the need is now.

Because I realize the need is immediate and I want to play my part in quick passage, I will now sit down and allow for action and less words.

MR. FOX: Mr. Speaker, in speaking to the motion before us that Bill 12, the farm credit stability program, be read a second time, I will keep my comments brief because I, too, feel the need for fast passage of this Bill. I do feel there are some inadequacies, and I guess we can go into them in more depth in the next stage of the process. But I would just briefly like to background our position on the provision of long-term, fixed-rate, low-interest loans for agriculture.

It's interesting that I should be following the Member for Lacombe, who said, when the hon. leader brought up debate about a year ago on private member's Bill 206, which was a Bill to introduce low-interest loan rates for farmers:

Interest rate subsidization on a massive scale is economic disaster. I've always said, and my colleagues know I've always said, that subsidization for short-term gain is long-term chaos.

I want the Assembly to know, Mr. Speaker, that it's been our party's policy right along that long-term, low-interest, fixed-rate financing should be provided for our farmers. I'd like to remind my hon. colleague the Minister of Agriculture of that, because he said a couple of days ago, and it quite surprised me:

Unlike the two main parties opposite, we are concerned, along with our federal counterparts, that interest rates be at a lower level so that our agricultural sector can take advantage of it.

Just by way of backgrounding, Mr. Speaker, prior to the 1982 campaign we were pushing very hard for this sort of program, and every step of the way, every time we brought up the very pressing need for action on interest rates, the members opposite ridiculed members of this party for bringing it up. I've said repeatedly in the House that we're concerned about the interest rate.

Am I deviating too much according to *Beauchesne*?

MR. SPEAKER: The Chair is getting a touch nervous.

MR. FOX: I'll be very brief, Mr. Speaker. Hopefully, we'll speak on it more in the next stage.

During the campaign and for some time we advocated that 6 percent would not only be a more helpful rate and have more dramatic impact on the farm debt crisis but a more reasonable rate given the current rate of inflation. This is more than two points above the current rate.

I would just remind the Assembly that in extensive debate on this issue last fall during the second century agriculture conference convened by the former Minister of Agriculture,

a noted expert in the field of farm debt financing from the university of Iowa, Neil Harle, spoke on this subject at length. He said there was a pressing need for governments to take action now on the farm debt crisis and that the best way to do it would be to get into some sort of program that brought down interest rates. I went to the microphone and asked Mr. Harle what he would suggest as the most helpful rate and the most reasonable rate given the current economic realities. He thought for a moment and said, "Six percent," which I felt very good about because we had just developed a program using 6 percent as a specific rate to take to our fall convention some two days later.

So I will be pressing the government at the next stage to look closer at some of the provisions of this Act, but I think that because of the obvious pressing need for passage of this legislation and the fact that our farmers have been waiting for almost a full four months since it was announced, I will be urging my colleagues to support second reading of Bill 12.

MR. DOWNEY: Mr. Speaker, in opening my remarks I would like to share some of my experience as to the history of farm credit, very briefly since I have no wish to prolong second reading of this Bill.

I recall as a boy in the early to mid '60s that the big complaint about the banking industry was that bankers only lent to farmers who didn't need any money. They weren't willing to take any risk in the farming sector. Through the late '60s and into the early '70s that perception changed markedly, to some extent through initiatives by this government, I might add. Bankers became more willing to go out on a limb, riskier loans were made, and farmers were getting what they had long said they wanted: ready access to long-term credit without too many questions being asked. But in that process things did go too far in certain cases.

Generally buoyant farm commodity prices, rising land values, and interest rates below the rate of inflation made some farmers and their bankers overconfident. Money for land purchases and other major farm investments was loaned too liberally. Agricultural bankers now admit this, but they refuse to accept the entire blame. The bankers are right; no one was forced to buy land at those prices, which now look totally unrealistic. Politicians in several provinces, Mr. Speaker, and to a certain extent the opposition in this province, seem to think otherwise. Their solution to the financial squeeze facing some farmers is to force banks to lower interest rates on existing loans, accept interest and/or principal repayment moratoriums, and hold interest rates on new loans to the rate of inflation plus a point or two.

These proposals make good politics, Mr. Speaker, but economically they amount to blowing up the barn to kill a mouse nest. Two questions should be examined before anything further is done to help farmers in financial distress. First, how many are actually unable to service current debts? Second, how many of those can be rescued, and how many are already beyond salvation?

Mr. Speaker, this program will not, nor is it intended to, dissolve existing excess debt. Farmers who have lost their equity base and their cash flow at the same time will have to look at other alternatives, whether it be leasing productive assets or seeking another occupation. This program is designed to stabilize — and I emphasize "stabilize" — not subsidize, and I wish to point out to the hon. Member for Vegreville that the Member for Lacombe is consistent in this. This is not a subsidy program. It's designed to

stabilize a major farm input cost so that viable operations under stress have one less wildly swinging variable to contend with.

Notwithstanding the comments of the hon. Minister of the Environment in the House this afternoon, Mr. Speaker, this government has no control over the weather, nor can we exert any appreciable influence over the level of world market prices for agricultural commodities. Therefore, this government will consistently attempt to bolster the farm economy through measures which will not overburden the taxpayer and over which we have some degree of control.

I urge all members to solidly and immediately support this Bill. Mr. Speaker, I hope the question for second reading can be put tonight.

MR. TAYLOR: Mr. Speaker, first of all, I too would like to congratulate the minister and the government for bringing the Bill forward. It's not that I really had any doubt; I just wondered how long the gestation period would be. But like the elephant, although you've laboured long, I hope you've brought forward more than a mouse. Like the Member for Stettler, I too can remember gambolling about in my youth in the 1960s at our farm. The pleasant atmosphere that existed in those days with ...

SOME HON. MEMBERS: 1860s.

MR. TAYLOR: Mr. Speaker, I have to give them a butt, but I'd like to talk about a couple of points. Although the long-term loan is certainly to be congratulated, this 20-year loan in effect moves the amount of collateral up that the banker demands. I think most people realize the bankers like to get a payback in five to seven years. A move into a 21-year payback of course makes quite a difference. It means the collateral you presently have could qualify for considerably more loan.

But that brings into the field a couple other areas. One is the ability to pay. I hope that when we get into the more detailed things — I notice it is mentioned in the Bill — a farmer should have the ability to roll forward, or there should be a clause in it that on the fifth, sixth, eighth, or tenth year, or gosh knows if there are three or four years in a row, that just rolls forward and adds on to the end of the loan. Admittedly, that might turn it into a 25-year loan, if there have been five years of hardship. But the point is that the farmer should be in no danger of his family being wrecked or foreclosure if he indeed has had a couple of bad years in a row and there's an effort made to try to take the land back.

Additionally when I'm speaking on the collateral is the 9 percent rate. I know when the Premier started campaigning that looked like a pretty fair rate. Indeed, like the Member for Lacombe said — it was a subsidized rate. Now 9 percent is not a subsidized rate; 9 percent is getting awfully close to prime. Although it's not mentioned in the fine print, I think we should have some sort of mechanism that takes the rate down a certain amount. I would point out again — and I think the Premier can back me up on that. He, like I, lost a little money in the oil business, and he knows there are special setups in the Income Tax Act whereby you can borrow money at half prime plus one if you can indeed prove that the foreclosure man is hard on your tail.

I would think that type of interest rate, that type of advantage, could be passed on to the farmer. I really see no particular advantage of 9 percent when rates of 5 and 6 percent are had today by companies that are in trouble.

Even this government has recognized that companies in trouble should qualify for 6 percent loans through CHIP. Your CHIP reduced interest rates of 8.75 percent down to the 6 percent area. Indeed, if a contractor or apartment house builder and homeowner can qualify for 6 percent money, why can't a farmer?

I'd like to touch on something that bothers me a great deal. I don't see why the spouse isn't always considered a partner and therefore can qualify for a \$400,000 loan.

MR. STEVENS: On a point of order. Mr. Speaker, I think it's very clear at this stage that the principles of the Bill are to be debated and discussed. What we're really hearing tonight from the member is a series of details which could very well be advanced in committee stage. I think I and other members of the Assembly would like to know: is he for it or agin it?

MR. SPEAKER: A point of order has been raised. The Chair is also in the process of writing a note with respect to another member's comments earlier that the reason for giving the citation from *Beauchesne* earlier this evening was to hopefully get ourselves dealing in terms of principle and not with details and extraneous matters. I'm quite certain the Member for Westlock-Sturgeon has taken the comments into consideration and will proceed with respect to the principle.

MR. TAYLOR: Mr. Speaker, my interpretation of the rules is that you can discuss clause by clause in committee but you cannot introduce new clauses. I am talking about what I see is missing here. I certainly think that 9 percent is a principle, which is one of the things I was just talking about. It's not a clause; it's a principle that was introduced by the mover of the Bill himself. He mentioned 9 percent so many times that I was beginning to wonder. Therefore, if he has introduced it as a principle, I'm only commenting on principles that he has brought forward.

The same thing applies to a spouse. A spouse is completely missing when I read the Bill. I'd like to point out that again is a principle. I think a spouse is a partner. It's not a case of a regulation and deciding whether or not they are partnerships. I think a spouse is always a partner in farming — it's very hard to get away from that — and certainly qualifies for \$200,000 along with the other spouse. In other words, it should be \$400,000.

Lastly, there again is a principle. I am interested in the investment the plan can go into. I'd like to see one of the principles looked at again in the idea of a leaseback. Many businesses use the leaseback as a way to free capital from being tied up in capital equipment and to be used for operating. I think that could be worked into this particular Bill quite nicely for those farmers that want to voluntarily create a leaseback with this fund and therefore cut the amount of principal that they've had to borrow and have a lifetime leaseback, much the same as insurance companies or oil companies do now when they go at that.

I think that covers most of the basic principles. I'll get down to clause by clause. Thank you again, Mr. Speaker.

MR. ZARUSKY: Mr. Speaker, I want to congratulate the minister for the fine presentation of this program. It's something that farmers have been looking forward to for a long time.

Mr. Speaker, being a farmer myself and representing a rural constituency, I speak very highly of this program on

behalf of all my farmer constituents. There is no such program in Canada for farmers right now, and our government should be highly commended for bringing in this program. Farmers are very receptive to this program and are waiting patiently to get it in place and get money as soon as possible.

