LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Thursday, September 11, 1986 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

MR. SPEAKER: Let us pray.

As Canadians and as Albertans we give thanks for the precious gifts of freedom and peace which we enjoy.

As Members of this Legislative Assembly we rededicate ourselves to the valued traditions of parliamentary democracy as a means of serving our province and our country.

Amen.

head: READING AND RECEIVING PETITIONS

MR. SCHUMACHER: Mr. Speaker, I move that the petition of Peter Leveille, Bill Ralston, Denis Home, Terry Norman, and Ernest Stevens for the Maycroft Insurance Company Limited Act be now read and received.

[Motion carried]

head: PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

MR. SCHUMACHER: Mr. Speaker, pursuant to Standing Order 93, I have taken under consideration the petition for the Maycroft Insurance Company Limited Act and have to report to this Assembly that Standing Order 86 has not been complied with. The Private Bills Committee has considered the matter of that petition and recommends to the Assembly that the provisions of Standing Order 89 be waived to permit the Bill to be dealt with on the basis of the advertising that has been completed so far.

MR. SPEAKER: Does the Assembly agree with the recommendation?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

head: INTRODUCTION OF BILLS

Bill Pr. 16
Maycroft Insurance Company Limited Act

MR. SCHUMACHER: Mr. Speaker, I request leave to introduce Bill Pr. 16, Maycroft Insurance Company Limited Act.

The purpose of this Bill is to incorporate the Maycroft Insurance Company.

[Leave granted; Bill Pr. 16 read a first time]

head: TABLING RETURNS AND REPORTS

MR. RUSSELL: Mr. Speaker, I beg leave to table the following: the annual report of the University of Alberta for the year '84-85, the annual report of the University of Calgary for the year '84-85, the annual report of Red Deer College for '84-85, the annual report of Medicine Hat College for '84-85, and the statistical report of the Department of Advanced Education for '84-85.

head: INTRODUCTION OF SPECIAL GUESTS

MR. YOUNG: Mr. Speaker, it's my pleasure today, even though I haven't had the opportunity to meet with them, to be able to introduce to you and to members of the Legislative Assembly 25 students from grades 5 and 6 at Aldergrove school and their teachers Paul Gish and Heather Anderson. I would ask them to rise and be recognized by the Assembly in the usual way.

MR. STEVENS: Mr. Speaker, it's my pleasure today to introduce to you, and through you to members of the Assembly, Miss Marie Leduc of CBC French radio, Edmonton; her aunt Miss Marie Hubert of Boleil, Quebec; her mother, Mrs. Cecille Leduc of Valleyfield, Quebec. Mrs. Cecille Leduc is the mother of Canada's economic councillor for NATO, who is of course the brother of Marie. They are standing in the members' gallery. Would the members please welcome them.

head: ORAL QUESTION PERIOD

Energy Industry Assistance

MR. HAWKESWORTH: Mr. Speaker, my question this afternoon is to the Minister of Energy. Much has been made by the minister of something called a cash stabilization plan to assist the energy industry through its difficulties. In fact, the minister in recent days has hinged his entire response to the industry's problems on this yet-to-be-announced plan. Mr. Masse's office in Ottawa says there's very little chance of any further federal assistance for Alberta's energy industry. Can the cash flow stabilization plan now be considered dead or, more properly, stillborn?

DR. WEBBER: What's the question? Mr. Speaker, I heard a lot of prelude, but I didn't get a question. I'd like to make a few prelude remarks in response to the question, if there was one.

The hon. member indicated that we had been hinging the entire solution to the energy industry on the stabilization plan. He's wrong and he knows he's wrong. There's no evidence that I've stated that publicly. We have stated over and over again many times that there is no single solution to the energy problems of this country other than a significant increase in prices.

However, in my view there are a number of steps that can be taken to assist the energy industry in this country. One significant step was taken earlier this week with the removal of the PGRT. One other step that we feel is important in terms of assisting the industry is a proposal we now have before the federal minister, with officials meeting this week on that particular proposal. If we can

work out something there, that would be another step to assist the industry.

In terms of bringing the industry back to the significant level of activity we had in 1985, that requires a number of steps. If we are going to be concerned about security of supply in the long run in this country, it would require further steps, possibly on a North American basis. But a lot of work needs to be done if prices stay in the range they are now. Cash stabilization is simply one further step. My discussions with the federal minister were such that he's prepared to sit down and discuss further steps in the weeks to come.

MR. HAWKESWORTH: Mr. Speaker, a supplementary to the minister. Is the minister telling the House that we should ignore the statement made by a spokesman from Mr. Masse's office that there will be no federal government support for his cash stabilization scheme and no further federal help at all for Alberta's energy industry?

DR. WEBBER: Obviously the acting leader is not ignoring it. I'll continue my discussions, along with my colleagues from Saskatchewan and British Columbia, with the federal minister and proceed on the basis of what has so far been a good relationship.

MR. HAWKESWORTH: Mr. Speaker, there appears to be a perception in Ottawa and perhaps throughout the country that the removal of the PGRT is sufficient help for this province and for the creation of jobs in the oil industry. Is the minister prepared to embark on any kind of plan in order to correct that perception in Ottawa or other parts of the country?

DR. WEBBER: Mr. Speaker, I'm sure there are those in this country who feel that's all the federal government should do. That's not our feeling, nor is it the feeling of many other people in this country if we are going to address the long-term security of supply needs in this country.

The provincial Premiers recently recognized the national problem requiring a national solution. The federal energy minister himself recognized that the removal of the PGRT in itself was not a national solution. We will continue in whatever ways we can. I know that the industry as well is planning on doing what it can to have as many people in this country come to the realization that it's in everyone's interest to have security of supply in the future. In spite of the short-term benefits for all of us who are buying gas at the pumps, we will pay for it in the long term unless we address this question of security of supply.

MR. HAWKESWORTH: Mr. Speaker, in view of the comments the minister has made that the solution is a price increase and that this is something that has to be dealt with on a national level in the national interest, will the minister now begin work on a plan to put in place a floor price for energy so that the solution to this problem can be carried by people all across the country?

DR. WEBBER: Mr. Speaker, as I've indicated previously in the House, we're not tossing out any particular proposal. However, there are many other proposals that we would consider prior to that one.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. Last month Canada suffered a severe trade deficit, one of our first in some time, a significant one. Our trade with the United States certainly had some very devastating effects. Could the minister indicate whether our sale of natural gas to the United States was one of the factors in causing that trade deficit?

DR. WEBBER: Mr. Speaker, certainly the lower price for crude oil is a main factor, I would suggest, in terms of minerals that are being exported that would be the cause of the lowering of the trade balance, having a very significant effect. I don't have numbers in my head right now, but I have recently seen the numbers, and they are very significant. I can provide them for the hon. member if he wishes.

MR. TAYLOR: Mr. Speaker, to the Premier, although not without first remarking, I suppose, that he's quite aware that it was the Conservative Party's energy accord that caused the bottom to fall out of our markets. Will the Premier explain to the Legislature why he has been advocating a joint federal/provincial energy support package when the federal government now says it has no intention of helping our energy sector, as indicated by yesterday's public statement? Where does that leave him?

MR. GETTY: Mr. Speaker, the hon. Member for Westlock-Sturgeon falls into the same trap as the hon. Member for Calgary Mountain View. They take their information secondhand through the media. It doesn't work.

CF-18 Servicing Contract

MR. HAWKESWORTH: Mr. Speaker, my second question is to the minister of economic development. The federal government is about to award the servicing contracts for new CF-18 fighters. I'd like to ask the minister if he has made any efforts to try to persuade the federal government to award it to the Canadair group so that hundreds of Alberta jobs might result at Northwest Industries?

MR. SHABEN: Yes, Mr. Speaker.

MR. HAWKESWORTH: I appreciate that the minister is so forthcoming. Would the minister please outline to the Assembly what steps he has taken to ensure that the federal government is going to award these contracts to Northwest Industries?

MR. SHABEN: Mr. Speaker, I'd prefer not to provide detail as to the efforts of the government with respect to the awarding of that contract. We are, however, aware of how important it is that manufacturers in Alberta share in a variety of contract awards that are being put out to tender. Wherever it's possible for us to make the views of Alberta known in the awarding of those contracts, we will do it. We do it in a variety of ways. I would prefer not to discuss those publicly but would of course discuss them on a confidential basis with the hon. Member for Calgary Mountain View.

MR. HAWKESWORTH: Mr. Speaker, what I'd like to find out from the government is: is this a high priority for them, that they're prepared to meet with their federal counterparts? Have they taken those kinds of steps? Have they given support to the consortium to put together its bid? These are the kinds of things that I can't see the confidentiality of, that he would explain to the House that

he's taken those steps to convince us that it is a high priority to the government.

MR. SHABEN: Mr. Speaker, there is no argument about the priority. We have indicated in this House the importance of accessing a variety of manufacturing opportunities. However, I think I've answered the hon. member's question in the best way I can.

MR. HAWKESWORTH: Mr. Speaker, perhaps then the minister will tell us how this will not become another example of Alberta losing out to federal employment opportunities because Ottawa takes this province for granted and we don't stand up and publicly speak out on behalf of our industries?

MR. SHABEN: Mr. Speaker, I'm sure the hon. member knows that the tender call is by the federal government and they are responsible for awarding the tender to the successful bidder. I indicated that we have taken measures that I think are significant. Beyond that I can't add anything to the response I've provided to the hon. member.

MR. MITCHELL: Mr. Speaker, my question is to the Premier. This is an urgent matter. There are 125 jobs. We work so hard for jobs. When is the Premier going to step in and get something going right now, tomorrow, get the ministers down there to begin lobbying like they're doing in Quebec? Could you please answer that?

MR. GETTY: Mr. Speaker, the Minister of Economic Development and Trade has just adequately dealt with the matter.

Kananaskis Hotel

MR. TAYLOR: They're a very relaxed outfit over there. I don't know if I can wake them up or not, Mr. Speaker.

This question, Mr. Speaker, is to the Premier. Mr. Ghitter was brought in by this government to find a private-sector investor, at special expense to Albertans. The government has not been very forthcoming about the circumstances surrounding this arrangement. It raises once again the need for information legislation. Why was it necessary to hire Mr. Ron Ghitter to find private-sector investors for the Kananaskis hotel when the government had perfectly capable public servants and two presumably capable cabinet ministers working on the job?

MR. GETTY: Mr. Speaker, we dealt with this publicly in November or December. At the time, we availed ourselves of the services of someone who is in the practice of law and also has a specialty in the area of real estate development. We thought it was an excellent way to proceed. It was successful. We're pleased with the whole plan.

MR. TAYLOR: Mr. Speaker, to the Premier. It's consoling to know that no lawyer is working in the bureaucracy and that he has to bring them in. Can the Premier confirm that Mr. Ghitter's appointment was announced November 14 and the deal was announced December 6, which gave Mr. Ghitter about 16 working days to put together a deal that was too complicated for two ministers and their entire staffs to put together over months and months of time?

MR. GETTY: No, I can't confirm that.

MR. TAYLOR: Mr. Speaker, to the Premier. This is an easy one. Perhaps he can reveal the fee paid to Mr. Ghitter, a request which has been on the Order Paper since spring and which he's been repeatedly asked.

MR. GETTY: Mr. Speaker, it's not on the Order Paper; it's been accepted. As always, whenever they're accepted, they're replied to as quickly as possible.

MR. SPEAKER: Final supplementary, Member for Westlock-Sturgeon, with some care since the matter has been on the Order Paper.

MR. TAYLOR: This time, Mr. Speaker, I'll be asking about his attitude. Why is the government so reluctant to reveal the details of the arrangement with Mr. Ghitter? What has he got to hide?

MR. GETTY: We aren't reluctant. If we'd been reluctant, we wouldn't have accepted it.

MR. SPEAKER: Further questioning in this line is completely out of order.

Grain Handlers' Strike

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Agriculture. The minister readily said yesterday that he accepts some of my suggestions in terms of the strike/lockout at Thunder Bay and relative actions. This relates to one of my earlier suggestions. Could the minister indicate if he has met with the Alberta federal MPs to bring them onside to represent Alberta's position to the Prime Minister and the federal Minister of Agriculture? Has the minister done that at this point in time, and if so, what has been the result of that meeting?

MR. ELZINGA: Mr. Speaker, in response to the hon. member's question I can indicate to him that I have not met with them, but I have discussed with a number of them by telephone. They have indicated to me that their concern is like-minded.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. Is he prepared to meet with the chairman and a committee of the Alberta federal caucus to discuss this issue and get some firm commitments from that caucus and the chairman and as many members as possible so that when they return to Ottawa, there is a clear position of the MPs supporting the Alberta position?

MR. ELZINGA: Mr. Speaker, I just indicated to the hon. member that there is a like-minded position amongst the Alberta Members of Parliament as it relates to the situation in Thunder Bay. They are very concerned about it also. I can share with the hon. member that they also have a concern, as do we within this Chamber, as he has indicated, as to what developments might take place at the west coast. So they are monitoring it very closely, plus they're hopeful that this situation will be resolved very quickly.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister relative to the west coast situation and the changes that are forthcoming there. Could the minister indicate whether the government is prepared to ask the Members of Parliament or his federal counterparts, certainly

the Prime Minister of the country, to consider legislation that would declare the longshoremen oh the west coast as essential service personnel specifically during the period of this strike that's taking place at the present time and certainly in future periods?

