

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Monday, July 28, 1986 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: **TABLING RETURNS AND REPORTS**

MR. KOWALSKI: Mr. Speaker, I'd like to file with the Legislative Assembly three documents outlining management arrangements for the Brazeau dam between the province of Alberta and Calgary Power Ltd. The first is an OC dated June 21, 1960, containing the memorandum of agreement signed June 1, 1960, between the province of Alberta and Calgary Power Ltd. The second is OC 1549/72 dated September 27, 1972, amending the 1960 agreement, and the third is Department of the Environment licence 1959-08-07-02, dated May 21, 1976.

MISS McCOY: Mr. Speaker, I wish to table three annual reports: the first one, the annual report of Alberta Consumer and Corporate Affairs for the year ended March 31, 1985; second, the annual report of the supervisor of consumer credit for the year ended December 31, 1985; and third, the annual report of the Alberta Automobile Insurance Board for the year ended December 31, 1985.

MR. RUSSELL: Mr. Speaker, I beg leave to table the annual report for 1984-85 of the Northern Alberta Institute of Technology.

MR. YOUNG: Mr. Speaker, I wish to file for the information of members the annual report of the Alberta Foundation for Nursing Research dated March 31, 1985.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. MUSGREAVE: Mr. Speaker, it gives me pleasure today to introduce in your gallery two well-known sports people from the province of Alberta. First of all, on behalf of the minister of sports and recreation I'd like to introduce Mr. Max Gibb, the managing director of the Alberta Sport Council, and secondly, a well-known Calgary sports announcer and broadcaster, Mr. Ed Whalen. I would ask them both to rise and receive the welcome of the House.

MR. PIQUETTE: Mr. Speaker, it is with great pride that I introduce to you and through you members of the Piquette family who are here today: my loving father and mother, Roland and Zea Piquette from Plamondon; from High Prairie, my brother Guy and his wife, Louise Piquette; and from Edmonton, my sisters Rita and Suzanne Piquette with her two children Jonathan and Jolan. I would like to pay special tribute to my parents; both of them have devoted years in public service working for the betterment of their community and family. I would be very pleased to have

all of them stand today to receive a warm acknowledgment from this Assembly.

head: **ORAL QUESTION PERIOD**

Provincial Revenues

MR. MARTIN: Mr. Speaker, in the absence of the Treasurer I'll direct the question to the Deputy Premier. It has to do with taxation and provincial revenues. The proportion of provincial income taxes paid by corporations has declined from 37 percent in the first five years of this government to only 14 percent in the last five years. My question is: what form of review of corporate income tax has the government undertaken to see how more revenue could be generated while making the system more fair?

MR. RUSSELL: Mr. Speaker, it's my understanding that the whole matter of provincial revenues — and certainly taxation is an important part of that — is continually under review by the Treasury Department. I'll certainly refer the hon. member's question to the attention of the Treasurer. As a matter of interest, speaking of corporate and personal income tax, it's a unique situation here in Alberta, where we're very lucky; those two taxes combined don't even cover the costs of our health care program.

MR. MARTIN: It may be unusual, but during the 1983 tax year 1,511 Albertans paid no tax at all.

My supplementary question to the Deputy Premier: before the government starts developing new tax measures such as higher medicare premiums, will the government look at appointing a royal commission to thoroughly review the fairness of our provincial taxation system, which would then make recommendations on how revenue might be raised from those who can afford to pay?

MR. RUSSELL: Mr. Speaker, as I mentioned in the earlier question, the matter of revenues and taxation procedures is continually under review by Treasury. The item that the hon. leader referred to specifically, the matter of a royal commission, is one which I think the Treasurer should handle, and that question will be referred to him.

MR. MARTIN: Mr. Speaker, a supplementary question to the Deputy Premier. The federal finance minister is taking a look at the national tax system with an eye to the upcoming changes in the U.S. system and corporate taxes in particular. My question is: given that changes to federal tax will directly affect provincial rates and revenues, is the minister saying that there is no special review on at this time, in view of those changes coming up?

MR. RUSSELL: Again, Mr. Speaker, our province has its sources of revenue continually under review. The budget process and all the programs and policies that are combined with that is an ongoing cycle throughout the year, and work is well under way for next year, notwithstanding the fact that this year's budget has not passed yet. So those things are a matter of continuous review.

I mentioned earlier that Alberta is in a unique situation because of our wealth of resource revenues. We enjoy such things as no sales tax, no gasoline tax, very low corporate taxes, and very low personal income taxes. But in the end, somebody has to pay the bill. The members in that section

are great at expanding expenditures, but they're very short on ideas about how to pay for them.

MR. MARTIN: Speaking of a short memory, in this question period I gave you an opportunity to say how it could be fair. My question then and another idea I could perhaps give to the government: will the government undertake that before any new tax revenue measures such as medicare premiums and income tax for ordinary people are announced, they will study the benefits of a national floor price of between \$18 and \$22 U.S., and will they make that public?

MR. RUSSELL: Mr. Speaker, I think it's only fair to the Provincial Treasurer that specific ideas like that be answered by him when he's in the House, and the suggestions of the hon. leader will be referred to him. But we've said so often, and it sounds corny but it's true: there ain't no free lunch. If you're going to keep introducing these universal social programs, you've got to figure out a way to pay for them.

MR. TAYLOR: A supplementary to the Deputy Premier. Will the Deputy Premier indicate to the House whether or not the government is studying moving from a gross royalty method of taxing the oil industry, probably one of the few areas in the world that still does that, to a net income or an oil income method of taxing the oil industry?

MR. RUSSELL: I'll refer that question to the Minister of Energy.

DR. WEBBER: I would appreciate it if the hon. member would repeat the question.

MR. TAYLOR: Mr. Speaker, if I may be allowed to repeat it. I think the minister was so taken with the use of grammar by the Deputy Premier that he skipped a beat there.

I was asking the Deputy Premier if he could tell the House whether they are considering in their review of taxation procedures dropping the rather outmoded royalty system for taxing oil production and going to a net profit per well basis of taxing oil production.

DR. WEBBER: With respect to what the Provincial Treasurer is doing in reviewing the taxation system, I would have to have him respond to that particular question. As I've indicated previously in this House, if hon. members or others in the community have ideas on how we can revise our royalty system, we would be glad to hear from them. However, at this particular moment we have a royalty tax credit system in place which is primarily beneficial to the smaller and medium-sized companies.

I think it's also very important, though, to emphasize that the federal government's PGRT is a tax and our royalty system is not a tax. It's our rent on a resource that we as owners have in this province. So with respect to any talk about reviewing taxation systems, I think it would be erroneous to put royalties in that particular category. Royalties are not a tax; royalties are Albertans' rent as owners of the resource, one that is at a level where the industry wants us to reassess it, and we will do so.

Radar Detectors and Seat Belt Legislation

MR. MARTIN: I direct my second question to the Solicitor General. Hopefully there won't be any free lunch here either. Since the government proposes to allow those who can afford detectors the opportunity to evade radar, will

the Solicitor General be suggesting to the RCMP and local police forces that no more public money be spent on radar detection?

MR. ROSTAD: Mr. Speaker, the police enforcement in the province has not been advised to be any more lenient now in enforcing radar detection than they have been previously. But I might indicate to the Leader of the Opposition that the police enforcement people now have a radar gun that doesn't necessitate a radar detector. They can still get them.

MR. MARTIN: A supplementary question. Could the Solicitor General indicate why we're moving to legalize these radar detectors if they're of no use?

MR. ROSTAD: Mr. Speaker, I might refer that to the Minister of Transportation and Utilities. The abolishment of radar detectors is his department.

MR. ADAIR: Mr. Speaker, the move to repeal section 61 of the Highway Traffic Act is such that it will allow us to clear up some confusion that has been created by any number of people — without looking at anybody — and to be somewhat consistent with those around us who presently have that position in place. For example, the provinces of Saskatchewan and British Columbia and the state of Montana now allow the use of radar detectors if you choose and have the funds to purchase them. One of the difficulties we have had in the past is the concern and confusion that was caused relative to both tourists and residents, and we're going to clear that up by removing it and allowing you to purchase them, recognizing that what the Solicitor General said a moment ago is a fact: they can now turn a radar gun on you, and at 200 yards you're dead in the water.

MR. MARTIN: Is the minister speaking from experience?

Mr. Speaker, I'd like to direct a supplementary question to the Minister of Transportation and Utilities.

MR. SPEAKER: It wasn't your second supplementary.

MR. MARTIN: No.

Since we seem to be in the process of helping people break the law, perhaps a balancing law to deal with safety is in order. Will the minister be introducing a Bill or a motion on mandatory seat-belt use in this session, given the government's concern about rising health care costs? [some applause]

MR. ADAIR: I appreciate the applause, Mr. Speaker, but the inference that we're assisting to break the law should be removed from the statement made earlier by the hon. member, because that's not the case. What we're attempting to do is clarify a situation that has become more and more confused, in part by some of the members opposite, in part by some of our members, and in part by those who report it in whatever fashion they use to report it. So we're going to clear that up.

There is already a private member's Bill on the Order Paper, No. 211 I believe. We will be watching with interest the debate that follows the presentation of that particular private member's Bill.

MR. MARTIN: A supplementary question to clarify this a little more. We know about private members' Bills; we've seen a lot of them in four years. Does the government

propose that there will in fact be an opportunity for a free vote in this session that will then be the law of this province?

MR. ADAIR: Mr. Speaker, the first thing I should clarify is, number one, I don't own a radar detector. In response to the comment made earlier about standing on your head, I've watched them. That's probably an offence, too, in the sense of watching somebody try and stop within 200 yards of getting it. That's one that would be cleared up by this particular means.

The question that was directed to me is probably best directed to the Premier in the sense of the response. I appreciate that he's working today too.

MR. CHUMIR: A supplementary to the hon. Minister of Transportation and Utilities. The question is: would the government consider implementing compulsory seat-belt legislation for minors, since the government clearly has a responsibility for young people and passes a great deal of other legislation to protect them?

MR. ADAIR: Mr. Speaker, initially for five years and under — and I stand to be corrected — I believe there is seat-belt legislation in place. That certainly could be considered by some as being the first step. The debate that will follow on Bill 211, the private member's Bill, opens the opportunity for the hon. member and others to make that particular case.

Agricultural Assistance

MR. TAYLOR: Mr. Speaker, I'd like to address this question to the Minister of Agriculture. Since U.S. legislation allowing export subsidies on wheat to the Soviet Union and China threatens Canadian wheat producers with the loss of two major grain export markets, can the minister tell the House what impact this situation will have on Alberta wheat farmers?

MR. ELZINGA: Mr. Speaker, we don't have any exact figures that I can share with the hon. member at this time. I would be more than happy to look into it and ask our departmental people if they could come forward with an assessment as it relates specifically to the province of Alberta. But it's worth while to point out to him, as we have on a number of occasions, that both this government and our federal government have made repeated representations with the hope of either removing the excess subsidization that has been given to U.S. producers and those in the European Economic Community or implementing a proposal that was advocated by the western Premiers whereby there would be a deficiency payment to our grain producers.

MR. TAYLOR: Mr. Speaker, a supplementary to the minister. I want to know the impact, not what you have been doing, because obviously it has been of no use.

Can the minister now tell the House if the fast-approaching August 1 deadline for grain deliveries will be extended in view of the fact that farmers are having more trouble selling wheat?

MR. ELZINGA: Mr. Speaker, contrary to what the hon. member has indicated, a number of our programs have been a great deal of use. If he's indicating to me and to the farming population that we do away with the farm fuel assistance, the fertilizer assistance, and our market adjust-

ment plan, I wish he would indicate that in a forthright manner rather than using the back door. I can indicate to him too that we are on a consistent basis making representation to our federal counterparts, but as he should be aware if he's not, that area falls under federal jurisdiction.

MR. TAYLOR: I'm aware that it's federal, and they're extraordinarily deaf. Could the minister take the initiative of convening a meeting of farm representative groups to work with them on developing a viable alternative plan for Alberta's grain industry?

MR. ELZINGA: Mr. Speaker, we're presently working on that. I've consulted widely with a number of commodity groups and farm organizations within the province, and we hope to set together, acknowledging that it's going to take a period of time, a consultative body. To go one step further, I have the opportunity to meet with the federal Minister of Agriculture this coming Wednesday, and we're going to make representations to him on a personal basis. I should share with him too that if he took occasion to read the newspapers or watch television occasionally, he would notice that the minister responsible for the Canadian Wheat Board is giving consideration to a further extension in the event that it is merited.

MR. TAYLOR: Mr. Speaker, it's not like the old steer's daddy out on the farm. There's a point here and a point there with a lot of bull in between.

MR. SPEAKER: Hon. member, order. On Friday we had a discussion with respect to question period and supplementaries. If you care to peruse the record of *Hansard* on supplementaries, it's straight questions, no opinion expressed, please. Thank you.

MR. TAYLOR: Mr. Speaker, I would only ask that the answer be as pointed. In this case, could the minister tell us what fallback plan he has if his federal cousins will not listen to him and will not extend the August 1 deadline?

MR. ELZINGA: Mr. Speaker, unlike the hon. member opposite, who is reactive to concerns, we've initiated a number of programs to offset the difficulties that our agricultural sector is facing. Because we recognize that we have very little role to play in external forces such as the various commodity prices, we have taken a substantial step in reducing input costs for our farming population. To underscore that, one only has to look at the projections for this coming year that show there's going to be a net increase in the realized income for the agricultural sector because of the many worthwhile programs we have initiated to reduce input costs for our agricultural sector.

MR. FOX: Supplementary to the minister, Mr. Speaker. Has the minister given any consideration to a provincial deficiency payment in the absence of meaningful federal action on this after August 1?

MR. ELZINGA: Mr. Speaker, we give consideration on a continuous basis to all suggestions. As I indicated to the hon. Member for Westlock-Sturgeon, as I will also to the Member for Vegreville, we feel that we have to counteract the input costs as they relate to the agricultural sector, and we have done more than any other province in this nation. We are going to continue with the course of action that

we have established whereby we reduce input costs for our agricultural sector, which has to date proved very effective.

First Commonwealth Securities

MR. McEACHERN: My questions are to the Minister of Consumer and Corporate Affairs. Has the minister checked with the Stock Exchange or the Securities Commission to see how quickly small investors who have money or shares tied up with First Commonwealth Securities will be compensated?

MISS McCOY: Mr. Speaker, I have been in constant touch with the chairman of the Alberta Securities Commission. The hon. member has asked me about compensation for investors, and I wonder if he might choose to clarify his question. But let me tell the Assembly the number of things that have been under the advice and direction of the Securities Commission and under the Stock Exchange's direction. Firstly, there is a national contingency fund which will be available to pick up any deficiency that one of the members of the Stock Exchange may find itself in, and that is what appears to be the case in the First Commonwealth situation. Secondly, what that will do, let me say, is return the shares to an arm's length customer, or if there is money on account by that customer, that money will be returned to the customer. The affairs of that member of the Stock Exchange, First Commonwealth, are now under control by the Stock Exchange, and it will take, I'm advised, some time before they will be able to clear all the stocks that are unrelated to those that are under investigation.

MR. McEACHERN: In the first question, I was asking specifically about the release of the present shares and money for those companies which are working through First Commonwealth Securities. I wasn't particularly getting at the contingency fund. My second question is: are you really saying that these investors will have to wait until the hearings are concluded before the money or shares are released?

MISS McCOY: No, Mr. Speaker, I am not. The matters at First Commonwealth that have nothing to do with the company that is under investigation will be methodically looked through and released just as soon as can be done. There is a fair amount of work to be done. It will have to be done sequentially, and therefore it will take some period of time.

MR. McEACHERN: Second supplementary. With the announcement this morning that the Stock Exchange said that First Commonwealth has not found the necessary funds to make up their capital deficiency, there is presently no Alberta-based brokerage house operating on the exchange. Can the minister outline what measures the government is looking at now to ensure that there will be Alberta involvement in that industry?

MISS McCOY: Mr. Speaker, that's a mis-statement; the facts are not as the hon. member opposite has indicated. May I refer him to a publication called Going Public, which is on file in the Legislature Library. It has a list of the members of the Stock Exchange. I'm informed that at least three of those other than First Commonwealth are Alberta-based.

MR. McEACHERN: Final supplementary. Does the minister have any plan for a ministerial statement this session which

will attempt to restore investor confidence by outlining the results of a review of both the roles of the Alberta Stock Exchange and the Alberta Securities Commission?

MR. SPEAKER: It is now the Chair's opinion that there's no need for the minister to answer that question. It's related to the anticipation rule.

MR. TAYLOR: A supplementary, Mr. Speaker, to the minister. Could she tell the House whether or not there is a policy in place in Alberta whereby either the Alberta Stock Exchange or the Alberta Securities Commission can suspend the activity of a stock when there is unusual trading activity over a short period of time?

MISS McCOY: Mr. Speaker, as I've explained before, the role of the commission is to ensure as best anyone can that full and clear information is given by a seller to a prospective purchaser. As I have also said before, the rise in the value or price of a stock is not necessarily an indication that full, plain, and true disclosure is not present. As soon as some indication is given to either the Stock Exchange, which has the first responsibility, or the Securities Commission, which also has responsibility regarding the quality of information, then an investigation takes place.

In this case that we are discussing now, the piece of information that was given, on the basis of which some rise in the value of stocks occurred, was a statement of material change which was nearly six weeks ago, and the matter has been under constant surveillance since. Again I say that I believe the staff and the commission have been proceeding with their responsibilities in a timely and expeditious manner.

Employment Initiatives

MR. MITCHELL: Mr. Speaker, unemployment for people between the ages of 15 and 24 has reached what can only be described as chronic proportions. Forty-five thousand people in this age category are unemployed now; last year at this time 41,000 people were unemployed. We've had a band-aid solution to extend for 30 days two Alberta student employment programs. We are still struck with chronic youth unemployment. Can the Minister of Manpower please inform us of the effect in creating jobs and training initiatives of the \$178 million that was committed to that area, and what portion of those jobs are for youth?

MR. ORMAN: Mr. Speaker, I don't recall whether the hon. member was in the House when we did my estimates last week, but at the time we ran through the various votes under my department, I think we discussed unemployment. If the member has the ability to check into the estimate notes, he will see that we dedicate a tremendous amount of our resources to youth unemployment. We recognize that employment of all kinds, regardless of the percentage, is a concern to everyone, and this government, as the member indicated, is spending hundreds of millions of dollars, \$188 million to be exact, in employment creation and training programs. I did announce in this House that we would be expanding the summer temporary employment program. As of the beginning of the year, that program has employed some 11,000 students, and we hope the enrichment of that program will increase it by another 1,500. I think we are recognizing the concern for youth unemployment not only in this province and in Canada but across North America.

It is of major concern, and we are continuing to review it.

MR. MITCHELL: Mr. Speaker, we keep hearing of the amount of money that's being spent rather than a focus on results.

To the minister of economic development: is he aware of the new federal government youth entrepreneur program which is being tested in southern Ontario, designed to encourage young entrepreneurs in new business pursuits to create jobs that sustain themselves rather than temporary jobs such as those under STEP and PEP?

MR. ORMAN: Mr. Speaker, I'd like to supplement the question, if I may. Just last week we approved funding in the amount of \$125,000 in a joint initiative with the YMCA in Edmonton. It addresses exactly what the member brings up; that is, we will be targeting entrepreneurship with youth and students. It will be an ongoing program and will involve the federal government. It is a unique initiative. It didn't take us long as a department to see the benefit of it, and within a matter of a week we approved that funding. We're very excited and looking forward to working with the private sector on an entrepreneurial program for youth.

MR. MITCHELL: I'm encouraged by that, Mr. Speaker. Could the Minister of Manpower, I guess, please inform us whether that program will include certain creative features of the federal government such as training sessions for new entrepreneurs and advice and support systems of other varieties as well?

MR. ORMAN: Indeed, Mr. Speaker.

MR. MITCHELL: Would the minister please assure us as well that it will include an incubator component such as that which is found in the federal program, which allows youth to share space and financial resources and talents?

MR. ORMAN: He has that assurance, Mr. Speaker.

MR. SIGURDSON: Mr. Speaker, given that the cost of postsecondary education is greater than the total amount of remuneration for STEP, will the minister look at raising the minimum wage for those people who are fortunate enough to be on those programs so that it will cover the cost of postsecondary education?

MR. ORMAN: Mr. Speaker, the intent of STEP is to create summer jobs for students; its primary focus is not to create income for students to pay for their year's tuition. We do what we can as a department and as a government to supplement in any way we can by assisting in creating summer employment so that we can in some way contribute to the expenditures that students are faced with. I have indicated in this House before that in a period of downturn I do not support tinkering with minimum wage. I think that the primary objective and the focus and my intent as Minister of Manpower is to create 100 percent employment. We've talked about those difficulties, but let me assure the member that at this time my mandate is to create jobs, not tinker with the minimum wage.

Opportunity Company

MR. NELSON: Mr. Speaker, I have a question for the minister of economic development. Considering the to some degree large outcry regarding Lyon Mountain at Bragg Creek and the petition that is now gathering some momentum

in southern Alberta, particularly Calgary and the area of Bragg Creek — in fact, I was out there yesterday — will the minister have a totally objective review done of the financing by AOC for the development of Lyon Mountain in Bragg Creek?

MR. SHABEN: Mr. Speaker, the Alberta Opportunity Company is an organization that provides support to Alberta businesses, and it receives its direction from a private-sector board of directors. The corporation advises me from time to time of the status of certain loans, but the government does not interfere in the day-to-day operation of the Alberta Opportunity Company.

MR. NELSON: A supplementary, Mr. Speaker. Can the minister give some assurance that the developer of the ski hill, Mr. Bob Lyon, will be given every opportunity to see to the successful operation of the ski hill without excessive, high-priced help being forced into that area with the possibility of forcing him out of his operation?

MR. SHABEN: Mr. Speaker, I understand that Alberta Opportunity Company has applied to the courts to place a receiver within the operation. However, I'm also advised that the company continues to be supportive of the project itself because it continues to have merit in terms of its attraction of tourists and the skiing trade, but the board has determined that it was necessary to apply for the placement of a receiver in the operation.