The farmers were afraid when the Leader of the Opposition went on the picket line at Gainers and went against the farmers.

MR. MARTIN: On a point of order. Will you please tell the member that we've gone through this before? He's imputing motives.

MR. SPEAKER: Would you please take your seat, hon. Leader of the Opposition. The Chair appreciates the extra direction from the House. The Member for Redwater-Andrew will confine his remarks to this particular Bill, please.

MR. ZARUSKY: Thank you, Mr. Speaker. [interjections]

MR. SPEAKER: The interruptions are not in order.

MR. ZARUSKY: Mr. Speaker, I'll get back on the subject then, but farmers are upset.

The key to this program is mainly the 9 percent. For many years farmers have not had 9 percent interest. It's single digit, and they're very excited about it. I think they're very receptive to that, along with other fine points which I won't touch on but which have been touched on by the minister himself. Another thing our farmers can be proud of in this program is that it's being borrowed on the world market, and no sector of our province can say that they have subsidized farmers. It's something the farmer himself will pay back in 20 years.

Just on a comment by the leader of the Liberal Party. When you say a husband and wife are a partnership, they also qualify under a family, because I think a husband and wife are a family. So that's where that sits.

I think our government should be highly commended and should get this program in place as quickly as possible. Thank you, Mr. Speaker.

MR. R. SPEAKER: Mr. Speaker, I'd like to speak in support of the principle of this Act. The principle certainly is that we want to supply long-term credit at a fixed interest rate for the farmers of Alberta so that we can stabilize agriculture. That objective is very commendable and acceptable to this Legislature and to the farmers across this province.

During the earlier campaign in terms of this program which was mentioned by the minister, I often felt that the straight interest shielding program introduced earlier by the government had many merits and should be discussed with regard to this principle. We had interest shielding down to a rate that was acceptable over a long period of time and seemed to be much more convenient administratively and I feel could be handled a lot more easily by the government, rather than the program that has been placed before us.

I have concern with two things with regard to the proposal in the legislation before us. First of all, in providing this long-term credit at low interest for a period of time, the government is actually placing public funds in the banking institutions that are lent on behalf of the public of Alberta or the farmers and then placed within private banking institutions across the province. When we do this I believe

we have to raise the question of integrity, the integrity of the lending process between the farmer and the banker as a lender. Will money be lent to the farmers because the government is going to guarantee the loss? This certainly creates a question of integrity.

I'm sure the Provincial Treasurer has raised that in his own mind many, many times in discussing this program, because the trade-off, as I understand it, is some kind of long-term stability and maintaining the farm population in the province of Alberta. That's the trade-off that has been made in this program, and I guess as a Legislature we have to decide whether or not we accept that trade-off. If we accept that trade-off, then we must accept that there's going to be some loss of integrity in the loan process. I hope, and I recommend to the Provincial Treasurer, that in his discussion with the lending institutions that matter is discussed as much as possible, because somewhere down the road, when we have farmers in difficulty again, they're going to say: "Well, the banker gave it to me. It was a little too easy." The banker says, "I was guaranteed my money, and it's government money so I lent it out." There will be a series of excuses. So I think in administering this principle that has been placed before us and which we all accept, we have to look at that concept of integrity.

The guarantee formula that is going to be established, and I'm sure that we as members of the Legislature will be privileged to that in a short period of time, will have to ensure there is a period of time between the date of lending and when the guarantee takes place, that guarantees of, say, 100 percent of the risk or the government is going to pick up all the losses, are as long as possible so that the burden rests with that farmer during the early stages of that loan process and until some capital can be repaid so there's a larger equity for the farmer and the banking system to base their loan.

I'd just like to raise some other items with regard to concerns. As we are going to displace some \$2 billion of funds by injecting our public \$2 billion, what will the banks do under those circumstances? Will the banks withdraw that credit to other provinces in Canada? Will they move it out of Alberta so that we lose some credit in this province? I believe the minister should give us some assurance with regard to that in discussion with the banking institutions.

I raised the question in the Legislature the other day with regard to Farm Credit Corporation rollovers. At the present time, around \$800 million could be rolled over into this new credit program, which means that as a province we again have picked up the losses, even a lot of bad debts, or the farm credit program practically in whole as a provincial program. I don't think we want that to happen. So I would certainly recommend to the government that they negotiate and discuss that with their federal counterparts to prevent that from happening. My suggestion to Ottawa, and I'm sure it would be the suggestion of the government, is that interest rates on Farm Credit Corporation loans be made at 9 percent or comparable to the Alberta program.

Concern has been indicated to me from a number of farmers and also the banking institutions with regard to the loan transfer costs on existing loans. There are penalties on some of those loans, and the farmers are saying, "When I transfer to this new program, who picks up the penalty cost?" I think we have to look at that as well. How do other provinces react to this principle that we're implementing in the province of Alberta? Have discussions taken place with the other ministers of agriculture? In his August meetings will our Minister of Agriculture raise this question and get support from the other provinces?

The one other point I would raise is with regard to the cost of this program. I think we as Albertans must recognize that we are going to guarantee a lot of debt in this province. The \$2 billion will be used in terms of refinancing existing loans, and the percentage of risk of losing some of that money, or a major portion of it in the next five years, is high.

As legislators, we might as well admit that in support of the principle that's been established in this Bill, we are going to lose some of that money and be prepared to accept that in a mature way and to admit it at this point in time. I would say that in terms of the government implementing such a program and even recognizing the potential losses in the future, there is a political boomerang relative to the program.

As legislators, if we are going to be fair at this point in time and support the program in principle, then when that happens we must be fair and recognize the risk the government is taking with regard to a policy such as this. As I say, the cost of this program would be more than a straight interest shielding program, and somewhere along in our debate in Committee of the Whole I'd like to discuss that further in questions to the minister, Mr. Speaker.

But on the whole, Mr. Speaker, and to the minister that's introduced it this evening, I support the matter in principle. My colleague supports this Bill as well, and we look forward to implementation at the earliest possible date.

MR. ELZINGA: Mr. Speaker, in view of the fact that we'd all like to see this Bill passed quickly, I'll be very brief in my comments too. At the outset may I indicate my deepest thanks for the effort and the work our Provincial Treasurer has put into getting this legislation into the House and making sure that we will have \$2 billion available to our farming sector at a stable rate of interest.

Mr. Speaker, in holding true with what you've indicated, I am going to simply deal with the principle and the interest rates and how this is another key part of our agricultural program that we as a Progressive Conservative Party campaigned on. It's interesting, too, and I would like to support hon. members who have indicated that we can't do a great deal about external forces and the cost of a lot of our agricultural products. But we can do a great deal to reduce the input costs. I think there's general consensus here that we are committed to doing everything we can to reduce input costs.

Some hon. members have suggested 6 percent interest. We're suggesting this long-term credit at 9 percent, and in the event that circumstances change, we're a very open government and we're willing to analyze the situation. But let's not forget the fact that we've got a number of very worthwhile programs in existence for our agricultural sector that drastically reduce those input costs, such as our farm fuel allowance, the reduction in fertilizer costs, our water assistance programs, our crop and hail assistance programs, and the aid that is offered under the Alberta Agricultural Development Corporation.

Mr. Speaker, one can go on for quite some time, but I do wish to touch upon a few legitimate issues that have been raised by other members. I'll start with the hon. Member for Little Bow and share with him, as I indicated to him in the House too, that we are doing everything we can to pressure the federal government to reduce their interest rates within the Farm Credit Corporation. As he has said, the Farm Credit Corporation does have hundreds of millions of dollars borrowed out in the province of

Alberta. I should share with him that we're presently doing an analysis as to what the interest rates are on those loans, because I'm sure he is aware, too, that those loans are at variable interest rates. If they were taken out some number of years ago, they could possibly be under the 9 percent interest rate. That doesn't mean to say that the entire amount the Farm Credit Corporation does have will be rolled over into our program.

I also acknowledge and underscore what he indicated. Their present five-year term is 10.75 percent, so there is the possibility whereby some of those loans might be rolled over. We have made note of his concerns, and I thank him for raising them. But I'm sure he would agree, as all hon. members would, that we view agriculture as a prime building block within the economy of this province. That is why we have taken such an aggressive stance in ensuring that there is a reduction of input costs.

One only has to look, Mr. Speaker, at the recent figures that were brought out by both Agriculture Canada and Alberta Agriculture that show there is going to be an increase in net realized income for the agricultural sector. It's projected for this coming year, mainly because of the reduction of input costs. This government can be proud of the many worthwhile programs we have introduced, because they're incomparable in any province in Canada. That's not to say that we can't do more. We are doing more by way of the legislation that has been introduced by my colleague the Provincial Treasurer.

I should just indicate, too, if I could correct the record as to what my hon. friend from Vegreville said about interest rates. I didn't word that properly; I acknowledge that. But both the Liberal Party and the New Democratic Party have on a consistent basis done very little at the national level to reduce interest rates. If one analyzes their policies and the advocates of certain programs, they have spent this country down the drain, and because of their economic policies, interest rates have gone up. Because of some sound economic reasoning at the federal level now, we've seen a drastic reduction in interest rates. [interjections]

MR. SPEAKER: The Chair is prepared to recognize the Member for Athabasca-Lac La Biche.

MR. PIQUETTE: Mr. Speaker, after hearing the last statement, I'm not sure whether or not I want to congratulate the government, but I guess it's also my intention to agree in principle with the farm stability program. As a beginning farmer in a constituency that represents a great number of farmers, there's no doubt the 9 percent long-term interest rate will be a help, although I would like to point out to the government that last weekend, for example, I went into my bank to talk about renegotiating my farm loan. They were indicating to me that the present interest rates which I would have to pay if I renegotiated that loan rather than taking the 9 percent would be about 10.25 percent. So right now we're looking at a difference of about 1.25 percent between what the government is sponsoring with their 9 percent stability program and what the new loans are going to be.

MR. ELZINGA: A point of order. This is very legitimate. I'm kind of curious as to what bank he went to, because I went to arrange a loan today and they were going to charge me 12 percent.

MR. SPEAKER: The Chair reminds the Assembly that bankers' hours do not relate to this time of the evening.

Perhaps the Member for Athabasca-Lac La Biche would like to speak to the principle of the Bill.