MR. ELZINGA: Mr. Speaker, as the hon. member has indicated, the longshoremen on the west coast will be in a legal position to strike on Tuesday, September 16, in view of the time period after the conciliator's report has been tabled and they have had an opportunity to study it. But I should share with him too that there is some divergence of opinion as to whether or not they actually will go on strike. In the event that they do, there is also a divergence of opinion as to whether grain will still be moved. They did strike in 1975, but they allowed the grain to continue to the ports. Again, there are a lot of variables for us to investigate, and prior to making any rash decision, it's important that we take the decision that will make sure that both Albertan and Canadian grain is moved to our offshore sales.

MR. PIQUETTE: A supplementary to the Minister of Agriculture. Have we lost any foreign sales to the present time because of the strike situation at Thunder Bay?

MR. ELZINGA: Mr. Speaker, I'm not aware of any sales that have been lost, but I can share with the hon. member too in response to questions that were raised yesterday, when I indicated that Alberta Terminals would be involved, that Alberta Terminals are involved. We are going to be meeting with the executive officers of Alberta Terminals this afternoon, and I would share with the House that to date 55 cars are being loaded out of Alberta Terminals themselves.

MR. TAYLOR: A supplemental, Mr. Speaker, to the minister. In view of the urgency of the situation — and a number of solutions have been suggested, by both the government and the opposition — would the minister now consider setting up a task force very similar to the federal task force to look at all these solutions and push ahead on all fronts rather than waiting for something to happen?

MR. ELZINGA: Mr. Speaker, that's exactly why we're not going to set up a task force. We want to act immediately and not delay as the hon. member is suggesting.

Chile

MR. GIBEAULT: Mr. Speaker, my question is directed to the Solicitor General. Today being the 13th anniversary of the brutal military coup that overthrew the democratically elected government of Allende in Chile in 1973 ... [interjections] The members opposite joke, Mr. Speaker, but it's not a matter for joking. The Pinochet government ...

MR. SPEAKER: Hon. member, let it not be implied that members are joking with respect to the issue. The question everyone awaits is how this preamble goes on to the question which pertains to provincial government affairs.

MR. GIBEAULT: It's coming, Mr. Speaker, if the side opposite will be courteous enough to listen.

Given the fact that so many Chileans have been forced into exile and so many of them came to Alberta, particularly Edmonton and Calgary and other centres, what consideration has the Solicitor General given to suspending the sales of Chilean wine products in ALCB outlets, as they did for South African products, as a sign of support for the people of Chile and as a means of placing some economic pressure on that regime?

MR. ROSTAD: Mr. Speaker, I'm certain that most people share compassion for people who are allegedly abused by other jurisdictions. The amount of Chilean product that is consumed or sold through the ALCB is quite insignificant, and I don't think that gesture would mean one thing in terms of the alleged dictatorship.

MR. GIBEAULT: A supplementary question to the minister of economic development and international trade. Can the minister justify why we're having steadily increasing trade in terms of sulphur exports and fruit imports with a regime that has been condemned in the United Nations every year since 1973 for repression of its citizens?

MR. SHABEN: Mr. Speaker, this issue has arisen from time to time in this Assembly with respect to other nations with whom the business community in Alberta conducts trade. The Alberta government does not get involved in matters related to external affairs policy. The last time I looked at the constitutional responsibilities, that was clearly a federal matter, and the Alberta government does not get directly involved in trade either. We support the private sector in Alberta in order to assist them in developing trade opportunities for goods and services from this province and will continue to do so. The benefits to Alberta are considerable in terms of job creation within Alberta, the opportunity for value-adding of our goods and services, and also a favourable balance of trade for the country as a whole.

MR. GIBEAULT: A supplementary question, Mr. Speaker, to the Minister of Federal and Intergovernmental Affairs. On behalf of the thousands of Chilean exiles who live in Alberta, can the minister advise us if he will be taking any concrete steps to press the federal government for measures which will put pressure on the Chilean dictatorship to return to democratic government such as our own?

MR. HORSMAN: Mr. Speaker, that matter is quite properly a matter of concern to the federal minister. I'll be meeting with him next week. I have discussed other issues relating to people who have come to Alberta by way of escape from repressive regimes, such as Afghanistan, Cuba, and other countries like that, and I'll be pleased to do the same thing in this particular circumstance.

MR. GIBEAULT: A supplementary to the Premier, Mr. Speaker. Can the Premier give some assurance to Albertans, particularly Albertans of Chilean origin, that his government is concerned about developments that are taking place there and will add his voice to those of the federal government to lobby for some action on this?

MR. GETTY: Mr. Speaker, as the various ministers have mentioned, all people in Alberta, I would imagine, are concerned when there are allegations of oppression of any particular group of people in any nation, but as was pointed out by previous ministers answering questions, the federal government is responsible for external affairs. They have foreign offices and foreign officers. They represent our

nation throughout the world, and it is their responsibility in these areas to fulfill that responsibility.

In the past when they have asked us to support them in any of those responsibilities, we have. You will recall, Mr. Speaker, when they asked us to help with exports to Libya or Albertans working in Libya and the same thing when they asked us to no longer purchase wine from South Africa. The province was quick to support them. We rely on them to fulfill their responsibilities.

MR. CHUMIR: To the hon. Solicitor General, Mr. Speaker. Could he tell the House whether there was a general policy of the government which led to the decision to cease purchasing South African wine, and if so, what that policy is?

MR. ROSTAD: Mr. Speaker, I believe the hon. Member for Calgary Buffalo was in the House at the time I made my ministerial statement and the questions surrounding that. He might have just heard the answer given by the Premier to the previous question, that it was in response to a request by the federal government, who know on a day-to-day basis the happenings in various jurisdictions and formulate specific trade or governmental response.

MR. NELSON: Mr. Speaker, a question to the Solicitor General. Has the minister considered that wine products purchased from Chile may be there at the request of the Chilean people, who may enjoy the flavours of their homeland, especially during those periods of special cultural events?

MR. ROSTAD: That's very possible, Mr. Speaker.

Release of Government Information

MR. MITCHELL: No preamble today, Mr. Speaker. [some applause] I want to get to the heart of this matter right away.

To the Premier. Will the Premier agree that this government has a responsibility to provide information on government operations and practices, in a consistent and predictable manner, to this Assembly and to Albertans at large?

MR. GETTY: Sure sounds like a trick question, Mr. Speaker. Having said that, yes.

MR. MITCHELL: What is this government actually doing to ensure that this is happening?

MR. GETTY: We are doing it, Mr. Speaker.

MR. MITCHELL: Our experience is that it's not being done particularly effectively. What specific direction has this government given to its public servants on how to handle questions from the public? Is there a consistent, specific policy written and disseminated to your public servants on that issue?

MR. GETTY: Mr. Speaker, to give all the information that's possible to be given and to provide services to the people of Alberta in every way possible.

MR. MITCHELL: Well, Mr. Speaker, it's clear that we can't get answers on Kananaskis, so we're not getting all the information that's possible.

Can the Premier please tell us when his government will bring an information Bill before this House that will govern the release of information consistent with fair, open, and accessible government?

MR. GETTY: Mr. Speaker, I don't believe you need legislation when you're already doing it.

Amusement Ride Standards

MR. SIGURDSON: Mr. Speaker, my questions regarding West Edmonton Mall are directed to the Minister of Labour. With regard to the memo warning of a catastrophe with the Mindbender, on August 14 in this Assembly the minister assured me that — I'll quote the minister: "I can check into where it went, and I'll get back to the hon. member." On Monday last the minister said he wasn't prepared to respond and that he had not checked further into whose desks the memo had crossed. Can the minister explain how it is that he was not misleading the Assembly on August 14 when he said that he would check and get back to me?

MR. SPEAKER: Hon. members of the Assembly, this has been happening too much. A question can be raised without having to refer back to what was said on such and such a date in referring to either debate or questions in this House. The question should be distinctly framed as a question without all these quotes from material which is readily available to people of the province through *Hansard.* There are sufficient citations within *Beauchesne* which really prevent this.

If the minister would like to respond to the question, and would the questioner please refrain from making those kinds of statements in giving the question.

DR. REID: First of all, I made the commitment to the hon. member that I would get back to him, and I will. I think I will have to check the more recent *Hansard.* My impression by memory is that I said that I had not yet done it. I give him the assurance that I will in due course, and he will get the comments.

MR. SIGURDSON: Why does the minister refuse to give me a straight answer on this? Who in the department, including the previous minister, saw the memo that warned of a catastrophe?

DR. REID: I think I answered the question already, Mr. Speaker.

MR. SIGURDSON: The minister has previously taken the view that it is not the responsibility of the government to consistently monitor amusement rides for safety. Is this because the department is unwilling or unable to satisfactorily enforce even the inadequate regulations which are now in place?

DR. REID: Without entering into debate. Mr. Speaker, which was invited by the nature of the question and the wording of it, I can factually state that it's obviously a matter of philosophy between the hon. member and the government as to what is the responsibility of government in setting up laws and regulations and the enforcement thereof. I have specifically stated before that it is not the role of government to continually monitor the operation and maintenance of amusement rides or indeed other equipment

in the province for which there may be regulations. The responsibility of the government is to make sure that regulations are adequate to ensure safety such as can reasonably be achieved, to monitor on a spot-check basis, as is done, that adequate maintenance is being performed and that the equipment on occasional checks is being adequately maintained. It is manifestly not the responsibility of government to operate or maintain the equipment on an ongoing basis.

MR. SIGURDSON: Nobody asked you to maintain it or to operate it, Mr. Minister.

Mr. Speaker, on Tuesday the minister told the hon. Leader of the Opposition that the rides are relatively safe. Is it the policy of this government that it is good enough that they are only relatively safe given the accidents and the fatalities that have occurred?

DR. REID: Mr. Speaker, the word I used was "reasonably" safe, and it was in relation to what is reasonable and what can be attained with that type of technology and that type of equipment. Absolute assurances cannot be given.

MR. MITCHELL: Mr. Speaker, on Friday there were reports that certain bolts on the Drop of Doom may be insecure from time to time. Has the minister specifically responded to those reports by sending somebody out from his department to check into them since Friday? Is there any urgency in that?

DR. REID: Mr. Speaker, I essentially answered that question last week and earlier this week when I stated that we had gone out and inspected all the rides at West Edmonton Mall on the Sunday following the fatality, that for certain pieces of equipment the mall was instructed to develop written maintenance programs and a system of being able to check that that maintenance had been performed.

The matter of the loose bolts is something that has been brought up at the inquiry, and I will not comment upon that inquiry and the evidence until I receive the report from the commissioners.

Commercial Fishing Licence Freeze

MR. PIQUETTE: To the Minister of Forestry, Lands and Wildlife. Mr. Speaker, in April 1983 a freeze on issuing new commercial fishing licences was enacted by this government. Only those who held either a zone commercial licence or a zone fisherman's licence were eligible for commercial fishing licences. This freeze has created economic hardship for many Metis and native people in northern Alberta. Can the minister indicate when the current freeze on issuing new commercial licences is going to be lifted or a new, fairer method of issuing them implemented?

MR. SPARROW: The new process should be in place by April 1, 1987, Mr. Speaker.

MR. PIQUETTE: Will he confirm that his department is considering dropping the zone system and that as a result businesspeople and part-time fishermen from anywhere in the province could come to the north to remove the valuable fish resource and take the money home, leaving the north with empty lakes and no economic development?

MR. SPARROW: Mr. Speaker, the process of redoing the policy for fishermen was taken on sometime back in the early '80s. A legislative committee toured the province. There were numerous reports, four or five studies, done prior to any policy changes, and all of the policy changes have been discussed with the commercial fishermen. When the new program comes in force it will still maintain the zone system. It has been recommended that over time the zone system be phased out, but for the first two years of the new system, it will be maintained.

MR. PIQUETTE: To the minister of economic development or perhaps the minister of wildlife. Can the minister indicate what studies have been carried out during the current freeze concerning the viability of an expanding commercial fishing industry in Alberta, especially focussing on our native and Metis population of northern Alberta?

MR. SPARROW: Mr. Speaker, some reference has been made by the hon. member that there was hardship created for some individuals. If he has any specific cases, I wish he would bring them forward. We do have a review panel of fishermen, along with my staff, that will look at anyone who has applied who has been in the business of fishing in the past. The original policy restricting it to two specific years may not have been broad enough, and that's why the committee is there to look at individual cases, if they were fishing prior to those years.

We're working with the federal government to make the economic base of the fishermen a better fishery. We've got quite a number of programs. We've installed a fish freight assistance program to assist them. We've negotiated with the fresh fish marketing board to open up Alberta for domestic sales to Albertans. We now have four processors that I know of in the province processing fresh fish, whereas formerly all fish had to be shipped to the fresh fish marketing board in Winnipeg and then returned to Alberta. Very definitely there has been a lot of studies done and work with the fishermen to increase the economic benefit of their catch.