MR. NELSON: Mr. Speaker, considering the affairs of the present owner, can the owner be assured of continuing his ownership role once the success of the ski hill has been proven, rather than unloading it at 10 cents on the dollar at some future date to somebody else once the hill has proven successful?

MR. SPEAKER: Hon. minister, the question is so hypothetical it really should not be given further consideration. However, the Chair will recognize a carefully rephrased — is this a rephrased, quick supplementary?

MR. NELSON: Mr. Speaker, will the minister assure the Legislature that the policy of this government is to ensure the diversification of economic opportunities in the province and that AOC as a lender of last resort, which should be first resort, will be asked to use its mandate including taking on an equity position rather than using the threat of receivership and other innuendoes that seem to place unnecessary stress on individuals and communities? [interjections]

MR. SHABEN: Mr. Speaker, earlier in this session we discussed the role of the Alberta Opportunity Company. They have served Alberta very well over the years in terms of the opportunities they've provided to entrepreneurs to make investments and to create jobs in Alberta. They must balance their mandate with the responsibility of carefully husbanding taxpayers' funds. In each particular situation where difficulties arise, it's the responsibility of the board to manage it in that sense. If we were to get involved in the House with every single investment that is made by the Alberta Opportunity Company, when one considers that more than 4,000 businesses have been supported by the company, it would create a difficult situation. The board of the Opportunity Company has received its policy direction from

the government, and I'm satisfied with the manner in which they function.

MR. TAYLOR: A supplementary, Mr. Speaker, to the minister. In view of the upcoming Olympics and the activity we need in tourism and the second mortgage holder's statement over the weekend that it was a very viable proposition, would he consider using his good offices to talk to the Alberta Opportunity Company to possibly delay foreclosure proceedings for another year?

MR. SHABEN: Mr. Speaker, I think there's some confusion. This is not a foreclosure procedure; it's receivership. The Alberta Opportunity Company is anxious that the project be completed in order that this winter's ski season activities can take place. My understanding and report is that part of the reason for the action is so that the work can continue and the hill can be operational this winter.

MR. HAWKESWORTH: Mr. Speaker, in terms of the minister's answer to the question about the policy direction given to AOC, the Premier announced during the election campaign that AOC would be allowed to take equity participation and positions in businesses rather than just making loans. What steps have been taken by the government to ensure that AOC gives that policy direction their most serious and fullest consideration?

MR. SHABEN: Mr. Speaker, I have had discussions with the chairman of the board of the Alberta Opportunity Company. The desire of the Premier and of the government that AOC look at more creative methods of financing, including taking equities in a variety of ways, has been made known to them, and the board is in the process of considering those recommendations. I plan to meet with the board again in terms of a follow-up to those earlier recommendations in order that I can advise the House of the follow-up that will be taken by AOC with respect to policy directions.

Paddle River Dam

MR. YOUNIE: Mr. Speaker, for the Minister of the Environment. The minister indicated last week that the \$40 million Paddle River dam had prevented flooding except for backup from the Pembina River, yet residents of the area have told me that there was flooding only five miles downstream from the dam that couldn't be attributed to Pembina River backup. Can the minister confirm what his constituents have told me?

MR. KOWALSKI: Mr. Speaker, to my knowledge there was absolutely no flooding along the Paddle River. The dam in question worked exceptionally well. There was a bit of backflow at the confluence of the Pembina River and the Paddle River, from Manola going about three miles to the west. A bit of water went over the spillway on the Paddle River dam caused by rising waters in the Little Paddle River, which flows into the area. I'm absolutely delighted with the workings of the Paddle River dam. It's certainly a total vindication of the efforts put forward by this government a number of years ago to commit to it and to have it in operation.

MR. YOUNIE: Some of the residents downstream weren't quite so happy. In reference to the dam, what assessment

has the minister made of whether or not dikes built in conjunction with the dam are not high enough and do not extend far enough west to be fully effective for flood control?

MR. KOWALSKI: I indicated just a few minutes ago, Mr. Speaker, that there was backup from the Pembina into the Paddle River several miles to the west of the confluence of the Pembina and the Paddle, and those dikes certainly went out. It was common knowledge that they were. But in terms of the distance on the Paddle River from Barrhead to where the damsite is, in terms of what I had seen, in terms of the visual markers that I had placed along the Paddle River and that I had observed all weekend, and by all reports that were given to me, there was absolutely no problem at all along the Paddle River other than with respect to the water that went over the spillway on the Paddle River dam.

MR. YOUNIE: Perhaps that relates to my next point. Could the minister confirm that the conduit gates weren't fully closed to hold back water because their design and construction wouldn't permit them to withstand the pressure?

MR. KOWALSKI: That isn't correct, Mr. Speaker. There was no flooding along the Paddle.

MR. YOUNIE: The wet residents still don't agree. In view of the inadequacies that I've seen in the dam, will the minister be doing any sort of comprehensive review of much less expensive alternatives to dams as a means of flood control in the province?

MR. KOWALSKI: Mr. Speaker, I am absolutely delighted with the performance of the Paddle River dam. The Paddle River had been flooding in this province since the beginning of the 20th century. A substantial amount of dollars were committed by this Legislature, despite the very vociferous opposition of the NDP I might add. I would welcome them to come out with me to the constituency of Barrhead, and we can go and visit everybody along the Paddle River, [interjections] I know what the response of my constituents is. The Paddle River dam has worked significantly well with respect to this. I might add that ...

MR. SPEAKER: The Chair recognizes the Member for Calgary Mountain View followed by the Member for Calgary Buffalo.

Opportunity Company (continued)

MR. HAWKESWORTH: Mr. Speaker, my question is to the minister of economic development and has to do with this business of equity participation by AOC. I'd like to follow up on his previous answer. If the Alberta Opportunity Company has been made aware of the government's position that it can take an equity position in businesses, how seriously is this being considered by the board in view of the fact that they're now in receivership action towards the Lyon Mountain ski area?

MR. SHABEN: Mr. Speaker, the Alberta Opportunity Company board is taking it very seriously.

MR. HAWKESWORTH: Mr. Speaker, to the minister. Are they taking it so seriously that they might reconsider their

action on receivership and consider the equity participation option instead?

MR. SHABEN: Mr. Speaker, once a company is in receivership it doesn't mean that all efforts or activities of any lender end, whether it's Alberta Opportunity Company or a bank. Usually receivership is a means to an end, and it may be possible that something could develop subsequent to receivership. The policy recommended in terms of a change in direction for AOC is a sharp policy change, and we wouldn't expect the Alberta Opportunity Company to move into equities quickly without having the mechanisms in place to be able to deal with a completely new kind of financing. The organization has been operating since '72 providing strictly debt financing. We have asked them to look at other methods. We expect that that policy will be implemented, but I expect it to be done in a businesslike way as the corporation is able to deal with it.

MR. HAWKESWORTH: My question, Mr. Speaker, to the minister is: does AOC presently have criteria that they are using to either reject the option of equity participation or choose the receivership option? Are you saying that in fact no criteria exist, that there's a brand new direction that they never thought about since 1972, and that therefore there are no criteria?

MR. SHABEN: Subsequent to directions from the government, Mr. Speaker, the board of the corporation held a two-day meeting examining the move from straight debt financing to creative financing of a variety of ways. Those meetings occurred just a few weeks ago. The development of the criteria is going on right now. I think it's important that that be done carefully, because it is a significant change from past practices and policy of the corporation.

MR. HAWKESWORTH: Mr. Speaker, I think we all recognize there are lots of companies in this province that are in situations similar to that of Lyon Mountain. How soon will we see these changes reflected in the way AOC handles situations like Lyon Mountain and others that they're dealing with?

MR. SHABEN: I would expect that in a matter of months the corporation would begin to offer alternate financing that is different from debt financing. How that policy change would impact on the particular matter that's been raised by the members in the House today, the Lyon Mountain matter, is one that would be dealt with by the board of directors of the corporation.

MR. SPEAKER: The time for question period has expired. Might the Assembly agree to the extension of question period to complete this question with its set of supplementaries?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

MR. TAYLOR: A supplementary, Mr. Speaker, to the minister. Unfortunately, I do know the difference between foreclosures and ...

MR. SPEAKER: Hon. member, a supplementary issue is at hand.

MR. TAYLOR: I thought he'd enjoy it.

MR. SPEAKER: A supplementary question.

MR. TAYLOR: Could the minister assure the House that he will talk to the AOC to ask them whether or not they can include the former owner to manage the receivership for the next year?

MR. SHABEN: Mr. Speaker, my understanding is that the Alberta Opportunity Company has indicated to the former owner and the owner that they would like him to continue to be involved in the project while it is in receivership.

MR. NELSON: Mr. Speaker, considering the fact that the equity financing situation has been available through AOC, could the minister give AOC a bit of a prod and ensure that that opportunity and that availability is made prominent to AOC and to this particular case involving Lyon Mountain?

MR. SHABEN: Mr. Speaker, that's similar to a question that was asked earlier. I feel confident that the board of the corporation will exercise good judgment in this particular case.

head: **ORDERS OF THE DAY**

MS BARRETT: Mr. Speaker, I'd like to rise on a point of order, please. During this question period the Member for Edmonton Kingsway's question was ruled out of order on the basis that it might be in anticipation of a ministerial statement. Having consulted with *Beauchesne* and *Standing Orders*, it seems to me that the question was framing a query about the time frame in which the review of the Securities Commission might benefit from a specific enunciation from the minister and therefore might not necessarily be ruled out of order under those provisions.

MR. SPEAKER: Thank you, hon. member. The Chair will examine the Blues and rule on it tomorrow.

head: **COMMITTEE OF SUPPLY**

[Mr. Musgreave in the Chair]

MR. DEPUTY CHAIRMAN: The members of the Committee of Supply will come to order.

Department of Public Works, Supply and Services

MR. DEPUTY CHAIRMAN: The hon. minister would like to take the floor.

MR. ISLEY: Thank you, Mr. Chairman. I have no opening comments. I would request that the committee proceed directly to vote 1.

MR. EWASIUK: Mr. Chairman, it's a pleasure to be able to respond to the estimates of the Department of Public Works, Supply and Services this afternoon. I realize that this is a service department that perhaps doesn't have the kind of profile that some of the others have. Nevertheless,

I view it as perhaps someone that has the custodial responsibility for the other government activities in the province, so I think it is a very important department.

Like other members who spoke before me on various budget estimates, I have to cite some criticism. The kinds of budgets that I have been used to dealing with . . . When I go through the estimates, I find that information is certainly lacking. I think it's very difficult for one to make a good assessment of what's happening in a department, how the money is being spent, and in fact whether it's being spent properly. However, before I get to the votes, Mr. Chairman, I would like to make just a few statements based perhaps on philosophy rather than on the particular estimates. In view of the fact we are dealing with public works, I think it's important to make those comments.

Quite often we hear from right-wing businessmen and politicians particularly that the public sector is the root of all economic evil. By discrediting the public sector and glorifying the private sector, those individuals seek to divert more government revenue into their own pockets. That is generally being referred to these days as privatization. How often have we heard that governments have become too large? Yet if you analyze figures of government employees, you will find that only one-fifth of the total work force in the province are actually government employees.

There's another myth, that public-sector growth and spending are harmful to the private sector. Here again, a great deal of government spending takes the form of direct or indirect financing and aid to business. Most goods and services are produced through the combined efforts and resources of both the public and private sectors. The truth is that much government intervention in the private sector is not only desirable but indispensable. Very few economic activities can be described as purely private or purely public. Our economy is a mixed economy; it needs the injection of both to make the economy work properly.

Mr. Chairman, in dealing with the votes I want to refer initially to votes 1 and 3. In both those votes there is reference to planning. I appreciate that indeed in every department and business there needs to be planning. You can't proceed without adequate and proper planning.

MR. ISLEY: Mr. Chairman, on a point of order. As I read 62(2) of *Standing Orders*,

Speeches in committees of the whole Assembly must be strictly relevant to the item or section under consideration.

I hear the hon. Member for Edmonton Beverly discussing vote 3. It was my understanding that we were dealing with vote 1.

MR. MARTIN: On a point of order. Before the votes come up, you can deal with any part of the minister's estimates. Surely he's been around here long enough to know that.

MR. EWASIUK: I'll proceed. I can deal with vote 1. In this particular section I'm referring again to financial planning. Again, I make reference to the fact that while I recognize that planning, whether it be financial or otherwise, is important and needs to be done, when I look at all the other figures — and in fact there is a very slight decrease in total expenditure — we have an increase in financial planning of some 24.5 percent. I wonder if the minister could explain in his rebuttal the rationale for that particular expenditure.

In vote 2 a rather significant notification which actually spreads itself throughout the entire . . .

MR. ISLEY: On a point of order, Mr. Chairman. The member is now talking of vote 2. Could we deal with vote 1? Then I'll gladly move to votes 2, 3, and 4.

MR. DEPUTY CHAIRMAN: I'd like to point out to the Assembly . . . Would you please sit down until I finish? I'd like to point out to the Assembly that the minister has the ability to introduce his department as he sees fit, and you respond accordingly. If he wants to deal with vote 1, in courtesy I think we should settle vote 1, and then we'll go on to vote 2 and vote 3.

MR. MARTIN: Mr. Chairman, those just aren't the rules in estimates. You can be wide-ranging on the person's estimates. If you're into vote 1 only, then you deal with vote 1. But before you go into the votes or if you're in vote 2 — you've passed vote 1 — then you deal only with vote 2. Before anything is passed, vote 1 isn't there, so anything in the minister's department is open.

MR. DEPUTY CHAIRMAN: That anything in the minister's department is open is absolutely right, but he wants to deal with it in pieces. The first piece he wants to deal with is vote 1.

MR. MARTIN: Frankly, Mr. Chairman, it's not up to him to determine how the opposition handles estimates. He handles the questions as we ask them.

MR. ISLEY: Mr. Chairman, back to the point of order. Again quoting section 62(2), I opened up by indicating that I had no opening remarks related to the department as a whole and requested that the committee direct its attention directly to vote 1. That is what the Chair accepted; that is what the committee did. I'll go by your ruling, Mr. Chairman. If we're going into wide-ranging discussions, I'm quite prepared to make some wide-ranging opening remarks. I'm looking for a manageable way of dealing with a set of estimates.

MR. DEPUTY CHAIRMAN: The Member for Edmonton Beverly can continue, and when he's finished we'll return to the minister.

MR. EWASIUK: Sorry, Mr. Chairman; I didn't hear that.

MR. DEPUTY CHAIRMAN: Go ahead.

MR. EWASIUK: Mr. Chairman, thank you very much. Quite frankly, if the minister wants me to stop between each vote for him to respond, I have no problem with that. If that's his practice, all he had to do was tell us that's what he wanted to do.

In vote 2, as I started to say, the permanent full-time positions haven't changed, with a slight increase of 1 percent in man-years. Yet salaries, wages, and benefits have increased by some 11.1 percent. I'd like to know where, and who's getting this particular increase. You can see that services rendered has also been decreased quite significantly. There seems to be a total imbalance in this particular vote. I wonder if the minister could respond to that.

MR. ISLEY: I take it then that your ruling, Mr. Chairman, is that we're dealing with any votes that members wish to identify questions with.

MR. DEPUTY CHAIRMAN: That's right. Proceed.

MR. ISLEY: Okay. The latest round of questions were in connection with vote 2, and you were discussing, sir, some 11 percent increase. Maybe you would be kind enough to point out to me where you see that 11 percent increase.

MR. EWASIUK: There is an increase of 11.1 percent from the previous year in your summary by object of expenditure for wages, salaries, and benefits.

MR. ISLEY: The increased wages you will find in both votes 1 and 2 are directly as a result of salary increases under the collective agreement.

You raised another concern earlier with respect to planning showing up in more than one vote, and I will go back and address that briefly. The planning you're concerned with in vote 1 is the financial planning of the department. As you're aware, it's a very significant department in terms of dollars and in terms of impact on the economy of the province. Planning in other votes relates to various activities under those votes. I believe the hon. member first referred to property planning, which is under the management of properties vote and deals with the planning and utilization of total government space.

MR. EWASIUK: Mr. Chairman, I guess I don't get room for rebuttal, but I wasn't aware that there was a contractual agreement of 11.1 percent for [provincial] employees.

In vote 3, Mr. Chairman, we've already addressed property planning and facilities performance planning. I still wonder why there's such a substantial increase. However, I want to address item 3.3, realty, specifically as it's referred to in the definition of realty where you're going to be providing intermanagement of the restricted development area, the RDA properties. In my maiden speech to the Assembly I spoke about the RDA and the difficulties and problems it is creating for the landowners within the RDA. They are unable to develop or sell their properties as the government is primarily the only buyer. Can the minister advise this Assembly the intentions of the government regarding the purchase of these properties by the government?

MR. ISLEY: First of all, Mr. Chairman, for the clarification of the committee, the realty section of vote 3 really has no relationship to the RDA properties. The bulk of the money you're seeing expended under the realty section of vote 3 is going to the lease of property for government offices and services. A significant portion, some \$28 million, goes to municipalities as grants in lieu of taxes. The balance is administrative support.

The acquisition of RDA properties around Edmonton and Calgary is handled by the land assembly vote, which you will see later on, with the moneys coming directly from the land fund, which is administered by Treasury. It is the ongoing policy of this government to acquire the properties around Edmonton and Calgary that are required for transportation and utility corridors. It's my understanding that that is being done in full consultation with and support from the existing city councils. We are continuing to purchase that land when landowners come forward and indicate they wish to sell them, providing we can successfully negotiate a price related to land values at the time of the buy.

MR. EWASIUK: Mr. Chairman, I appreciate that response. However, my information is and my experience at city

council was that there are indeed people that wish to sell or develop, and the government is simply refusing to purchase properties in the RDAs. That's creating problems for them.

Also in vote 3, Mr. Chairman, again, I look at the summary by objective of expenditure, and again I see where the permanent full-time positions have in fact decreased, as have the man-year allocations. Yet here again we have a substantial increase in the wages, salaries, and benefits package of some 13.2 percent. I know that these employees did not receive a 13 percent salary increase in their collective agreements. Could the minister tell us just who is getting the benefit of these huge salary increases?

MR. ISLEY: Again, Mr. Chairman, if I can refer the hon. member back to the top of the same page, the increase in vote 3.1 is manpower salary adjustments. In 3.2 there is a manpower increase of some \$123,000. In 3.3 there's another manpower increase of some \$235,000, in 3.4 another significant manpower increase, and a very significant one in 3.5 of some \$5.6 million. When you put those all together, with the decrease in permanent positions and a lesser decrease in man-years, that's the impact on the total salary bill spread out over some 1,800 people.

MR. EWASIUK: I appreciate that it has been spread out amongst the people, but the difficulty I'm having, Mr. Chairman, is that while there's been a fair decrease in his department in terms of manpower, there has been a substantial increase in the wages, salaries, and benefits package. Knowing the hourly rates have not increased, I'm wondering if the wages have been directed primarily to the out-of-scope people.

In vote 4, Mr. Chairman, if you want to be complimentary here, I think the kind of allocations signified here in terms of Community and Occupational Health, Education and Environment, Recreation and Parks, and particularly Tourism, with a 200 percent increase in that department, augur well that we are hopefully getting more seriously involved in the area of tourism. However, to put a sort of dark cloud on the issue, I refer to 4.6, Culture, where there is a decrease of 49.6 percent, almost 50 percent. That surprised me somewhat in light of the fact that in the 1985 throne speech the reference by the government regarding culture said:

The new Cultural Heritage Act reaffirms this government's commitment to a policy that encourages the expression and recognition of the cultural heritage of Alberta and the contributions made by ethnocultural groups to that heritage.

I think it's a fine statement. However, when I view what is happening in that department in terms of construction projects, there is obviously a substantial decrease in that area. Do those kinds of statements in fact provide lip service to the people in this province relative to culture? Is the commitment of this government to culture in fact not there?

I also have some concern about Social Services, where there is a rather small increase in a time of unemployment and need for social services. I had hoped you would have had a larger increase in that particular department as well.

MR. ISLEY: Mr. Chairman, in responding under vote 4, I would point out that the total capital commitment under vote 4 and the number of construction jobs that will flow from that commitment are basically as they have been in the past two years. Remember that I'm talking about the

total. I believe the impact of this budget on the construction sector will generate approximately 2,500 man-years of employment this year. I would also point out to hon. members that the \$209 million, less administration — \$194 million — flowing from this vote into the construction sector is this year's expenditure under a total capital program that is \$917 million. Keep in mind that some projects are in the planning stage, some in the construction stage, and some in the finalization stage, where you're equipping them and moving workers into whatever that facility is going to be.

I don't think it's my role to debate the commitment of Alberta Culture to the people, but I would point out that if you check further back in the elements, you'll find a small-scale commitment this year which is the final commitment to the Tyrrell museum in Drumheller. I think our concern is to try to keep a kind of balanced construction package each year. When you start looking at various departments, you'll find that their shares of it go up and down depending upon which phase their projects are in. So I think it's unfair to say, "Hey, there isn't a cultural commitment here" until you look at the total multi-year activity.

MR. EWASIUK: Mr. Chairman, we will move on to vote 6. In response to what the minister just said relative to the cultural component and that there is indeed a commitment to proceed with development of cultural heritages in this province, land assembly would obviously suggest that a move in that direction would be to secure more land and property for development for cultural heritage groups. However, you will note in vote 6 that Culture received a decrease in terms of land assembly. Again, I would suggest that if it indeed has, I don't know how they're going to proceed with the commitment to culture in this province. Perhaps the minister could address that issue.

I also want to speak about transportation and utilities. In responding to vote 3 when we were talking about the RDA, the minister said that the RDAs are primarily for the purpose of transportation and utilities. They are corridors that will be purchased by the province as they become required or put up for sale, but I see there's very little money put into this particular portfolio for the purchase of those properties. Again, I question whether the government is really intent on proceeding with the purchase of properties within the RDA for utility corridors and so that we can start developing ring roads.

I must comment on the increases to the Department of the Environment. I have a great deal of compassion for this department. I think it's a significant area to be moving in and the increase there is a favourable one. I would say similarly for parks and rec. The significant increase in land acquisition for Recreation and Parks is a good omen for the citizens of the province of Alberta, and I commend the government on that.