MR. PIQUETTE: The aspect here that we should really be talking about is the fact that ...

SOME HON. MEMBERS: Name the bank.

MR. PIQUETTE: I'm not talking about the banks. That's privileged information. After the thing tonight I will indicate the name of the bank.

You're looking at mortgage rates. For example, right now they're down to 10 percent, so I don't think it's farfetched that some of the farm mortgage rates are around 10.25 percent. You can check that out if you want to.

Getting back to my point relating to the 9 percent, one of the government's platforms in the election was to basically reduce input costs to farmers as a way of stabilizing farm income. In terms of the recent drop in grain prices in the last few months — entering the new crop year we're looking at an approximately 29 to 30 percent drop in wheat prices — I really don't see that a drop from, say, 10.25 or 12 percent down to 9 percent for farmers in Alberta is tremendously reducing input costs as compared to the price that the farmer will be getting for his product later in the year. With the changing economic situation, I would very highly recommend to the minister concerned that since the prices farmers are getting for their product are dropping instead of rising, at least in the grain sector, the whole issue of the 9 percent should be looked at very carefully.

The other aspect is that when you look at the amount of money the government is actually putting into this fund in terms of stabilization — I don't like the word "subsidy", so we'll say to stabilize the credit program — it will cost around \$25 million. I daresay that with the interest rate dropping at the present time, this will probably not cost the government this amount of money. So I think one of the things the government should be addressing is that with the farming sector supposedly the cornerstone or major building block for the revival of agriculture and the economy of Alberta, the 9 percent is really not a very big step in that direction at this time.

I'd like to ask a few questions. The detail of the programs has perhaps not been worked out. At least we on this side of the House have not been told very much about the plan. The Treasurer has been rather cagey as to how this program will be funded. Can he explain this to the Assembly in some detail, and can he indicate how much of the fund will come from general revenue and how much from the heritage fund? The precise figures have not been indicated here. Again, another point made a little while ago was that in view of the fact that financial institutions are apparently able to loan money at one-half prime plus 1 percent to troubled nonagricultural industries — and we've heard that from members of this Assembly who got loans of one-half prime — and in view of the great difficulty faced by farmers today and the type of emergency we are facing in the agricultural sector, we should be looking at addressing that percentage again.

All in all, I think the most important positive thing in this program is not the 9 percent. Just like the mortgage assistance program the government introduced in the 1982 election, when they really came down to it they were already predicting that they could see a fall in the interest rate. About the only positive thing I see out of this program is the 20-year long-term funding, which is something that

farmers have had difficulty getting. I heartily applaud that part of the program. A good part of the platform of the New Democrats was that we had to enter into a long-term credit arrangement for farmers, because with the low prices we are getting for our products, the five-year kind of credit plan that we have available to our banks right now makes it very difficult to be able to actually pay off any of the principal as opposed to even looking after the interest on those loans.

Another aspect that we haven't been told: for example, I've been made aware in my constituency that a number of individual farmers not insured through ADC but through other lending institutions that have gone belly-up are being foreclosed. It's not because they don't have equity in the farm. It's simply because of the fact that the liquidators of the failed banks are simply trying to get as much cash out of the deal as possible to settle the account. Will those kinds of loans be made available so that farmers now in the process of being foreclosed who have good equity in their farms will qualify for the 9 percent stability program? Since on the weekend I had three of that particular type in my constituency, there must be a fair number within the province that are being affected in the same way.

I would urge, in my partial support of the program, that the government really address the whole aspect of the 9 percent, because I think that as the year goes along, in terms of interest rate projection very quickly 9 percent will be high as compared to what other farmers are paying in other parts of the country. They might be down to 8.75 percent, and we might be stuck with 9 percent unless we're prepared to make those adjustments fairly quickly.

Thank you very much.

MR. ADY: Mr. Speaker, I too would like to congratulate the minister for bringing forth this Bill which introduces an innovative program, innovative to the extent that it offers our farming sector help without a direct excessive cost to the government and the taxpayer. He allows our farmers to perhaps pick up the pieces of their industry with some dignity as opposed to a straight subsidy program. The constituency I represent is highly dependent on agriculture, and I hasten to add that they've been subject to all of the adverse weather conditions and other conditions that the rest of the province has. Yet I haven't had one farmer call me with a complaint as to the regulations involved in this program. [interjection] Oh, yes, I do. To me that has to indicate that all they're asking for is a program they can live with.

Of course, farmers all over the province are having financial problems, but many of their problems began a few years ago when interest rates soared into the 20 percent range. No farmer had that kind of interest charges built into his financial planning. It was devastating to our agricultural sector, and they really haven't recovered from that yet. My constituents have continually told me that they need to be able to make some long-term plans and that two ingredients they must have and that must be present to allow that are fixed, reasonable interest rates and longer term financing than is presently available. This Bill does both of these things, and our agricultural people need it now. I urge all the members of this Assembly to support this Bill. I, too, would like to keep my comments short so that we can move this Bill through hastily.

Thank you.

MR. DROBOT: Mr. Speaker:

A fellow stopped by the other day
And our conversation went sort of this way.
He said, I have a question I'd like to ask
you,
And if you know the answer then I will too.
I want to be a farmer, and at prices today,
How many cows do I need to make my living pay?
Will a thousand be better or just a few?
I wonder, John, if you could tell me what I
should do.
Well, that's a tough question, I tell you
for sure,
And one that there isn't any real cure.
Machinery is sky high, so is the land,
And interest rates are higher than a man
could stand.
There are imports, embargoes and the
like.
Remember, a farmer cannot go on strike.
There's politicians, vegetarians, ecologists
too
And a hundred government agencies telling us
what to do.
There's the cost of fuel, fences, and feed,
tools and tires, water and feed.
There's horses need shoeing and
veterinary bills.
I tell you, in ranching there are no thrills.
Start calving in the spring, you'll be calving
all nite.
There's chores still to do and water froze
tight.
Insurance and utility bills are now due,
And remember your wife, she wants some
clothes too.
The whole cost of operating farming hasn't yet
reached a peak,
While the cost of farm products are
pretty darn weak.
So here is the answer to your little test:
The man with fewest cows is doing the best.
He's not making more, like you might guess.
The answer, Mr. Speaker, is he is just losing
less.
So here is a way to solve one ill.
We must all support this minister's good Bill.

MR. YOUNIE: As an English teacher, I would have to give that an A-plus.

I would like to speak about the principle of this program, which I would have to describe as a form of subsidy for farmers. Certainly one of the more innovative things about it is that the government has assiduously avoided ever describing it as a subsidy and has thought up the euphemism of stability. That notwithstanding, it does seem to be a form of that to me, although I do still support it very much.

I have a concern that there is conflict of principles between this Bill and a pet project of the federal government that the provincial government seems to support, that being a free trade, freer trade, or enhanced trade agreement with the United States. I would only be concerned that we may be two or three years into this long-term stabilization program when Americans who have a free trade agreement with us would insist that this is a form of unfair subsidy and unfair advantage for our farmers, and they would demand that we

in fact disband the program that provides stability for the farmers. I would like to hear some assurance that in all of our dealings on free trade, this particular form of subsidy and assistance for our farmers would never be on the dealing block, as it were, and that it would in fact be long term and stable regardless of what any other level of government anywhere else thought about it.

Thank you.

MRS. CRIPPS: Mr. Speaker, I want to speak very briefly on the farm credit stability Act. One of the key problems in agriculture and in small business is and always has been the fluctuating interest rates. No business can make decisions and plan for the future when one of the key components of the expense cannot be calculated accurately. On numerous occasions I have raised the question of fluctuating interest rates. I'm pleased that the Premier and his agricultural and rural economy committee developed the farm credit stability program principle. As associate minister I've been trying to get a handle on the debt in this province. The total debt is probably \$5.9 billion-plus. I also know that one-third of the farmers have very little debt. That means that two-thirds of the farmers have most of that debt. From the latest information I've got, one-third of the farmers have two-thirds of that debt. It's a very serious concern to both the agricultural sector and the government.

Mr. Speaker, the Member for Athabasca-Lac La Biche is worried if the interest rate goes down. Personally I am not the least bit worried if the interest rate goes below 9 percent. I think that's the healthiest thing that can happen to this country and to this province. If we have to allow the loans to be paid out without penalty, that's something that can be done. If farmers can borrow at a lower rate of interest, I believe they should be able to.

For the Member for Westlock-Sturgeon who wants a husband and wife team to be able to borrow \$400,000, there are not many farms in this country that can pay that kind of debt, and I wouldn't want to saddle them with it.

Between the farm credit stability program, which will have \$2 billion at 9 percent, and ADC, which now has \$1.3 billion at 9 percent, over half of that debt load is at fixed rate and fixed term. That's become a policy of this government in support of agriculture. Mr. Speaker, it's important that this money not become additional debt. It's an opportunity to move demand and critical floating interest loans into fixed term loans at a fixed rate of interest.

Mr. Speaker, I've noticed a new responsible attitude when farmers are discussing debt in agriculture and the debt load that agriculture can support. No one can borrow their way out of debt. I have a concern, too, that some of the operating loans will become long-term debt, and I think that's a valid concern of all of us.

The Member for Little Bow said that there is some risk involved. The government recognizes the risk involved, but I guess we're willing to take that risk to ensure that our agricultural industry has interest rates and financing that it can support and live with.

Mr. Speaker, I support the principle of a secure financial package for agriculture, a fixed term and a fixed interest rate. I believe this Bill illustrates this government's commitment to agriculture, and I commend the minister for proposing it.

AN HON. MEMBER: Question.

MR. SPEAKER: There's a call for the question. Member for Wainwright.

MR. FISCHER: Mr. Speaker, I would like to go on record from the Wainwright constituency as supporting this Bill. We welcome Bill 12. We have talked about this Bill in the throne speech, and we've introduced this Bill into the House. We have expectations in the agricultural industry extremely high, and I'm sure we're all going to be awfully happy when it comes in.

I want to remind members opposite who said that we didn't care about interest rates that a year or two ago, I think it was in 1984, we had a motion on our Order Paper to explore long-term fixed rate financing for our agricultural industry. We certainly did a lot of research into what the U.S. system was doing in production credit. It has been a concern of this government for quite a while.