MR. PIQUETTE: A supplementary. Given the recent rash of charges against Indian people by fish and wildlife officers in Alberta, why hasn't the minister sat down with native leaders to work out mutually acceptable enforcement of fishing regulations which takes into account respect of the aboriginal rights of our native people?

MR. SPARROW: Mr. Speaker, we have done that and do it on a continuous basis. We have representation from both the Metis Association and the Indian Association on a fish and wildlife advisory policy committee. We discuss it with them. Unfortunately, one division — Treaty 6, I believe it was — was not informed of the specific policy change, because they were not part of the Indian Association. Most of the charges that took place in the Cold Lake area have been dropped because of that lack of communication.

MR. TAYLOR: Mr. Speaker, a supplementary to the minister. Could he inform the House whether he insists that native or aboriginal people have to have the same fishing licences and authorities as non-natives?

MR. SPARROW: Mr. Speaker, there are some constitutional rights the natives have had, and that's a very strong topic in some communities. The way it has been operating has not caused us a lot of concern. The native people do have the right to catch fish for domestic purposes and use but

are not allowed to catch fish for resale. If they do want to sell fish, they have to have licences like any other commercial fishermen.

Gainers Dispute

MR. EWASIUK: Mr. Speaker, my question is to the Attorney General. Given the discrepancies between the position of Minister of Labour and that of Gainers owner, Mr. Pocklington, as to whether that employer will be required to rehire all 1,100 unionized employees at Gainers once a settlement is reached, what is the position of the Attorney General on seeking an ex parte reference in the Court of Queen's Bench for a ruling on section 137 of the Labour Relations Act to determine once and for all if the rights of unionized employees to their jobs are in fact protected by labour legislation?

MR. HORSMAN: Mr. Speaker, I haven't given any consideration to that suggestion nor do I think, on having just heard it, that I would ever consider entertaining that particular type of action.

MR. EWASIUK: Mr. Speaker, to the Minister of Labour. Has the Minister of Labour considered seeking that kind of reference?

DR. REID: No, Mr. Speaker.

MR. EWASIUK: Why will the minister not consider that action?

DR. REID: Mr. Speaker, there are two parties to this dispute, either of which could do that if they wish. My interpretation on reading the statute is that — the combination of section 1(2) and sections 137 and 139 — indeed it is an unfair labour practice not to rehire those who are your employees throughout the strike.

MR. EWASIUK: Mr. Speaker, to the minister. Given his apparent certainty on this matter and his refusal to take this to be tested in the courts, has the Minister of Labour directed his department to ascertain if there are any means by which Mr. Pocklington may be able to circumvent the legislation and refuse to take back all 1,100 workers?

DR. REID: Mr. Speaker, this is a little difficult. It's both hypothetical and probably a legal opinion that the hon. member is asking for, and I think I'd better stay out of both.

MRS. HEWES: A supplementary, Mr. Speaker, to the Minister of Labour. Will the minister guarantee this House that the striking workers at Gainers will get their jobs back when the dispute is settled?

DR. REID: Mr. Speaker, that will depend upon the activity of the Gainers plant when it's settled.

Sentencing Commission

MR. WRIGHT: I must rise, Mr. Speaker. My question is to the Attorney General. In a recently published lecture, which I have reason to believe the hon. learned minister is aware of, the Chief Justice of Alberta concludes that it is inevitable that the Canadian Sentencing Commission will report in favour of a grid system of determining sentences and warns that this in turn will transfer sentencing discretion to prosecutors, bring plea bargaining to a fine art, and profoundly change the Canadian criminal justice system. What is the Attorney General's regular connection with the Sentencing Commission, and what representations has his department made to it concerning the sentencing grid idea?

MR. HORSMAN: Mr. Speaker, I believe the hon. Member for Edmonton Strathcona refers to a speech by the Chief Justice of Canada, if I'm not mistaken. If not, then perhaps I may have clarification on that?

MR. WRIGHT: With the indulgence of the Assembly, just to clarify, Mr. Speaker. No, it was the Weir memorial lecture, Chief Justice Laycraft, and I sent you a copy of the speech.

MR. HORSMAN: Mr. Speaker, I have not read the speech in question. However, in discussions with Chief Justice Laycraft in recent days, we have reviewed the issue of sentencing and the process by which the Court of Appeal in this province is working to try and provide advice and assistance to other judges in lower courts as to the process of sentencing, with the hope that there would be a degree of relative uniformity given the circumstances peculiar to each case. I was quite impressed with the report that I received verbally, and I have asked for further information so I could be more fully aware of the procedures that are taking place in this area.

MR. WRIGHT: I am obliged to the learned minister, Mr. Speaker.

Admitting that like sentences are desirable for the same crimes with like facts, can either the Attorney General or the Solicitor General justify what I understand to be the case: that though all the figures showing the huge sentencing disparities on like facts in Alberta are tabulated and read in the Solicitor General's department, they are never supplied to the judges or even requested or, it seems, reviewed by the Attorney General's department.

MR. SPEAKER: Hon. minister, the time for question period has expired. Is the Assembly willing to give consent to the completion of this line of questions?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

MR. HORSMAN: Of course, this issue is one that must be approached with a good deal of care in terms of government — either myself my colleague the Solicitor General, or members of the Legislature for that matter — becoming involved in discussions with judges who are in the process of ultimately making decisions as to sentencing. Therefore, as I've mentioned, in my discussions I've given encouragement to the process the court itself is in the process of trying to establish. I think that is the best way I can proceed under the circumstances.

MR. SPEAKER: A final supplementary.

MR. WRIGHT: I think not, with respect, Mr. Speaker.

MR. HAWKESWORTH: One was a clarification.

MR. WRIGHT: To the Attorney General, Mr. Speaker. Bearing in mind that we're talking about services, not directions, what service is currently in place to enable judges to inform themselves of sentencing practices in Alberta, in particular the spread of sentences?

MR. HORSMAN: Mr. Speaker, the judges have made it quite clear that they are trying amongst themselves to establish a process whereby they can access information. There have been requests made for enhanced computer services for more exchange of information. Some of that is costly, but whether or not the government will provide for those extra expenses in forthcoming budgets is of course under review. That may very well be of assistance to judges as they go about their process, and we are going to look at it very carefully.

MR. WRIGHT: Mr. Speaker, does the Attorney General, as advised by his department officials, have any position on the currently fashionable idea emanating from the States of determinate sentencing; i.e., that the sentence should be proportionate to the crime and not to the rehabilitative prospects of the prisoner? If so, what is his position?

MR. HORSMAN: Let the punishment fit the crime. Mr. Speaker, that's from the *Mikado.* I think this is a topic which could warrant a much lengthier answer than I'm in a position to give at the moment. I'd certainly be pleased to discuss this type of thing with the hon. member and get back to him further on it.

MR. CHUMIR: Mr. Speaker, a supplementary to the minister on sentencing. In light of the number of people, particularly natives, in jail for failure to pay fines, which may discriminate against the poor contrary to the Charter of Rights, is the government developing a program to reduce the number of people who are in jail because they are poor and can't pay the fines?

MR. HORSMAN: There are alternative measures programs which are under consideration and are being put into effect in the province. If the hon. member would like to refer back to the debate on the estimates of the Department of the Attorney General, he will find that I spent some considerable time in my remarks discussing alternative measures to sentencing and incarceration.

MR. SPEAKER: The hon. Minister of the Environment wishes to make a correction with respect to answers given in a previous question period.

Hazardous Waste Symposium

MR. KOWALSKI: Thank you very much, Mr. Speaker. In reviewing the Blues of September 10 this morning, yesterday I incorrectly used two words in response to questions by an hon. member. I referred to the publisher of the *Barrhead Leader* as "the editor" of the *Barrhead Leader,* and I should have referred to the publisher as the publisher.

Secondly, I used the phrase "prominent board member with the Alberta Weekly Newspapers Association," and that phrase should have been: prominent member with the Alberta Weekly Newspapers Association.*

MR. SPEAKER: The hon. Minister of Consumer and Corporate Affairs wishes to give information in response to a question that was raised yesterday. Having done so, the member who raised the matter should be identified so the member has the opportunity to respond.

Securities Commission

MISS McCOY: Thank you, Mr. Speaker. Yesterday the Member for Edmonton Kingsway raised a series of questions that were recorded in the Blues. Unfortunately, sir, I wasn't able to respond to those at the time. In the future I would encourage members to pose questions when the minister responsible is in the House, because I think it gives effect to a much healthier exchange, one that can be responded to, as the questions, even when they are being read, are sometimes more responsive to the answers.

In any event, in short summary, in reviewing the questions I thought they were generally directed to the government's role with regard to our citizens' private property and to the consequences that flow from freedom of choice in the marketplace. In large part, I thought they were implying that this government ought to buy the horse and saddle. Mr. Speaker, I might indicate now it is my view that a government's proper role is not to buy the horse and saddle for the citizen; however, to hold the bridle and keep the horse and saddle steady so that the citizen may choose to get on or off.

MR. TAYLOR: You should know a lot about horses over there.

MR. SPEAKER: With due respect, perhaps we could quit horsing around and get on to the answer to the question.

MISS McCOY: In that regard, Mr. Speaker, I might point out that the transactions being inquired about are in fact being regulated by the Alberta Stock Exchange and the member group of stock exchanges across Canada that has formed the national contingency fund. Those are both private groups, and they have set up procedures to assist when a member who is protected by that group is unable to meet some of its obligations.

Mr. Speaker, there was a question in regard to the role of the commission and to investigations. I must advise that it is premature to say at this time what will come out of that entire process in due course. I can advise the member that it is under way.

Thirdly, Mr. Speaker, there was a question having to do with Alberta-based brokerage firms operating on the exchange. I can say that I would heartily encourage any such Alberta-based brokerage firm. I noticed today, sir, that Vencap Equities has made a significant investment in one such brokerage firm. I would encourage the Member for Edmonton Kingsway to make further representations to the board of Vencap Equities encouraging them to make further investments in others who might be interested in starting such businesses.

MR. McEACHERN: Mr. Speaker, thank you to the minister. I was very disappointed when you weren't here yesterday, but the reason I continued with the questions was that there was a hearing yesterday and I thought it was the appropriate time to ask those questions. I would reiterate . . .

MR. JOHNSTON: It's not speech time.

MR. McEACHERN: Sorry; I'll come straight to the question. Does the Alberta Securities Commission not have some

* See pp. 1579-80

responsibility in the Audit affair, given that there was quite a long time lag, some three weeks, between the supposed purchase by Audit of Trans Island Marine Salvage and the time of the cease-trading order?

MISS McCOY: Mr. Speaker, again, the Alberta Stock Exchange has a primary regulatory function, although it is a rule of both the Stock Exchange and the Securities Commission that when a material change has occurred, a statement must be made so that the public that is relying on information in the marketplace to make their decisions can assess their position. I believe that when the material change statement was issued and absorbed to some extent, there was immediate action on the part of the Stock Exchange as well as on the part of the Securities Commission. I would caution that I have not of course been immediately and intimately involved with these proceedings, and if my memory is somewhat faulty on the dates, I would not wish to be held to my representations today.

ORDERS OF THE DAY

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

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS
(reversion)

MR. BOGLE: Thank you, Mr. Speaker. Taber and district is well known for the high-quality, super-sweet corn produced in that region. I'm pleased today to introduce to you, and through you to members of the Assembly, one of the Taber corn producers. This gentleman also serves very actively in his community on the school board and a number of other activities and serves with distinction on the Economic Council of Canada. I would like to introduce and ask members to join me in welcoming Pat Shimbashi to our Assembly.

head: WRITTEN QUESTIONS

170. Mr. Wright asked the following question:

What evaluation has been made of the impact on the computerization program in the Solicitor General's department — the purpose of which is to provide an effective, prompt, and ongoing exchange of motor vehicle and driver licence information between the department, police forces, and other provincial authorities, and which has been experiencing repeated difficulties and delays since 1981 — of the abolishment on or about December 1, 1982, of the position of director of program planning (position No. 3475-0601)?

What considerations led at the time to the decision to abolish the position, in light of the fact that the reason given for the termination was that the position's functions were "no longer required?"

As the holder of the position at the time of its abolishment was familiar with all aspects of the Canadian Police Information Centre system, what efforts were made to retain this expertise in the service of the department's computerization program?

Has the department, since December I, 1982, reinstated the position or created a position with similar functions, and if not, why not?

MR. ROSTAD: Mr. Speaker, the government does not wish to accept or answer Question 170 as it is based on department management documents.

head: MOTIONS FOR RETURNS

158. Mr. R. Speaker moved that an order of the Assembly do issue for a return showing:

With respect to the assumption of responsibility by the Department of the Environment, through its agent the Special Waste Management Corporation in May 1985, of the abandoned chemical waste storage site at Nisku, previously managed by the D & D Corporation:

(1) a copy of the original lease agreement between D & D Corporation and the landowner;
(2) a copy of the lease agreement established between the government and the landowner;
(3) copies of any independent appraisals done and recommendations thereof as to the fair lease value for the facility;
(4) the name of the company that acted as leasing agent for the landowner;
(5) a record of any moneys spent to clean up the facility and of the individuals or companies to whom the work was awarded;
(6) the total cost to the government of Alberta since accepting responsibility for D & D Corporation in May 1985;
(7) a list of payments to persons or companies that have provided goods or services for the D & D Corporation since May 1985, showing in each case the name of the person or company and the amount.