If I could just stay with this one for one more moment, the minister may again want to explain how we have a status quo in terms of manpower and yet we have a 16.8 percent salaries, wages, and benefits increase. Throughout this entire department there is a substantial increase in the salaries, wages, and employee benefit packages. While I'm not quarrelling with that, I would really like to know from the minister the rationale as to how that is happening and the various figures that are projected on these votes.

MR. ISLEY: First of all, Mr. Chairman, with respect to vote 6, let me make clear again that the purchasing of the

RDA lands around Edmonton and Calgary does not come out of this vote. The activities and the manpower to do the purchasing does. But the dollars to purchase RDA lands around Edmonton and Calgary, primarily transportation, utility, and corridor lands, come out of the land fund of Alberta Treasury. So what we're spending in the acquisition of RDA properties is not in any of the votes of this department. On the other hand, in section 6.3, Environment and its various subgroups which the hon. member made reference to, the purchasing of the land for the Oldman River dam does flow through this vote and through that section.

There was a comment made, Mr. Chairman, on the decline in land acquisition for Alberta Culture. I would say that decline is almost no decline; it's one-tenth of 1 percent.

Concern was again expressed with respect to the salary increases. I think possibly the only way to resolve that one is for me to offer to sit down with the hon. member and we will trace through the impact of the collective agreement in terms of the negotiated increases and other increases in benefits that flow through the agreement and jointly double-check those figures.

MR. EWASIUK: Mr. Chairman, I have additional questions that are not within the votes. This is regarding affirmative action for government workers and employees of contractors. Back in 1980 the minister then responsible for personnel administration indicated that the government was committed to advancing the role of women in the Alberta public service. Could the minister report on what specific steps he is taking to ensure that women have equal opportunity in the public sector and what steps he is taking so that they receive equal pay for work of equal value?

In addition, can the minister tell us if steps are being taken to ensure that affirmative action for women will shortly apply to firms and individuals who enter into contracts with the government? Finally, will the minister recommend to his colleagues that the government should introduce legislation similar to that in Ontario where money is provided to a group who is challenging provincial law which may breach women's rights?

MR. ISLEY: Mr. Chairman, my only response there would be that I think those questions are being brought up in the wrong set of estimates. I think you would wish to discuss them with the minister in charge of personnel administration and with the minister to whom the committee on the status of women responds. I don't think it would be fair for me to get into a discussion of overall government policy on those issues because they are in no way related to the votes we are discussing.

MR. EWASIUK: Mr. Chairman, as I understand it, the minister is in charge of a department that hires a large number of people. Many of them of course could be in the trades or a variety of disciplines. As the minister, surely he would have to have a position relative to affirmative action and whether he is indeed prepared to bring women into, say, nontraditional categories of employment such as trades and so on. That was the text of my question. I wonder if the minister still feels that that's not within his area of responsibility.

MR. ISLEY: I would still suggest, Mr. Chairman, that that is not within the realm of my responsibilities under these votes. If we want to open it to a wider ranging discussion,

I would be prepared to discuss the issue. The department I used to be associated with had pretty wide open doors for women in nontraditional occupations.

MR. EWASIUK: Mr. Chairman, I want to switch to public works contract work, where you are tendering works with preference given to Alberta contractors for Alberta projects. I think we had a discussion of this several weeks ago, and the indication from the government was that we do in fact use Alberta contractors. In response to a question regarding the awarding of contracts, the minister of economic development stated in the Legislature on July 11 that:

The essence of the policy is that where all things are equal in terms of price and experience and the availability of Alberta manpower is assured, the contracts are awarded to Alberta contractors.

Unfortunately, Mr. Chairman, the minister confused that particular statement when he further stated that:

all the provinces agreed that they would not add any elements to their existing provincial preferences and would work towards reducing those preferences that presently exist.

He added, that being Alberta's desire, "to allow for the free movement of goods and services across the country." Could the Minister of Public Works, Supply and Services clear up this contradiction by explaining his position on this matter?

MR. ISLEY: Mr. Chairman, as indicated on earlier opportunities in this Legislature, all other things being equal, contracts will be awarded to Alberta contractors. I think I also pointed out that we attempt to run an open and competitive bidding system. If we're talking about large contracts for construction or for supplies, we attempt to tender in such a way that there is a fair and equitable opportunity for Alberta companies to participate, but we do not have any preferential barriers as have some of our neighbouring provinces.

I think I have also briefly indicated that in local purchasing of work and supplies, at times we have structured the system so that more and more things can be purchased readily at the local level. Very often with small work projects, such as leasehold improvements, invitational tenders will be issued in the region where that work is being done. I'm sure many members are aware that in a number of government departments we've also gone into a quick cash purchase technique, where government employees can pick up products at local suppliers and write a cheque at that point in time so there's no waiting and costs being placed on the small businessman.

Just before I sit down, Mr. Chairman, might I suggest that now that we're through the specific questions on the votes, if the hon. member has a number of general questions or concerns, I'll just sit and listen to them all and then respond. Then we can quit playing up and down.

MR. EWASIUK: Mr. Chairman, there is another area that I think needs to be addressed, and perhaps the minister will be able to advise me. I'm not sure of my research on this one. I know the federal government and most municipalities have a fair-wage provision in their tendering specifications. If we don't have one, I would encourage the government to certainly consider it. I think it's protection for our provincial workers or citizens engaged in employment by contractors who are doing work for the province that their wages and benefit packages be protected with a fair-wage clause in tender specifications. The other advantage

here of course is that it gives the contractors an equal start in bidding, in that they know what the wage and benefit packages are going to be, so that in fact no one is using the workers to bid lower rates so they can get the contract at the expense of the workers' wages.

I'd like to move on then to a potential conflict of interest in awarding government contracts. I'm sure that must always be a concern to the minister, because you do have the potential for some conflict from time to time. The situation sometimes arises where a company that is partially owned by a government member enters into competition for a government contract. What is the minister's policy on this? Does he really think that disclosure guidelines can deal with the appearance of conflict of interest? Is the policy that a company 100 percent owned by a cabinet minister, for example, is treated in the same way as a company only partially owned by a minister? Are ministers and their families prevented from bidding on contracts let by their own departments?

An old chestnut that I'd like to raise deals with leasing government office space. I recall that several years ago — at least my colleagues have pointed out to me — a substantial amount of money was being spent on leasing office space throughout the city that no one was using. The rationale at that time was that we really couldn't dump it on the market because it would have an impact on rentals for landlords. It has come to our attention that this is still the case, however. I wonder if the minister would be prepared to table the latest document entitled Leased Office and Warehouse Space; Leased Parking and Land, so this situation could be monitored. In the meantime, can he tell us just how much money is being spent on empty office space at the present time?

Mr. Chairman, one final question deals with compensation and expropriation of land for public works. In its report on the Oldman River project, the management committee of the Environment Council of Alberta found existing compensation policies unsatisfactory and suggested examination and revisions to allow more flexibility in compensating landholders who lost land in the construction of new works. The committee stated very clearly that since market values by their nature are transactions between a willing buyer and a willing seller, they gave no indication of what compensation the willing seller should receive. What is the policy of the government on this issue? Are market values still the only fair guideline that is used? As the committee also suggested a conference on compensating the unwilling seller and that it was desirable to examine long-term solutions to this very vexing problem, has the minister acted on these suggestions?

MR. ISLEY: Mr. Chairman, to address the points that the hon. Member for Edmonton Beverly raised, first of all, he discussed a fair-wage provision in tendering documents. My understanding of what is being suggested by the hon. member is that that would be a fair minimum but not a fair maximum. If he's advocating both, then I think he's encouraging the government to interfere in the free collective bargaining that goes on between workers and employers in this province; hence, we are very reluctant to do so. So the short answer to the question is: there are no wage clauses in the tender documents. The matter of wages is a matter of collective negotiation between employers and employees and, as far as this minister is concerned, should remain that.

Some questions were raised with respect to conflict of interest and could a cabinet minister who owned 100 percent

of a company successfully bid on any of this work. Under the disclosure that exists in this province, I believe the hon. member can readily check to see who in this House, on either side of the floor, is involved in part or total ownership of firms that could sell services to this government. I think he's also aware that those firms would have to be in a blind trust. If those things are met, I'm sure my department makes no background searches of them. There's another system set up to prevent that from happening.

With respect to surplus office space leased from the private sector costing the taxpayers of this province a bundle of money, that is simply not the case. Our vacancy rate today in leased office space — and I stress "leased office space" — is three-tenths of 1 percent. Now that's a pretty small cushion in a highly efficient use of space, and I commend my property management people on achieving that goal. The vacancy rate that exists in government-owned space is approximately 6 percent. Now you could start a debate as to whether or not that was a waste of public funds, but I would suggest to members of the committee that 6 percent exists mainly as a result of forward planning. In a community where you're putting up provincial space, it's better to somewhat overbuild than to be running back with an addition two or three years later. So I think the property management people have done a very good job of balancing both types of space that they're managing.

MR. DEPUTY CHAIRMAN: Does the minister wish to see if there are any more questions on vote 1 from members of the committee, or do you want to proceed?

MR. ISLEY: Mr. Chairman, my preference would be to see if there are any more questions on vote 1 and deal with vote 1, move to see if there are any more questions on vote 2 and deal with the vote, and votes 3 and 4. Let's get some work behind us.

MS BARRETT: I would like to rise on a point of order, Mr. Chairman. I have consulted *Beauchesne* on the matter of what can or cannot be discussed under vote 1. I believe it is pretty clear.

The whole management of a department may be discussed in a general way when the committee is considering the first item of the Estimates of that department ...

To make it clear for the members, while detailed vote by vote may not strictly be questioned or discussed unless we're in that vote, the principles and the general administration of a department are legitimized under vote 1.

MR. DEPUTY CHAIRMAN: I would point out to the member that it's approximately 1 percent of the total budget of the department, so there are obviously many other votes where all these general questions can be raised, as you mentioned. It's up to the committee whether they want to deal with it that way, but I would suggest that if members have specific questions on the minister's office, this is their opportunity to raise them.

MS BARRETT: Mr. Chairman, my point was merely that it is sanctioned by not only the tradition of this Assembly but also *Beauchesne*, citation 494, to deal with the general operations of an entire department under vote 1. That has been the recognized pattern in this Assembly.

MR. TAYLOR: On another point of order, Mr. Chairman. I don't know what's recognized and what isn't from past

habits, but it's going to drive us all nuts if we have to get up six times to ask six questions and everybody takes turns. It's hard enough work now to get your turn once in this place without trying to catch it six times. I suggest that surely the minister can make some notes; I believe most of them have assistance in the gallery to do it for them anyhow. After we in the opposition or some of the others have asked the questions, they can make notes of what the questions are and pass them down to him.

MR. EWASIUK: Mr. Chairman, I'd like to make one comment in response to the fair-wage statement made by the minister. I can appreciate his concern that the government does not wish to interfere in the negotiations and settlements between employer and employees. However, when we examine what is happening in this province in terms of labour relations, I think the formation of spin-off companies was in fact — as a result of those spin-offs, there really are no negotiations. It's an ultimatum levelled to the employee to simply accept a certain wage or else he doesn't work, and whether there are any benefits or not seems to be irrelevant. For those unscrupulous types of employers, I think it's paramount that the government have some fair-wage provisions in their tendering process. Yes, I would suspect that it would be the minimum rates you would be asking these people to consider.

As I said, the federal government and most municipalities have some form of fair-wage provisions within their tendering specifications. Admittedly, I don't feel they are strong enough; nevertheless, they do have some provisions. I was amazed when the minister told us that there are indeed no fair-wage provisions in provincial tendering. It's not interference at all; it's simply allowing the workers not to be used or the profits not to be made on the backs of workers. You're simply providing some assurance that when someone bids on a government project, that particular contractor is indeed going to pay the kinds of rates and benefits that are at least acceptable in the general area of that project. I don't think that's asking too much. I certainly think the minister should give a fair amount of consideration to the implementation of that kind of provision in tender specifications.

MR. DEPUTY CHAIRMAN: Does the minister want to respond?

MR. ISLEY: Mr. Chairman, I'm a little unclear exactly what the hon. member is proposing. If I think back to the initial comments the hon. member made on this matter, he indicated that it would be fair to the workers because they would know what they were going to get on a government project and it would be fair to the contractors because they would have an idea what the labour costs were. That would then have to be a legislated government rate — period — on work carried out by government, as opposed to a minimum rate. I would say that's a topic that would provide an interesting debate.

MR. TAYLOR: Mr. Chairman ...

MR. DEPUTY CHAIRMAN: Would you please sit down. I would like to just say a few words, hon. member.

One of the hon. members mentioned the fact of tradition. Actually, we've strayed from tradition here today in that normally when a member gets up and speaks, we allow him to speak for 20 or 30 minutes, whatever the maximum

time is. If the minister wants to reply, we then listen to the minister. If the minister does not wish to reply, we then proceed with the next person. In the case of the Member for Edmonton Beverly we've given him the privilege of having been responded to several times. I would suggest that we listen to the Member for Westlock-Sturgeon. When he sits down, the Chair will then recognize the next person who's on the list. If the minister wishes to respond after the member sits down, he will have that right to do so.

MR. TAYLOR: First, Mr. Chairman, my congratulations to the minister, the first public congratulations I've given. Now to get on with the work at hand. I'm just going to hit a few items.

In my travels around the province I think one of the things I've heard most about public works, one of the biggest complaints I get as one of the opposition party leaders, is the apparent discrepancies and occasional unfairness in the letting of small contracts locally, everything from mowing ditches to moving gravel to fencing. Generally, it comes through that there seems to be room for people to accuse of favouritism or an unorderedly method of doing business. In other words, I would like to suggest to the minister that he possibly conduct a bit of an overhaul to see that the actual bidding process for small contractors in local areas is done, and appears to be done, fairly. In other words, sunshine laws like you have in the United States might be a wise idea, that public business is done in public. The bids are opened and everything else is done in public.

Secondly, one of the bigger complaints — and I know it applies in my constituency — is that there is a tendency for bids for jobs to go along for a year or two and then all of a sudden the department ends up with that piece of equipment, either a super-powered mower, a super-powered loader, or more trucks. In other words, there is a tendency for the government to contract for a year or two and then go out and buy the equipment. I suggest that in this day and age when money is running short — regardless of what the Treasurer thinks oil will sell for, I can assure him that money will be short — it might be wise to try to see that the policy of buying is one that's maybe double- or triple-checked before equipment is purchased. Then we would not have part of the waste that I hear of or I seem to get reports on that now goes on from this district to that district throughout the province.

I notice you are in charge of telecommunications, which is something fairly near and dear to my heart. One of things that bothers me is that my little birdies, instead of telling me who is going to be the next minister of energy, tell me that you are overloaded with a lot of electromagnetic equipment which has gone out of style. Fibre optics is the method of carrying telecommunications today. I would find it very interesting if the minister could tell me just what he has in his warehouses out there and maybe in the other departments in the line of this old-fashioned electromagnetic system or cabling. I gather it could go into the millions and that we had overpurchased some years ago.

Rentals of office space have already been touched on. It would be very nice if the minister or one of his assistants could touch one of those old electromagnetic computers and tell us how much office space he has vacant, how much he had vacant six months ago, and how much they expect to rent over the next six months. What's the percentage of occupancy of government-owned offices? I know there appear to be some shortages under the dome and a few other places when you have to talk about renovating washrooms in order

to get room for one of the opposition parties, but I understand there is a lot more room in other places. The room that we got put in over in the Annex, for instance, has now been discovered to be full of asbestos fibre, and you're talking about moving us somewhere else. Nevertheless, whatever the reason for empty space, I'd be interested in knowing what the minister has down for percentages of empty space in the province.

I'm also rather curious about property maintenance. As I sit in my office in the Legislature and get visited sometimes three and four times an hour by people walking through saying they are maintaining things, it enters my mind that there might possibly be some savings from time to time — and this, of course, may put me at odds with my NDP friends — in the process of contract management of government offices and buildings throughout the province. I was just wondering if that has even been investigated, provided there is a fair-wage law in the bidding. I don't think the idea that it would go out to dirt-cheap labour would occur or would be the problem that it is now.

Mr. Minister and Mr. Chairman, to be more specific, in vote 4 there is \$210 million in capital projects. Any of us that have been in business can tell you that the last couple of years have been tough times and probably are going to continue tough for a while, no matter who you blame it on. Do you have any fallback position, or is there considered to be any fallback? In other words, is that \$210 million written in stone, and if we run short of money it's a case of the Treasurer increasing the deficit? Or have you prioritized and said, as private business does, that there are some projects that maybe we would postpone or put on a slow track? We've talked about fast track for the last 10 or 15 years; maybe we should be looking at slow track when we're starting to run out of some of the money. Is there a fallback position? Has any thought been given to that?

I move on again. In vote 5, I notice you're responsible for aircraft. It was the early policy of this government to try to use aircraft that had a dual purpose, that could be used for putting out forest fires or as ambulances. My little birdies tell me that we now have or are using aircraft, either rented or purchased, that cannot use short landing strips or gravel strips; in other words, they're strictly for luxury use. Possibly the minister could tell me — and it would satisfy me in talking to some of my constituents — if there are any aircraft, leased or owned, that cannot use a gravel strip.

Next to last — I'm moving along quite fast here; I hope your assistants are working very fast, Mr. Minister, and are able to give you the answers. The next one is a \$12 million land assembly. One of the things that occurs to me — and most municipalities have had to do it through the years. In order to make their land assembly or parks program go a little farther, they've occasionally gone over and talked to some private citizen or corporation and let that corporation put in 25, 30, or 40 percent of the cost in order to get their name on it. Here, of course, you have to be Premier for a while before you can get your name on it, but there might be some great donors to the Liberal, ND, and Conservative parties that would donate some money to land assembly if they could get their name on a park or acquisition that you're putting together. I'm just wondering whether the minister has ever considered combining public money with private money in some particular areas to make the private dollar go a lot farther. I'm thinking particularly of parks and recreation areas. I doubt if many people would

want to have their name on an RDA around the edge of a city.

Lastly, if I may borrow a word used by the Minister of Agriculture in every question I've asked him since he's been in the Legislature, I want to underscore a point. The point I want to underscore, and is this is a point made by the hon. Member for Edmonton Belmont, is equal pay for work of equal value. Whether we bury our heads in the sand or hide, I think the point is that it is an action and a condition we're going to have to meet in the future, and the best place to start is of course in government itself. I would like to ask the minister whether there have been any studies on what it would cost to implement it. Have they been thinking about it? Have they been comparing with other provinces and other governments that use equal pay for equal value to see what it would cost to put into our own public service?

Mr. Chairman, that must be a record for asking a bunch of questions. If he can answer them as fast, I'll indeed be happy.

Thank you.

MR. ISLEY: To the hon. Member for Westlock-Sturgeon, thank you for the congratulations. I did manage to follow you, and I haven't received any notes, so you're getting it right from the shoulder.

You talked initially of unfairness in awarding local contracts. I've had the honour of representing a constituency in this House for some time now, and like anyone else, you're going to receive complaints about who gets a contract. Normally the complaint comes from the individual that lost that contract. I have had no experiences where I've personally uncovered that someone was unfairly overlooked for a contract. If the hon. member has some examples or has some constituents or individual Albertans that have been complaining, give them my phone number, give them my name; I'm prepared to check them out. But if the complaint is simply coming from someone that lost a contract because they bid too high or didn't quote on certain specified materials, then I don't think we can deem that unfairness.

Purchasing of equipment: it was suggested that very often we started to contract from the private sector and then went out and purchased that equipment and went into competition. I would be very interested in hearing any specific examples of that that the hon. member or other hon. members have. It is a thrust of this department and of this government to encourage privatization as much as possible, and that would definitely be acting contrary to our own stated objectives. If it has been occurring, I would be pleased to have specifics to address.

Vote 2 dealing with telecommunications: maybe I should point out for clarification that in telecommunication services, 2.2 in the summary by elements, 2.2.2 at \$43 million deals with the provision of government telephone service to all departments of government where the rentals are paid. I'm sure they're paid for the hon. member's phone in his office in Edmonton and in his constituency, and all the user department pays for is the long-distance use. The balance of the \$43 million goes to the maintenance of the RITE system, which ties in government communication across the province and in many places makes it available for the public to phone direct to government offices, and things such as closed-circuit TV and radio communications. The \$5.5 million under 2.2.3 is the start-up costs of various telecommunication projects, but we are not in the business

of stocking equipment. This is basically the installation and provision of services.

The hon. member raised a question with respect to how many vacant government-leased and government-owned buildings are out there and the percentage of vacancy. As I pointed out in answer to the hon. Member for Edmonton Beverly, the current figure is that three-tenths of 1 percent of our leased office space is vacant. Of our owned office space across the province, 6 percent is vacant.

The hon. Member for Westlock-Sturgeon would be pleased to know that in the field of property management, which he identified as an area that could be adaptable to the private sector, we have now moved to the point where 31 percent of our facilities are managed and maintained by the private sector. We've made a significant thrust over the last three or four years to make more and more of that work available to the private sector.

Vote 4: I would point out that when you start a construction budget, it's never written in stone. If you check past records of this department and this part of the budget, I think you'll see that normally the budget isn't fully extended because projects get delayed for a variety of reasons, as I'm sure the hon. member well knows. There is some flexibility for moving money within that budget from project A, which is falling behind, to project B, which you can fast-track, and we do that on an ongoing basis.

With respect to aircraft I might point out to the hon. member that we own a number of helicopters, three King Airs, the recently purchased Dash 8, and a couple of other small planes, and that the use of the private sector is very extensive. If I start talking hours flown, the private sector gets fully 78.4 percent of the hours flown by provincial employees and government members, and 21.6 percent of the flying is conducted in government-owned aircraft. Of that 21.6 percent or roughly 9,000 hours, approximately 13 percent is related to Executive Council utilization and the manifest that I filed in the House some time ago. The other 97 percent is used for various government department activities, the heavy users obviously being Forestry, fire fighting, and Fish and Wildlife.

Were there any other points?

MR. TAYLOR: Did you say 13 and 87? You had 13 and 97, I think.