One other thing I would like to mention is that it's important to realize that this program is going to save our people some dollars. It's not really a cure-all for all farm problems. We will possibly have a \$5,000 or \$6,000 saving in the first year. Depending on future circumstances in the coming years, it may not be a saving to the farm people. I think it's important for all of them to realize that there are many other adjustments that have to be made. Certainly with the war between the EEC and the U.S. there are going to be a lot of hardships, and there will have to be a lot of cutting down and more efficiency.

I want to encourage people to support this Bill, because it certainly is going to be a big help to the people of the constituency of Wainwright. Thank you.

MR. SPEAKER: There has been a call for the question. May the minister make concluding remarks?

HON. MEMBERS: Agreed.

MR. JOHNSTON: Mr. Speaker, I wish I was as lucid and nearly so droll as my distinguished colleague Le Membre de St. Paul. It's always a great opportunity to have a contribution made by the Member for St. Paul to add some levity and to some extent provide, in an indirect way, insight into the rather serious kinds of debates which take place. I very much appreciate the creativity brought to the debate by that member.

Let me just do two or three things, Mr. Speaker, recognizing and listening to your admonishment with respect to staying to the principles of the legislation, yet in a very general way, I hope, providing at least some ideas on the principles of the Bill as the principles apply to the farming community, because the administration of this legislation will in fact be one of the key elements of the program. I want to very briefly give a bit of perspective on the borrowing side, because many of the colleagues here tonight have in fact outlined for us a series of choices — quite legitimate sets of options — and have placed them in the context of using the borrowing power of the province and providing to the farming community some of their incentive above the current or aforementioned rate that has been suggested by the government.

All of us from time to time have to consult seers, sages, and soothsayers. Particularly in this case when it comes to forecasting the direction of interest rates, if anyone has a good sage to recommend to me, I'd be glad to spend some time with him to get his view as to what interest rates will be over the next 20-year period. Given inflation rates and the state of the economy, it's very easy to predict that interest rates should soften in the near term or in the next three to five months or even in the next two-year period.

There will obviously be some adjustment in the bank prime rate and the bank rate itself in Canada, as has been testified to by the Thursday adjustments over the past month. That of course is a very positive and good sign, one which I think is stimulative in terms of the economic recovery of Canada and Alberta and will do a lot to prompt new investment.

I hope that continues. But if I had one great hope, Mr. Speaker, I guess it would be that the interest rates fall so low that all farmers who take advantage of this program will in fact be able to refinance without penalty at some point and take advantage of lower rates elsewhere. If that's not the case, then we'll see that the program itself, because of its self-sustaining nature over a 20-year period, will be a very important element to the survival of the farming sector over that 20-year period — not the near term, the 20-year period. That's the risk we're taking in this case.

With respect to the cost of borrowing in the province right now — I don't want to in any way seem pedantic in terms of providing a lecture to the members — the cost to the province is about 9.2 to 9.6 percent. That's on a five-to seven-year basis, borrowing from the Canadian market, and that's about the rate that is now established for government institutions with the kind of credit rating and performance that the province has. In this adjudication we are attempting wherever possible to take the financial strengths of the province and pass those on to the farming community through this mechanism which is described in this legislation.

I think it's a fair approach at this point, and I think it's one which does reflect a very fine opportunity for the farming community to participate. With respect to participation, I should say that some members may be surprised to learn that I have been an active farmer for the past 20 years. Of course, I don't live on a farm, but I do have an active farming operation. I may wear silk ties and button-down collars, but I do have an interest in the farming community, and that's part of my lifeblood as well.

What are the key tests to see whether or not this interest rate is too high? It was when I revealed to the Legislature today that MLAs are in fact eligible to take advantage of this program. Of course, it wouldn't be through the Treasury Branch, but you will be eligible to take advantage of the program. Now we'll see what the test is. If the rate is too high, no MLAs will take advantage of it. But if the rate is right on, I would be interested to see how many MLAs are lining up at the banking institutions to take the \$200,000 advantage. That, Mr. Speaker, will be one of the key tests as to whether or not that rate itself is accurate. The proof will be in the response, and I'll be very, very interested to see how many farmers do in fact take advantage of this program. I should note by way of a footnote that I have carefully constructed the eligibility tests so that I am not eligible, because my farming operations are in Saskatchewan, not in Alberta. It will be interesting to see how many farmers do take up this operation. [interjections] I have some good friends in Saskatchewan, in parties on both sides. But of course, they were confiscating land, and that's changed since then.

MR. TAYLOR: Do you know that you can fund it with the Alberta stock savings?

MR. JOHNSTON: I'm not going to get into Lochiel; that's not eligible, I'll tell you.

Very interesting comments were made by the Member for Little Bow. I can see that the experience which he has

brought to the Assembly is not a quick experience. It is both a fundamental understanding of the agricultural sector and a valuable insight into the way in which this operation could operate to the advantage of the farming sector and describing as well both the political and the economic chances and choices which are obviously inherent in this program. Although I will not deal with the elements of the points he makes, Mr. Speaker, I should just by way of communication make clear that in terms of the one element that should be signified and communicated to the farming community, the rollovers, the eligibility tests and the program itself will be very clear that on prepayment of existing loans from existing institutions there will not be any refinancing costs. However, where our contractual obligation under an existing loan is being consolidated or refinanced by the same institution, the repayment penalty will be paid by the province if it is of a nominal or very reasonable cost. So we are attempting in terms of this program to allow the farmer to roll his money into this program, and we will cover a great deal of those costs within provincial institutions and, as far as possible, within the resources provided.

It's true as well that we have gone a long way in this program. With respect to the province's guarantees, the Member for Little Bow's words are again absolutely appropriate. We should not use the guarantee to simply allow the farming community to escape its responsibility, nor should the guarantee be a mechanism to allow the banking institutions to be absolved by the current book losses. That's a delicate element which has to be negotiated, which I am attempting to do in terms of the process and in terms of the regulations themselves. I also ascribe to the principles outlined by that member.

With respect to the Member for Westlock-Sturgeon, over the past month several alternatives to the way in which the farm interest cost has been established have been recommended by the member. I think there are some legitimate recommendations. At some point the question of interest capitalization may have to be considered. It's not one that I'm advocating or suggesting at this point because I think the interest rate itself will provide and protect the cash flow, but it may well be that at some point that would be considered. I'm not saying at this point that it's ruled out, nor am I espousing that as a position in particular. It is an espousal recommendation and, of course, is also one of the recommendations of the Member for Westlock-Sturgeon.

There is nothing in this legislation to prevent any spouse from taking advantage of the program, providing the farm family cap is in place. If they want to set themselves up in some other form — and several of my creative lawyer friends I'm sure can recommend ways to do that — perhaps they could get around the regulations. But I'm not recommending that they subvert the program, because if we increase the limits too dramatically, obviously the take-down of the program would be so substantial that the availability of the \$2 billion itself will be taken up so rapidly that not all the farmers who have access to the program will be served by the program. I don't think anyone here wants to suggest that we should put more money in at this point, but we want to make the program work with the resources which we have identified.

The question of leasebacks: I have spent some time on leasebacks. I don't think the Member for Westlock-Sturgeon is suggesting that farmers should sell their land to somebody else and then come back as tenant farmers. The history of North America and of Europe is characterized by tenant

farmers and the indenture program, and I don't think the member is suggesting that. At the same time, I don't know any other way in which the leaseback program can operate. But if he does have some other recommendations which might be creative financially, I would certainly listen to them.

I must say that I was a touch dismayed in listening to the Member for Athabasca-Lac La Biche, and I know he has gone on record as not being supportive of the program. Frankly, we're not speaking to the member; we're speaking to his constituents. I know that the farmers in his community are in fact very supportive of this program, and they're the ones we intend to take advantage of the program as well. He said very clearly, "Only partial support." Mr. Speaker, that's enough of a record, and I want it to be clearly understood that we will look beyond that rhetoric and get to his constituents and provide the service they need in terms of this very valuable program.

In terms of the other comments, Mr. Speaker, I will leave that to the study in committee, when we have more opportunity to exchange views as to what may be recommended, as to how the program can be modified to assist, and hopefully to receive other recommendations and suggestions as to how the program and the legislation can be made more effective for the farmers of this province.

Mr. Speaker, I appreciate the interest and the advice received and the comments on the principles. I do know that this is a very significant piece of legislation directed at the farming community to revitalize that sector and to provide economic strength to this province as a whole. Accordingly, I urge all hon. members to support this legislation in second reading.

[Motion carried; Bill 12 read a second time]

Bill 14

Small Business Term Assistance Fund Act

MR. JOHNSTON: Mr. Speaker, I'm sure I don't have to ask the leave of the Assembly to shorten my remarks with respect to this piece of legislation, but it is significant to say that it's a great privilege to introduce two pieces of legislation which are economically driven, which are directed toward key sectors of the economy, and which muster the financial support of this province and this government to provide direct assistance to another sector of this economy which has been buffeted by the current downturn in the economy, characterized essentially by the softening in world energy prices in particular.

This legislation, similar to the farm credit legislation, is Bill 14, the Small Business Term Assistance Fund Act. As well, Mr. Speaker, this Act is a parallel or mirror image of the previous piece of legislation, and in all elements is replicated in this Act. Suffice to say the establishment of a fund is provided for in the legislation. The legislation also provides the opportunity to establish regulations of eligibility and operations and of course, similarly again, provides for the opportunity of the General Revenue Fund to meet the costs of the program to assure that the costs and the viability of the fund are continued over the period of the assistance.

Mr. Speaker, my colleague the minister of economic development and the previous Minister of Economic Development, who served this House so well and so long since 1975, Mr. Hugh Planche, did an awful lot to initiate this legislation and to provide us, charged with the passage of

the Act, with the fundamentals of the principles which are implicit in this legislation and which will be revealed over time through the regulations and the manual. To Mr. Planche, the [former] Member for Calgary Glenmore who served this Assembly, I want to express my appreciation for his assistance, and as well my colleague Mr. Shaben whose benefit greatly assisted in drafting this legislation and putting together the fundamentals. I'm sure he will take some opportunity to express his view with respect to the principle.