MR. R. SPEAKER: Mr. Speaker, I understand there are some amendments, which I accept.

MR. KOWALSKI: Mr. Speaker, I would like to move that Motion for a Return 158 as it is currently printed be amended by deleting clauses 1 and 2 and renumbering clauses 3 through 7 accordingly. I have discussed this matter with the leader of the Representative Party.

[Motion as amended carried]

165. Mr. Mitchell moved that an order of the Assembly do issue for a return showing:

With respect to the assumption of responsibility by the Department of the Environment, through its agent the Alberta Special Waste Management Corporation, of the abandoned chemical waste storage site at Nisku, previously managed by Kinetic Ecological Resource Group (1982) Ltd.:

(1) a copy of the original lease agreement(s) between Kinetic and the landowner;
(2) a copy of the lease agreement established between the government and the landowner;
(3) copies of any independent appraisals done and recommendations thereof as to the fair lease value for the facility;
(4) a record of any moneys spent thus far to clean up the facility and of the individuals or companies to whom the work was awarded;

(5) a budget projection of anticipated cost to the government for the complete cleanup of the former Kinetic facility at Nisku and the transportation and disposal of the hazardous waste material involved;

(6) a budget projection for the total operating costs of the former Kinetic facility at Nisku, assumed by the government, until cleanup has been completed.

MR. MITCHELL: Mr. Speaker, I understand there are some amendments to Motion for a Return 165, and they are acceptable.

MR. KOWALSKI: Mr. Speaker, I would like to move an amendment to Motion for a Return 165 as printed in the Order Paper by deleting the words "a budget projection" in clauses 5 and 6 and substituting an explanation for those words, and by deleting clauses 1 and 2 and renumbering clauses 3 through 6 accordingly. I discussed this matter with the Member for Edmonton Meadowlark.

[Motion as amended carried]

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

222. Moved by Mr. Fischer:

Be it resolved that the Legislative Assembly urge the government to undertake an investigation and assessment of the methods available for processing garbage other than by the use of landfill operations, such as separation for recycling and the burning or the processing and compaction of material that cannot be recycled or otherwise used.

MR. HYLAND: Mr. Speaker, if I could have the permission of the House to move Motion 22 on behalf of Mr. Fischer.

MR. SPEAKER: Is the Assembly agreed?

HON. MEMBERS: Agreed.

MR. HYLAND: Mr. Speaker, I know that the contents of this motion have been a pet peeve of the Member for Wainwright. I served with him for a short period of time on a caucus task force to look at possible alternatives for disposing of garbage, and during the time we spent on that task force, he often told us about his ideas on recycling. I wish he were making the initial speech opening this motion and that I were making the second one, but be that as it may.

During the time we spent on that task force, we met with several groups. We met with the Alberta Association of Municipal Districts and Counties, the Association of Improvement Districts, the health inspectors' association, and the Red Deer planning commission, among others, who felt that they had a problem and wanted to air their feelings toward waste management, especially regional waste management, and what we could do to change the program in the Department of the Environment for regional waste management authorities. The committee replied to the Minister of the Environment on the suggestions we could come up with by talking to these groups, and that matter is now with the Minister of the Environment for his use.

One of the concerns we had when the committee was talking about this was the cost of disposing of waste by sanitary landfill, as this motion urges us away from. The minute we get into burning or other methods of recycling, it begins to cost a great deal of money per ton of refuse processed. Cost was always a concern of those municipal groups. If they are forced into other methods of disposing of their refuse, who is going to pay the additional cost? Can it be loaded on the local taxpayer or should the provincial taxpayer pay it? It is all the same person per se. I suppose everybody, whether a provincial or local politician, likes to keep the costs and the taxes down, so you're always concerned about whose responsibility it is, who is going to pay the cost, and which pot it is going to come from.

To that end I understand — and I haven't seen the construction of the plant — that there's a pilot incineration project near the city of Wainwright. I look forward to that project being put into operation so that we can at least get some sort of idea of the costs as they occur here. I'm sure the project will provide a lot of information for the department and especially small municipalities so that they can see if they can afford the operation of an incinerator to process the refuse created by their municipalities. I think it will give us a handle on what some of the costs really are.

I remember that many years ago Medicine Hat had an incinerator in the city. I don't know how much money they put into the building of that incinerator at that time, but it was used for a short while. Because of some problems, they went back to a landfill site after a short period of time. As I said, I don't know what problem was created by this incinerator, but I understand that today's technology is vastly different and that there are new methods of burning garbage and new methods of using the gas that comes off the burned garbage in other ways so that the release to the atmosphere is negligible.

During one of our task force hearings a group proposed a major central facility in Alberta that would burn vast amounts of refuse. The only problem with the proposal, as my memory about it serves me, was that there was an estimate of what it would cost to build but the estimate of the cost of running it was almost like looking into a crystal ball. One would be looking at the cost of operation purely by speculation, because there was no other such facility to base any of the amount of cost of operation on, and the dollars in total were astounding. But there are some people that have put a great deal of thought into this situation. I would hope that at one time, especially after the Wainwright plant gets going and other plants are looked at, we'll be able to get a better handle on what the costs of operating such a plant would be.

Mr. Speaker, if I can turn to the recycling portion of the motion briefly. In Alberta we have done quite well in some aspects of recycling, partly through the co-operation of various service groups; for example, newspaper and cardboard box recycling. I know that in my own constituency, in my hometown, the Bow Island Lions Club has a project where they received funding from the Department of the Environment to purchase a couple of semitrailers, a baler, some baskets, and other things for the gathering of newsprint and, as I said, the baling of cardboard boxes. It's amazing when you see the amount of paper that comes from a town that size, a town of 1,600 people. I'm just amazed when I see all the cardboard boxes that are baled and the amount of newsprint and fliers and everything that are sorted by the Lions Club on a voluntary basis, loaded into the semis, and then transported into Calgary by a trucking outfit that pulls these trailers into Calgary free of charge.

As I said, it's a co-operative effort of volunteers. Thus the local Lions Club can make some money on the operation

of that task they've taken on and then put that money back into other projects they've started in the community. It has taken them quite a while to get it working right and to get the grants from the Department of the Environment to pay off their capital costs. Now, in the last month or so, they look forward to operating and making money to put into their other endeavours.

It's my understanding in reading some material in preparing for this motion that about a third of the newsprint in the province is recycled. Mr. Speaker, I think that would be a pretty fair average. I don't know if that includes newsprint and paper from government or not. As anybody involved in the Legislature knows — and I've heard new members on all sides of the House say that they're sure government has a share in a paper factory somewhere because the paper flows and flows. Maybe if we could just recycle half the paper that hits our desks, we could do many things with it.

Mr. Speaker, I think Alberta has also done well in beverage container returns, especially glass beverage containers. If my information is right, we're getting something like 80-plus percent of glass bottles back. I suppose the big thing we have to look at is not just glass beverage or liquor bottles but glass containers containing other stuff such as pickles and salad dressing and those kinds of things. Perhaps we need some sort of project or return for this glass.

There are various nonprofit groups around the province, especially some sheltered workshops, that have as part of their operation gathering these kinds of glass containers, crushing them, and then sending them to the Dominion Glass plant in the constituency of Cypress-Redcliff, where all this returned glass is used in the preparation of new glass. Depending on the colour of the glass, we're using more and more of the old glass as part of the input to prepare the new product. In some cases, especially white or flint glass, the plant can't get enough of the flint glass in, as much as they can use, so obviously they're still making glass from scratch. But there is a potential there for the use of more glass if it's possible to get that glass to the plant. They're getting a fair amount of the other kinds of glass back — the other colours, brown and green — and they're using an ever increasing amount of that glass in the preparation of the product.

We are not nearly as successful in the return of beverage cans as we are in bottles. That creates a problem not only in the ditches of this province but in the glass industry in this province in that beverage operators can put a product on the shelf at less money by putting it in a can, because there's a smaller deposit on a can than on a glass container. Thus the glass people are at a distinct disadvantage. I know some studies have been made and some time spent on preparing changes to the Beverage Container Act so we put both those containers on an equal footing with an equal deposit so that they can compete equally in the system. All the various industries are asking for is that they can compete equally. They'll take their chances on putting out the cheapest product for the bottling and containing of the beverage.

Mr. Speaker, I think we should note as well that — I can't remember the date, but I think it was sometime last year; I don't believe it was in early 1986 — Order in Council 106/85 was passed to create a committee of the Environment Council of Alberta to go out and have public hearings on recycling waste within the province of Alberta. That committee was given a number of tasks under three headings. The final task they were given was to hold public hearings at suitable locations throughout the province and to report to the Minister of the Environment and the Lieutenant Governor on the completion of that report. I think that report is going to be very interesting to look at. I have a personal friend who is on that council. He has told me that they've had some very interesting comments and proposals before them that have given them a great deal to think about in the preparation of their report to the Minister of the Environment. Perhaps when this report comes, we here in Alberta have a chance to be very innovative and very forward-thinking, to see if there is indeed something we can do to encourage the recycling of waste products within this province and to be a leader in that movement. I look forward to the report of that committee.

In summation, Mr. Speaker, I would urge other members to support the motion and to express their views on this. Thank you.

MR. EWASIUK: Mr. Speaker, I rise in support of Motion 222. There's no doubt that landfill sites and garbage dumps are becoming a major problem in the province of Alberta. No longer can we assume that an old gravel pit is an adequate place for a landfill site where we can dump our garbage, bury it, and assume that we've taken care of a problem. In more recent times, of course, because of legislation, even gravel pits now have to be reclaimed. Consequently, there are really not that many locations available for municipalities to deal with and dispose of garbage.

That, I suppose, is not the problem. The problem is: what do we do with the garbage? We can't continue to put it in the ground, bury it, and assume we've taken care of the responsibility. In spite of the fact that engineering processes now suggest that we can engineer a landfill site to make it secure and safe, that there will be no penetration or seepage into our water tables, certainly those of us who have a concern don't accept that. We still believe there is that possibility of error. Indeed, because there are so many chemicals now in the marketplace that seem to find their way into our landfill sites and garbage dumps, perhaps there may not be engineering that can control or manage those types of matter that are dumped into our garbage and landfill sites.

The other major problem relative to landfill sites that the municipalities face happens to be the objections of citizens who just will not accept a landfill site any longer. They are concerned about their life-styles. They are concerned about the impact on the community as a result of a landfill site: the noise, the odours, and the inevitable sea gulls. Consequently, I think communities and people are saying . . . [interjections] We get a lot of sea gulls around landfill dumps, believe me. You ask the people in Clareview; they'll tell you.

People are not going to accept landfill sites any longer. It is therefore a requirement that municipalities must find an alternate method of garbage disposal. I might say that the city of Edmonton is in that process. They have been in that process since 1980. For six years now they have been attempting, first of all, to find a location for a landfill site. Now they have narrowed it down to three locations. But again, the citizens are saying, "No way; we don't want it in our community." There must be an alternate method found. I think this resolution makes that suggestion, and I think the previous speaker alluded to a pilot plant in Wainwright that is at least proposed or, I believe, may be well on its way. I think that's a step in the right direction.

Recycling is of course a partial solution. As was stated earlier, the bottle problem has been dealt with. There are refunds available to consumers, and people do tend to gather bottles and secure the refunds. There are other items that are presumably available and are collected for recycling, but my information from recent discussions with the Alberta Safety Council suggests that there are problems, things like newspapers, where apparently the problem is being resolved, according to the hon. Member for Cypress-Redcliff. I know that there are church organizations and service groups in Edmonton that also collect newspaper on the assumption they're going to be able to sell it and raise some funds. However, I am told by our people at the Edmonton landfill site that quite frequently these bins of paper end up there. There is no demand for newspaper, primarily of course because of the recessionary situation and the lack of construction.

The other problem that I think is paramount is rubber tires. While there has been and continues to be research on ways and means to dispose of old tires, they still are a problem. Again, information from the Alberta Safety Council tells me that an individual who thought he had a solution, to use tires for a certain product for highway construction or whatever, went out and purchased almost a quarter section. He now has a pile of tires covering a quarter section of land. However, the research didn't prove successful. Consequently, he has no disposal method for his tires. He is virtually sitting with these things. Plastic bottles are another problem there is no recycling process for, or if there is, it's probably too prohibitive in terms of cost. Consequently, there are still products on the market that pollute and end up in the landfill sites and create problems.

There need to be some incentives, I would suggest, given to recycling. We must encourage some entrepreneur to take on the challenge of disposing of things like newspapers, old tires, and so on. At the present time, there really isn't anything available for them. No one is prepared to take up the challenge to take these things on, primarily because there really is no incentive for them to do so.