MR. ISLEY: As an old math teacher, I would hope I said "the other 87 percent."

MR. TAYLOR: You said 97. But it's all right, I understand.

MR. ISLEY: I can't go back to my old profession then. Thanks for correcting me.

The hon. member's idea of involving the private sector in land assembly I find an interesting one. I'd be interested in discussing it with him further.

Equal pay for equal work is a philosophy that has received a considerable amount of discussion. I have no difficulty with people in the same level jobs getting equal pay. In my department of government and other departments that is certainly the case. I have some difficulty with our trying to equate this type of job with that type of job and saying that these have to be equal. Again, I suggest that we're getting into interfering with the free collective bargaining that moves between employers and employees. With that I think I've addressed all the hon. member's questions, Mr. Chairman.

MR. MITCHELL: Mr. Chairman, I have a series of questions as well for the minister. I would start by commenting, however, on the lack of information in these estimates. The lack of detail in these estimates is almost an impenetrable barrier to properly analyzing the kind of expenditure that's involved in a department such as the department of public works. If it is the intention of the government to make that difficult, I congratulate them on their success.

Having asked for information in a general sense, I would like to be a little bit more specific. I wonder whether the minister, probably not immediately, I can appreciate, but as soon as possible, could enlist the members of his department to give us a list of each individual capital project in this province and if he could summarize total expenditure by constituency throughout this province. Could he demonstrate that there are 10 capital projects in Edmonton Meadowlark, five in Edmonton Gold Bar, and so on and give us a total by constituency throughout this province of moneys expended by his department?

Tendering policy: I've taken some interest, of course, in the government's Alberta-first policy. It seems that our government is reluctant — and there is some justification for this — to create barriers to trade between and amongst provinces. However, I have a concern that we not reduce our protective barriers to trade without ensuring that other provinces have reduced their protective barriers. I liken it to Wayne Gretzky taking his pads off in a game against the Calgary Flames simply because he's opposed to wearing pads. If everybody is going to participate in free enterprise in the free market in the purchase of goods and services by governments, great. If not, I think we need some confirmation that if we are not establishing the kinds of protection that other governments are — are we being disadvantaged or aren't we?

In that light, I come to the tendering policy which says, "everything else being equal, Alberta first." I'm reminded of a constituent who lost a contract with this government because a Quebec firm underbid them 5 percent. It was a contract for certain steel beam products. The Quebec firm's steel beam products are subsidized by the Quebec government. In letting tenders under this everything-else-being-equal, Alberta-first policy, could the minister indicate whether or not his department considers subsidies received by other firms in other provinces or in other countries in assessing whether or not Alberta firms are in fact being treated fairly in the allocation of tenders? It's not just government subsidies; it may in fact be — for example, I believe this was the case with Ideal Cement in the States.

MR. DEPUTY CHAIRMAN: I wonder if the committee members could keep the level of conversation down so we can hear the speaker.

MR. MITCHELL: Ideal Cement was able to underbid for a certain contract, possibly because of its need to create cash flow. It is not inconceivable that a company with financial difficulties in the short term — or at least that perceives its financial difficulties to be in the short term — could underbid, in fact bid a project at a loss, because it needs cash flow and can therefore beat an Alberta firm which is a legitimate contender which is not in those kinds of desperate straits and would be disadvantaged by a tendering policy that did not consider those kinds of factors.

Could the minister confirm whether or not institutions associated with the government, such as the universities, adhere to a proper tendering policy? Do they tender their

project costs in any number of service areas in a manner that is consistent with the tendering policy of the Alberta government itself?

Could the minister please comment on whether or not his department will be reviewing the tendering process for the construction of the Swan Hills waste management plant? As has been stated previously in this House, there are serious concerns about the fiscal responsibility with which that contract is being let. It's apparent that the company receiving that contract, Bow Valley Resource Services, will be having its interest carrying charges covered by the government, the people of Alberta. It will be having a guaranteed return on its share of the project of 13 percent. It will be having as well the tax on that interest return covered, which would be about another 12 percent. If you add that up, you get about 37 or 38 percent which we are guaranteeing. It's very likely that that will completely be a debt investment of that company and that it will not have equity in that project. Could the minister please confirm that his department will review that kind of tendering process, whether or not they do and, if so, how they feel about that particular contract?

Conflict of interest considerations have been raised before. This government does not have what we would consider to be adequate conflict-of-interest guidelines. Could the minister please indicate: when a tender is let to a numbered company, is it determined who the principals of the company are, in ensuring that those principals are not associated with the government and would not constitute a conflict of interest were they to receive a given contract?

Buying power is very much related to the success of an Alberta-first, everything-else-being-equal policy. But it goes beyond Alberta first. It goes beyond that to a potential policy program of assisting to develop industry in a province such as ours. I would like to draw the minister's attention to the recent arrangement worked out with Wang in B.C., where the B.C. government is making a commitment to purchase its word processing and possibly certain computer requirements through Wang, in return for which, given the volume and the purchasing power involved in that kind of purchasing, Wang has been encouraged to create a plant with research potential — job creation potential, therefore — in B.C. Could the minister please indicate whether his department has a stated policy of utilizing its purchasing power and the purchasing power of this government more generally to create industrial development opportunities?

In keeping with that question, could the minister please provide us with a breakdown of total purchases of goods and services by this government into two categories, purchases that are undertaken in Alberta and purchases that are done outside of Alberta? Could that be further broken down to Canadian versus U.S. firms? Once we get that, we might require some further detail to determine the nature of the purchases, but that's extensive detail, and I can appreciate the difficulty of getting it. If we could have it at even that general level, it would be of some assistance to us in the opposition.

I would like to emphasize the point about the minister's power over the hiring of women in this government and therefore his influential position in the debate on an issue such as equal pay for work of equal value. I think it would be a wonderful opportunity for this minister to create leadership in that area, leadership that appears to be lacking more generally in his government.

Purchasing authorization: beyond the estimates authorization that the minister receives by this Legislature, could

the minister please give us an itemization of the amount of money involved in expenditures of this government that are authorized by Treasury Board minutes?

Policy on ensuring that Alberta firms participate in federal projects and federal contracts in a fair and equitable manner: could the minister please indicate whether we have a policy, whether that is an initiative or an issue that is advocated by the Department of Federal and Intergovernmental Affairs or whether that is an initiative that his department would take an interest in.

Further information: total leasehold improvement charges by each department in this government. It would be very helpful if we could have that for 1985-86 and if we could have projected the same costs for 1986-87. A corollary to that would be the amount spent on moving departments or moving within departments by department and the frequency of moves over the last two years, 1984-85 and '85-86, by department. The cost of those moves in each case would be appreciated.

If one takes the total salaries, wages, and employee benefits for this department, \$85 million, and divides that by the number of man-years authorized in these estimates — these will be authorized, I assume — it appears that the average remuneration per employee, or at least per man-year, in the minister's department is about \$33,000 per year. That seems high. Could we have a breakdown of the number of employees who earn less than \$20,000 per year, the number of employees who earn between \$20,000 and \$30,000, the number who earn between \$30,000 and \$40,000, between \$40,000 and \$50,000, and over \$50,000 per year? I'm getting at a question of the structure of the department, whether it's top heavy. When an average remuneration is that high, one wonders if we have a lot of executive level positions being paid a great deal of money.

Job creation is an important implication and in many respects should be an important objective of capital projects at a time like this, with economic circumstances in the province such as we're facing now. Could the minister please comment on what job creation criteria, if any, are assigned to the prioritization of capital projects within his department? Do we know, for example, whether different kinds of projects create different numbers of jobs? Is that a consideration made in selecting capital projects?

Aircraft has been raised. I would ask a further question in the area of aircraft. It was reported that the government was at one point recently considering the purchase of a jet. Apparently, several pilots in the employ of the government test-flew one. The minister responded to this report by saying that they were simply window-shopping. Could he please comment on whether we are sufficiently overstaffed that we have people with time to window-shop for planes that we have no intention of purchasing? Or did we at some point in fact have an intention of purchasing a jet? Has that been laid to rest? It seems excessive at this time.

Could the minister please tell us whether he has a system of reviewing overages in capital projects both in his department and in other departments? Is there a process or a policy, a panel review process to determine whether overages in projects have been acceptable, whether they could have been avoided? What would be done next time?

Thank you, Mr. Chairman.

MR. ISLEY: Mr. Chairman, in responding to the questions from the hon. Member for Edmonton Meadowlark, I think the first concern was a lack of detail with respect to vote 4. I would suggest that if the hon. member turns to the

summary by element, he will find pages 124, 125, 126, 127, 128, 129, and 130 that list every project involved under vote 4 and the cost out of this budget for that project. If the hon. member is looking for additional information to that wealth, I would ask him to communicate directly with me.

Some concern was raised with respect to a Quebec firm, I believe, in a steel tender. There weren't enough details given to really identify the tender in question, but it may be a tender that is currently under review and has not been awarded. If the hon. member is talking about the purchase of steel for guardrails along our highways, there has been no tender awarded at this point in time.

Ideal Cement was referred to, which earlier this summer was a company that was low on a bid to supply soil cement for a road project in the Chauvin area. We went to second low mainly because of a concern of the ability to deliver the soil cement at a steady enough flow to keep the paving contractor going.

I would suggest that most publicly funded institutions use tendering policies similar to what we are using within this department, but since they're autonomous organizations and have their own board of governors, the Department of Public Works, Supply and Services has no authority to direct them as to how to do their tendering. But since they are publicly funded and they do account to the public, I would submit that to the best of my knowledge most of them use similar tendering policies.

With respect to the question, "Will members of my staff be reviewing the Swan Hills hazardous waste management plant?", the answer to that would be no, unless we are requested to by either the owner or the user department.

Conflict-of-interest guidelines were raised. I believe the specific question was, "When a numbered company bids, do we ascertain who the principals are?" I would say that it's a general policy of the department when it is reviewing tenders to ascertain who the principals of the low tenderers, the low bidders, are. The track record of those tenderers is also taken into consideration before the awarding of a tender.

I'm glad the hon. member raised the point of the possibility of using the buying powers of the public-sector dollar to encourage local manufacturing or, for that matter, even Canadian manufacturing. I would report to the committee that we are currently carrying on discussions with the federal Department of Supply and Services dealing with exactly that matter. We're also lobbying to try to encourage more of the federal public-sector buying to occur in Alberta. It's my understanding that we currently get about 3.2 percent of the dollars they spend. We would like to see that move up at least to a level to match our population percentage. We've also indicated to the federal government that where we can generate manufacturing within Canada or within Alberta as a result of working together with our buying powers, we are prepared to do so.

I've already commented on equal pay for work of equal value. I would suggest that the questions with respect to the Treasury Board minutes should be directed to the Provincial Treasurer. A number of very specific questions were raised with respect to the total cost of leasehold improvements, broken down on a departmental basis. I agree that you'll find the total cost in here, but you won't find them on a departmental basis. Moves: I will respond to those at a future point in time; they'll take some research. The average remuneration of my staff was worked out. I

didn't realize you people were that well paid, but we will have to look into that too. Job creation: I've already stressed that job creation in the state of the construction industry is certainly considered when this department develops a budget, and I believe I've already emphasized that the construction budget in vote 4 is estimated to generate 2,500 man-years of work in the construction industry during this current year.

Some reference was made to staff having time to go window-shopping and jet buying. I don't think I was quoted even in the press as suggesting that the staff went window-shopping. If I were to use any term, I would say that they were simply being courteous to someone that wished to show them a product. Who knows? At some point in time we may become interested in it, but as I said, at this point in time there is no intention and there are no budget dollars to buy a jet. From what I'm hearing of some of the newer jets, they may make some sense, but at this point in time there is no intention to buy.

Project overages was one of the first things I checked into upon being appointed to this department, and I find that most of our projects are either on budget or under budget. So up to this point in time I find that the staff have been very responsible in their cost estimating and their cost control.

MR. GIBEAULT: Mr. Chairman, the concern I'd like to add in the debate on the department of public works is the government's central policy of profitization of government services. The minister mentioned already that his government is certainly committed to people being able to profit from government services. Unfortunately, I have to disagree with that. But given that it seems to be the government's essential policy, I'd like to bring to his attention some of the results of that policy.

What is happening is that a lot of contractors who seem to have very little in the sense of ethics are getting government contracts for the maintenance of public buildings — caretaking, janitorial kinds of work. It turns out that they then employ people who have very little understanding of their rights as workers. Generally speaking, they're women and they're immigrants. A number of my constituents have brought to my attention that these unscrupulous employers with government contracts are engaging people to work at very marginal wages and then, in fact, they are simply not paying them.

MR. NELSON: On a point of order. Mr. Chairman, if the hon. member has some evidence about unscrupulous employers and some of these circumstances, I challenge him to present it to the committee.

MR. GIBEAULT: To carry on, Mr. Chairman, what I'm getting at here is the point that the government's policy . . .

MR. NELSON: Mr. Chairman, could I have a ruling on that point of order, please? Calling people unscrupulous I think is challengeable, and it should be either proven here or withdrawn.

MS BARRETT: On a point of order, Mr. Chairman. My understanding of the member's comments would not indicate any sort of indictment against a specific firm, in which case I don't think he is obliged to come up with an example. I think he is talking in general principles.

MR. DEPUTY CHAIRMAN: Order please. I think the hon. member should withdraw the remark. I believe it does indicate that you are casting a general aspersion on many people, and I would suggest that in the interest of debate it would be better if you withdraw it.

MR. GIBEAULT: What I would prefer to do, Mr. Chairman — I have specific cases from my constituents, and I'll bring them to the attention of the minister to see if in fact these decent, hard-working people can get paid by the contractors who are getting paid by the provincial government. And so . . .

MR. DEPUTY CHAIRMAN: On a point of order. Would the member please withdraw and then provide the list to the minister.

MR. GIBEAULT: I'd like to consider that, if I may, Mr. Chairman.

MR. HAWKESWORTH: Mr. Chairman, on a point of order. On the ruling, if you will refer to page 113 of *Beauchesne*, this is citation 320(3): "Since 1958, it has been ruled parliamentary to use the following expressions." And near the bottom of page 113 can be found the word "unscrupulous." So on February 15, 1966, in *Debates* it was ruled that the use of the word in that instance was considered parliamentary.

MR. DEPUTY CHAIRMAN: The Chair has ruled that the remarks of the member should be withdrawn. If the committee wants to uphold the Chair, we'll proceed; if not, we'll take a vote on it. It's that simple.

MR. McEACHERN: I can understand that you might choose to have the member withdraw his comments, but surely he has time to see the Blues and see what was said exactly, in order to perhaps reply to that another day, and he should be allowed to go on speaking at the time.

MR. DEPUTY CHAIRMAN: I'm sorry, hon. member. The Chair has made a ruling, and you either uphold the Chair or not.

MR. GIBEAULT: If it will allow us to get on and get some discussion of the policy issues that are involved, Mr. Chairman, I will withdraw the remark, although, as I said earlier, I am going to bring the specific cases to the attention of the minister so that the people that are involved and who are not being treated in a fair manner by certain employers can get justice done.

To get on to the question of the policy of the department, the question of profitizing government services, I think it is important for Albertans to know — I'm asking the minister if he can give us some kind of assurance that those Albertans who are engaged by contractors in the provision of maintenance services to government buildings can in fact have some protection in those cases where their employers, that is to say the contractors, do not pay them. So I'll leave it at that and ask the minister if he could give us some assurance. What is available to the employees of these kinds of contractors to ensure that they do in fact get paid for performing the services that they perform?

MR. ISLEY: Mr. Chairman, in response to the hon. Member for Edmonton Mill Woods, I believe he was referring to

our policy of privatization, which he was calling profitization. I would point out to the hon. member that this government still believes that the word "profit" is an acceptable word and that it is the private sector and the ability to make a profit, or for that matter have a loss, that drives our economy and creates jobs. I would also agree with the comment from the hon. Member for Vegreville; I think there has to be fairness in it. If the hon. Member for Edmonton Mill Woods has some specific cases in mind, I would appreciate receiving them, details with respect to employer, with respect to employee, and what the specific problem was.

You're asking what type of protection a worker would have under a privatized maintenance contract if the worker did not get paid. I would say, first of all, that they have in place the same protection any worker in the province does under the labour standards Act and the employment standards branch. Certainly, in representing Albertans, I have had occasion to work with individuals that had difficulty getting paid, and I found that branch quite effective in assisting us. I would say that in this case the added protection would be making senior management or myself aware, and that's why I am looking forward to the specific examples.

MR. HAWKESWORTH: Mr. Chairman, there are a few questions I would like to direct to the minister, but I would like as well to offer my congratulations to him in his new position in charge of this department. I'm sure there are many important matters that are going across his desk, as minister of what appears to me a central and key department.

One thing I want to pursue somewhat with the minister, Mr. Chairman — and I appreciate his willingness to answer the questions we're putting to him this afternoon — is how this government determines market value. I think that's an important question, because as I understand it, there are many different circumstances under which the government does business. Sometimes you go to tender. When is it that the government goes to tender? Sometimes you go to a proposal call. What are those circumstances? When you go to a proposal call, what are the systems you use to evaluate the different proposals to ensure that the public is getting the best return for the dollar they're spending? Under what circumstances are you prepared to go to one company or one individual and enter into a contract? Where is the discipline of the marketplace in those instances? It's important. I'd like the minister to briefly spend some time discussing how it determines market value in the spending of public money.

Along with that, I'd like some idea of to what extent leases, sales agreements, contracts, and so forth which the government enters into are public information, so that there is also a kind of public review and the discipline of public accountability. I think that one warrants some discussion from the minister. I'd like to know the answers to those questions.

My hon. colleague from Edmonton Beverly raised the whole issue of restricted development areas. I heard some of the answers from the minister, but I understand that those properties within the restricted development areas around Edmonton and Calgary have caveats registered against them by the provincial government. I ask the minister if he would confirm whether that's the case or not. Those caveats, if they exist, can scare off prospective purchasers, which leaves the landowner to deal only with one purchaser, and that's the province of Alberta. If that's the case, I would like to ask what special steps the government is

taking to recognize that unique situation and to finalize the purchases of those properties that are still outstanding in those restricted development areas.

I'd also like to know — this is a somewhat technical question, but in your estimates this budget bears some relation to all the other departments that we've also reviewed and are reviewing. For example, you can find in the Department of Public Works, Supply and Services reference made to the 1988 Olympic Winter Games, to the tune of somewhere around \$7 million. But under the Department of Recreation and Parks there is also reference to the Olympic Winter Games, and there the budget figure is in the order of \$12 million. Is the \$7 million in this minister's department in addition to the \$12 million that has already been reviewed as part of the the parks and recreation department? If so, why does money end up in one budget and also end up in the other budget? Why do they go into one department and why do other moneys go into another department? It's a technical question in the way that this budget is structured and set out.

There are other areas as well. The parks and recreation department has a \$3 million item in vote 4. We've reviewed their estimates. I'd like to know what that \$3 million is in relationship to your department and them.

In terms of construction budgets, in answering one question, the minister made reference to the fast-tracking method of construction and the project management approach. What has the experience of his department been as to the ability of project management construction projects to come in under budget? Has the experience in his department been such that project management often goes over budget and you often experience over-runs when that system of construction is adopted? If that study has not taken place, I would advise him that it ought to. I think he may find that there are some downsides when you take that project management approach.

Finally, Mr. Chairman, I have two last questions. Both of them arise from questions that have already been asked. We find the revolving fund outlined — I don't know whether it's under vote 6 or just appears separately on page 309 of the working papers for Committee of Supply. I don't know how to refer to the two different documents. There is a revolving fund which I would like the minister to spend a few moments explaining. Air transportation appears in that budget. I wonder what the relationship is with the purchase of aircraft there and aircraft rental in vote 5. What's the relationship? Also, how do we determine what the total amount is?

In replying to the hon. Member for Westlock-Sturgeon, he talked about the percentage of hours flown that go to the private sector. I'm wondering how you account in this budget for all the flying on the airbus that MLAs do. Or do you? Is there some place in this budget where I could find whether or not that's identified?

My last question has to do with Alberta procurement policies. Along with all the other areas we've asked about, my question to the minister is: is any study being done on the matter of import substitution? Rather than looking at other countries that we're purchasing goods and services from — not just as a government but perhaps throughout the entire purchasing of public institutions — are we looking at ways to substitute for imports? By that token, are we also looking at equivalency standards? Sometimes we set specifications so tight that they fit only one product or one supplier. Of course, we can then say that there is only one supplier that can meet these standards or these specifications.

Have we looked at the whole area of trying to establish equivalents where you could do the same job but not write the specifications so tightly that only one or a very limited number of suppliers can bid on that particular job?

Thank you, Mr. Chairman.

MR. ISLEY: In responding to the hon. Member for Calgary Mountain View, Mr. Chairman, market value, in my mind, is normally used in connection with land purchasing. If that's what the hon. member is referring to...

MR. HAWKESWORTH: Not only land purchasing.

MR. ISLEY: Let me first of all address land purchasing. Market value is normally determined between a willing buyer and a willing seller. That normally sets your marketplace. In the event that there is a dispute between someone selling land in the RDA and our land buyers as to what it's worth, normally you would engage two or three appraisals, which would be an assessment of land trading freely in that area, to attempt to put a land value on it. If agreement is reached, we'd normally sign a purchase contract that would be paid for out of the land fund, and the ownership would transfer.

On the other hand, in many cases the landowner will have no objections to selling the land, but their concern will be with respect to the amount they're going to get. What we're very often doing with them is working out a base price and then going to the Land Compensation Board under section 30. So in an effort to be fair to the landowner — he's in a no-loss situation; he knows what his minimum payment is going to be before it goes to the compensation board. He or she may get more; they certainly will not get less. I understand it's only in very unique cases that we've used section 8 to take land that individuals were not prepared to sell.

A question was raised — and I move on a bit — on market value. I would say that market value with respect to services and construction work that we buy is determined by a free open-bidding process. Proposal calls are very seldom used by the department other than with prime consultants — prime consultants being the architects on projects. Prime consultants are normally chosen based upon their past track record, the reliability of their firms, et cetera. One company or one individual being handed out a contract would be done only under very unique circumstances. I am not aware at this moment of any of our existing contracts being awarded that way.