Of course, the importance of small business in Alberta is clear to all of us. I don't have to restate the fact that the small business sector in a variety of areas — whether service, the professions, even agriculture — really is the job generating group which stimulates new job formation in this province. It is the one that takes the risk with the smallest amount of capital, which has a vital view and a vital excitement about the challenges facing us in this province. They are the ones who trigger investments, who trigger new jobs, and who themselves are a very fundamental part of the economic fabric of Alberta. This legislation is directed to that group of people. It will generate new jobs; it will assist in the new investment levels. Certainly it will strengthen the economy of this province over the next few years. And while it also must be seen to be one which will maintain existing job levels in this period of unemployment, that as well must be a clear objective of this legislation, and we are now turning to the private sector with our assistance program to offer them an opportunity to continue with what they do very well in this province.

This program complements other programs which my colleagues have brought forward. You're all well aware of the other initiatives we in this government have put in place over the past few years to assist the small business sector to generate jobs, to generate new capital formation, and to some extent to assist us in operating the government through the tax system. Those include, of course, the Alberta Opportunity Company, a very generous tax regime and, for example, the most recent program, the small business equity corporations program, which in itself is a contributor to assist the small business sector of this province. The small business sector, as we all well know, of course, generates about 30 percent of our gross provincial product, so the assistance with this \$750 million 9 percent program for 10 years is seen to underwrite their commitment to this province, and we are doing our bit to ensure that they are viable and strong.

In question period my colleague the minister of economic development had an opportunity to describe for you the eligibility tests and the way in which this program will operate. I will not go much further than he has, Mr. Speaker, except to say that the elements of the program are essentially those of the farm program.

We will do whatever we can in terms of assisting the small business sector to finance and refinance at nine percent for a period up to 10 years. That is one of the variations in the program, 10 versus 20 years, but 10 years in this program. It will be an opportunity to extend so-called short-term debt into a long-term repayment schedule, to term it out, to make it work in terms of the cash flow to allow the entity to grow into the responsibility of the debt and to on a systematic basis deal with an expansion of the inventory, accounts receivable, and new assets to become a productive, viable entity. Those tests I could go on to describe but in essence will be fairly generous tests to ensure that as wide a possible number of small businesses in this province is included in the understanding of the penumbra or the legislation itself. That is the intention.

In a similar fashion the funding will flow into the fund from a variety of sources and general markets, and that fund will be set up to move the money into the financial institutions. That's the way in which the fund will operate.

With respect to the timing, Mr. Speaker, it is our intention to move this legislation forward as fast as possible. Obviously, the pace will be set by this Legislature, but we would like to have it up and running perhaps two weeks after the farm credit program. That's fair warning to the small business sector, and I would hope that they will get their affairs in order so that they can reduce the processing time but in fact be prepared for the implementation of the program.

Mr. Speaker, this piece of legislation in second reading today fulfills again a commitment of this government. It was outlined in the Speech from the Throne; it was referred to in the budget. Of course, it has been a political commitment of this government, and we are today fulfilling that commitment, similar to what I have commented on before. We are a government of our word, and we think that this piece of legislation is vitally important to the small business sector of this province. I do hope that all hon. colleagues can see their way fit to support it in second reading.

Mr. Speaker, I move second reading of Bill 14, the Small Business Assistance Fund Act.

MR. HAWKESWORTH: Mr. Speaker, in addressing this legislation this evening, I'd like to offer my support along with some suggestions for where I feel improvements might be made.

[Mr. Deputy Speaker in the Chair]

I think all members of this House will agree that small business is certainly one of the most important sectors of the Alberta economy. It creates 70 percent of the new jobs in this province and contributes something over 30 percent of the gross provincial product. Money invested in small businesses in Alberta also has a variety of spin-off effects. Albertans retain local control, decision-making powers are retained locally, and more importantly, a good deal of the money which is spent by small business stays in Alberta and therefore adds to the further economic activity in our province.

Yet like each sector of the economy, small business, too, experiences its unique problems. To start a business, you have to have money; to get money, you have to get collateral — or have some rich friends. To have collateral, you have to have money in the first place. Many new entrepreneurs have an idea, often a successful one, but they need the money and they need the management to develop it. Small businesses also have to be careful, though, in walking that line between too much debt and not enough equity. Many of them operate initially on a small loan, using accounts receivable, for example, to complement these funds, and they struggle at each month's end in order to have enough cash flow to make their loan payments.

Since I think all members realize the importance small business plays in our economy and since we know that the number of bankruptcies remains high in Alberta, we agree that a program to aid small business is needed — a program, I might add, that's been advocated by New Democrats for many years. I'd like to briefly quote Mr. Martin from an April 1985 *Hansard*.

It's never made any sense to me that we can give low-interest fixed loans outside the country and can't somehow do that within our own boundaries here in Alberta to help Albertans help themselves become successful. I'm talking about three specific areas: low interest loans in terms of some mortgages, low interest loans for small business, and low interest, fixed loans for farmers.

Mr. Speaker, I've been inspired by some of the debate tonight, so I'd like to contribute somewhat to this as well.

There once was a leader from Norwood

Who, when asked what he'd do if he could,

Said I'd lend money at rates,

Not to MLAs or their mates,

Which would add to the public good.

If I didn't have to listen to the debate out of one ear, I'm sure I could have done even better.

AN HON. MEMBER: Better stick to being an MLA.

MR. HAWKESWORTH: I'm not going to become the poet laureate, I can tell you that.

Last spring we introduced a Bill that would provide low interest loans to small business, and at that time and during other discussions around fixed low-interest loans, members of the government were quite opposed to such an idea. I quote the previous Provincial Treasurer: "No province can be an island with respect to interest rates," and "I am also concerned that there be greater availability of debt for Albertans to encourage, in effect, more Albertans to borrow money." March 26, 1985: "What this province needs is not larger availability of larger amounts of debt." Another hon. member of the Assembly, April 25 last year: "Interest rate subsidization on a massive scale is economic disaster." So it appears that this government has changed its mind not only about the basic concept but also, in regard to the need to interest shield in specific circumstances. I must say it is good to know when we hear some of our excellent ideas getting pooh-poohed from opposite sides of the House that that's not always the final word we're likely to hear from them.

But I am not here tonight to argue about where the idea for this program came from. I agree with the concept, and I'm glad the government is doing at least something for small business in Alberta. I'd like to make some constructive criticism about this program as it's presently designed, which might materialize into some changes prior to its third and final reading. In analyzing what is contained in Bill 14, I want to lay out what I feel are important items that would likely ensure success. I'd like to offer for the consideration of the Provincial Treasurer: first, that goals or objectives of the program be established; second, systems of measurement to determine if the goals are met in order to evaluate success; and third, criteria to judge eligibility.

Judging the program on these points, I found the Bill lacking in some ways, and I'd like to highlight them prior to committee review. The purpose of the Act is to facilitate loans to small business in Alberta. There's no definition given of small business, although a press release on July 10 indicated that the gross revenue of \$5 million, fewer than 100 employees, or so on, were areas. But there's no targeting of industry for areas of growth within the province where development is required for regional development. The nature of the business is not identified, which might help diversify the economy. They seem to want to leave the determination of which ones would be eligible to the

private sector, but I'm afraid what will end up is that the banks are going to be the sole determining authority in determining eligibility, and that concerns me a very great deal.

Although the government may provide loan guarantees for those businesses that do not qualify under the bank's criteria, it's still not clear how the amount of guarantees will be determined. Will it be the government that does that or the banks? In order to determine the success of any program — and I think that's always important and necessary when we're using taxpayers' dollars — goals and objectives must be defined. I think this should be a very key element of this program's purpose. I recommend that three main goals of this program ought to be stated explicitly by the government. First, it is to strengthen small business generally; secondly, it is to create new jobs, and thirdly, surely it ought to be used as a tool to diversify the economy. As it stands, I think it can meet some of these goals to some extent, but I don't believe it can in the most effective ways.

To create new jobs and diversify the economy, we need to identify or determine the types of small business activities we want to assist. Do we want small business to use this program to roll over its debt and refinance it? That appears to be one objective. Perhaps too many small businesses doing that will unintentionally end up cutting out other small businesses that might want to finance and expand an operation. Which, if these two objectives are in conflict, is the most important one? I think we need a clearly defined strategy, a plan of action that highlights areas of potential growth in Alberta's economy. With this we could ensure that the loans and the amount of the loans guaranteed are not only based on eligibility criteria such as 100 employees but program criteria such as the location of the business. Perhaps we could provide some kind of different advantage for those that are located in rural and in our smaller communities in Alberta.

Secondly, perhaps small businesses in different kinds of industry is an area we want to encourage, to ensure that diversification occurs within Alberta. Perhaps there could be some incentive tied to the number of direct jobs expected to be created by refinancing or by taking advantage of this program. Fourthly, can we provide incentives for some way of reinvestment by these firms in the Alberta economy to ensure that the money circulates and maintains in our province? I think there should also be some extra "leg up" under this program for small business that has majority ownership by Albertans.

I know this may sound like government interference in the economy, but if we continue to let the private sector solely determine what industries will be developed in Alberta, I submit that we will not diversify our economy. Government provides the environment; it provides the leadership for diversification. Because this government in past years has chosen not to exercise the degree of leadership it could have in sponsoring and stimulating diversification, as a result diversification has not happened as we would have liked it to have happened. What I'm saying is that we should use this program to provide a better environment and incentive for the small business community to assist us in that important and necessary goal of diversifying the economy.

I'd like to make a couple of concluding comments tonight, Mr. Speaker, about the matter of the 9 percent interest rate. I would urge the minister to reconsider this rate due to the current interest rate climate that is available to borrowers. When this program was first announced in April, the prime lending rate on April 30 was 11.25 percent.

That's now dropped to 9.75 percent. I think some of that benefit ought to be passed on to the small business community, perhaps by tailoring or fine-tuning the program to provide lower rates to those small businesses that meet the other criteria I've just outlined. It could also look at a dual interest rate policy. You could establish, for example, a 6 or 7 percent rate, or you could at the same time take 3 percent below prime, whichever is the lower of those two. In this way the government would ensure that the program is truly beneficial to small businesses, particularly the ones that already have loans, and that the cost to the government because of these lower interest rates and the cost of maintaining a lower fixed rate gets passed on to the receiving small business.

In conclusion, Mr. Speaker, I would simply like to say that I think it is the intention of every single member of this Assembly to assist small business in this province as best they can. This is a step in the right direction. I offer these suggestions, which I think would make this program truly effective, for the consideration of the government.