The other problem with landfill sites is the kinds of things that I said earlier are being dumped there, even little things. Perhaps you and I as individuals, without even thinking, will get chemicals to treat our dandelions, and the can will end up in the garbage. There are certainly minute amounts in the can, but they all accumulate over a period of time. The various repellents that we use end up in the landfill sites, and you really can't engineer against those kinds of things in landfills. I think it's important that we take the initiative to find some other method for disposal of our garbage.

Thirdly, incineration is another process that has been suggested, but it's a very expensive one. I know that the city of Edmonton has for a number of years looked at incineration as an alternate method. However, they find that it is prohibitive. It seems to me that there has to be co-operation with the municipalities and certainly with the provincial government to deal with this issue. This government needs to become involved because of the cost factor.

To that end, Mr. Speaker, I want to submit an amendment to the motion. If I may read it into the record:

> by adding at the end of [the motion]:
> and,
> Be it further resolved that in recognition of the urgency of solid waste disposal problems faced by the city of Edmonton, the Legislative Assembly urge the government immediately to fund as a pilot project a garbage disposal program for Edmonton and surrounding municipalities using alternate methods of garbage and solid waste disposal, and
> Be it further resolved that the Legislative Assembly urge the government to operate and evaluate this pilot project jointly with the participating municipalities.

MR. SPEAKER: Hon. member, you're going to have to take your position. The Chair has not received a copy of the amendment. There'll be no further discussion till the Chair has a chance to assess the amendment.

MR. SPEAKER: The Chair has some concern with respect to fiscal implications with regard to this purported amendment. Nevertheless, at this stage the Chair will allow some debate to continue with respect to the amendment. The comments must be kept to the narrow amendment.

MR. EWASIUK: I think the amendment follows the motion in that it requires finding some alternate method of waste disposal, and certainly the city of Edmonton has a problem. The existing landfill site will be reaching its capacity very shortly, in several years. There's a need for another location, and of course the city is looking at the possibility of a landfill site.

Surrounding communities such as the cities of Fort Saskatchewan and St. Albert and the county of Strathcona are also in search of ways to dispose of their garbage. I think this is a great opportunity for those municipalities and counties, together with the provincial government, to join hands and develop an alternate method that could be a pilot project used by all these governments. It could be a model that could be utilized in other parts of the province, and of course it could be exported to other parts of the country. I would therefore urge this Assembly to support the amendment. I think it's a step in the right direction.

Garbage is becoming a major problem for all of us. Whether we're in a large metropolitan area or in a small municipality, we as people continue to generate garbage. We need to find ways to dispose of it. We can't continue to use valuable land. We can't continue to anticipate the pollution of our atmosphere, the environment, and our water tables, so an alternate method must be found. Adopting this amendment will put us in the right direction to deal with garbage disposal, certainly in the immediate future.

Thank you, Mr. Speaker.

MR. SPEAKER: Speaking to the amendment, the Member for Stettler.

MR. DOWNEY: To the amendment, Mr. Speaker. I recognize the fact that there is some urgency in Edmonton's situation, and I note that a good deal of building has gone on in the past over Edmonton landfill sites. Commonwealth Stadium is built on Rat Creek, which was Edmonton's first major dump. Back in the early 1900s downtown folks were throwing their garbage over the edge of Grierson Hill. I understand that a goodly portion of the subdivision of Mill Woods is built on a landfill site. But I can't see that Edmonton's concerns warrant the government funding its waste disposal program, because certainly these concerns exist all over the province, and I suppose particularly in our large sister city to the south, Calgary.

For that reason, Mr. Speaker, I can't support the amendment and would urge that the question on the amendment be called right away.

[Mr. Musgreave in the Chair]

SOME HON. MEMBERS: Question.

MR. GIBEAULT: Mr. Speaker, I rise to support this amendment. As it says here, the situation for solid waste disposal in the Edmonton regional area is becoming particularly pressing and urgent, and certainly . . .

MR. HYLAND: On a point of order. I hesitate to interrupt the hon. member, but I thought the Member for Stettler had called for the question on the amendment at the end of his speech.

MR. ACTING DEPUTY SPEAKER: The Speaker observed that people stood up to speak before he had completed his request. The Member for Edmonton Mill Woods.

MR. GIBEAULT: Thank you, Mr. Speaker.

Certainly, as I was saying, the situation here in the city of Edmonton is particularly pressing. It's not just the city of Edmonton, though, that has to deal with waste disposal; it's a problem that affects the entire province. The amendment does not take away from the fact that all municipalities around the province have to deal with this particular issue and that there is a strong case to be made for provincial assistance in looking at alternatives for solid waste disposal other than landfills. This particular amendment simply recognizes, as I said, the urgency in the area of the city of Edmonton and the surrounding municipalities. I support the resolution because it emphasizes that the solution to this particular problem must be a regional one, and in large urban areas we cannot continue to look at municipalities trying to solve this kind of problem on their own.

Considering the situation in the metropolitan region of Edmonton, I think what we should do is to look at a project, a special one that deserves the support of the provincial government, to support alternative disposal methods for solid wastes in this particular part of the province. On the successful monitoring, completion, and evaluation of this pilot project, as is further provided for in the amendment, we can look at extending this kind of joint support for dealing with solid waste disposal to municipalities throughout the province.

Although this particular resolution looks particularly at the city of Edmonton and area, it does not take away from the fact that Motion 222 itself addresses the situation on a provincial basis. Pending a successful evaluation of this pilot project, as referred to in the amendment, there would then be a case for involvement with municipalities in regional efforts for solid waste disposal around the province.

Thank you.

MR. TAYLOR: Mr. Speaker, just speaking in favour of the amendment, I recognize that some people have said that they're concerned that it be done just in Edmonton, and they're worried about centering anything more in Edmonton, garbage more than us elected politicians. I can see that they would be concerned about that.

One of the points to remember in why I would support Edmonton being an area to test is that the major centres of population are Edmonton, Red Deer, Calgary, Lethbridge, and Medicine Hat. Only Red Deer comes anywhere close to Edmonton in having a high agriculture use on all sides. The others, whether it's Calgary, Lethbridge, or Medicine Hat, generate a lot of garbage too, of course, but there is a lot of waste land in the immediate proximity of the cities.

As a member that represents one of the neighbouring constituencies — a part of it neighbours Edmonton, anyhow — I think we're becoming quite resentful seeing these city slickers come out and dump their garbage on prize farmland and trying to put dumps in the area. Consequently, with Edmonton being surrounded by such high-priced land and being such a good agricultural area, it seems to me that it is more important to look into this proposal in Edmonton than in nearly any other population concentration or large city or town in the province. It would be a very good area indeed in which to conduct the experiment, not the least of which is that it would be handy for all the MLAs to go out and take a reading on it from time to time if they want to use the idea later on.

MR. BRASSARD: Speaking to the amendment, I would like to refresh the memories of the members of this Assembly. The August 18 issue of *Alberta Hansard,* number 42, was brought up by the hon. Member for Edmonton Beverly, and I'd like to read the hon. Mr. Kowalski's response:

> Currently within the greater Edmonton metropolitan region — and the Member for Edmonton Beverly will know; he was a member of city council when city council reviewed a proposal that was jointly agreed to by both Alberta Environment, the government of Alberta, and the city of Edmonton to undertake a major study that currently is ongoing, looking at alternatives to simply having dumps as we know them today. That study is under way.

In view of the fact that this study is already under way, Mr. Speaker, I really think that this amendment to this motion is redundant, and I would call for the question.

MR. NELSON: I wish to take just a couple of minutes to speak to the motion. First of all, the Member for Olds-Didsbury is correct: there is an ongoing study presently under way with the Department of the Environment regarding the alternatives that hopefully will be made available in the future for the disposal of garbage and what have you rather than using tips as they presently do.

The other thing, Mr. Speaker, is that this motion certainly is timely, to the degree that I think all members are supportive of endeavouring to find alternative ways to dispose of garbage in other forms. However, I'm sure the amendment does require some discussion with cabinet and others with regard to funding a pilot project immediately. Based on that alone, I think the motion should be turned down until such time as we have some evidence that funding in addition to that already being utilized for the ongoing study is available. Let's face it: there has to be a study to determine what alternatives are available and how we can meet those obligations of disposing of junk, garbage, and so on that we all participate in in our daily lives.

It should also be of concern, Mr. Speaker, that no matter what comes of a study, there's always going to be somebody that's going to oppose the dumping or disposal of junk, garbage or whatever you want to call it — I guess "garbage," for lack of a better term — in our communities. I know we all get a little annoyed if our community is selected as the ultimate dump site, and of course we all say: "It shouldn't go here. It's not going to go at my back door. Put it at somebody else's back door."

However, with the ultimate goal of trying to find some alternatives, there is apparently a process under way at the

present time. I would encourage the members not to support this amendment until such time as we have the ability to determine if funds are available for a pilot project plus giving the environmental people the opportunity to conclude their investigation on their study that is presently ongoing.

Thank you.

MR. WRIGHT: Mr. Speaker, the purpose of the amendment is to give teeth to the motion itself. It is a good motion but rather in the category of pious thoughts, and urging the implementation of an actual pilot project will give it teeth. It's not inconsistent with the study. In fact, you have to have the study completed before you know what your pilot project will be.

It's probably the case that the vast majority of Albertans don't realize how far behind Europe we in North America are in the handling of waste, particularly rubbish and sewage. By necessity they had to tackle the problem earlier. They actually make money out of both rubbish and sewage disposal in Europe. A high-technology rubbish disposal plant is a prize in Europe and not a bane for the people involved.

We do have number 1 soil surrounding Edmonton. It's one of the misfortunes of Alberta that the populated corridor from Red Deer north to Clyde, or perhaps even farther north than that, is at the same time the area which in general has the best soil, so it's important to compress the area given over to waste disposal. The point about Edmonton is that apart from the considerations already raised by hon. members, we have a special thrust to attract high-technology industry to Edmonton and have already made considerable strides in that. This would fit in very well with the overall plan for the area.

I urge the Assembly to accept the amendment, Mr. Speaker.

MR. YOUNG: Mr. Speaker, this is a tremendously significant resolution for the reason the members have stated earlier this afternoon, that nobody wants even their own garbage. It poses a problem for society generally and certainly for any location where a large number of people are living together in close proximity, which is very definitely the case in Edmonton as it is in many parts of the province.

Mr. Speaker, the resolution is to be commended. The amendment before us is one which I would like to raise some question about. Perhaps I can do that by first of all indicating that it suggests the government immediately fund a pilot project for Edmonton and the immediately surrounding municipalities. I read that to mean that it would fund in total for Edmonton and the surrounding municipalities.

I just ask hon. members to reflect upon the significance of total funding, as opposed to shared funding or something else, because I think we may be getting ourselves . . . Inasmuch as I'm an Edmontonian and would obviously like to confer a benefit upon my constituents, I wouldn't like to do so in a very unfair manner relative to everybody else's constituents outside Edmonton. I think that would not be true to my responsibility to the rest of the province and even true to what I believe would be the expectations of my voters. They're not looking for extra, unique benefits; they're just looking for fair treatment to deal with their problem.

So I question the amendment, Mr. Speaker, in terms of its statement with respect to funding and the implication that this government fund in total for the purposes of the city of Edmonton and related municipalities.

Mr. Speaker, I can best make my second point about funding by having regard to *Beauchesne* on page 185, section 562. I call it to the attention of hon. members and will read it if I may:

> Private Members may introduce motions that do not directly involve the expenditure of public money and have no operative effect but simply express an abstract opinion on a matter which may necessitate a future grant. These motions merely involve an expression of opinion on the part of the House, and they do not affect the constitutional method of placing upon the Government the responsibility of initiating all legislation which has for its object the expenditure of money.

If we go on further, in 564, Reports Emanating from Committees:

> It is a long-established practice of this House that Reports coming from a committee and requiring expenditure of money include the traditional words, "that the Government give consideration to the advisability of spending moneys.

The expression used in this motion is "urge."

Mr. Speaker, I don't wish to seize you with a request to make an immediate ruling; equally, I don't think the House should be in the position of voting upon a proposed amendment which may in fact not be in order. I would suggest that if the Legislature concurs, you take this matter under advisement over the next several days and that in the interim, for purposes of continuing the debate here, the members be allowed to debate broadly upon the whole motion, because we may in fact have an amendment in front of us constraining the debate, which may be found to be invalid.

Mr. Speaker, I offer that as a solution. I'm prepared to continue debating the amendment, but I really believe it is questionable whether we have something before us which warrants and merits our attention under the rules of *Beauchesne*. Since I've really raised a point of order and I hear the hon. Member for Westlock-Sturgeon brimming over with enthusiasm to challenge the point of order, I'd be interested to hear his comments so that I could then perhaps reflect further upon the point of order.

MR. TAYLOR: Mr. Speaker, if I may, I'll defer to my learned colleague on my left, who had his book open and a pistol out before I had my holster unbuckled.

MR. WRIGHT: I'm obliged. Just a point of order, Mr. Speaker. The hon. minister has perhaps overlooked *Beauchesne* citation 559:

> Motions which take the form of merely advocating public expenditure or the imposition of a charge can be entertained and agreed to by the House. Resolutions of this nature are permissible because, being only expressions of opinion by the House, no grant is made or burden imposed by their adoption.