The question was raised with respect to leases or sale agreements: are they public? My response would be that, yes, they are public. If you wish to determine what we're paying for leased space in one of the downtown buildings or what we paid to so and so for a land purchase in the RDA or in the base of the Oldman River dam, that's all public knowledge. If you identify it, you can put it on the Order Paper. You can come and ask me directly and I'll find it for you.

Are there caveats on RDA lands? Yes, there are. I am well aware of the implications that has for a landholder, and that's why I've already indicated that in an effort to treat these landholders as fairly as possible, we've even created the option of a base price before they go to the compensation board. We've generally followed the policy that until they're willing to sell that land, unless we need it we're not going to be pestering them to buy it. All this caveat does is simply, if you wish, freeze that land use at

its 1976 level. Those caveats are registered right on the titles in the Land Titles Office, so they're certainly public.

A question was raised with respect to moneys coming out of the Recreation and Parks budget and this budget on the Winter Olympic Games. The dollars you are seeing in vote 4 of the Public Works, Supply and Services budget are being devoted to the construction of Nakiska skier areas, some upgrading on Mount Allan, the nordic centre, et cetera. The breakdown between Public Works, Supply and Services and Recreation and Parks would be that they are the initiator department; they are the user department. We will simply build the project on their request; hence project construction dollars will flow through our budget. The facility will then flow back to them for ongoing operation, maintenance, staffing, et cetera.

The revolving fund and the fact that aircraft comes in there and that aircraft is in vote 5: where is air transportation paid for Members of the Legislative Assembly? Any travelling that members do as Members of the Legislative Assembly of Alberta is paid for out of membership services. It does not flow through Public Works, Supply and Services. The airplanes that the province of Alberta owns are owned within the revolving fund. They are a fixed asset of the revolving fund. The operation of those planes — paying the staff, the maintenance expenses, the fuel — is what you see flowing through vote 5. So the asset is held in the revolving fund, which is set up by statute, and the operation of it is done through vote 5.

Alberta procurement policies, import substitutions, over-specifications: I would share a concern if products were being overspecified to only one supplier if there were other suppliers that can meet equivalent standards. Once you get out into that sector of the economy, you will realize that the bidders know full well that in those tender documents they can quote on what they consider an alternative. We will then assess that alternative to determine whether or not it's the same standard and can serve as effectively and have the same life span and quality, et cetera. Alternatives can be accepted; there is a mechanism built into the tender document to offer an alternative.

Thank you, Mr. Chairman.

MS LAING: I'd like to speak to the minister in regard to equal pay for equal work. I would suggest that that is a totally acceptable notion that one could not question. I wonder, though, why the minister would not consider equal pay for work of equal value. It would seem to me that it would not be difficult to assess jobs in terms of training, skills, experience, and responsibility involved rather than in the traditional terms of whether the job is usually held by a woman or a man. Even in terms of equal pay for equal work, has the minister instructed his department to initiate an affirmative action policy in which if there are two individuals of equal qualifications and experience, the female candidate would be given priority?

A second question I would ask is: in order to maintain female employees, has the minister adequate measures in place to protect female employees from sexual harassment? Certainly I have worked with many people who have experienced a great deal of this kind of harassment on the job.

The third question I would ask is: does the minister have any policies or guidelines to protect prospective female employees from systematic discrimination that is put in place by asking them if they are able to perform tasks like lifting heavy weights that are in fact not part of the job?

Thank you.

MR. ISLEY: Just very briefly, Mr. Chairman. With respect to equal pay, it seems to me that every member of this Legislature receives the same pay. That in my mind is equal pay for equal jobs. The affirmative action question I'm not sure is directly related to my votes. But I do not receive many representations from females in this province, in my constituency, or in my family suggesting that they need some sort of additional opportunity to compete head on head with men. Very often I'm being told that maybe the affirmative action should be for the males. The other points I will leave for the moment.

MR. McEACHERN: Mr. Chairman, I rise to ask a few questions and make a few observations. We have listened to a number of questions back and forth, and one or two points occur to me. The estimates are in a form that takes a lot of work to sort out what they're all about, and we've done a lot of that work.

AN HON. MEMBER: Take a look at them then.

MR. McEACHERN: I've been looking at them and analyzing them, and I think I've got most of them figured out. But I do have a few questions for the minister. It would seem to me that something you could do that would perhaps help all departments of government would be to put in words at the front a little summary of the objectives, a general outline, the kind of thing the Treasurer does in general for the whole budget. If each minister did that for his own department, a page of two of that sort, it could be quite helpful in making it easier to investigate what the details are. I commend that idea not only to this minister but to all ministers.

In looking through the estimates, I find that the most interesting change or percentage numbers that make me want to ask questions are things like the management of properties, up 9.6 percent. This is on page 293 of the main budget. I guess it must be related to the 65.7 percent increase in land assembly. That does show up in a number of different places. I would like the minister to explain what the purchase of lands were for and some details about that. Also, on the first page in the outline of the six votes and below, the net statutory budget expenditures is up 200 percent from last year. Perhaps we could get a comment on that.

This department, like so many of the others, has quite a large discrepancy between the man-year authorizations and the permanent, full-time positions, something like a 17 percent discrepancy. I guess that would be to do with contracting out. I would like a comment from the minister on that if that is the case. Financial planning costs on page 295 have gone up by 24.5 percent. Capital expenditures are up 250.9 percent. Again, purchase of fixed assets. They may be related back to the other one, but I wasn't able to establish it from that particular item.

There was one other thing. On page 309 of the main estimates and again on page 129 of the working papers, I notice that computer systems and computer processing were both down considerably. I wonder if that means that you've already purchased the computers you need for your department or, if not, why that's the case. Also, telecommunications was listed and then blanked out. Does that mean that that particular item has been transferred over to the Department of Technology, Research and Telecommunications? I see that the parks budget is up considerably. I'm looking at page 128. A lot of regional parks are being

built, something like seven different new parks in the province. Also, there were something like 14 new provincial buildings built this year. I would like some comment from the minister on the need for that many new buildings. Yes, I'm hurrying through my points, okay?

The last item I want to raise is more of a general point. How meticulous is the department in their tendering process? It seems to me I've often had people saying, "Oh, such and such a contract was let without tendering." I suppose sometimes that's true and sometimes it's not true, but what is the tendering process? What size of contract do you have to have before you put up for tender? How often do you just hand it out to a person without tendering?

I will stop at that point.

MR. DEPUTY CHAIRMAN: Does the minister wish to respond?

MR. ISLEY: Yes. Very briefly to the Member for Edmonton Kingsway, who pointed out that the estimates were difficult to understand: I realize they're rather comprehensive. You must remember that they're covering a \$569 million budget, and it takes some doing to digest them. I would be prepared to sit down with any of the hon. members opposite and discuss it in more detail if they so desire.

The comment with respect to man-years as related to permanent positions is not really related in any way to privatization. Permanent positions are permanent employees within the department. Man-years is the amount of manpower we're authorized to use when you take permanent positions, wage positions, temporary positions and amalgamate them all together.

Some concern about the number of provincial buildings that were built across the province. I have difficulty being lobbied on the one hand to create jobs for the construction industry and, on the other hand, it's suggested that we're building too many. All of the communities that are receiving these provincial buildings have certainly been requesting them for a number of years through their Members of the Legislative Assembly and through their local elected officials. In most cases — all cases, I would hope — before we go into a community and build a provincial building we carefully access the impact it's going to have on private-sector leaseholders, because we certainly don't want to go in and cause an economic problem. In cases we've delayed provincial buildings once they were approved or funnelled the money to other communities in order not to be accused of doing that and causing a hardship on people that built in good faith, counting on the government to have so many square feet in that community.

How meticulous is the tendering process, and how many times do we just give a tender out? I would say that the tendering process is very meticulous. As I pointed out earlier, it's open and competitive and it's open to public scrutiny. Tenders are normally opened in the presence of the companies or individuals who submitted a tender, if they wish to have a representative there. That applies to some fairly small tenders in addition to some of the rather large construction ones. So it's a very open process to both public scrutiny and those that are bidding on it.

Thank you.

MR. M. MOORE: Mr. Chairman, it's proposed this evening that the committee meet to consider Bills 12 and 14 at committee stage. I therefore move that when the Assembly reconvenes at 8 p.m. it be in Committee of the Whole and

that the Assembly now adjourn until the Committee of the Whole rises and reports.

MR. DEPUTY CHAIRMAN: Would the hon. Acting Government House Leader just move that the committee rise and report.

MR. M. MOORE: I'm sorry, Mr. Chairman. I move that the committee rise and report.

[Motion carried]

[Mr. Speaker in the Chair]

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

MR. SPEAKER: Having heard the report and the request for leave to sit again, does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

MR. M. MOORE: Mr. Speaker, I'll try it again. Before the House adjourns this afternoon, I want to indicate that we'll be studying in committee Bills 12 and 14 this evening. I therefore move that when the Assembly reconvenes at 8 p.m. it be in Committee of the Whole and that the Assembly now adjourn until the Committee of the Whole rises and reports.

MR. SPEAKER: Having heard the motion by the Acting Government House Leader that when the members reassemble at 8 p.m. they will be in Committee of the Whole, does the Assembly agree with the motion?

HON. MEMBERS: Agreed.

[The House recessed at 5:31 p.m.]

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

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

[Mr. Musgreave in the Chair]

MR. YOUNG: Mr. Chairman, could we begin with Bill 14? There is an amendment to Bill 12, and it isn't quite available. It should be here anytime.

Bill 14 **Small Business Term Assistance Fund Act**

MR. DEPUTY CHAIRMAN: Would the Provincial Treasurer like to make some comments on Bill 14?

SOME HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: The question is being called on Bill 14. All those in favour, please say 'aye.'

SOME HON. MEMBERS: Aye.

MR. DEPUTY CHAIRMAN: Opposed, if any?

MR. McEACHERN: Am I allowed to [not recorded] on Bill 14?

MR. DEPUTY CHAIRMAN: We've already passed Bill 14. I called if there were any ... [interjections]

MR. McEACHERN: Am I going to be allowed to speak on Bill 14 or not? [interjections]

MR. DEPUTY CHAIRMAN: All right.

MR. NELSON: On a point of order. Bill 14 has been called and the vote has been taken. It's my view that unless you over-rule it, the Bill has been given due consideration in committee.

SOME HON. MEMBERS: Agreed.

MR. DEPUTY CHAIRMAN: I think in deference to the new members and their length of stay in the Legislature, we should hear them. Acting Government House Leader, would you like to make a comment?

MR. YOUNG: If there are observations on Bill 14, let's proceed, hopefully expeditiously. I wouldn't want to see anybody ruled out on that account.

MR. FOX: If I may, just on the point of order, Mr. Chairman. I think the confusion here — and on my part too — was that I'm not sure the meeting was actually called to order. At least if it was, I didn't hear it. Then all of a sudden Bill 14 and ... [interjections]

MR. DEPUTY CHAIRMAN: Order please. The Member for Edmonton Kingsway.

MR. McEACHERN: Mr. Chairman, thank you for the opportunity to speak, because I really didn't realize the House had been called to order. I was busy looking at things, and I also expected that Bill 12 was coming up first. I believe that was the order indicated last week.

However, there are a few things about Bill 14 that I would like to put on the record. You will recall from the preliminary debates that as a caucus we had decided to support the principle of this Bill in view of the fact that some of the ideas certainly fit fairly closely with some of the things we had in the Alberta Development Fund Act, a program of loans to small businesses that we in fact suggested before the last election.

The first fairly specific thing I want to mention here is that it indicates that "The purpose of this Act is to facilitate loans to small businesses in Alberta." The statement is very terse and very short. I wonder if we couldn't have had some expansion in that area, some more specific comments on how these loans would help to create jobs and diversify the economy, and in fact go as far as trying to fit into some fairly specific targets in terms of the dollars put into this and the jobs created by these programs, as well as the areas in the province and sectors of the economy that could be targeted. It would seem to me that that kind of very specific targeting would give us a setting of objectives, which I suppose is another way of saying it. It would give

us a better chance down the road in two, three, or five years' time to assess the effectiveness of the program, because there would be some fairly specific targets to measure against. So I suppose I find the Bill rather loose in that regard.

I also find the Bill a little on the short side in terms of specific explanations in another area. In point 11 on page 3:

The Lieutenant Governor in Council may by order designate lending institutions with which the Provincial Treasurer may enter into agreements under section 10.

I wonder why we couldn't have had a listing of the institutions that qualify in this case rather than just a general statement of saying whoever the Lieutenant Governor in Council decides. Perhaps the Treasurer would be kind enough to give us a list of some of the intended institutions that will be able to lend out money under this program.

The guarantee of loans, section 12, is again just a sort of *carte blanche*, saying that:

the Provincial Treasurer may, for the purpose of this Act, make guarantees to lending institutions ...

I know the Treasurer has to negotiate those terms with the lending institutions under the current program, but neither in the early days of the announcement of this program nor since have we really had much in the way of specific suggestions from the government as to what they had in mind. Again, perhaps the Treasurer could enlighten us with some details on that.

The whole of section 13 follows a similar pattern:

- (a) respecting the loans to be made by lending institutions to small businesses in accordance with this Act including, without limitation, regulations respecting the following matters:

And these are important matters, but none of the details are forthcoming from the Treasurer. I had expected tonight that he might at least give us some of the specific details he is negotiating with some of the institutions.

- (i) the purposes for which a loan may be made;

Why can't we be more specific about that?

- (ii) the criteria for eligibility for a loan;

Why can't we have a look at some of the criteria?

- (iii) limitations on the amount of a loan or class of loan that may be made to an individual borrower;

I believe somewhere along the line you've indicated \$150,000 would be the top amount, but I still don't see that we couldn't have had more details given in some of these matters.

- (iv) the interest payable under a loan;

Are we assuming 9 percent here, the same as in the farm loan program, or not?

- (v) the time and manner of repayment of a loan;

I guess there would have to be a certain amount of flexibility in that for the institution and the individual person borrowing, but what are the parameters? What is maximum length of time and that sort of thing?

- (vi) any other terms or conditions under which a loan may be made or to which a loan is subject ...

Again, it's just a *carte blanche*, and I had expected the minister to lead off the debate tonight. It's all very well to talk about the principles of the Bill and for us to have accepted that the other day, but I did expect at least some more details at this stage of the game, and I expected him

to lead off with a number of those and perhaps even have some supplementary documents that we could look at.

Without going through them one at a time, I guess the same thing applies to section 13(c)(i), "loans that are eligible to be guaranteed" and so on. Why do we not get some more specific details?

Mr. Chairman, it does seem to me that we debated the basic principles of this Bill fairly thoroughly the other night, and we agreed with the basic thrust of it. We made some suggestions for additions and changes, and although I didn't expect the Bill itself to be changed, I did expect that the minister would come here prepared to give us some idea of the detailed kinds of things he expects this Bill to cover. He hasn't; he's just thrown the Bill at us and very quickly tried to say to pass it the way it is and not talk about the details any more than what is already there.

I've no desire to hold up this Bill for another night or anything like that, but we did expect to get a debate on the finer details of the Bill, and I'm a little alarmed that the minister is just saying that since we already accepted it in principle, just let it go at that and forget it. Why don't we have a copy of some of the criteria that would flesh out some of the more specific details the minister is at present negotiating with some of the banks in setting this up?

While I'm on my feet, I'll pass on a couple of other general comments I did raise the other night. But since we didn't hear any sort of reply from the minister, perhaps I'd better reiterate at least a couple of them. One of the things I think the government has to think about is the need for debt capital as opposed to the need for equity capital. I know you have a program, the Alberta stock savings plan, to try to get equity capital for small businesses in this province. There was some talk today about the Alberta Opportunity Company being able to get into equity financing, but that doesn't sound like it's getting off the ground very fast.

I think the Alberta stock savings plan has a limit of \$50 million. I had thought I might get some kind of a response from the Treasurer to the suggestion that they look at the balance of that, the \$750 million in the debt area for this program and the \$50 million for the equity program. I'm not suggesting jumping more into an equity program, that that's a wrong balance. But I would like some comments from the Treasurer about the suggestion I mentioned.

As outlined here, the program is very vague, and I would like to know if the minister is thinking in terms of a bit of targeting with where he's going with this program in terms of the areas of the province. Will there be any difference whether you are in rural areas, small towns, or cities in terms of your eligibility? Will there be any targeting in respect to the different areas of the economy? Will a company that's involved in the oil industry not be eligible for this program, or will they be eligible for it? What is the size criterion of the companies that will be involved?

I would personally look for the minister to stand up and give us some ideas in more detail than this Bill is able to do, or at least than it does, and give us a chance to debate those details point by point rather than just asking us to pass the Bill in principle and leave everything to the minister and the cabinet to decide what to do later.

Thank you.

MR. HAWKESWORTH: Mr. Chairman, we've already had one opportunity at second reading to discuss the general

principles of this Act, and I understood that at Committee of the Whole it was going to be a clause-by-clause review. Being the first Act I've had the experience of participating in the debate on as a new member of this Assembly, I kind of expected that we would have a bit of an overview from the Provincial Treasurer and an opportunity to discuss each of the clauses in turn.

However, I gather that's not the intent with which this is going to be dealt this evening, so I'd like to make a number of comments about this particular Act, Mr. Chairman. When we debated this earlier last week, I tried to make some positive suggestions to the Provincial Treasurer and to the cabinet in order to improve the kind of program being offered. After all, we feel very good about the general concept of this Act, having been a member of the party that first proposed this a couple of years ago. But I think we recognize there are a couple of areas where important improvements could be made to the fund to make it more helpful to small business, to make it more accountable, and to make it more effective.

I think the overriding concern is that so many core issues of this Act are left to be dealt with under regulations in section 13, issues that are resolved by order in council, such as the purposes for which a loan might be made, criteria for eligibility, the interest rate, limitations on the amount of a loan, and so on. It carries on. So many core issues are left to be resolved by order in council. Maybe that's the style that has been the norm around here for many, many years, but I for one believe that for this to be good legislation, some of those core issues ought to be dealt with in the enactment sections of the Act and not dealt with by regulation.

Mr. Chairman, I think there are four key areas in particular. If the Provincial Treasurer has looked through my comments in *Hansard* from our debate on second reading, there are a number of areas where I thought improvements could be made and suggested improvements to this legislation. Tonight I want to concentrate on four essential areas that I think are important and that would improve this legislation. First of all, despite the title of the Bill being Small Business Term Assistance Fund Act, there is no definition of the term "small business." Secondly, the purpose is simply "to facilitate loans to small businesses in Alberta." I don't think that's adequate, Mr. Chairman.

Thirdly, on the matter of the interest rate which is to be set by order in council, we've been given some indications that that's to be set at 9 percent. Our belief is that because the interest rates have fallen considerably in the last few months because of the climate for borrowing in the marketplace, this government could very easily pass on a benefit to the small businesses of this province by establishing an interest rate lower than 9 percent. Fourthly, Mr. Chairman, is the whole issue of reporting, accountability, and auditing, which is not mentioned in this legislation and which is an oversight I don't understand but I think needs to be dealt with here at Committee of the Whole stage of review.

Mr. Chairman, what I would therefore like to do is move an amendment dealing with four sections of this Act. I have copies which I'd like to table with you. [interjections] Mr. Chairman, I hear some comments from the other side of the House, but surely our job as legislators is to do as good a job at legislating as we possibly can. It's one thing to give a blank cheque to cabinet; it's another thing to pass legislation that is effective and that meets the needs of the people of this province. What I would like to do in this instance is move changes to this Act as outlined — they're

presently being passed out — to deal with four specific areas of the Small Business Term Assistance Fund Act.

The first deals with the issue of what a small business is. I understand from reading a government press release that was released on July 10, 1986, that in announcing the program they outlined their understanding of what the term "small business" meant. For my part I'll be frank with you. I think once you have a company that's generating gross revenues of \$5 million and employees in the neighbourhood of 100 in number, you're leaving the realm of small business and moving into intermediate business. Nonetheless, I believe it's important to have that definition in the Act. I also believe this amendment would be more likely to get the support of the government side if it were to actually use the definition which they themselves have put forward in various press releases. With that in mind, I believe section 1 should be amended as outlined.

Section 2 deals with the issue of the purpose of the Act. As I mentioned in my comments last week, there should be an outline by this government that this program is intended to do a number of things and to achieve a number of objectives, not simply to facilitate loans to small businesses, but the purpose of those loans ought to strengthen small business. The purpose of investing \$0.75 billion on behalf of the people of this province ought to lead to the creation of jobs. It ought to facilitate the diversification of the economy, Mr. Chairman. We should be using it as a tool to assist those areas of our province that really need economic development because of high rates of unemployment and perhaps because they've just not been able to participate as fully in the economic growth of this province as they ought to have.

So I think what we need to do in this legislation is to provide more concrete purposes for this program, Mr. Chairman. The other thing this does is that it would also assist in evaluating how successful this program is in achieving various good public purposes, so that after some time we can take a look at the program, what it has done, how it has been used, and if it has actually led towards the achievement of these important economic goals in this province.

Mr. Chairman, the third portion of this amendment has to do with the matter of interest rates. It's been discussed at some length, and I'm not going to spend a lot of time simply repeating what my colleagues have said. As I understand the prime rate, the interest rate on April 30, shortly after this program was announced, was at about 11.25 percent. Since that time it has now dropped to somewhere in the order of 9.75 percent. Our belief is that that drop ought to be passed on in larger benefit to the small businesses of this province. We're suggesting that we set an interest rate of 6 percent rather than 9 percent, which is what we understand has been announced through press releases as the interest rate for this program.

The fourth point, Mr. Chairman, found on the second page, is that there were not any provisions in this Act to authorize the auditing of the fund or to provide for an annual report on the operations of the fund. I can only describe it or understand it as a substantial oversight on behalf of those who drafted this legislation. I'm sure it wasn't intentional, but the fact that it does not appear in the Act causes me concern. This is intended to be showpiece legislation as to what the government is doing for small business in the province. I think it's important — perhaps others on the other side of the House don't think it's important — that there should be some system built into

the legislation to assure or aid and assist in public accountability for the way the fund is administered and operated.