Thank you.

MR. TAYLOR: Mr. Speaker, I too would like to join in congratulating this rather late arrival into the 20th century; nevertheless, it's to be appreciated. Small business has been discovered by everyone now, whether you're right wing, left wing, or in the middle of the road. The statistics have been gone over, so I won't go into that. It creates a lot of new jobs.

A couple of things bothered me on basic principle when I looked through the Bill. I'm a little concerned and a little worried when I listen to this government. These are the biggest proponents of megaprojects and the big bucks. They're ready to go it alone on any major project, when the multinationals of the world would rather drop out. I'd really like to see what the definition of small business is. I'm afraid it might mean somebody that's making less than \$5 million a year or something like that. I want to see that down to where small business means people that could borrow \$25 or \$50 or \$1,000 and work and start up a business.

Also, I'm a little concerned when I read the thing that the principle still falls — maybe they've borrowed too much from the agricultural loan. There you already have a farm, a going unit, and the farmer's coming in. He comes to the banker and most of the things are already known: what the crop is, the land, and so on. But small business in many, many cases exists in the minds of the people that come in to get the money. I don't really think that throwing them back into the hands of our national banking community to make decisions is the right way to go about it. This government could think quite seriously about it.

We have district agriculturists scattered around the province to talk to farmers. We might have district small business whatever-you-want-to-call-it scattered around, maybe with advisory panels. I know this government might leap at the opportunity, because all of a sudden there is another way of rewarding 1,000 or 1,500 retired Tory businessmen. Nevertheless, appointing these advisory boards around the province — maybe divide the province into areas — particularly if they were a number of retired small businessmen, could bring an area of expertise into the administration of the fund that I don't think you will get by just going to the banks and asking for a loan that's guaranteed by the government.

The interest rate has already been mentioned. I think the interest rates are still too high in the area, as well as in any other area. Maybe more important than the interest rate is that I find, I think because I've lost money on nearly every continent of the globe — if I can pass on any advice to you — that we have a locked-in thinking of loans here in Canada and to a lesser extent in the U.S. Really, merchant banking, the idea of loaning money plus taking an equity kicker, seems to be entirely outside our ken. I submit to you that there are two advantages of small businesses' taking a bit of an equity kick or 20 or 25 percent when they borrow the money. It has two advantages: first, it does allow the interest rate to be reduced a certain amount, because hopefully the interest rate will be paid back by the successful business doing well from the 25 percent equity or whatever it is they took when they were financing. So you can lower your interest rate because you'll get it back in the equity area.

Secondly — and this is what I've noticed in small business operations, small business starter plans in France, Germany, and England, the average bureaucrat or banker is not built to handle small business. They're not in that business from day to day. Not only that, if you're a bureaucrat, you can depend on somebody in the opposition getting up and raising hell because the fund lost money last year. Therefore, the best the bureaucrat can ever do is make his interest back on the money, whereas with the kicker if one of the businesses turns out very well indeed, he can make enough money to cover up for the bad loans made. Because it's no use setting up a setup to lend money to small business and telling them, "Don't you dare lose money." The whole idea of the small business is that it is a risky business, and you have to take the average over quite a span. To tell your administrative group that their top income is going to be limited to just getting their money back with interest I think is unfair. It causes them to tighten up, to hold themselves in, and will not let them get out and lend that type of money that we need to get into the small business sector.

So I ask you to take a keen look. I notice that one of your advisors to the heritage trust fund is a company I use to be a director of at one time, Morgan Grenfell. I'm sure they could give you a great deal of information on how merchant banking operates in England and France to small business. It could be of quite a little value to you in setting it up.

Lastly, I loved the Member for Calgary Mountain View's saying diversify. I also like to think that small business can be used to deurbanize our society. Whereas we have Calgary and Edmonton growing at a great rate — like Athens and Sparta of old — hoping to meet somewhere around the Red Deer River, if we can get some of that growth out into the small towns, the best place for small business is in small towns. Consequently, we can get a lot of our growth and a lot of our jobs created in the small towns if we have a properly run small business sector, a small business loan setup, particularly, as I talk about, if it's tied in with the advisory boards possibly scattered around the province. I think we would see our small towns grow. I think it would help the cities in the long run, and it would put small businesses where they could particularly flourish, in the small towns.

Thank you.

MR. HERON: I offer my congratulations to the Provincial Treasurer and to the minister of economic development in

bringing forth these initiatives. I offer my personal encouragement and support for this investment in Alberta businesses through the provisions of Bill 14. That is \$750 million invested in Alberta business. I use the word "investment" very deliberately. This government through Bill 14 is prepared to invest up to \$150,000 in Alberta businesses with the potential to be economically viable, up to \$150,000 at 9 percent fixed interest rate for up to a 10-year term.

Mr. Speaker, let us consider this program as a secure, long-term source of capital for the small businessmen. The small businessmen will be isolated from the volatile interest swings of the past. In addition, he will experience considerable savings, which will accrue from the interest being fixed at 9 percent. Let us consider the businessman who presently has term loans written up at 15 percent. They will now be eligible to be written down to 9 percent with a write-down of 6 percent or a total possible savings of \$9,000 — pretty significant. However, it is my feeling that most current demand loans are at about 12 percent, let's say 12 to 14 percent, and they will be written down 3, 4 percent, and on average they will save around \$5,000 per annum. That's a very significant plus, and taken together with the certainty of a secure, long-term source of capital, it's got to be a plus for most of the small businesses in Alberta who will be eligible for this program.

Let us turn our focus to what it does for Albertans, but before doing so, let us turn back the clock to the time when criticism was received when surplus funds were invested for maximization of profit; that is, in Ontario Hydro bonds, in government of Canada bonds, and other provincial bonds. In this scenario the Alberta surpluses took the form of bond investments in, primarily, other provincial debt. Let's say that today the focus has changed for the good, to an emphasis on an Alberta first program to achieve long-term economic social goals for our businessmen.

If we call the small business loan term assistance fund an investment, let us put ourselves in the role of a portfolio manager, and let us look at the flip side of what this does for the Albertans for whom we act as custodians. Unlike Canada with a \$236 billion debt, Manitoba with a \$5.8 billion debt, Saskatchewan with a \$1.5 billion debt, and B.C. with a \$2.5 billion debt, we can be thankful for a very large and significant surplus. We must look at all investments as portfolio managers or as custodians of Alberta surpluses. We must try to preserve what is one of the largest pools of capital in the free world. We must look at risk and return on our surplus funds.

The secondary consideration, of course, is to stimulate Alberta's long-term economy and achieve certain social goals. This Bill meets the criteria of good asset management, given the explicit economic and social goals. In this case I would suggest that maximization of return is waived in favour of the social goal. I do not have a problem with this concept taken in the context of risk.

The hon. Member for Westlock-Sturgeon brought up diversification. I believe we're looking at a total \$150,000 as a maximum. The hon. member said that he hoped this program would appeal to the small businessman wanting \$25,000 or \$30,000. Even if we look at an average figure of \$40,000 to \$50,000, the potential for this program is to offer a service to, perhaps, up to 15,000 Alberta businessmen. I would say we have diversification through that illustration.

Mr. Speaker, this government has taken a bold step forward, and I urge all members of this Assembly to do their best to ensure a speedy passage of this Bill, to minimize

the delivery time to Alberta business. I do not wish to emphasize that this Bill is the fulfillment of an election promise but rather that Bill 14 is a commonsense investment approach to a very pressing and real problem facing Alberta businessmen.

Thank you.

MR. CHUMIR: Mr. Speaker, I rise to speak in support of the general principle of this legislation while having to confess to great reservations about the potential problems of certain aspects of it. The principle, of course, is that of facilitating loans to small business in Alberta, and this is, of course, a principle which I heartily endorse. However, the Bill which houses this principle is little more than a skeleton framework which authorizes the cabinet to do as it will with \$750 million of Alberta taxpayers' money by means of regulations. I consider it to be very desirable that there be a more thorough statement of principles and goals in the legislation, because these are matters which should be debated in this House by elected representatives. Not everything should be in regulations, as is proposed by the legislation, and our clause-by-clause debate when we get into committee will be little more than dancing with spirits and ghosts. We'll be able with justification to ask, "Where's the beef?" because we won't be debating the regulations that are going to be forming the basics of what this legislation is all about.

As I mentioned, I support the Bill but with some very serious qualifications and reservations. I think it's very important that we see a program like this operated on sound, businesslike principles, which further public interest and goals on the one hand and do not squander increasingly scarce public funds on the other. Time doesn't permit a thorough delineation of some of the principles and conditions which I would like to see set out in the legislation and in the regulations, but by way of example I would like to see conditions in the program which would encourage job-creating activity to take place or which would clearly save jobs. I think the public interest would be served by that and similar clear objectives.

On the other hand, I believe it would be an extremely poor use of public money if in these difficult times it was possible for those businesses which are not in need of public injection of loan capital and which have no plans for using the loans to make additional investments, if these entities and businesses and individuals were able to roll over existing loans at 12 percent at banks into a 9 percent government-funded loan. It's quite clear that the potential benefit to an individual who was able to do that would be three percent on \$150,000, which would be approximately \$4,500 of maximum benefit. I would like to suggest that this would indeed be a very poor use of public funds which could in no way be justified in light of the very pressing needs of the community and our budget deficit. If this is allowed, make no mistake that it will take place on a very, very grand scale.

I'm also concerned, Mr. Speaker, that this government may be creating a very, very serious problem for this province in the future because of the way the plan is proposed to be structured at this present time. Some of these comments have been noted in connection with the farm loan Bill by Mr. Speaker. The operating scheme for the program is to be set out in regulations, but the proposal that we have had is one which is not sensible. It proposes a situation in which one party, a bank, would approve a loan on which the risk of default is borne by yet another

party, in this case the government of Alberta. That is obviously a formula for potential disaster. We've seen in recent years how poor the judgment of bankers can be, even when the bank itself is at risk. How much comfort are we going to be able to derive from a situation in which bankers are making decisions with our money?

Further, Mr. Speaker, what happens if there are large-scale defaults on the loans and the collection thereof becomes the responsibility of this government? What kind of favour are we providing for future governments which may be charged with the pleasant task of collecting large sums of money from their own voters? The problem, of course, is that the free market discipline is totally absent in this situation. The free market element which is needed and which is absent is that of having an independent party who is directly at risk assess the loan.