MR. DAY: Speaking to the point of order, Mr. Speaker. Merely advocating is one thing, but the words "urge . . . immediately to fund" seem to go a little further than merely advocating. I would request a ruling on the point of order as brought forward by the minister.

MR. TAYLOR: Mr. Speaker, on the point of order on the word "urge." He is indeed a freshman in the House, as I am, if he thinks that urging will cause this government to do anything.

MR. YOUNG: Mr. Speaker, if I can again enter the debate. If the hon. Member for Westlock-Sturgeon, in his brimming-over approach to this, can at best suggest that "urge" is not a strong expression, then I really think he hasn't contributed a great deal to the debate on the point at issue.

Mr. Speaker, I don't recall this matter having arisen before in this manner in my time in the Legislature. Normally, when amendments come forth, they carry with them the notation "for the consideration" or, as is expressed here, "that the government give consideration to the advisability of." They don't usually express in this particular manner if they involve funds. So again I would suggest that we not proceed in a hasty manner with respect to this.

Perhaps the hon. Member for Edmonton Strathcona would embellish his argument further, because I think it says nothing about the point I referred to in *Beauchesne*. It is a more basic statement; 562 refers to a private motion, which this very definitely is, Mr. Speaker. It seems to me that 562 constrains somewhat the basic statement in 559.

At this point I again would like to give the hon. Member for Westlock-Sturgeon an opportunity to do what he didn't succeed in doing before, and that is adding some light to this particular point of order.

MR. ACTING DEPUTY SPEAKER: On the point of order. I'd like to point out that the Speaker did mention that he had some concerns with this amendment. However, he agreed that we should be able to debate it if we stayed with the amendment. Therefore, I recognize the Member for Bow Valley to continue the debate.

MR. MUSGROVE: Mr. Speaker, I was also going to suggest that this motion was bordering on being out of order, although perhaps questionable, because, as I see it, it almost changes the intent of the motion.

[Mr. Speaker in the Chair]

We started out on a motion that we would urge the government to come up with a different type of processing of garbage, and we turned it around to be a funded project for the city of Edmonton. To me that is bordering on changing the intent of the motion. However, if they took the two words "pilot project" out of the amendment, then it would in fact be a change in intent. The fact that those two words are in there, I suggest, could change the intent of the motion.

Also speaking to the amendment, it says that Edmonton has an emergency situation in garbage disposal. Mr. Speaker, I say that all municipalities have an emergency situation in the disposal of garbage. In cities like Edmonton, where you have a consolidation of the movement of disposal waste, the economics of looking after it daily makes it less an emergency, as I see it, than other places in Alberta.

Mr. Speaker, I spent quite a few years on a municipal council, and I would say that waste disposal sites and landfills, as we call them, were probably the most frustrating events I had during those years. That's because of the small communities that were involved rather than large cities. Now I can see that larger cities handle a lot more disposal waste, but they are able to organize . . .

MR. SPEAKER: Order please. The Chair hesitates to interrupt but the time is 4:30, and the time for consideration of this item of business is therefore concluded.

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

Bill 213
An Act to Amend the Guarantees Acknowledgment Act

MR. NELSON: Mr. Speaker, it is with a great deal of pleasure that I am able again to move second reading of Bill 213, An Act to Amend the Guarantees Acknowledgment Act.

This is the second time I have introduced this Bill to the Legislature. It was debated as Bill 214 last year. Since that time an additional examination of the functioning of the Act and its legal interpretation has been published by the Institute of Law Research and Reform at the University of Alberta, information that is very pertinent to the debate today.

Mr. Speaker, the Guarantees Acknowledgment Act first appeared in Alberta statutes in 1939. Although the reason for its introduction into the structure of commercial law is not known, it is felt that the Act represents an extension of the statute of frauds. Essentially, its purpose is to protect individuals from entering into arrangements without full knowledge of the obligations those agreements impose upon them.

The Act requires that any individual agreeing to act as a guarantor for the obligations and liabilities of another person appear before a notary public and sign a statement acknowledging that he has entered into the guarantee. The notary public is required to examine the guarantor and satisfy himself that the guarantor is aware of the contents of the guarantee and understands it. He or she is then required to sign a certificate stating this satisfaction. Without this certificate no guarantee undertaken in Alberta is legally binding. Mr. Speaker, the key word in those last sentences is "awareness" of the contents of the guarantee.

Basically, Mr. Speaker, the Act is a form of consumer protection legislation. Its purpose is to protect the ordinary person or the unsophisticated investor from agreeing to something beyond their understanding and from being surprised by legal obligations or liabilities should the guarantee ever be acted on.

The existence of the Act has frequently been questioned. It is a unique piece of legislation. No other province has a similar requirement in fixing the validity of guarantees. Most recently the authors of a 1985 report of the Institute of Law Research and Reform, the Statute of Frauds and Related Legislation, found themselves divided on the issue of whether the Act should or should not be repealed in its entirety. Opponents of the law argue that it has outlived its usefulness, that guarantees are simply another type of commercial contract and should not receive special treatment under the law and that it is not proper for the law to require lawyers to perform specific services or to require individuals to seek legal advice when it may not be necessary. This is a very important point and one that should be remembered as we discuss this further, Mr. Speaker.

With great respect to the individuals who share these opinions, it is my belief that the Act is necessary, and to quote from Ian Baxter's *Law of Banking:*

> A guarantee is not a contract . . . necessitating full disclosure of all material facts. The bank is under no duty to volunteer information concerning the financial

> position of the principal debtor to a prospective guarantor and, in fact, it may be a breach of the banker-customer contract if it makes such disclosures without the customer's consent expressed or implied. The general position is that the bank is under no duty to give information on matters about which it is asked no questions . . .

Unless the guarantor asks the right questions, he or she may not receive adequate information to protect their own interests.

Mr. Speaker, the fact of the matter is that many bank people, including managers and lending officers, don't understand what is in the guarantee and won't and can't advise you because of that fact. Bankers' lawyers have made the document so complicated that they don't want their people involved with it. Do you know that a loans officer at a Continental Bank, where I did some business, told me he had never read a guarantee through? In fact, that banker or lending officer could not advise me, or at least inform me, of the real contents of the guarantee that he wanted on behalf of his banking institution.

A study requested by the Attorney General concluded that the Guarantees Acknowledgment Act should be retained. They took that position because they believed if the Act was repealed, a significant minority of persons would sign guarantees without appreciating the nature and extent of the legal obligation thereby taken.

Therefore, there remains a need for such an Act as the Guarantees Acknowledgment Act, a need for someone to pose the question: do you know the potential obligations and liabilities you are assuming? Given that, Mr. Speaker, it is necessary to examine whether the Act as it presently stands is adequate. The question that must be asked is: how best to ensure that individuals signing a guarantee fully understand the legal significance of their action? On the surface it may appear that Alberta has gone one step further than other provinces insofar as protection is concerned. However, the provisions under the Act do not necessarily offer any greater protection than is available elsewhere.

The basic issue that arises is whether a notary public possesses sufficient legal knowledge to understand a guarantee himself or herself, let alone assure that the guarantor understands it. As the 1985 report of the Institute of Law Research and Reform notes:

> Many notaries in Alberta and elsewhere are appointed primarily for other functions and with no assurance that they understand the law of guarantees.

Mr. Speaker, members of this Assembly are assigned a notary designation, and I am sure that most of us do not understand the total ramifications of a guarantee, although I am now aware that many of us in this House are lawyers and certainly have the capabilities, generally speaking, through legal training to understand the nature of guarantees. I can assure you, Mr. Speaker, that prior to my getting involved in the implications and complexities of guarantees, I did not know the total ramifications.

According to the Act, the notary must satisfy himself or herself by examination of the guarantor that the latter is aware of the contents of the guarantee and understands it. It was the opinion of a 1970 report of the law institute that

> the emphasis on the contents of the guarantee is misplaced and that attention should instead be directed to the legal significance of the obligation.

The instrument creating the guarantee is sometimes a complicated document, as we will determine. Furthermore, there is difficulty in certifying as to another person's degree of comprehension. In other words, those of us not trained to interpret legal documents so that we can understand them in plain English should not be doing it.

To demonstrate this point a little more, Mr. Speaker, I would like to briefly go through some sections of a type of guarantee. I will, for this purpose, use the Royal Bank of Canada's Guarantee and Postponement of Claim form for a personal guarantee. This is a form that is used in Alberta by the bank and is some three pages in length, with very small print. I would like to emphasize the name of the form: A Guarantee and Postponement of Claim.

What is a guarantee? It's a deed or written agreement whereby a person not being a corporation enters into an obligation to answer to an act, default, or omission of another person or persons. For example, a small businessman guaranteeing a loan to his own company puts up his personal assets to cover or add security to a loan that he has undertaken on behalf of his or her company. The other part of the form, the postponement of claim, basically makes any claims on debts between the guarantor and the person he or she is signing the guarantee for subordinate to the liabilities imposed by the guarantee.

It's interesting to note that hidden in this document are two other agreements not indicated in its title. There's another guarantee called a continuing guarantee and an assignment of the the liabilities incurred. Mr. Speaker, a continuing guarantee is one relating to a future liability of the principal under successive transactions which either continue his or her liability to the lending institution or, from time to time, review it after the original liability has been satisfied. An assignment is a transfer or making over to another the whole of any property, real or personal, or of any estate or right therein.

A personal guarantee is composed of four parts, as identified by the one we're dealing with: a postponement of claim, a continuing guarantee, the guarantee, and an assignment, all in one document. I would like to discuss a few of the items within the guarantee form itself. I will run through a few paragraphs that are extremely complicated and difficult to understand.

Mr. Speaker, in one particular paragraph it states:

> The guarantee shall be a continuing guarantee and shall cover all the liabilities and it shall apply to and secure any ultimate balance due or remaining unpaid to the banks.

In other words, if I borrow $50,000 for a capital investment and for some reason or other I become bankrupt or go into receivership and the guarantor is called upon to pay that debt, there may be additional moneys he may not feel obligated to pay which he must pay under the terms of this particular section. These could include such things as interest charges, receivership fees, bankruptcy fees, overdrafts, lawyer's fees, various bank charges, and other items the bank feels should be tacked on as their costs. Remember, most of us as notaries do not understand the full extent of this type of agreement.

Mr. Speaker, it also says:

> This assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding the liability of the undersigned or any of them under the said guarantee may be extinct. The term liabilities as previously defined for purposes of the postponement feature provided by this agreement and this section in particular includes any funds advanced

> or held at the disposal of the customer under any lines of credit.

The assignment and postponement is independent of the aforementioned guarantee.

Let's go down to another section, Mr. Speaker. It states:

> ... may apply all monies that at any time received from the customer or others or from securities upon such part of the liabilities that the bank deems best and change any such application in whole or in part from time to time as the bank may see fit. The whole without in any way limiting or lessening the liability of the undersigned [from] this guarantee any very importantly and no loss or of in respect of any securities received by the bank from the customer or others whether occasioned by the fault of the bank or otherwise shall in any way limit or lessen the liability of the undersigned under this guarantee.

I'm sure you all understood what I said.

In layman's terms, Mr. Speaker, this section provides that even where you give the bank security for a loan and they, through their own negligence, lose it, you as the guarantor remain liable, and you bear the loss of the security. How many of the hon. members present would know and be able to advise a client of the true meaning of that section?

Another section of the guarantee reads:

> All monies, advances, renewals and credits in fact borrowed or obtained from the bank shall be deemed to form part of the liabilities notwithstanding any lack of limitation of status or of power, incapacity or disability of the customer or of the directors, partners or agents thereof or that the customer may not be a legal or sueable entity or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, the whole rather known to the bank or not and any sum which may not be recoverable from the undersigned on the footing of a guarantee shall be recoverable from the undersigned and each of them as sole and principal debtor in respect therefore and shall be paid to the bank on demand with interest and accessories.

Now that is a real mouthful, Mr. Speaker, and I'm sure we all understand it.

[Mr. Musgreave in the Chair]

Accessories are obligations which are incidental to the principal obligation. As I previously indicated, accessories could mean other charges that are an unknown factor at the time of signing a document of this nature.

I would like to read a portion of a further paragraph to give you an idea as to how this document affects others.

> This guarantee and agreement shall extend to and enure to the benefit of the bank and its successors and assigns and every reference hereinto the undersigned or to each of them or to any of them is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or each of them or any of them as the case may be to and upon all of whom this guarantee and agreement shall extend and be binding.

This means that if the principal were to default and you as the guarantor were to pass away, your estate or your heirs would then carry that debt. However, the wife and children of an unlucky businessperson can stop the debt collection process when he dies if they formally renounce inheriting his entire estate.

Mr. Speaker, I've just given a very short overview of the complex and onerous nature of personal guarantees. The Bill introduced today will hopefully assist businesspeople and other individuals by ensuring that they have gone to a qualified, trained professional who understands the document and can determine their own ability to understand it.