What it does is direct that the Auditor General has certain powers and obligations to look at how this fund has been operated and administered and to prepare a financial statement as well as a statement about the opinion of the Auditor General on how this fund realized the purposes of the Act, which are enumerated in the second section of the amendment, and to table that review in the Legislature and in so doing report to the public as to how effective this program has been as a steward of the public funds that have gone into this program. These are principles which I believe are important to incorporate into the Act, Mr. Chairman.

Again, as I said in my opening comments, this is the first time I've participated in a debate on an Act in Committee of the Whole. Nonetheless, it's important that we on our side of the House provide ideas and suggestions that the government can make use of in improving this legislation. It's in that spirit that these amendments are brought forward for consideration tonight.

MR. DEPUTY CHAIRMAN: I would point out to committee members that we are now speaking to the amendment.

MR. TAYLOR: Speaking to the amendment, Mr. Chairman, I think parts of the amendment are good, and I compliment the Member for Calgary Mountain View for picking up some of the loopholes in the Act. He is certainly correct in pointing out that nobody defines a small business, but I never thought I'd see the day when an NDPer would describe a small business as one having \$5 million or less gross revenues or gross profits of \$1 million. Esso could apply for that this year.

First of all — and I'm trying to be constructive here — I generally agree with section A, but I think the terms should be sharpened to actually cover small business. It's splitting hairs when you say "an enterprise for profit" — I would think maybe with the intention of making a profit. Some of my greatest corporations through the years have not made a profit, so the intention has to be there. I think you have to intend to make a profit.

I think generated gross revenues of \$1 million are fine, and I'd leave the gross profits out, if I may respectfully suggest. If you've never employed a CA or an accounting firm to go through your business, I warn you that they can make profits look like anything. They can make them big, small, or indifferent, but nobody can play around with gross revenues. So I think the only definition you should have is gross revenues. Five million dollars a year in gross revenues is a pretty good sized company. That's a lot bigger than ma and pa starting out in the basement with a couple of in-laws helping out. I would limit it to \$1 million, because the Alberta Opportunity Company and other areas cover many other aspects.

Likewise, I move to (ii). I would drop your employees down to 30, if I may respectfully suggest. I would leave the rest of the clause the same. I would leave B the same. I think you make a very good point in that we should be strengthening small business generally and facilitating new jobs. Those are motherhood issues. Nevertheless, we go on to "facilitate the diversification of the economy." I think that's a very good point, because in the past we've considered diversifying from the oil business to drilling more oil wells or heavy oil. We've changed from making applesauce to apple cider and called it diversification. Consequently, pur-

suing diversification is a very laudable course; also facilitating "the economic development of less economically developed regions." We have regions of Alberta that are missing.

I'm afraid though, my hon. friend, that after sticking with you pretty well in A and B except for definitions, I have to leave you in section C. I don't think it's wise for a group of risk capital or the merchant banker type of thinking that we're going to put in this to put in the cheap interest rate. My own experience has been that if an institution takes low interest rates and they're not making much money on it, then they want very, very good security. I would rather see them reach out and give a little more money on the chance that they're going to make more interest.

On the other hand, go even further — and I think there is room in the old Act that covers this — to take equity.

An equity kicker is the best way, because when most small businesses start out they need money so badly that really whether you're paying 6, 8, or 9 percent is not important. You will notice that the people that argue about the interest rate they pay are nearly always utility companies or large organizations. Half a percent or 1 percent makes a great difference, but when you're talking about ma and pa and the kids putting together some sort of cottage industry or a small business to do a little manufacturing, the access to capital is very important. You'll pay that 1 or 2 percent. As a matter of fact, you'll even give up 20 or 25 percent, because your theory is that if your idea catches and you work hard, it will be big enough in a couple of years that so what if the lender takes back 20 or 25 percent equity over four or five years.

I think it might be a mistake to talk cheap interest rates. It's a little different from farmers or somebody else that already has a going business and they're looking at the difference between what they have to pay for operating capital and their profit. Here we're essentially talking about risk-takers, so the low interest rate could well act opposite to what my hon. friend wants it to do. It could restrict the amount of capital and the amount of loans that would be made. So I would block out number C if I were him.

Likewise, when I come to D. There again I have to depend on the Provincial Treasurer's superior wisdom. I think the Auditor General goes through all our business books anyhow, doesn't he? My impression is that it is a redundant clause and that the Auditor General goes through everything anyhow.

Making those specifics on the amendment, Mr. Chairman, I could go on to say stuff in general, but do we sit down and finish on this now and put it out of the way? I see you're looking up what word is parliamentary or unparliamentary. What's my procedure now? I am like my hon. friend from Calgary Mountain View. This is the first time I've ever looked at Committee of the Whole study of a Bill. Do I sit down and we vote on this and then later on I get a chance to go at it? There are a couple of other things I'd like to talk about.

MR. DEPUTY CHAIRMAN: If you want to talk on the amendment, you have 30 minutes and then after we've dealt with ...

MR. TAYLOR: Consequently, I would like the amendment to be put A, B, C, D, so we could vote on each amendment.

MR. DEPUTY CHAIRMAN: You are in effect calling for the question on the amendment?

MR. TAYLOR: Can I amend the thing then? If you're looking for an amendment, I amend section A . . .

MRS. HEWES: Amend the amendment.

MR. TAYLOR: . . . amend the amendment in section A to make generated gross revenues of \$1 million rather than \$5 million. Strike out the "gross profits" — because nobody can measure that — and at no time will it employ more than 30 employees rather than 100 employees. I would also strike out sections B, C, and D, unless we're voting on each one. I'm sorry; strike out sections C and D. I'd leave B in. I would amend A the way I said, leave B as it is, and strike out C and D.

MRS. CRIPPS: This is off the cuff?

MR. TAYLOR: My amendment? No, I was just given the amendment here a couple of minutes ago. As fast as I am, I didn't write it out.

HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: Unless somebody wishes to speak to the subamendment, we will take the vote on the subamendment.

MR. MARTIN: Are we doing it all on the subamendment?

MR. DEPUTY CHAIRMAN: I'm sorry; we're just taking a vote on the subamendment.

MR. MARTIN: On all the things he mentioned.

MR. DEPUTY CHAIRMAN: That's right.

MR. HAWKESWORTH: In putting forward a subamendment that deletes a section of that amendment, is that not considered contrary?

MR. TAYLOR: On a point of order, Mr. Chairman. Don't we just do A, B, C, and D?

MR. DEPUTY CHAIRMAN: Go ahead.

MR. TAYLOR: I recommend that we just do it section by section. I move the subamendment to section A alone, which is generated gross revenues of \$1 million rather than \$5 million, striking out the \$1 million gross profits, and limiting the number of employees by changing that from 100 to 30.

MR. DEPUTY CHAIRMAN: Would the Member for Westlock-Sturgeon please repeat that? The Clerk didn't get your full description of the subamendment.

MR. TAYLOR: You want me to give the subamendment? Okay. The subamendment is only to clause A.

In the second line where it says "which carried out an enterprise for profit," I would say "carried out an enterprise with the intention of making a profit."

Next, on the first line of (i) change "\$5 000 000" to "\$1 million," strike out all words after "or less," and in (ii) just change "100" to "30."

MR. DEPUTY CHAIRMAN: Those are all the changes in section A? If there's no debate, we'll vote on section A as amended.

MR. MARTIN: I'm having some difficulty doing it this way, Mr. Chairman, simply because if we're talking about diversification, as we are in section B, it seems to me that certainly has an impact on how big the business would be.

MR. TAYLOR: I'm not complaining; it's good the way it is.

MR. MARTIN: It's difficult to vote on it separately, because I think they tie together; certainly A and B do.

MR. DEPUTY CHAIRMAN: We have a subamendment we have to deal with. If you're not happy with it, vote it down.

HON. MEMBERS: Question.

MR. FOX: Mr. Chairman, just in speaking to the subamendment, if I may make one comment. I think it's appropriate that the New Democrats here are speaking up for small business. The subamendment seems a little curious. If you were to amend \$5 million to \$1 million, there are several grocery stores, for example, in many towns in Alberta that would not qualify. The same with the number of employees, because your average grocery store in rural Alberta has sales well in excess of \$1 million per year and has more than 30 employees. I think this subamendment defeats the whole purpose of these very reasonable amendments to the Bill.

HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: The question on the subamendment for section A as amended by the Member for Westlock-Sturgeon.

[Motion on subamendment lost]

MR. TAYLOR: On a point of order. I want you to make a note that the Tories and the NDP put down the Liberals again.

SOME HON. MEMBERS: Question.

MR. McEACHERN: A question dealing with a further supplementary. The Member for Westlock-Sturgeon is not standing, so does that mean we no longer have any subamendments on the floor?

MR. DEPUTY CHAIRMAN: That's correct.

MR. McEACHERN: I'd just like to say that I'm in favour of these amendments, which will not surprise anybody, but I am particularly interested in asking that the Treasurer reply to the points in these amendments fairly carefully before we vote on them. I don't think we should just vote on them. I think there should be some reasons given, and I would call on the Treasurer to make some kind of a statement in reply to the very specific points that are raised as to whether he likes them or doesn't like them and give us some kind of an idea as to whether they're way out to lunch from what he's thinking for this Bill or whether they are something that would help him in providing details, even if only on the regulatory level, when they probably end up defeating this Bill.

MR. JOHNSTON: Mr. Chairman, if I might ask a question of clarification so I can plot my way through this maze of amendments here. Is it correct that we're now dealing with the amendments moved by my colleague from Calgary Mountain View?

MR. DEPUTY CHAIRMAN: That's correct. Does the hon. minister wish to speak to those?

MR. JOHNSTON: Mr. Chairman, I might just make one or two comments with respect to the amendments as proposed, and I'm dealing here with the Member for Calgary Mountain View's amendments.

First of all, I must say that I do have some regret in that I can't provide total regulations or a total outline of the way in which this program is going to operate. Nonetheless, some elements of it have of course been captured by my colleague from Calgary Mountain View. Of course, I'm sure all hon. members realize how difficult it is to thread your way through a set of regulations of this order where in fact you're trying to be generous in the sense of sweeping in all those who may well be defined by small business but at the same time attempting to bring some discipline to the loaning side to ensure that abuses or duplication or other forms of attempts to misdirect the legislation are covered.

The problem with putting regulations in the legislation, as the section A amendment does propose, is of course very clearly pointed out as you look at this regulation. What it shows is that you can be somebody from outside the province of Alberta, for example, to be covered by this regulation. You would think that if you're going to be careful in bringing legislation in, you'd have to first of all say that it was an Alberta business. The point I'm making here, of course, is that although legislation does not provide for an Alberta business, the regulation provides for an Alberta business. With this amendment, the detail was so fine and so careful that my hon. colleague forgot to deal with one of the more fundamental things; that is, you have to be a resident of Alberta. I'm not trying to be cute in the debate. I'm simply showing that when you try to put in the legislation the very fundamental elements which may be required to make this program operate effectively to maximize the benefits for small business in the province of Alberta, you tend to exclude some by legislation. Of course, to come back and change it would be a very difficult process, assuming that the House isn't going to be sitting all year long, although some members may disagree with that. Nonetheless, that's the point I'm making, and so what we're saying here is that these are essentially the elements I agree with.

I must say that in terms of the first three elements which are pointed out, these are the sense of the elements which will be in our regulations. But we do go on to strengthen, for example, the Alberta presence side to ensure that Alberta businesses are involved and that in fact they're eligible in terms of active income. Of course, the active income test in itself requires some definition, and that also requires references to income tax legislation that is also best done in the regulations, in my view at least.

Moreover, we are dealing with associated corporations as well, because we do not want to have a stacking of the events that take place. The current draft of the regulation with respect to eligibility is also fairly large in that it almost requires a lawyer to go through to decide where in fact the association takes place: brothers, sisters, common own-

ership, and those sorts of things. So I really have no problem. In fact, the first three elements are the elements of the program and, as the member pointed out, they are elements which come from a series of press releases which my colleague and I have released over the past three weeks.

With respect to section B, which deals with the so-called general thrust of the legislation, I remember a great teacher of mine by the name of Glen Acorn, who was at one time in charge of writing legislation for this province — and he doesn't have any political affiliation; he was appointed during the Social Credit regime under Mr. Manning, for example. He always cautioned me that you do not put in the legislation those sorts of normative statements which really can't be effectively dealt with by a court or which really do nothing to the legislation in terms of providing direction.

This piece of legislation is essentially establishing a fund. We should not forget that. It provides for the fund in a very simple way and provides of course for regulations and the flow of money in and out. The trouble with these sections is that we have no disagreement with them. In fact, these are again essentially our points. These are the points that we have made over and over again through the campaign, in the announcement of the fundamental outline of the program, and in the various speeches which colleagues on this side have made.

With respect to section C, the interest rates for this program — as the Member for Westlock-Sturgeon said, and I think his comments are fairly applicable and in the context of my remarks — will be 9 percent. If we can find some way to adjust it in the future, then we would have to come back and legislate that. If you want to change it in December or January, for example, it's not known if in fact you'd have to recall the House to make that simple change, where you want to simply pass on the benefits to the small business sector in this province. In fact, that section should be left to regulations as well.

With respect to section D, this is already spelled out in the Financial Administration Act. It's not necessary to replicate that section of the Financial Administration Act or, for that matter, the provincial Auditor General Act in this legislation. It's redundant and unnecessary. Mr. Chairman, I suggest that all hon. members vote against — I'm listening now — this amendment.

HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: Is there any further . . .

MR. NELSON: Mr. Chairman, I just want to make one comment for the record, and it relates to a section of this. I certainly agree that it should be defeated. I have some concern with it in any event, and that's the area under section B(2)(d) with regard to:

- (d) facilitate the economic development of less economically developed regions of Alberta.

I would hope the Calgary member would certainly not want to just exclude the area of Calgary from this type of program, because there's a lot of small business there, as there is in Edmonton and other regions, that certainly deserves the attention of this program.

MR. MARTIN: Let's not get carried away here. This is our business. I appreciate the remarks the Provincial Treasurer made, but there has to be some dividing line before we just pass a Bill and say "Trust us" and away we go

with \$750 million. It seems to me we should be clear what the purpose of the Bill is, Mr. Chairman. Just to go through it, I think we agree on section A. I know the Liberals don't, but we agree, and that makes a reasonable case for small business. Again, we know that from the press release.

It seems to me, though, that a key section is B, because we often pass legislation in this building and we say we hope it's going to work. We haven't clearly laid out what we're attempting to do. It seems to me, Mr. Chairman, that ultimately the key thing — and I think the Treasurer may agree with me on this — is jobs. One of the key ways to do that, as we all agree, is through the small business sector, but we haven't targeted what we want to do. That's why we're saying "to ... aid in the strengthening" and "facilitate."

I think C is a key thing: "facilitate the diversification of the economy of Alberta." But if we lay out what our purpose is, then there's some way to judge later on whether in fact the \$750 million is being used in the way the government wants. If you don't lay out the purposes and what we're attempting to do with the Bill, it's just laying out \$750 million. That may or may not be desirable, as we learned with some of the other Bills that have passed through the legislation.

So it's a key point that we say in Bills what we're attempting to do. In other words, we're targeting what our goals are, Mr. Chairman, and it seems to me that's a reasonable thing to do, especially when we're dealing with a lot of money, \$0.75 billion. It seems to me that perhaps there's a fine dividing line. I don't think you have to lay out all the regulations; you'll be doing that. But perhaps in the Bills it can be at least the purpose of what we're attempting to do so the people of Alberta can look at it. If you lay out the rules and the regulations a little more, I suppose people would know whether or not they should apply. It seems to me, Mr. Chairman, there has to be more than we're getting in this Bill.

Mr. Chairman, we can argue C. I just disagree that 6 percent doesn't make that much difference to small business, that they don't mind paying any interest rate. The key point, as we have argued here, is the long-term financing. I've argued in this Legislature many, many times. I agree that's the key point. It gives some stability that you can at least plan over a period of years. I also think that if we're going to do it and we really want to use it as an economic stimulus to create jobs and facilitate diversification, we could have gone even farther. I just strongly disagree that 6 percent — every businessman I've talked to, big or small, the interest rate does make a great deal of difference to them. If you're talking about three points, that is significant.

I guess what I'm saying is that if the Treasurer basically agrees with all our amendments except the 6 percent, I'm sure he could take the 6 percent out. We think it's more relevant. We think the rest of it should go in. How else are we going to judge later on whether we've achieved the goals that we wanted when we put \$750 million out? Is the key thing diversification? How are we going to do it? Do we just lend money to anybody that comes along? Do we not have a target? Do we not have a plan of what we're attempting to do in this province? I think when we spend \$750 million, we should be targeting. I don't know how many jobs you want to create. Surely there must be some idea in the back of the Treasurer's mind. Are we going to create 750, 10,000, 2,000, or 1,100 jobs? There is none of this sort of rationale. Perhaps that could be in a backup document even to this Bill, but we haven't got

that, Mr. Chairman. If we do not start targeting what we're attempting to do with our legislation, I think we'll always fall short.

Certainly the money is there and it's generous. I think the intentions are good, but good intentions sometimes do not achieve the goals the government may want. I'm saying to the Treasurer in all seriousness that I think we have to look at this, especially when we're dealing with a lot of money, now and in the future. We should be targeting precisely what we're attempting to do with our legislation. As a result, I don't think it would hurt the Treasurer to support the amendment. I'm sure if all of a sudden he supported section C, 6 percent, all the small businesspeople in Alberta would love him.

MR. WRIGHT: A very short point, Mr. Chairman, but it deals with a matter of principle. I went down to the library and got the Report of the Select Committee of the Legislative Assembly on Regulations in the Province of Alberta, November 1974. Amongst the recommendations was the following:

- (1) Wherever possible a statute should list exhaustively the matters for which regulations may be made;
- (2) These matters should be itemized in the empowering sections of the statute;

We have those in this statute.

- (3) The use of a general empowering regulation-making clause should be avoided; where this is not possible, the regulations made under such a clause should be the subject of constant review ...

Here it is possible. We've proposed it. It is in line with recommendations that attempt to get the legislative process away from the ministers and the bureaucrats and back into the Legislature. We think that since 1974 there's been too much slippage in the position then taken by the government of the day. We regret that.

[The Member for Athabasca-Lac La Biche rose]

MR. DEPUTY CHAIRMAN: The member will please take his seat.

SOME HON. MEMBERS: Question.

MR. TAYLOR: I hear them demanding "question." What are we voting on if it does get to a question?

MR. DEPUTY CHAIRMAN: We're voting on the amendment.

MR. TAYLOR: The whole works? We started out and went clause by clause. Are we voting on B, C?

MR. DEPUTY CHAIRMAN: We're voting on the whole amendment.

MRS. HEWES: Mr. Chairman, may I request that we split?

MR. PIQUETTE: I'd like to also speak in favour of the amendment. Being in small business for a number of years, one of the things that I find upsetting with the role of government is that we wonder why a lot of things don't seem to happen the way we had planned. The main thing I can see in the small business stability fund Bill that's being proposed is that it doesn't appear to have any clear objective. In small business or any business you must have a clear objective of what you're trying to accomplish, and

you must then have accountability in the whole aspect of where you're spending your money and for what reason. I think the Bill fails to address this.

As the Leader of the Opposition pointed out, if we are going to be spending public money in terms of supporting small business or any other sector, there has to be accountability in terms of being able to judge the whole program. Again, I would also urge the Treasurer to especially accept sections A, B, C, and D. I guess it's a matter that we're looking at percentage. I know all the small businesses that I talked to were very much in favour of the 6 percent, especially since they say a large part of their overhead cost is created by interest costs. So I think that is also a very popular part of our amendment.

MR. HAWKESWORTH: Mr. Chairman, in rising to speak to this, I'd be closing debate, so if there are no other members of the Assembly who wish to speak to the item, I'll say a few concluding words.

Mr. Chairman, I'm disappointed that these suggestions have met with the kind of reaction they've received this evening. They seem to me to make good sense and to fit with the general direction the government had indicated they wanted to take with this program. I don't know what's wrong with stating things explicitly, unless that means people can come back later and criticize when the program doesn't unfold the way it was intended to. We've had some bad experiences in the last several years with some of these programs that were good in theory but when it came around to being implemented, they got into no end of difficulty. Mr. Chairman, this is not intended to replace regulation or all the circumstances that might be dealt with under section 13. These amendments are intended to complement what is already in the enactment portion of this Bill, and it's intended to complement whatever regulations might be done by cabinet.

In terms of targeting the objectives of this program, it's an attempt to clarify what is exactly to be achieved by this program and to try and target this program so it will end up doing what we want it to do. Perhaps the government doesn't know what they're attempting to achieve. Does this program work such that the first businesses to walk in the door of the financial institutions are the first ones served? Once the entire program is taken up, then that's it, that's all over with even if more worthy projects and more important needs come forward at a later date? Is it first come, first served? Unless you have some objectives enumerated, you may end up committing the \$0.75 billion and not achieving the objectives you had intended to achieve when you set out in the first place. So it's quite disappointing to me, Mr. Chairman, to see that these suggestions are going to be for naught.

In terms of the interest rate, do we really want this program to help small business or not? If a 9 percent fixed interest rate is going to help small business, how much more effective would a 6 percent interest rate be for small business? Is the government serious about this program or is it not serious?

Finally, the one point by my colleague from Calgary: would this definition exclude the city of Calgary? Mr. Chairman, if this government continues to ignore the needs of the oil patch, Calgary will be on the top of the priority list for this program.

This is showpiece legislation intended to help the small business sector of this economy. Let's make sure it's done

correctly. Let's make sure it's done effectively. I ask all members of the Assembly to support the amendment.

MR. TAYLOR: On a point of order, Mr. Chairman. I hope you will be putting it clause by clause, because this is not one amendment; this is an amendment to four different clauses. [interjections]

MR. DEPUTY CHAIRMAN: Order please.

MR. TAYLOR: That's what I'm trying to get at. He's trying to vote on the whole thing in one package.

MR. DEPUTY CHAIRMAN: I would point out to the hon. Member for Westlock-Sturgeon that the amendments to Bill 14 were presented to the Assembly by the hon. Member for Calgary Mountain View as one package. I would suggest that we vote accordingly.