If it's loan facilitation we're trying to accomplish, it's already been suggested in another context in respect of the farm Bill, and very wisely, that the government would do very well to provide an interest subsidy scheme and leave the risk to those who have experience in assessing such risks. If on the other hand we're trying to provide not merely some form of subsidy but also to encourage a broader range of loans than those which the banks are prepared to make on the basis of their credit principles, then we should work out a mechanism which either eliminates or minimizes the problem which I have just been discussing. I wonder if the hon. minister has considered the possibility of having the program administered solely by the Treasury Branch as an agency of the government, which can follow instructions of the government and yet has experience in credit matters and can apply stricter terms of assessment than can normal banks.

These changes which I have suggested, Mr. Speaker, would not result in a perfect situation, and there is obviously no ideal situation when government loans to private business are an issue. But it's better than the proposal to have one entity, a bank, approve the risk of another party, the government of Alberta. It's quite clear that we're going to lose some money in this exercise, but we have to make sure that we're not building a major financial disaster into the structure of the plan, and I include in my comments here not just the \$750 million for this loan but \$2 billion for the farm loan. We're dealing with real money here — a billion here, a billion there — and we're running a very high risk when the government enters into a scheme in which it displaces the private lending market on such a grand scale without a strong background of experience. We don't need our own provincial equivalent of the scientific research tax credit scheme here, and I urge the very strongest and deepest of reviews.

In closing, Mr. Speaker, I would state that I support the principle, but I am very uneasy at what seems to me to be a very unsound and unbusinesslike approach to the operating aspect of this scheme to date. We could be facing a major disaster, and we have to be very, very careful.

MR. McEACHERN: I rise also to support this Bill. The Bill to facilitate loans to small businesses is a worthwhile Bill. It doesn't have as much detail in it as I had hoped when I was anticipating the introduction of the Bill, but the basic principles are ones that we can support. It should diversify the economy and it should create jobs.

I'd like to say, Mr. Speaker, that I think Grant Notley would be quite proud if he were able to be here tonight and see that this government has at last come around to

adopting a couple of his major planks. We always suggested that the Alberta heritage trust fund should be used to make loans to small businesses and farmers and homeowners, and two of those groups have been covered by the two Bills introduced tonight. It's interesting but perhaps sad that the economic situation in Alberta had to get so desperate for those two groups before this government would move in those directions. Certainly, to have done the same thing in 1982 when we proposed it, when interest rates were 20 percent, then the 9 or 10 percent interest rates might have been much more help and would have been more appropriate. Perhaps we wouldn't have been in quite such dire economic straits now. We could have perhaps shielded ourselves in the kind of bust our economy has been in in the last few years.

[Mr. Speaker in the Chair]

Of course, the Bill I'm referring to that Grant Notley suggested was the Alberta Development Fund Act. I reintroduced that Bill as Bill 227, and its companion piece of legislation was an economic council of Alberta. The minister should think about it; if you adopt part of a program, maybe you also need to look beyond that program and think of some of the other things that were part of it. That's the reason I mentioned the economic council of Alberta. If you are going to loan money to small businesses in Alberta to diversify the economy and create jobs, it seems to me you should set some fairly specific targets. You should plan what directions you want that economy to move in, and to do that you need some kind of knowledge about the basic resources of this province. That's where the economic council of Alberta would come in.

I'm a bit bemused by the fact that this government can't seem to set very specific targets for something like this. In fact, it's a very loose piece of legislation. I'm a teacher, and I'll just remind you that the recent past Minister of Education spent a lot of time talking about how schools had to set goals and targets and how everything had to be geared toward evaluating and seeing if we were meeting those targets or not. It has been a major thrust on the part of this government in many departments, but I see no sign of it in terms of the economy in the handling of finances. The federal government does it. When the federal government brings in a budget, they project the number of jobs that will be created and set targets for inflation and all the rest of it and often, of course, six months later have not met them. Nonetheless, at least there's an attempt to target and be fairly specific about the sense of direction and what types of industries you might like to create, how many jobs you think you can create with how many dollars. I think the government needs to do a little more homework in that direction.

I am a little concerned, as was the Member for Calgary Buffalo, that we'll be debating the Bill with an absence of details. I know the minister says that we have to negotiate these terms with the banks and see what kind rates you can get and so on, but surely this House should have some input to exactly the way that program will be administered and set up and have some input to the details. I don't see the provision for that in the Bill.

I also want to remind the members opposite that when Grant proposed this idea some years ago and when Ray and Jim also promoted similar ideas, many of you fought against it. In fact, our budding poet over here was one of the ones that was most upset at the idea, and I'll quote a

few things from the April 25, 1985, *Hansard*. "Bill 206 would create an Alberta development fund, but what is its goal?" Okay, let's be a little more specific about the goals of this Bill: to interfere in the economy, to increase taxes, and to require all capital projects to be funded through the general revenue fund. Obviously, he was against this kind of move. I'm glad to see that the government has set its ideological blinkers aside and is prepared to move in the direction that we suggested, even if it is a bit late and the economy had to get into really dire straits before they would do so.

Another present minister, Mr. Moore, said:

Interest rate subsidization on a massive scale is economic disaster. I've always said, and my colleagues know I've always said, that subsidization for short-term gain is long-term chaos. Interest shielding must be used for very specific circumstances and very specific amounts of time.

I'm not going to belabour a lot of the quotes, but there was a great deal of opposition on the part of the government to the very kind of program you're bringing in. I suggest now that you've made this move, take a look at how you can make that program more effective by looking at in what directions you want to diversify the economy and how many jobs you think you can create.

An area I'd like to mention, not with any thinking I have an answer to it: the program has a \$750 million ceiling, and it's a debt program. You loan money to small businesses. That's a good idea; we've been promoting that for a long time. But you should also take a look at the economy and see whether the need is for some equity capital as well. I know you have the Alberta stock savings plan, but if I remember the number right, the maximum on that program is \$50 million. You might want to look at the proportion of those two programs and the use of both of those programs to in a sense target and specifically to help diversify the economy of this province.

I think the goals are worthwhile for this program, but I think you have to be very careful that it isn't in conflict with some of your other programs or sense of directions and principles. I'm thinking specifically here of free trade. The Premier seems to be heading into the idea of free trade and supporting it as the be-all and end-all of the economy. Yet when you are doing specific programs like this, which we obviously need and which this government is supporting, you know that program would run into trouble if we entered into a free trade arrangement with the United States.

We have said for a long time that it's time to put our money and the credit rating of the province to work for the economy of Alberta. So we support this Bill. I have some concern about the vagueness and the lack of details in the Bill and also some concern that it just leaves everything in the hands of the minister and the cabinet, considering the government's record on some other programs like the Alberta Opportunity Company, the Agricultural Development Corporation, and the SBEC programs — a number of programs that have not worked out as well as they might. So we'll be watching with great interest the details as they are brought to us and will be debating the Bill in much more detail later. Basically, I support the program.

MR. SHABEN: Mr. Speaker, I appreciate the opportunity to become involved in tonight's debate on Bill 14. Today, July 22, is a pretty special day in this Legislature, when two very important Bills, the farm credit stability program and the Small Business Term Assistance Fund Act, are

receiving consideration. I appreciate the comments of all of the members of the Assembly with respect to their support of the principle of the Bill. All of us recognize the tremendous importance of small business to our economy and have for a number of years. Some of the members have mentioned some of the building blocks that have been put in place over the years by the government to assist small business, such as the Alberta Opportunity Company, which since 1972 has used the heritage fund to help small business by providing more than \$400 million to Alberta small businesses; the small business equity corporation; the reduction in manufacturing taxes; the Agricultural Development Corporation; the Alberta stock savings plan. Our recent policy paper on enhancing Alberta equity markets was a recognition of an important factor in western Canada, that we have historically depended too heavily upon debt financing for our businesses and we need to search for ways of improving the equity position.

This Bill, Bill 14, the Small Business Term Assistance Fund Act, is another building block to help Alberta's diversification and strengthen Alberta's small business. Each one of the components, each one of the building blocks, provides assistance to various aspects of our economy. I think there's some misunderstanding of some aspects of the Bill. What was described by the Premier when it was announced and has been further described by the Treasurer is taking that credit strength of Alberta and passing it through to Alberta's small businesses. For an example, a ma and pa business, a corner store, will be able, as a result of this, to obtain a better rate of interest than Imperial Oil. It's a marvelous way to help Alberta's small business by passing on that credit strength to Alberta's small business.

In terms of the item that was raised by one of the hon. members with respect to the risk, the program has been designed — and reference was made by the Provincial Treasurer to the discussions that are taking place between the government and the financial institutions to ensure that there is that balance of risk, that our guarantee does not result in the banks moving all of their bad loans to our guarantee. That's why the negotiations and discussions are going on and the guidelines are being developed in such a way to create that balance, to cause that credit to be available to the small business community in Alberta, and yet at the same time achieve a shared risk between the financial institutions and the province of Alberta.

Mr. Speaker, in terms of the program we will be providing as we work through the details. The Member for Stony Plain outlined and we've outlined in the House the basic eligibility, but we will be providing more details as we conclude our negotiations with the financial institutions. It should be clear that we would prefer not to target certain geographic areas or certain businesses other than small businesses in Alberta under the definition that is an accepted definition in this Assembly and those that obtain their revenue from active and not passive business interest.

In the past many of us in this Assembly have abhorred moves by governments to target a particular geographic area or target another area. We have chosen the course of achieving balanced economic growth across this province by making programs available to businesses entirely across this province.

Mr. Speaker, I'm pleased with the support in principle by all of the members who have spoken and look forward to further detailed discussion when we reach committee study of the Bill.

MR. MITCHELL: Mr. Speaker, I rise just to make a few brief comments concerning the Small Business Term Assist-

ance Fund Act. Most points that need to be made have been made, but I would like to emphasize several and just add two, I believe.

I endorse the basic concept of this Act. I think that it's necessary for us to support small business. That's generally recognized in this Legislative Assembly, and that's to be encouraged and congratulated.