The first change in the Bill is a substitution of the term "lawyer" for the term "notary public." This change was advocated by the law institute in its report of 1985. They note:

> If the official who examines a guarantor does not himself [or herself] understand the guarantee, he cannot satisfy himself that the guarantor understands it, and the protection given by the Act is illusory ... A lawyer, on the other hand, is qualified to understand and explain the legal effect of contractual obligations, including guarantees.

The second amendment suggested is that the guarantor appear before a lawyer who is not acting for the person to whom the obligation is incurred. In other words, the guarantor cannot go to the bank's lawyers but must seek independent legal advice. Mr. Speaker, this is a practice widely advocated by the legal profession for other types of agreements, such as purchase agreements for buying houses and other property. The central idea is to obtain advice from someone who will put your interests first and will not be in a position of acting for conflicting interests.

Mr. Speaker, I know that in many circumstances in the province that may not be possible, because there is no independent lawyer available in small communities. It will impose some time delays and perhaps some outside travel. However, it is my belief that the protection of the individual underlying the Guarantees Acknowledgment Act makes this additional requirement necessary.

The third area of change I am requesting is that we remove the term "aware" in the acknowledgment and replacement it with "that he fully understands the contents of the guarantee and the obligations under it," at which time a lawyer could then issue a certificate indicating that the client understands the complexities of the document. Again, Mr. Speaker, the 1985 report of the Institute of Law Research and Reform proposes a similar amendment to the Act. They argue:

> We think that the certificate should state that the guarantor is aware of the nature and extent of the obligation rather than that ... he is aware of the contents of the guarantee and understands it. which could be interpreted as requiring the official to explain in minute detail every clause of a long and complex guarantee, a process which would be of little value to the guarantor ...

Finally, the fee lawyers would be permitted to charge for the issue of a certificate would be raised to $50 from $5 as is presently legislated for a notary public. This would ensure that lawyers are compensated for the additional time the amendment just discussed would require them to spend with a client. I might add. Mr. Speaker, that contact with some lawyers has indicated that they feel $100 might be more appropriate, so we kind of met in the middle somewhere.

It should be noted, Mr. Speaker, that Bill 213 does not solve the complete problem of a guarantee. It takes into account the unsophisticated investor or businessperson who does not have a bank of lawyers to protect him. It is time for us to show leadership in ensuring that our unsophisticated

investor and small businessperson have protection in the province of Alberta and it's easily identified to them.

It should also be noted, Mr. Speaker, that during discussions with people and various activities in dealing with this issue over two or three years, we also need to look at the guarantee itself and maybe changing the form in which it's used in Alberta, possibly to one similarly used in British Columbia and other provinces. This does not mean to say that any businessperson does not wish to meet their obligations; they wish to know what those obligations are. I know that any person that I've discussed this issue with has not been given too much information relevant to the contract they've encumbered themselves with.

Mr. Speaker, a timely item to bring up here is to consider changes in our rules of court in Alberta. I look at rule 159(2) of the courts of Alberta. It's used in many cases, and it's suggested it is used to deny a defendant the fundamental right to natural justice, especially where there are things like foreclosures, bankruptcies and, of course, a call on a personal guarantee. We need to offer every person the full right to answer in defence, the right to examine and call witnesses as they see fit, and the opportunity to exercise these rights. Some people have made every effort to have their day in court to have natural justice. It has been stated by one person to me that the system is ... In an attempt to have their day in court, they suggested that the guarantee used is an immoral contrivance. However, some of the rules of court may have to be examined along with the personal guarantee in dealing with this whole broad issue of the rights we as people have, albeit under the contract we signed, but certainly we need to have those rights.

I'm sure that each of us in this Legislature wants to see justice done, and as notary publics it is our duty only to examine an individual to determine whether he is aware of the contents of a guarantee. I'm sure that we would not like to see a person we may know sign a document that neither of us understands. Mr. Speaker, this is why we need to enact Bill 213, to at least start a process where people knowingly do something rather than unknowingly become a victim of circumstances beyond their control.

This is only a first step. We as a government should examine the nature of guarantees specifically to determine whether they give lenders too much power over the financial interests of guarantors. We should also examine the nature of the language used in the documents and in all legal documents an average citizen may be required to sign in commercial transactions. The issue of legal language has been raised in this session already by my colleague the Member for Ponoka-Rimbey. It is one that I hope will be debated further.

We should also be examining the very serious situation of the extent to which banks and other lending institutions require businessmen to sign guarantees. It has been found that most businesses are required to provide in the range of 300 percent security on loans and most new businesses face collateral requirements in the vicinity of 400 percent. Such requirements make it difficult for enterprising businessmen to obtain financing required for growth and expansion, a problem which has ramifications for the entire economy.

However, since we must legislate to the realities of the present situation, I urge members to support Bill 213 and increase the protection provided to individuals committing themselves to guarantees.

Thank you, Mr. Speaker.

MR. HERON: Mr. Speaker, I compliment the Member for Calgary McCall for his understanding of guarantees and the time he devoted to the inherent technicalities and some of the problems with signing a guarantee and postponement of claim with or without full liability or limited liability. I agree with him: it is a very powerful and sometimes onerous securities document. That said, however, that will probably be the last step I will walk in tandem with the hon. member on this issue.

Mr. Speaker, I have a problem with the amendment to the Guarantees Acknowledgment Act expressed through Bill 213 by the Member for Calgary McCall. I believe that the present Guarantees Acknowledgment Act has served the business community for many, many years, and I do not support the proposed changes. The present Act requires that before a loan is granted, a signed statement is required by the lender showing that the businessperson appears "aware of the contents of the guarantee and understands it." The statement must be signed before a notary public, who is usually a lawyer.

The present Act serves its purpose in that it protects the public against lending institutions taking advantage of an individual signing something they simply do not understand. As it now stands, it's a very simple procedure to sign a declaration saying they understand the document and pay a notary public $5. Bill 213 advocates mandatory legal advice and provides for a $50 fee, which, I daresay, will immediately set the wheels in motion for much higher fees in the future.

Let's look at the Utopian, Big Brother concepts advocated in this proposed legislation very carefully. I for one do not need a lawyer to explain the ramifications and implications contained by signing a simple bank guarantee. If I feel uncomfortable with any document, the onus is upon me as a prudent man to obtain that amount of advice which will lower the risk level generated by insufficient knowledge. The same applies to all businesspeople, and this government should advocate, instead of more legislation and more control, a higher level of self-sufficiency by encouraging caveat emptor, which is Latin for "let the buyer beware." Existing legislation does just that and does not force extra costs upon those businesspersons who have taken it upon themselves to study this security instrument.

While on this topic, it is not uncommon for some individuals to sign several guarantees. Surely we are not advocating a duplication of legal fees over and over during our business lives. I have heard some criticism of the banks, which I feel is largely unjustified. Personally, I would not sign a full and unlimited guarantee unless I had control of 100 percent of the stock of a company. But the next individual may wish to do so, thereby giving the bank a greater security coverage, and he may choose to negotiate a lower interest cost for that greater coverage.

Interest charged and risk are directly related. Lower risk means lower rates. If a bank is going to invest depositors' money in a business through, say, a loan to an Alberta firm, I would certainly hope that first the assets are protected by as much security as possible and that they strive to maximize return by the interest rate they charge. The rate is set by the competitive market, and certainly a person is free to negotiate all aspects of that deal: security, interest rates, and the bank they choose to deal with. Certainly since the 1967 Bank Act amendment we have witnessed a very competitive banking environment, where one is free to make these choices.

By doing our homework and by negotiating a tough deal, we encourage a stronger banking system. I might add

that Canada, in spite of the recent failures, has an enviable banking system when compared to other industrialized nations. That said, I simply will not buy the argument that banks are usurious. It is up to the individual to obtain sufficient advice and negotiate the amount of security, the interest rate, and the financial institution he chooses. This is the competitive, laissez-faire world that we advocate.

The Member for Calgary McCall made the point, using several banks, that the bank does not often and in fact may not be able to divulge information about a second-party guarantee. Why should the onus be on the banks to produce information about the principal borrower? This is the job and responsibility of the person who is putting up the guarantee. How can this Assembly protect a person through legislation who is so naive to sign a form or something he doesn't understand guaranteeing the loans or liabilities of a person or company he doesn't have financial information about? He really is leaving himself exposed to a present and future liability.

A loan guarantee is a logical bridge between the individual and the incorporated company. An individual usually incorporates to limit liability and shelter personal assets from those of the company. The loan guarantee extends the claim to include those personal assets, a very useful but optional tool for extending corporate lines of credit. Certainly we can research horror stories about guarantees being exercised when the borrower defaults, but let's not lose sight of a very important, valuable, and tangible piece of security which can be used to expand credit lines. Prudent leverage and expansion of the credit lines means economic growth.

I don't think the debate should focus upon any negative attitudes towards using the guarantee as a credit instrument or upon the lending institutions who use this instrument to usefully expand the credit lines of a client. My remarks have centred on the positive aspects of using guarantees, positive from both lender and borrower viewpoints. The thrust for change comes from a desire to create greater comfort range through the use of lawyers. I do not think for one moment that greater legal advice will mean fewer guarantees being utilized. I don't think that the lawyers will serve a role in discouraging an optimistic borrower from signing a guarantee at a bank.

Frankly, I am surprised at the position taken by the hon. Member for Calgary McCall. The laissez-faire, free-enterprise attitude he usually displays is certainly not in evidence this afternoon. I note that the May 23 *Hansard* records his views similar to those expounded here today. I am surprised at my hon. colleague advocating legislation and government involvement to protect people from themselves. By this I mean the process is presently in place with the existing arrangement without forcing people into the hands of lawyers and involving a 1,000 percent increase in their fees.

In fairness to my hon. colleague in what I view as a moment of weakness, I guess, lasting over a year, I must say that Bill 213 has a commendable objective, but it misses the mark. I do not think it is fair to shift upon the nation's lawyers the burden of creating such a safety net. Let's devote the same attention and focus upon self-sufficiency and independence in a free-market economy.

Thank you, Mr. Speaker.

MR. CHUMIR: Mr. Speaker, it's with some trepidation and reluctance that I rise to speak in support of this legislation at the risk of its being seen to be an attempt to create work for the profession to which I belong, although I'm sure that thought would never have crossed the mind of the hon. Member for Stony Plain. However, brushing aside this risk of misperception in the unselfish interest of better public policy, I do rise to speak in support of, at very least, the principle of this legislation.

Quite frankly, I find it very difficult to determine how one can argue against the principle in light of the fact that it follows quite logically from the basic premise of the Guarantees Acknowledgment Act. The premise of that legislation, of course, is that if a guarantor is to have a guarantee explained to him before that guarantee is to be valid, then the explanation must be given by somebody who in fact does understand the guarantee, which sometimes, but perhaps not always, includes a lawyer. It seems to me, Mr. Speaker, quite axiomatic and syllogistic that the Guarantees Acknowledgment Act must require a legally trained person to provide the acknowledgment under it if the substance of the legislation is to be fulfilled. Otherwise, why bother with the legislation at all?

Should I give you an opportunity to get a word in edgewise over there?

MRS. CRIPPS: Yes. If you'd put it in English so we wouldn't need an interpretation.

MR. CHUMIR: How would we make a living?

Otherwise, we wouldn't need the legislation at all. In fact, that may be the general tenor of the argument being made by the hon. Member for Stony Plain. If he's talking about interference of the community in the rights of individuals to deal contractually with others, that would be the only argument that is sustainable. But if he supports this type of legislation at all, surely he can't support legal advice being given by someone who doesn't have the legal training, unless he feels that should be made a general rule. Perhaps he feels that notary publics should be entitled to give legal advice generally.

I can readily imagine a common situation — I assume the hon. Member for Stony Plain may even have seen some of these — when a guarantor appears before a notary public and presents a scene from SCTV. For example, a notary public, after going through the document, would say, "Do you understand the nature of the agreement you are signing?" The guarantor would reply: "Not really. Can you explain it?" The notary public would then be seen to reply: "Well, actually . . . Well, no, I can't, but if I were a younger man or woman, perhaps. But I'll tell you what I'll do; I'll only charge you half my usual fee: two-fifty instead of five bucks, because I do a high-volume business."

Now, it's been suggested that small areas don't have lawyers readily available and that the presence or the ability to use a notary public is justified in that instance. However, in my view, it would be better to have a provision in the legislation to totally waive the need for a certificate in those circumstances, rather than encourage the bogus illusion that competent advice has been given by the poor bozo who's been appointed a notary and then finds himself faced with a request for legal advice in a complex guarantee for a maximum of five bucks.

So as an act of generosity in light of the concern of the hon. Member for Stony Plain with respect to the cost involved, I would be prepared to make an offer on behalf of the whole of my profession to continue the nominal fee of $5 for this service — as one of many contributions of the legal profession to the community — in light of the

obligatory nature to have the guarantees acknowledged in the manner provided for under this legislation.

In closing, I would congratulate the hon. Member for Calgary McCall for his courage and perspicacity in introducing this very farsighted and important amendment. Thank you.

DR. CASSIN: Mr. Speaker, I also would like to rise and speak against Bill 213. I fully recognize the objectives and the goals of the hon. Member for Calgary McCall in trying to bring in a second or a sober look at any business venture, particularly by the young and inexperienced businessman who is venturing into the world of high finance. I also appreciate that this may apply to some other areas, but I've had to sign a number of personal guarantees myself, and in those incidents I've always used the resources of the lawyers. It's part of the service.