MR. TAYLOR: I think it's in order to ask that it be split, Mr. Chairman. Even an amendment that's presented in one package can be asked to be split. If my first argument that you have four different amendments on two sheets of paper does not hold, then my second argument that I have a right to ask that they be split for the vote holds.

MR. YOUNG: Mr. Chairman, on a point of the procedure. The debate has been closed, the question has been called, and the amendment was moved as one amendment. May we proceed?

[Mr. Deputy Chairman declared the amendment lost. Several members rose calling for a division. The division bell was rung]

[Eight minutes having elapsed, the House divided]

MR. DEPUTY CHAIRMAN: Order please. According to *Beauchesne* 142(2), I will ask members in favour of and opposed to the amendment to stand, and the Clerk will count. He will not call out your names.

CLERK: Mr. Chairman, for the motion, 12; against the motion, 48.

MR. DEPUTY CHAIRMAN: We are now on the main motion.

MR. McEACHERN: I have a few questions. I don't want to hold this Bill up much longer, but there are three or four questions I would like to ask the Treasurer. One is the area of guarantees. Could he give us some kind of indication of the kinds of guarantees he has in mind in negotiating with the banks to encourage them to loan money? Could he also give us some idea whether he's thought much about how much money would go to new businesses and how much will go into expansion, or for that matter, how much of the \$750 million available might end up replacing existing loans, just sort of being rewrites of present loans, and how much might go into new loans? Has he any idea of those or any parameters for those kinds of considerations?

Another question I want to ask him is: where is the money coming from? I believe he indicated that the government will be using its good standing to borrow money on the international market. But will the banks also be required to put up some money themselves, perhaps on a

fifty-fifty basis, as I believe I've heard he's intending to do with the agricultural loan Bill? Will some of the money come from the heritage trust fund, or will it just come from general revenues?

Finally, I would like some kind of response to my question about the idea of equity versus debt financing. I know it's not the intention in this program, but has he thought about the balance of those two things in other programs?

MR. CHUMIR: Mr. Chairman, I'm going to speak very briefly with respect to this matter ... [some applause] Let the record show that there was uproarious applause at that suggestion.

I made a number of comments and critiques with respect to the proposed structuring of this program during second reading, and I'm not going to reiterate those. However, I would like to make several points. One is that I don't know why the minister has not just presented us with a one-clause Act to the effect that the Provincial Treasurer and the Lieutenant Governor can make such regulations and rules as they wish to establish a loan fund for small business and make such loans to such businesses as they personally decide. Again, the same critique that has been made by our speakers earlier this evening: there is far too little of substance and far too much of future discretion in the form of regulatory decisions by the government.

However, there is another point that I would like to make an amendment in respect of, Mr. Chairman, and that deals with a matter that I raised during debate on second reading. It relates to the issue of the purpose of this loan fund. A number of purposes have been suggested, one of which certainly should be that of creating or preserving jobs in this province. One of the things it should not be is providing a fund for businesses or businesspeople who presently have loans at a higher rate merely to recycle those loans at a lower rate of interest and putting very scarce public funds in their pockets with nary a benefit to the province or the community. As a result, I propose to make an amendment, the purpose of which is to set out in principle as a condition of the legislation that the lending institution must be satisfied that the granting of the loan would result in either the creation or the preservation of jobs that would otherwise be lost in this province. One of the messengers is presently out getting copies made of a handwritten amendment, and perhaps I'll just proceed to read out the amendment at this point in time. The copies should be here unless the machine operates as fast as does our machine in 204 of the Legislature Annex.

MR. MITCHELL: Which is hung up on the asbestos dust.

MR. CHUMIR: That's right.

Perhaps I'll just natter away here briefly for a moment while these are passed out. What would be the best procedure? Could you pass these out? The witness recognizes the amendment.

The amendment is to section 2. Am I disturbing the hon. minister? [interjections] I'll help you read the amendment; I'll interpret. What I would do is add a paragraph for the present section, about which I have grave doubts, I might state, but I'm accepting the faulty structure of this Act and merely proposing an amendment which I think would improve it very substantially on the basis of the acceptance of reality. If we renumbered the present section

as 2(a), the amendment is to add a paragraph (b) which would state that

a loan shall not qualify for the purposes of this Act unless the lending institution is satisfied that the loan will either result in the creation of jobs or the preservation of jobs that would otherwise be lost in the province of Alberta.

The result of this amendment is that when the lending officer of the institution receives an application, there would have to be, presumably as part of the application, some form of statement or some rationale presented by the applicant that said, "I'm going to be making a certain type of investment which is going to create some jobs," or alternately, "The funding is needed and if we don't have the funding, I will have to close up a portion of my business and jobs will be lost."

This would of course be a matter of opinion. It's a very subjective matter on the part of the lending institution, but certainly it would leave us very far ahead of the situation we have at the present time and would certainly answer to some degree the question raised earlier by one of the hon. members of this House as to what proportion of the \$750 million is merely going to be a recycling of existing loans and what is going to provide some go-ahead financing in this province.

MR. STEWART: Mr. Chairman, I'd just like to address the comments and the amendment put forward by the Member for Calgary Buffalo. The amendment was put together in handwriting very, very quickly; it's rather obvious when one reads it. If the lending institution is to be satisfied ... The lending institution is an entity, and I presume it can therefore only speak through its board of directors. If every application has to go to the board of directors of the Royal Bank of Canada, for instance, in order to get approval and satisfaction as to whether or not it will result in jobs and so on, it's unrealistic.

Also, it's unrealistic to pass on to a lending institution judgments such as the creation of jobs. That is really not their function. The criteria with respect to the loan and the purposes of the loan are to be established pursuant to 13(1)(a)(i), and that's where I think it's appropriate to do that sort of thing. The name of the game is flexibility with respect to this Act, and the more you tend to cut that flexibility back by being specific in so many areas, you will derogate from the real purposes of the Bill. I think the amendment should therefore be defeated.

MR. TAYLOR: Just a word in answer to my hon. friend from Calgary North before the question is called. I have a little news for him if he thinks that loans are made in Alberta or Canada now without the board of directors and everybody in eastern Canada approving it. Certainly loans in Alberta by our Canadawide institutions are more or less controlled out of eastern Canada. Anybody that thinks his local manager or superintendent has any authority has another think coming.

As far as I'm concerned, this is a very valid point. This amendment is out to create new jobs and new small businesses. It's not to be used as rollovers or to take the place of other capital. We already have a number of plans, from the Alberta Opportunity Company to ordinary business financing. What we're after here are loans that will form small businesses that heretofore haven't been formed or get expansion capital for small businesses that cannot get the expansion capital to create more jobs. It isn't intended to

do anything else. Consequently, it should be spelled out quite clearly so that the bureaucrats will have something to hang their hats on. If the hon. Treasurer thinks about it for a minute, I'm sure he will support this.

MR. R. SPEAKER: Mr. Chairman, I'd like to speak to the amendment that's been presented before us. I think the intent is the thing that we as legislators should think about, and certainly the amendments that we talked about earlier fall into the same category. I believe our basic concern is that those most in need of the loan qualify first of all. That's most important as I see it. If we leave the door wide open, those who are aggressive and get to the bank first and know the banker best could use up the funds much more quickly than anyone else.

I believe the concern that's coming out here in the Legislature is one we should have a look at and talk about so that at least if we don't accept the amendments, we do give some direction to the minister. I think that's the point that we should be trying to make here this evening. Certainly in debating this item, whether it's this amendment or the Bill as a whole, members of the government side of the House should be giving some advice as to how his or her constituents in the category of need can best benefit. When the minister sits and judges the regulations that will be put into effect following this Legislature, that will be the top priority in his mind: how do I best serve those constituent bodies first at the bank? This is certainly a first come, first served type of program. If we forget that and don't give some guidance, then we're not responsible here in this Legislature. I think my House colleague from the Liberal Party who suggested this amendment this evening had that intent and concern in mind.

What we're trying to do through that legislation is to assist as many small businesses — in terms of an average loan, I think \$50,000 for each one of them would be adequate to help. I'm thinking of my own constituency now. That would be enough money in terms of their operating loans so that they could hire at least one more employee. I think of the small grocery store that in the last three years ... Two and a half years ago when I did my pre-session meetings — I have the practice of going door to door to my small businesses — one of the differences that was so notable was that the boss was up front filling the bags of groceries, whereas before he or she had an employee to do that job. That employee was not there at that time. To cut their costs, they cut the front-end person filling the bags. That housewife who was getting some extra money to take home to balance the budget for the husband was not there earning the extra money. In my discussions with them, we were talking about fixed interest rate, and they said, "If we could have money fixed at 9 percent, I'd hire that person back into my business."

I think that's what we want to do with this Bill. There are 120,000 small businesses across this province that would like to hire more people. After this, I would think that 20,000 of them will quickly try, with good intent, to hire someone, because I'm sure they want to have some relief from the pressures of business. That's a tremendous goal and a tremendous success for this Bill: 20,000 people. I hope the minister stands one year from now or in the next spring session in February or March of 1987 and says to this Assembly, "I know that there are 15,000 to 20,000 more people now working because of the Bill." I feel confident that he will be able to say that.

We must be assured from the minister — maybe he can give us a little more direction in terms of his analysis of

those small businesses out there. I don't have a good total grasp of all of it. There are some that should be served first, before others. If we can get some clarification on that tonight, the amendments we're talking about won't be necessary. The regulations that the minister will put in place will take care of that. My position is very clear with regard to this matter and with regard to regulations. I feel that the minister needs the flexibility in the next two months to adjust the program to changing circumstances. I can imagine the number of various combinations the bankers and the minister are going to be faced with in the next six weeks. The changes in regulations to adjust, to stop, to prevent, and to enhance will have to be acted upon quickly, so I support the fact that he be given that flexibility here tonight. If we find at the end of the session, about the first week of September, that there needs to be something fixed in the legislation, it could certainly be brought back to the House.

Mr. Chairman, I wanted to add those remarks, as I think we're trying to do something here. The member in his first amendment to legislation in the Committee of the Whole, and certainly the Member for Calgary Mountain View in his first amendment, had that intent in mind. If we can help the minister at this time, we as members should certainly speak up and say it the best we can.

Thank you.

MR. DEPUTY CHAIRMAN: If there are no further speakers, I'll ask the Member for Calgary Buffalo if he wishes to close debate on this amendment. If not, I'll call the vote.

HON. MEMBERS: Question.

[Motion on amendment lost]

MR. DEPUTY CHAIRMAN: We're now back on the main motion.

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 14, the Small Business Term Assistance Fund Act, be reported.

[Motion carried]

Bill 12 Farm Credit Stability Fund Act

MR. YOUNG: There is a government amendment, and I believe it has been circulated.

MR. JOHNSTON: Mr. Chairman, I just might make a couple of comments with respect to the amendment that I'm proposing in committee. These are essentially nominal amendments. The first amendment will allow us to make the Bill effective and retroactive, essentially similar to provisions found in Bill 14. It was a drafting error, and we want to give the Bill retroactivity from July 1, if at all possible, in terms of when we get the program up and running.

The second amendment, Mr. Chairman, is simply a nominal amendment to the Financial Administration Act, which changes the words raising of money and "raised pursuant to" to a section of legislation. Both amendments are essentially nominal, but they would be the government's addition to Bill 12, the Farm Credit Stability Act.

MR. FOX: Mr. Chairman, in speaking to the amendment of this very important piece of legislation, I'd just like to say at the outset that it's not our intention to delay in any way the passage of what I think will be of some great benefit to the agricultural community. But I am concerned with the amendment that's presented before us for a couple of reasons.

The date July 1, 1986, is being established as the date for conditions of this Act to come into force. As I mentioned to the minister during consideration of estimates on July 7, I think there have been some problems created in the agricultural community due to the delays in this program coming into being. It was announced on April 3. It was presented to us for first reading on June 27 and for second reading last week. We're now in committee stage. It will be over four months before any money flows from this program to producers. The reason I'm concerned with that is that there were several pressing needs very strongly felt and expressed by farmers and farm groups around the province over the winter. One was a need to provide long-term, fixed rate, low interest loans for farmers, but there was also a need expressed for an immediate cash injection into a very beleaguered sector of our provincial economy.

The government chose to respond in some way to one of those concerns; that is, by announcing a program of 9 percent loans for a 20-year term. They did this on April 3 and then went to the people of Alberta to seek a mandate on April 8. Mr. Chairman, I think it's fair to say that some people, realizing that this was perhaps the only move the government was going to make in terms of trying to attack the serious financial problems that farmers experienced, reached out and grasped onto this Bill. But that did not cope in any way with the serious cash flow shortage in rural Alberta during the spring, and a number of producers were caught between a rock and a hard place, unable in many cases to secure additional operating credit through their banks, yet needing to put in their crop in the spring and hoping that they would qualify under this program at some point in the future.

In the meantime, what producers had to do was go to their local fertilizer, fuel, and seed dealers and borrow things on trade terms, which in many cases are interest rates of 2 percent per month. I have great concern about this. In order to repair that injustice, to help out farmers who supported this program in good faith and expected it much sooner than we're seeing it, I think we need to make the provisions of the Bill retroactive to the date it was announced.

With that in mind, I would move the following subamendment to the amendment to Bill 12:

In section A, the words "July 1, 1986" are struck out and the words "April 3, 1986" are substitute therefor.

I have copies of it here.

MR. PIQUETTE: I would also like to speak in favour of the subamendment to the amendment. Again, one of the promises of the Conservative Party during the election campaign was that a lot of the spring operational money farmers needed would be funded by this farm stability program. I can remember being in debate with one of the candidates in my constituency when the promise was made by the candidate that this would be in full operation by the middle or the end of May. We're looking at farmers who had to make a high interest rate commitment in order to borrow money to buy their fertilizer, et cetera, during the

months of April, May, and June. They have had to bear a fairly high additional cost. With the whole price structure of our farm products and the prediction that it will be dropping quite substantially in the new crop year, I think the more we can do for farmers to cut back on their input costs, the more service we'll be doing to the agricultural society.

I think it's very important, as the Member for Vegreville indicated, that the government clearly spell out to the farming community that input costs are a very important part of the farmer's operation. With interest rates ranging around 18 percent of the farmer's operation — in the average farm family in Alberta 18 percent of total costs relates to interest rate payments — this would go a short way in terms of adjusting some of these inequities that farmers have had to suffer over the last four years with interest rates as high as 18 and 21 percent. I hope the government would backdate their introduction of this 9 percent money to April 3.

[Motion on subamendment lost]

MR. TAYLOR: Mr. Chairman, I wasn't fast enough on the other one, so I don't intend to let this opportunity slip by, if you can call it an opportunity. I'd particularly like to draw attention to sections 10, 11, and 12, which are very similar. We had one in the other Act, which I didn't move fast enough on. In talking about loans and helping farmers and small businesses, in both the Bills we've discussed tonight, we've not talked about one feature that needs development in this province and one that the past government paid some lip service to but really didn't do that much about, and when they did, it seemed to result in a great deal of havoc in the market place; that is, aiding Alberta financial institutions.

MR. DEPUTY CHAIRMAN: I'd like to bring the Member for Westlock-Sturgeon to order. We are speaking to the amendment to Bill 12, which is on section 13.

MR. TAYLOR: I'm sorry; the way the streamroller went, I thought I'd already missed it.

HON. MEMBERS: Question.

[Motion on amendment carried]

MR. FOX: Mr. Chairman, as I understand it, we are now speaking on the Bill itself.

MR. DEPUTY CHAIRMAN: As amended.

MR. FOX: The Bill as amended. I would like to again express some concerns I have with the Bill, things that I've said before. In general I think we are in favour of the thrust of this program, which is to provide long-term, low-interest, fixed rate loans for farmers. As members in the Assembly all know, it's something this party has advocated for a long time. I think the government in large part has instituted a program that resembles very closely what we had in mind, but there's one important difference.

When we look at the very serious state our agricultural economy is in, we need to decide what sorts of things we can do to help that. Certainly lowering input costs is one of them. Interest rates being the highest input cost that agricultural producers face certainly should be acted on in a dramatic way. It was my feeling some time ago and

certainly prior to the date that this was proposed that that interest rate should be 6 percent, that that would be a more fair, more reasonable, and certainly a more helpful rate for our producers. I think we need to really make a bold and dramatic step into the field of farm credit and try and really help the many producers in Alberta who suffer severe economic stress.

As I pointed out to members last week, when we attended the Second Century Conference on Agriculture convened by the former Minister of Agriculture, in listening to one of the speeches there by an eminent authority on farm credit, Neil Harle from Iowa, he said that there is a desperate need for bold government action on interest rates in the farming industry in North America. They experience problems in Iowa much as we do here with a vicious cost/price squeeze: the cost of our products going down, the cost of our inputs going up. He was suggesting that the need for bold government action was now, and that it had to happen now, Mr. Chairman, or there would be serious problems, ones that we would be unable in large part to cope with. So I moved to the microphone and asked him what interest rate he would suggest, given the current economic conditions. As the hon. Treasurer knows, he said 6 percent, and I agreed. It's on the record. [interjections] Au contraire, Provincial Treasurer.

Mr. Chairman, when the rate of 9 percent was chosen for this program sometime prior to April 3, I'm sure that the government members, if it was this minister or the previous minister who set 9 percent as the fair and reasonable rate, must have had some parameters by which they determined that. Could it have been based on the prevailing rate of interest at that time, which was 12 percent on April 3? That was the prime lending rate in Canada at the time, a full difference of 3 percent between the prevailing rate of interest and the proposed rate of interest for this program.

As my colleague from Calgary Mountain View mentioned, the prime lending rate in Canada has now dropped to 9.75 percent. If the hon. Treasurer did initially base the 9 percent proposal on the existing prime rate, I'm suggesting that it's fair and reasonable that that should be accordingly lowered, and we're suggesting a full 3 percent to make it 6 percent.

The other thing that the hon. Treasurer or whoever set that rate may have considered when setting the rate at 9 percent was the very serious economic pressures that farmers were experiencing. If we look at that then as opposed to now, I think we can all see that farmers are under even greater pressures now than before. Some things have changed very dramatically, Mr. Chairman. If we're going to deal with input costs as a way of abating the cost/price squeeze, we have to recognize that that could perhaps only be in the short-term future unless we have some way of dealing with the price that farmers receive for their products. I have spoken to that many times in the past, and our party has addressed that. This government seems unwilling to discuss meaningful ways of coping with the prices farmers actually receive for their produce. So what we've had since then is a dramatic lowering of income for farmers and a dramatic lowering of income prospects, based on the dramatic decline in grain prices coming this Friday, August 1, with the spectre of reduced sales worldwide because of increasing pressure from the United States and their subsidization of grain sales and, of course, the actions of the European Economic Community.

All of these things, Mr. Chairman, make the pressures on our agricultural industry that much more serious in a dramatic way compared to April 3, when this program was

announced. I'm suggesting that that is a good and just reason for this government right now deciding to lower the interest charged for the program from 9 percent to 6 percent, and I therefore move the following amendment to Bill 12, the Farm Credit Stability Fund Act. This Bill is hereby amended as follows:

Section 13(a)(iv) is struck out and the following is substituted:

(iv) the establishment of interest rates payable for loans, not in excess of 6% per annum compounded annually.

I have copies of the amendment here.

MR. PIQUETTE: Again, I'm proud to stand behind the Member for Vegreville in supporting this amendment for the introduction of a 6 percent interest rate rather than 9 percent. I'm not saying that 9 percent is useless, but I want to point out for the Treasurer the difference between 9 and 6 percent in terms of what it means for the farmer in terms of dollars and cents. For example, I checked out the current interest rates for mortgages, and these are pretty accurate figures. The average farm loan of \$200,000, which is what we're told by the House is the average farm loan in Alberta, at 10.5 percent interest comes out to \$13,000 a year worth of interest. Reducing that to 9 percent, as this Bill proposes, will cost the farmers \$12,000 worth of interest in a one-year term. That's only a \$1,000 saving to the farmer compared to what he could be getting his loans at at the present time.

We as a party are recommending the 6 percent loan. This would reduce his input costs from \$12,000 — I think I made a mistake here in my calculation, looking at my double column. At 9 percent on \$200,000 it comes out to \$18,000 worth of interest per year. At 6 percent you're looking at \$12,000 a year in interest costs. [interjections] Yes, I agree with that. I did make a mistake in reading my column. The difference would be \$6,000 in input costs that the farmer would not have to pay using the 6 percent saving on interest rate. A \$6,000 saving to farmers could make the difference between going under this year and surviving in this very tough economy. At the present time the difference between the loss and profit margin on the farms is very negligible. If we as farmers got into farming in terms of making net profit and being able to have a take-home pay where we could actually support our family on the farm, the take-home pay for the average Alberta farmer is — there's a much better return if the farmer went on welfare or social assistance rather than farming for a living.

So reducing the interest rate from 9 to 6 percent would put a lot of money, \$6,000, in the farmer's pocket. Farmers need to have the kind of cash infusion where they are able to at least alleviate a lot of the farm family problems of putting food on the table and being able to meet their other commitments. A lot of farmers today have not been able pay a lot of the bills they've had to incur in terms of operational costs in the last number of years, and that's been accumulating. We talked about ADC loans being behind in payments, but you should also check with the farm implement dealers, the stores, and the various other departments selling to the agricultural sector. They have many unpaid bills besides what we're talking about here in terms of the bills that farmers have to pay in interest costs.

Talking on behalf of my constituency and the farmers of Alberta, I believe this government does have the resources, because of the dramatic drop in the prime rate in the last few months, to move from 9 percent to 6 percent and

really help out the farmers by injecting thousands of additional dollars into the pockets of farmers so that they can start taking control of what's happening on the farm.

Thank you very much.

MR. MARTIN: Mr. Chairman, I know the government backbenchers are getting tired; it's pretty late for them. [interjections]

MR. DEPUTY CHAIRMAN: Order please.