I would also like to congratulate the government for its tremendous support of women in our society through this Act. In fact statistics these days tell us that more and more and more women are starting small businesses and are being successful in small business. I think that this lends a tremendous ... I'm surprised that, in fact, the government isn't congratulating itself in this, given that it's been so light in its initiatives with women's issues to date and so poor in its leadership in those areas to date.

I am concerned that there is so much to be taken care of by regulation in this Bill, considering that we will be regulating so many things that probably won't be discussed in this Legislative Assembly, on top of the fact that we seem to be legislating by Treasury Board fiat. That's becoming clearer and clearer as this session progresses. I think that we have a concern for the ability of this Legislature to be able to discuss issues and to air concerns, particularly of a financial and regulatory nature, in the way that we thought we would be able to when we were elected to this Legislature a scant two months ago.

I am concerned about the specification of objectives. Clearly, jobs have to be number one in this program, the maintenance and the creation of new jobs. I am concerned that we emphasize diversification. There's no clear indication that this Act will lead to diversification. For example, will we be supporting oil companies or will we not be supporting oil companies? To what degree and in what priority?

I would like to suggest, or just mention as an aside, that this evening the Treasurer coined yet a new word. He's been fabricating answers for sometime in this House. I'm in awe of that. Now he fabricated the word "diversificate."

MR. SPEAKER: Excuse me, hon. member, "fabrication" gives me certain concerns with respect to parliamentary language.

MR. MITCHELL: Excuse me ... coined a new word called "diversificate."

MR. SPEAKER: Excuse me, do you withdraw that statement?

MR. MITCHELL: Yes, I withdraw that, certainly. Sorry. Thank you.

Anyway, diversificate is an interesting word and an interesting use of the concept. Diversificate: to diversify. A stated objective — that definitely should be part of this Act.

We should be distinguishing between the emphasis that we place on existing companies versus new companies. I'd like to see that we can debate that. What is the priority between these two forms of enterprise? Are they to be considered equal? Is one to be considered more important than the other?

I, too, am concerned with certain procedural matters, such as the nature of the guarantee. Can a lending institution assess risk if they do not have to take it? We will be awaiting to see how that is handled in this Act. The criteria

for eligibility: ability to pay has to be emphasized to some extent; certainly the emphasis to this point, particularly in areas in enterprises or programs such as the Alberta Opportunity Company, has been to emphasize.

Assets: the minister of economic development just outlined that we had put out about \$400 million under the Alberta Opportunity Company since the early '70s. We are now considering that we will be putting out \$750 million by 1989. Clearly, the criteria will be extremely important in facilitating how we put this money out. Therefore, I think they have to be extremely well designed to avoid problems in the future, as economic circumstances change.

I'm concerned as well that we deal with the structure of this program on the financial side. I would like to know: what premise for interest rate projections are we using? Are we locking our borrowing into long term? Are we going to have a balance of short term versus long term? Are we anticipating that interest rates will be going down or that they may be rising? It is entirely possible that interest rates could be 3 or 4 percent by the time these loans are due. That could create tremendous pressure from small businessmen who are locked in now at 9 percent. That should be clarified.

Finally, I would like to see some discussion of the criteria for choosing financial institutions. The government's record on promoting Alberta financial institutions has not been outstanding. It should be clear, for example, that the Bank of Alberta be considered as an institution that would be funding these loans. Probably that institution, among others in Alberta, could use this kind of business, Mr. Speaker.

MR. SPEAKER: Is there a call for the question?

MRS. MIROSH: Mr. Speaker, I'll be very brief in my comments. I just want to say a few words in support of this Small Business Term Assistance Fund Act for the reasons that have already been mentioned by my colleagues and by the hon. minister in his deliberations. The kind words about my predecessor, Hugh Planché, are well received. He worked very hard for this and for his constituents, and they're now my constituents. I really appreciate your comments made towards him on behalf of my constituents. The constituency of Calgary Glenmore would like to give recognition to work well done in achieving this Act.

There are very many small business owners in my constituency, and they are really looking forward to this program. I've had many inquiries as to the time this loan would be available and can now see this in the immediate future as promised by this government. As a small business owner myself, I struggled with the double-digit interest costs but have managed to pay them off and will not need this loan, but I know a lot of women who will be welcoming this loan and can enter into small business and free enterprise. As stated many times, small business does create employment, and this Act will continue to help create incentives for businessmen and women throughout Alberta. This small business assistance fund is well timed during our economic crisis and hopefully this downfall will be shortlived.

Mr. Speaker, I wholeheartedly support this motion and congratulate the minister with work well done. Thank you.

MR. NELSON: Mr. Speaker, I don't wish to prolong the debate. However, as a person who is involved in the small business sector and has been for a number of years, I certainly give my support to this particular piece of leg-

islation, the Small Business Term Assistance Fund Act. It's interesting sitting here and listening to many of the experts who've determined themselves experts who have never been in small business, and in some cases, although some of the comments they make may be good and credible, others you might question.

Mr. Speaker, the importance of this Act cannot take second place to the previous Act we dealt with this evening with the farm credit stability fund because I think they have to be looked at on an equal basis. We seem to have had a considerable debate and a considerable amount of importance placed on the farm Act initially and in particular during the discussions that have precluded the discussion here this evening. I think small business is the engine that needs starting. Certainly it's the engine that's going to create diversification and jobs within our province over the future, and when we talk about the jobs, certainly 70 percent of the jobs created in this province are created by small business and the new jobs will continue to be created by small business.

I've criticized the government previously, and I had my wrists slapped for doing so relevant to my criticism of the opportunities offered small business through the government. I won't repeat some of my comments made previously, as I might get my wrists slapped again. However, I think that this is a step in the right direction and, in my opinion, does offer opportunity for small business. I congratulate the government for same because I think it is one of the initial steps for giving small business an opportunity to really get going.

I think, like other members, there are certain concerns that relate to this, but I have every confidence in the Treasurer and I also have confidence in many of our lending institutions. I don't want to see us start another bureaucracy to set up lenders and people out there at a great cost to the taxpayer. We are, after all, trying to make an investment in not only our future but the future of our province and our children. I too was a participant in the interest rates that the federal government gave out a number of years ago without the criterion that you had to go broke to get them. Certainly now, of course, if you're going broke you're not going to get them anyway, so there's no sense in talking about half of prime plus one, because you're not going to get it.

Mr. Speaker, I'm quite supportive of the handling of these loans through the banks, of course, and certainly supportive of the Treasury Branches becoming involved. I have certain concerns and criticisms relative to AOC and other areas of that nature, but certainly tonight is not the place to expound on those.

MR. PIQUETTE: It's time to go home.

MR. NELSON: You had your turn to talk; now it's my turn. Okay? If you want to go home, go home. [interjections] Some of us wish to do the business of the House. You go home if you like. [interjections]

MR. SPEAKER: Hon. members, the member is indeed correct. Earlier this evening, for a time we were in danger of breaking Standing Order 13(4)(b):

When a member is speaking, no person shall . . . interrupt that member, except to raise a point of order.

This is indeed second readings; it's not Committee of the Whole or any other version of estimates.

Would the Member for Calgary McCall please continue.

MR. NELSON: Thank you, Mr. Speaker.

We have had discussion here tonight about the bankruptcies and concerns of small business throughout the province now and certainly in the past, and they're not all going to go away. Small businesspeople do not — and I repeat: they don't want handouts. They don't want a handout from the government. What they want is to be treated fairly and equitably by the government, as the government may treat other industries, including the farming community, the oil and gas industry, or whatever.

In the past it's been suggested that the government didn't do anything for small business, and I would agree I have been on record as supporting that view to some degree. But I think it was September 7, 1982, when an interest assistance program was introduced that allowed small business to reduce their interest to 14.5 percent, as it did mortgages to 12.5 percent, in a high interest period. So certainly there has been some assistance to businesses over the period, certainly not as enriching as this one.

But let's also face the fact that it's not a giveaway by the government, nor should it be. It is a program devised not to cost the taxpayers of the province, other than possibly for some administrative costs, which should be minimal. It's a program to assist small business without their saying, "Well, my hand's out; let's see what you've got for a freebie." It is not a freebie. It is a form, Mr. Speaker, of the government using its strengths from excellent fiscal management to be able to do this program at little or no direct cost to the taxpayer. Businesses should be given every opportunity, an equal opportunity no matter where their location within the province, whether it be in a major city or a smaller community: equal opportunity for all. Let's not have any of this nonsense that because you have a business in a smaller centre you should be given an additional benefit. I don't think that's fair to anyone.

The government is continuing its practice of providing a fair and equal environment in Alberta. That's why investment continues to grow in this province, not only because of the government's strengths but because of the continuing strengths of what I will call the people's government.

Mr. Speaker, I would like to again ask the Legislature to fully support second reading of this Bill as I think it is

one of the times that we can all honestly say that the government has come to the aid and to the assistance of small business to ensure their viability, the diversification that's necessary in the economy, and also to get the engine started in our small business sector.

Thank you.

MR. JOHNSTON: Mr. Speaker, in the 20 minutes or so left, I would simply like to summarize the comments . . . [interjections] Let me say, Mr. Speaker, I can read from the consensus of the Assembly that everyone is quick to agree to second reading of this Bill. I want to only add the appreciation of the suggestions in terms of both the principles, which I understand all parties agree to, and the recommendations as to the principles and the way in which the program will operate, which I'm sure we'll have an opportunity soon to discuss in Committee of the Whole.

I might say that there were some comments with respect to the way in which the program will operate that I would be prepared to explore more fully in the committee, particularly the comments from some of the colleagues from the Liberal Party who both indicated a fear that it would be done by government direction outside of legislation but then went on to criticize the Bill in terms of its operation. So I'm at a bit of a loss to know just which side to take. But in any event, I do look forward to further comments.

Mr. Speaker, I'm sure that all members will agree to second reading of the Small Business Term Assistance Fund Act, Bill 14.

[Motion carried; Bill 14 read a second time]

MR. CRAWFORD: Mr. Speaker, in commenting briefly on the evening's proceedings, it calls to mind the remark made by Sir John Macdonald: the members may not have exhausted the subject, but they have exhausted the House.

Mr. Speaker, the business for tomorrow afternoon: the Assembly will be in Committee of Supply, and the estimates under consideration will be those of the Department of Manpower.

[At 10:40 p.m., on motion, the House adjourned to Wednesday at 2:30 p.m.]