MR. MARTIN: Thank you. The point we're trying to make here is a serious one. There must have been a reason that the government thought about 9 percent at the time. I think we have to keep saying it over and over: circumstances have changed dramatically since the government announced the Bill and even at the time they were campaigning in the election. If the purpose of the Bill as I understand it is to help input costs and all the rest of it in the farm sector, why don't we do it in a much more dramatic, bold way? That's the point we've been trying to make, Mr. Chairman. The difference between 9 percent and 6 percent is significant, but it's not significant in terms of the amount of dollars it would cost the government from when they announced the program. It's come down since that particular time. The fixed rate is acceptable; I said that before. There are other policies that we've advocated. But if you want to have some impact in rural Alberta, 6 percent is not unreasonable.

The Treasurer has not told us why it was 9 percent at that time and why it can't be 6 percent now, other than to shake his head. There has to be some economic reasons why they chose 9 percent at the time. Maybe not. When I went like that, the Treasurer disagreed with me. I still haven't figured out why. Surely the Treasurer would recognize that the circumstances with the prime rate have changed dramatically since the time this program was announced. If the purpose of the Bill is to do the things we want in rural Alberta and if we want to have a significant impact on the family farm, for the life of me I cannot see why, with the prime rate coming down, we could not look at 6 percent. Why is that not feasible?

If you've finally bought the argument after we've advocated it in this House time and time again in the previous Legislature — before we couldn't do it at all; we couldn't get into fixed rate financing because we'd be competing with the banks and it wouldn't be economically feasible. We've gone the first step, and I'm saying now, Mr. Chairman, why can we not go the second step and have a much more dramatic impact than 9 percent would have? If it's a good Bill at 9 percent, it would be a better Bill for the farm sector. The point is that many are being squeezed. That's what my colleagues are talking about. For many small farmers, especially younger farmers — I think the Minister of Agriculture would agree with me that a third of the farmers are in serious difficulty. If you're able to give them a \$5,000 or \$6,000 cushion on interest rates, it may just be the difference. We're not saying it's the be-all and end-all; it should be taken as a group of policies. But surely it would be significant if we moved it down.

I know that hon. members may not like it, but we think this is something we should be discussing in this Legislature. I for one am not going to hold up the Bill, because 9 percent is better than what we've had. I think we in the opposition have to make the point as something we campaigned on. We say as directly as we can to this Treasurer: why not 6 percent? Maybe the hon. member from Calgary

can tell us more about what's going on in rural Alberta that will influence — I'm waiting for his debate. I expect some of the government members will stand up and make the case. I look forward to his participation in this debate.

Mr. Chairman, the point that we make is that there is a difference with that prime rate, and I say to the Treasurer, why can we not pull it down? If you don't like 6 percent, what about 7 percent? The REPs suggested 5 percent at one time. Change it here; you can amend it right here. Change it to whatever you think the difference was with the prime rate at that time. Why not pass on the intent of the program at that time and make it relevant?

MR. JOHNSTON: I know that the NDP wants to continue to bring forward the question of the interest rate. They've done it on several occasions already, focussing on the impact of lower interest rates to farmers and attempting to show that we're simply drawing these figures from out of the clouds, so to speak. Through the thread of their discussion you'll see that they obviously agree that the 9 percent amount is a substantial adjustment over the higher interest rates which have been prevalent in the marketplace over the past five years. We all know the terror that we've all essentially gone through with high mortgage rates, high farm rates. Of course, that in the five-year period is a bit of a reflection of what happens to interest rates over a short-term period.

I consider five years to be a fairly short-term period. Simply to trot out the numbers — let's recall that in 1982 we brought in the interest mortgage subsidy program, which stabilized mortgage residents at about 12 percent, and at that point interest rates were about 18 percent. That of course was because the monetary policy was such that they wanted to stifle inflation and, in doing so, pumped up the exchange rate and protected the Canadian dollar to some extent. The consequences were essentially devastating. It certainly reduced inflation rates, but it also curtailed economic growth in a variety of fashions, and we're paying for that now. The point I'm saying here is that current economic thought suggests that monetary policy is one of the fundamental levers which most central governments in the contemporary vein of thinking will use to trigger economic growth or change.

So we thought, Mr. Chairman, that because the current five-year money in Canada is approximately 11.5 percent — if you want a mortgage, it's about 11.25; if you want to borrow other sorts of instruments, it's about 11 percent. There's no question that the prime rate has softened over the near term, and I wouldn't deny for a second that the prime rate could in fact soften again in the next few weeks. However, the attitude of Mr. Bouey, if you read some of his current speeches, is that he is not about to allow the prime rate to soften dramatically because he still has this long-term fear of inflation. That's the current and prevalent thinking of the central Bank of Canada, and to some extent that is replicated by the current Minister of Finance in that he wants to ensure that real interest rates remain high. If you look at some of the current planning documents of the federal government, they are advocating a high real interest rate.

I know that the inflation rate is probably soft right now. In the case of Canada it's around 4 percent, probably closer to 3 percent in the case of Alberta. Therefore, there is no question about it; a high real interest rate will drive the prime rate or the bank rate up between 9.75 and 10, depending which one you're focusing on. But that is not

the only measurement of monetary policy nor is it the measurement of cost to money, which should be considered in this particular case. Just Thursday, for example, I borrowed \$100 million in a private placement on behalf of all of us, the province of Alberta, to test the market, because I knew you'd come back with this point. I borrowed \$100 million in a private placement for about 7 years, and the best cost that I could get anywhere in the world was 9.23 percent.

The current rates for triple A, government of Canada and government of Alberta bonds would be of the order of 9.6 percent. Oh, yes it is. Don't shake your head, Ray, because you know nothing about it. That is essentially what the government is now borrowing at in terms of government-backed bonds. We have always advocated, in terms of the philosophy of this Bill, that we would use the borrowing power of this province to roll that money through and pass on wherever possible the financial clout of this province.

For a farmer to borrow for a 20-year period with the additional uncertainty of going beyond the five-year period would obviously attract additional risk. Who among us is going to lend money today at 9 percent or at 6 percent, not knowing what inflation will be? As we've just seen, over the six-year period I have commented on, the inflation rate has gone from something in the order of 13 percent to 3 percent. If you can give me a prediction as to what will happen over the 20-year period, perhaps I can buy some of the argument. However, the naivety of the argument is just that: 11 percent to 9 percent is a good deal, but a better deal is 6 percent. What must the best deal be? Zero. [interjections] Exactly. What cost would that be to the government? That's the kind of irresponsible attitude that's being taken to this program.

We are providing 9 percent money to the farming community for a 20-year period. It's the most flexible program of any in Canada. It allows the farming community to do several things: to refinance existing debt, to take it from the short-term period and move it to a long-term period so that they can plan the cash flow basis, allowing them to pay off other creditors, which the member talked about — that's implicit in the program — as well as to acquire new assets. What other government in Canada is doing more for the farmers than we are? You talk about input costs: \$900 million of input cost adjustment by this government since 1985 to soften those various costs you talk about and, on top of that, a \$2 billion program which we're now bringing forward.

Mr. Chairman, I have to ask all members of this Assembly and further extend the message to the people of Alberta: what kinds of costs can be borne by this government to ensure that that sector is healthy? The total cost right now for agriculture, my colleague will comment, must be in the order of billions of dollars per year. We are doing more than any other government. We cannot do any more than this in terms of a contribution because it is now staggering in terms of the cost to that sector. That's the responsible attitude this government is taking, and that's why the 9 percent rate is as good as any. It's certain that we could not afford the 6 percent rate, but we are, as I said, looking at other variations of the 9 percent amount. Nine percent is the best bet right now. We've tested the market. It's the best opportunity there is for farming anywhere in Alberta. I simply suggest that all members defeat this amendment.

MR. TAYLOR: Mr. Chairman, to the hon. Treasurer for a minute in speaking in support of the amendment for 6

percent, which, as I mentioned, is the maximum; it could drop beneath. I think the Treasurer has done a very nimble-footed dance around the issue, but not to the point. The point is that you're talking about going out and buying money or paper in the commercial market and passing that on to the farmer. There are a couple of things I'd like to remind the Treasurer of. First of all, there are agribonds out now by the federal government, both the Conservatives and Liberals, and they have worked out a system, as you know, of half prime plus one. It comes in very close to the 6 or 7 percent area now. You've loaned money to the CHIP people for just a little over 6 percent in the last while.

When you talk about commercial paper, you must remember that when you go out in the open market and borrow money, as you have and I'm sure you're aware that I have too ... I remember one time — when you talked about cheap interest, you said zero was the lowest. That's not true. Five years ago in Switzerland you had to pay the bank 1 percent in order to take your money, because it was considered the right place and because of the inflation factor. There are two things that come into a yield on commercial paper: the value of your currency as well as the interest rate. [interjection] Okay, let's just stick to Canadian dollars, stick to dealing not in Eurodollars just in Canadian dollars, then your interest rate of 9 percent may be fine. But you must remember that whoever was borrowing was paying income tax on that too. If you were able to say to the lending institution, "All I want is your money at cost or a profit, and we will not tax you" — as you know, if you are declared a corporation with financial problems, you can get a rate from the federal government or from any bank today that runs between 6 and 7 percent.

What I'm saying is that the actual loans at 6 percent are within the commercial field today, especially when you're dealing in a utility such as food, especially when you're dealing with the backbone of your economy. To come out and tell farmers that they have to compete and pay close to the same rate the bank does for short-term paper, when they turn around and lend it out for mortgages or that Household Finance has to pay when they turn it around and sell at a much levered-up figure, is nonsense. We're talking about agriculture, the stability of the family farm, and the long-term interest of Alberta. So I think 6 percent is quite within our range commercially. It's a good, solid figure.

If I may leave you with anything at all, at the time that the Tories came out and suggested 9 percent, money was going at around 12 and 14. So if you just graph what today's interest rates should be against the original Tory announcement of 9 percent loans, you would come in at 6 percent. In other words, I'm saying that you've locked your minds on 9 percent because you brought it up three or four months ago. The market has disappeared down to 6. If you can imagine a thought hitting you now to come onto the market and if there were an election campaign tomorrow, I'll bet you would come up with 6 percent as the figure rather than 9 percent, because 9, especially for that front bench, was just as avant-garde, just as daring for a Tory government four months ago as 6 percent would be now. So I challenge you to come into the second half of 1986 and put 6 percent on that.

MR. HAWKESWORTH: Mr. Chairman, I've been inspired to rise to my feet and address this particular item in the debate that I've heard this evening. I've heard it said by

the Provincial Treasurer that it would be a financial disaster to this province if they were to do what we are suggesting by this amendment tonight. With due respect, we heard the same kind of arguments when we proposed this program in the first place. The economic resurgence plan in 1982: \$5.2 billion to the oil industry. What was the interest rate they charged on that program? Was it 6 percent? No way. There was, as the Treasurer indicated, no interest on that. That was money that went into the industry to generate jobs and economic resurgence.

Mr. Chairman, if we want to keep people farming in this province, surely we're going to provide the kind of assistance that will help them to continue to do that. If we don't enable them to remain on their farms, who's going to pay when they start giving up, when they start moving to the cities, and when they and their families have to go on welfare because of the lack of jobs and the lack of economic opportunity for them? What do we want in this province? Do we want to provide some meaningful assistance to the farming community, or do we want to have to end up picking up the pieces if we don't provide it early on when it's needed?

Mr. Chairman, I would urge this Assembly to adopt the amendment to this motion.

MR. PIQUETTE: I just want to correct some of the figures that I didn't quite finish when I was interrupted. During the election campaign the interest rate for farmers was around 12 percent. On a \$200,000 loan that would be interest of \$24,000 a year. The 9 percent that the Conservatives promised meant interest of about \$18,000 a year, which would have been about a \$6,000 saving in terms of the interest rate for farmers. At the present time, with the interest rate coming down quite dramatically, it's only a \$3,000 interest saving on an annual basis by farmers in Alberta. This 6 percent would simply maintain that \$6,000 difference that the farmers were promised by the Conservatives during election time. Right now it is a great opportunity if you want to talk about dollars and cents you're actually promising. If you would create an interest rate of 6 percent right now, you'd be creating the same type of interest saving to the farmer, money in his pocket, as at the beginning of the election campaign. I think this government should deliver on that to put the money they promised in the hands of the farmers.

MR. FOX: In closing debate, Mr. Chairman, on my amendment to the Farm Credit Stability Fund Act that we set the interest rate at 6 percent rather than 9 percent, I'd just like to say that I'm really surprised about the arguments I hear against this. I think that it's not only reasonable but that it's fair and practical that we provide 6 percent interest rates for farmers instead of 9 percent. What is going to be the effect of that on the provincial economy? The effect is going to be a strengthening of rural Alberta, increased economic activity in the small towns and villages, and a buoyant economy in the urban centres in this province. We're talking about building this economy from the ground up. We know that if you water the roots, if they grow deep and strong into the ground, you get a tall, healthy plant that bears fruit and provides shade. We're talking about doing something that will have a dramatic and helpful effect not only in rural Alberta but in all of Alberta.

I am really shocked to see and the record will show that there's not one Conservative in this Assembly, even those who represent rural Alberta and farmers in this

province, who is going to vote in favour in my amendment to make the interest rate 6 percent instead of 9 percent, and it's a shame.

MR. DEPUTY CHAIRMAN: All those in favour of the amendment?

SOME HON. MEMBERS: Aye.

MR. DEPUTY CHAIRMAN: Opposed?

SOME HON. MEMBERS: No.

[Several members rose calling for a division.]

MR. DEPUTY CHAIRMAN: According to 472 on page 163 of *Beauchesne* we just call the numbers and record the votes.

MR. TAYLOR: Can't he take the names?

MR. DEPUTY CHAIRMAN: He doesn't have to.

CLERK: For the motion, 13; against the motion, 35.

[Motion on amendment lost]

MR. TAYLOR: Just a very short, general comment, Mr. Chairman. I'd like to do it by way of asking the Provincial Treasurer if we could strengthen sections 10, 11, and 12 somehow or another — I missed talking to this on the other Bill — so Alberta institutions would be encouraged. After all, if you are guaranteeing loans, this is the type of thing that I think Alberta institutions should get a leg up on. It's not only a question of developing small business or farms, but why don't we help get our own financial institutions under way? We've had a lot of trouble with them, I agree. One of the problems through the years has been that they've been expected to compete for these loans, and as a matter of fact, quite often they don't get asked to lend. You have people like Morgan Grenfell acting as consultant to the Treasury Department and other areas. I'd like to suggest that the homegrown financial institutions of Alberta should be given a good shot and maybe almost a preference at the guaranteed loans, because it's the type of equity that helps build our financial community.

Secondly, I'd like to ask the Treasurer ...

MR. JOHNSTON: Who would you suggest, by the way? Which institutions?

MR. TAYLOR: Who would I suggest? I would just say any of the Alberta incorporated financial institutions — trusts and banks. You mentioned Bank of Alberta; the one we've been talking about lately, North West Trust; any of those where you're guaranteeing the loan anyhow. It's prime type of business, and it helps develop your own financial institutions rather than the Royal Bank or Bank of Montreal.

Secondly, I'd like to see the Treasurer have in the regulations — wherever I travel around the province, I hear this more than anything else: the worry that the well-to-do farmer or farm parent will borrow this money at 6 or 9 percent, whatever it's going to be, to buy land; in other words, drive up the price of land. We have nice farm-start programs now where the money comes in at 6 percent to start up farmers, and it seems a shame to lend money that

will be used to buy land for a farm that's already an economic unit. I wonder if the Treasurer could say that he would be giving instructions to see that loans would not be going out for that purpose, at least until the first round has gone through and everybody has had a pull. It's a shame to think that well-to-do farmers in a community would be taking up money to buy land and there would not be money enough to go around for those who need it for operating capital.

Lastly, I'm still bothered by the ability to pay, and I seem to get dancing around on this whenever I bring it up. I still think that one of the key things for anybody involved in either the natural resource or farming sector is the chance to roll their loan forward for one year; in other words, a 20-year loan becomes a 21-year loan. It's not much consolation to tell them, "All right, Jake, if your crop fails this year, we expect double payments next year." In other words, you should be able to advance the whole thing one year if there is no ability to pay.

One of the things that bothers many a farmer, especially if he cannot pay, misses one or two bad years, is: what is going to happen? As my friend in charge of small business said earlier, there is a difference between foreclosure and receivership, but I can assure you that it's not much difference to the guy it's being done to. It's a technical and legal argument. That would be the third question: if the hon. Treasurer could give some assurance that if the farmer runs into a bad year, the loan would just be extended another year.

Thank you.

MR. FOX: Speaking on the Bill, Mr. Chairman, I'd just like to bring up a couple of points that have often been brought up to me by farmers in the constituency and farm groups in general about some of the provisions of the program. I'm concerned, as many others are, not so much about the things that are in the Bill but about the things that aren't. So much of how the Bill is put into play and how it's actually delivered to farmers is going to be left up to the Lieutenant Governor in Council. There's some concern in the farming community, and I've heard it expressed this way: if you need the loan, you won't qualify, and if you qualify, you don't need it.

I'm sure that the hon. Treasurer and hon. Minister of Agriculture will do everything they can to make sure that the Act is delivered in the fairest way possible to the needy producers in the province of Alberta, but I wish that we could have seen something more in the way of guidelines. How do we know what terms and conditions the banks are going to use in deciding who they give money to? There is a \$2 billion limit to the program, and as my colleague from Westlock-Sturgeon stated, there is a concern that some who really don't need it might get it and therefore use money that could be better invested in other ways.

The other thing that I'd like to express, and it's been expressed to me often, is the \$200,000 limit on loans. Let's imagine, if you will, a case where a farmer in the late '70s borrowed money to buy land. The prevailing interest rate may have been 8.75 or 9 percent at the time. He could have bought that land through the ADC, as an example, and that loan is not causing him trouble. But in the meantime, when interest rates went up to well over 20 percent, this farmer may have purchased machinery, taken on operating capital, and may have loans well in excess of \$200,000 which are causing great stress but, because of this \$200,000 limit, will not have the opportunity to get any relief from

that stress. I think this limit is artificial, Mr. Chairman, for that reason.

When I asked the hon. minister how the limit was established, I was told that it was established by taking the average debt that farmers in Alberta carry. I can understand that that may have seemed like a reasonable way of approaching it at the time, but we have to realize that when you take an average like that, you average the debt load of people who are deeply in debt with those who have no debt at all. You come up with a figure that is less than realistic and is going to prove less than adequate in terms of helping those who really need it. [interjection] I beg your pardon? I can't quite hear you, but that's not the way it was explained to me.

I think the hon. Provincial Treasurer will admit that there are many farms in Alberta that are in debt more than \$200,000, and in general these are the farms that hold the productive future of the province in their hands. They are the younger producers and indeed the large producers who are trying to expand and who made some bold steps into the industry in the late '70s without realizing that interest rates would climb so dramatically. Indeed, who realized back in the late 1970s that the rates would rise so dramatically?

I'd like to express these two concerns to the Provincial Treasurer: one, the concerns that producers feel about how the program will be implemented and how decisions will be made as far as who gets the money when and, also, concerns about the \$200,000 limit.

MR. McEACHERN: A final comment or two. Earlier we passed second reading of this Bill, and we were told at the time that we could debate principles only, that we were not to get into the details, that the Committee of the Whole was the time to debate details. I don't think that the government has put the kind of details I expected before the House in this debate tonight. They've only reluctantly replied to a few of the very specific concerns that we raised. They failed to answer a number of questions that I raised on Bill 14. The same thing is happening on Bill 12. I don't consider this to be a very democratic process.

It's got to be a very disappointing first Committee of the Whole meeting for me. I thought we would get into a good give-and-take debate; instead of that, all we found was everybody wanted to pass the Bills without any further debate. We did that after we discussed principles before. This has been a waste of time tonight if we don't get into more details than we got into the other day on second reading. It seems to me that the minister should've started both Bills off with a pretty frank discussion of the general direction and some of the details of the Bill so that they would've been before the House and we could've had a good debate on those details. We did draw some details out of them, but they have not been very forthcoming. This has been a very undemocratic debate.

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 12, the Farm Credit Stability Fund Act be reported as amended.

[Motion carried]

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

[Motion carried]

[Mr. Speaker in the Chair]

MR. MUSGREAVE: Mr. Speaker, the Committee of the Whole has had under consideration and reports Bill 14, and reports Bill 12 with some amendments.

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

HON. MEMBERS: Agreed.

MR. YOUNG: Mr. Speaker, the order now would be Bill 3, Bill 4, et cetera, for second reading.

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

Bill 3
Department of Energy Act

DR. WEBBER: Mr. Speaker, I move second reading of Bill 3, the Department of Energy Act.

[Motion carried; Bill 3 read a second time]

Bill 4
Department of
Forestry, Lands and Wildlife Act

MR. SPARROW: Mr. Speaker, I wish to move second reading of Bill 4, the Department of Forestry, Lands and Wildlife Act.

[Motion carried; Bill 4 read a second time]

Bill 9
Department of
Economic Development and Trade Act

MR. SHABEN: Mr. Speaker, I move second reading of Bill 9, the Department of Economic Development and Trade Act.

[Motion carried; Bill 9 read a second time]

Bill 10
Department of Technology,
Research and Telecommunications Act

MR. YOUNG: Mr. Speaker, I move second reading of the Department of Technology, Research and Telecommunications Act.

[Motion carried; Bill 10 read a second time]

Bill 5
Rural Electrification Revolving Fund
Amendment Act, 1986

MR. ADAIR: Mr. Speaker, I move second reading of Bill 5, the Rural Electrification Revolving Fund Amendment Act, 1986.

[Motion carried; Bill 5 read a second time]

Bill 13
Department of Transportation
Amendment Act, 1986

MR. ADAIR: Mr. Speaker, I move second reading of Bill 13, the Department of Transportation Amendment Act, 1986.

[Motion carried; Bill 13 read a second time]

Bill 18
Mines and Minerals Amendment Act, 1986

DR. WEBBER: Mr. Speaker, I move second reading of Bill 18, the Mines and Minerals Amendment Act, 1986.

[Motion carried; Bill 18 read a second time]

MR. YOUNG: By way of information, Mr. Speaker, for a second time, I believe, tomorrow evening the House will deal with the estimates of the Department of Culture.

[At 10:32, on motion, the House adjourned to Tuesday at 2:30 p.m.]