But I really have to ask myself at this time whether a lawyer, other than being familiar with the legalese of the document, can really advise or assist or help this individual in this particular capacity. I think we have to look at what is the capacity of the guarantee. Basically it's asking an individual: does he understand the content of the guarantee and his obligations under that? Usually with someone that's very keen and very interested in obtaining his loan and will say yes — and I'm not certain at this point in time that if I were to deal with an MLA or someone else who had the right and honour of being a notary public, it would have influenced the decision in any way. I have to concern myself that if we force the young businessman or woman to go through a lawyer to achieve this objective, we are increasing the cost with some questionable benefit.

I think it's been referred to by the hon. Member for Stony Plain that it's not just the initial loan or the loan by the bank, that more and more individuals are asking for personal guarantees. It may be the landlord; it may be other individuals. So it's adding to the increase in the cost. And if in fact we're expecting a legal opinion and advice, is that individual, the lawyer who represents you in this particular area, going to be responsible because things didn't work out? Is he taking on some obligations other than the simple obligation that is presently required under the Act? I would have some additional concerns that if that were the case, we would not be looking at a $50 charge but a charge that is much higher.

I would suggest that perhaps the objective might be achieved in some other manner. Perhaps we should look at a very simplified, perhaps a standard form, in large and bold print. The Member for Calgary McCall has indicated that it's difficult to understand. Many of these forms are difficult to read. I would suggest that perhaps the paragraph over the signature, besides being in bold print, should read "Borrower beware," and list those personal assets that the lender, in many cases, may have to render to the bank, whether it be your home, your car, your first-born child, et cetera. I feel that many people enter into these agreements without recognizing the full implications.

It's particularly important when one is entering into a business agreement with partners. Quite often you're asked to sign a personal guarantee. It may not be fully understood that that guarantee is both joint and several, so it means that if your partners are unable to meet their responsibility, it becomes your responsibility. It should also be pointed out that the bank or the creditor is going to go after the easiest mark; in other words, if there are three partners, the individual who would appear to have the majority of the assets is going to be attacked first. It is then up to that individual to go after his partners for compensation.

Mr. Speaker, I would like to ask that the Assembly give very serious consideration and that this particular motion be defeated. I see no reason for it at this time. I see additional cost, and I feel that the present system serves us very well.

Thank you.

MR. PIQUETTE: I would like to congratulate the Member for Calgary McCall on the astuteness of Bill 213, An Act to Amend the Guarantees Acknowledgment Act. I recall, as a young businessman a number of years ago, a similar example of how when young businesspeople get involved in business for the first time, because of the fact that a lot of them don't have the experience, very often they only learn through the world of hard knocks.

For a little loan I had negotiated for the purchase of a business, I had signed without my knowledge, with the signature signed by a notary public, personal guarantees to the extent that if I defaulted on that loan I would have to lose my car and so on all the way down the line. I had enough collateral in the business that I bought to begin with and money invested that no such guarantee had to be made. When I saw my lawyer after the bank guarantees had been signed, he advised me, "Why did you do that?" I said: "They asked me to sign that, and nobody told me of the implication. I didn't see any danger in doing that." He said, "That's why you should always contact a lawyer before you sign any documents."

That's why I find it very strange that the Member for Stony Plain would cut down with an axe the well-established argument by the Member for Calgary McCall. I think he, as a businessman — I believe he is a businessman — can look back at any one of us who has been in business in the past and some similar mistakes of not investigating fully the implication of documents we sign.

[Mr. Speaker in the Chair]

A while ago we debated the plain English language Bill. Very often a lot of our documents that people have to sign are so complex in terms of language that we don't understand them. I don't see that we're going to see much of a change in that. Until we do, which I think will probably be very far off in the next century, we must have in place legislation that protects individuals who do not have complete knowledge of a lot of the regulations or guarantees they have to sign when they're negotiating with banks.

By the way, in terms of that loan I negotiated as well, all that personal guarantee did not give me a better interest rate. Actually, I signed it at a very high interest rate, so I was taken advantage of twice. I was lucky to get out of that system in my other business ventures.

MR. SPEAKER: Perhaps the hon. member might care to address the whole House instead of that corner of the House.

MR. PIQUETTE: There were very few members in the House, so I . . .

MRS. MIROSH: Come on. Here we are.

MR. PIQUETTE: Okay. I'm sorry; I'll speak to the back of the House or to the Speaker.

Through all the experiences in a number of years in business, I think that as you negotiate and as you expand your business, there is no doubt there are a lot of pitfalls involved with small business. In our discussions about the whole aspect of small business and what we can do for small businesspeople, we talked about the fact that around 85 percent of small businesses started in Alberta fail within the first five years. So there are a lot of people that are very often hurt by the fact that sometimes the personal guarantees they sign, which would be to some extent maybe unnecessary — if they were perhaps advised more by a lawyer or somebody who knew the business of guarantees, they would not be making some of the investments or perhaps getting involved quite so readily without more due consideration of some of these business decisions.

I think one of the things we have to be very careful about is that when people go through these setbacks in life — we can call it the world of hard knocks. For those people who go through, say, bankruptcy or losing everything, a tremendous social and family cost is involved. I was looking at a statistic, for example, where over 40 percent of the marriages of people who have gone through personal bankruptcy dissolve into divorce proceedings, and it's climbing very quickly. So it's not only that we go through a personal bankruptcy and it's a learning experience; it's very often not a learning experience whatsoever. It's a tremendous social consequence that is created by this.

I would again like to congratulate the Member for Calgary McCall for Bill 213, because it is a very simple amendment to the existing Act. It's almost like what we did the other day relating to the Bill for the Women's Secretariat, where we changed "may" to "shall," which makes a big difference in the implications of the Act. Replacing "notary public" with "lawyer" will, I'm sure, create a much better informed constituency of people who are going to be signing personal guarantees in terms of small business or whatever other purchases they're planning to do.

We all have to admit that when we are involved with business transactions or loans, very often the first experience or the enthusiasm of concluding a business agreement overrules common sense. I can recall the first time I bought that little hairdressing shop in Edmonton. I didn't look at all at the possible consequences down the line. I was just ecstatic that I was suddenly a small businessman, without even looking at the consequences of what I had done.

I would like again to congratulate the member. I believe there is one more member who would like to speak to this motion. Thank you very much.

MR. OLDRING: Mr. Speaker, I do not want to admonish the Member for Calgary McCall for speaking out of character, as alluded to by the Member for Stony Plain, but I do want to compliment the member for his persistence.

I would have liked to participate in the discussions that we held here this afternoon relevant to Bill 213, but in light of the hour I would beg leave to adjourn debate at this time.

MR. SPEAKER: Having heard the motion by the hon. Member for Red Deer South, does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

MR. HORSMAN: Mr. Speaker, this evening in government business at 8 o'clock: second readings of Bills on the Order Paper, commencing with Bill 50, followed by Bill 15, and then going on to other Bills for second reading as might be reached.

[The House recessed at 5:28 p.m. and resumed at 8 p.m.]

head: GOVERNMENT BILLS AND ORDERS
(Second Reading)

Bill 50
Gas Resources Preservation Amendment Act, 1986

[Adjourned debate September 10: Mr. Martin]

MR. HAWKESWORTH: Mr. Speaker, I'd like to make a few comments on Bill 50 as it's in front of us tonight for second reading, that being approval in principle.

As has been stated already by some hon. members in this Assembly, this is an important piece of legislation. It appears to make two major changes. First of all, there's a dropping of the requirement for the Energy Resources Conservation Board to have public hearings in regard to various permits which they may from time to time be requested to make rulings on. Secondly, it is dropping the cost/benefit test, which under the existing legislation was one of the principles by which the board was to determine what was in the public interest of Alberta. That particular section has been replaced by matters considered relevant by the Energy Resources Conservation Board.

This one particular aspect of the proposed Bill 50 removes a test that was introduced only two years ago by the previous minister of energy. Mr. Speaker, I think that in terms of the principle of the Bill it's significant that this particular piece of legislation is replacing or is affecting that section of the Act which deals with the matter of the public interest of Alberta. In that regard, the comments I would like to make this evening to a certain extent reflect what I see are some of the factors going into decisions on the public interest as it's related to Albertans and to a key and vital resource of the people of this province.

In his opening remarks the other day the minister indicated that in the past gas approval permits have always in the end required the decision of cabinet and/or the minister. That particular aspect has not changed, so that the ultimate authority for permits or removal of natural gas rests within the hands of the minister and his cabinet colleagues. From his comments in saying that as part of the introduction to this Bill, I presume he was taking steps to reassure the Assembly and the people of this province that the public interest is going to be protected and that the minister and cabinet have sufficient resources or ability to make that determination in the absence of the requirement for public hearings of the ERCB and by dropping from existing legislation the test for the expected economic cost and benefits to Alberta.

Because this is all part of a package of deregulation, Mr. Speaker — and it's interesting to see all the new pieces of legislation that are required in order to achieve deregulation — it might be worth while to take just a moment or two to talk about what I see as the respective roles of a responsible government, a cabinet minister, and cabinet,

over and against the rules of a regulatory quasi-judicial board, because both have important roles to play in a democratic society. The thing about democratic societies, Mr. Speaker, is that interest groups have the freedom to work to achieve their particular interests, and in many cases those interests are competing interests. So sometimes we have producers competing with the interests of consumers; labour competing with the interests of management.

MR. SPEAKER: Hon. member, just half a moment. The Chair hesitates to interrupt the hon. Member for Calgary Mountain View but would like to remind all members of the Assembly that this is second reading. It is not Committee of Supply, and it is not Committee of the Whole. A bit more care and attention could be given to the remarks being presented by the member who is now speaking, or perhaps a cup of coffee might be in order in the members' lounge.

MR. HAWKESWORTH: Thank you very much, Mr. Speaker.

In a free and democratic society various interest groups are competing in favour of their particular interests, and at times they do so at the expense of others. The important job of politicians, it seems to me, is to sort out competing interests and, out of that, determine the public interest. It's not an easy job, as any of us in this Assembly will willingly concede. Many times those take place on a day-to-day basis. Policies and programs are established in order to deal with particular problems that crop up from day to day or month to month, in order to deal with certain kinds of needs in society as they change. Governments change and policies and programs change.

But there are certain situations, Mr. Speaker, that by their very nature require some ongoing framework for resolution. These are especially technical matters in which competing interests need to have various decisions made on a regular basis. So a framework is set up, and usually some form of quasi-judicial board is established which lays out regulations and rules in order to try to resolve these particular interests on a regular basis. In setting up those boards, in particular the Energy Resources Conservation Board — my hon. colleague the Member for Calgary Forest Lawn reviewed to some extent the history leading up to this particular Act and the role the board has traditionally played, and outlined some of the reasons why that board was originally set up, why a certain kind of framework was established, and how that has existed and evolved over time. So politicians and governments establish quasi-judicial boards with particular sorts of regulations and rules.

In the case of the Energy Resources Conservation Board an important provincial resource has been the subject of that board's concern and mandate for many years. So a technical and competent board has been established that hears individual applications and hears them within the framework established by legislation. It is that framework, Mr. Speaker, which Bill 50 is going to amend.

As part of the normal or understood role of a quasi-judicial board, it holds public hearings to ensure that the interests of the various groups that appear before it are protected. In trying to determine the public interest, it is set up in such a way that individual private interests or the interests of individual parties are not undercut or dealt with in an arbitrary manner and that there is a right to cross-examination and hearing and understanding of why decisions get made. There is, in effect, Mr. Speaker, an open forum of decision-making and arbitration process that occurs. Because of that framework the public interest is determined; that is, the interests of different competing groups. Out of that, the public interest comes.

But now we're into a new climate. The government has made a general policy direction that deregulation of this particular industry is going to take place. In order to be able to proceed with that particular deregulation, certain sections of certain legislation have to be removed or altered. So the framework of decision-making is going to alter. We're not going to have a cost/benefit test in order to determine the public interest. A requirement for the board to hold public hearings is not specifically outlined in this legislation, although I presume that there would still be some opportunity to have public hearings. If it were directed from time to time, they could carry that out. But I, as with the Member for Calgary Buffalo in his earlier comments, could not find in this Act where that is specifically included. I'm referring now to Bill 50. I can't see where that is particularly included, although in the existing legislation the matter of a public hearing is mentioned.

So the cost/benefit test to Albertans is being removed. The requirement for public hearings is being removed. My question, then, is this: how do the minister and this government propose to determine how the public interest will be met? Presumably the minister is going to say that the marketplace is going to determine that, that out of this back and forth between buyers and sellers will come the public interest. That's the philosophical argument he is going to make. But this government has had an historic commitment to effectively protect the owners of the resource, Mr. Speaker, who often are not always active participants in the decisions that are made on a daily basis. That's why it's important for us as legislators to ensure that sometimes the unheard and uninvolved are adequately protected when legislation is put in place. My question still remains. How is the public going to be effectively protected as the owners of this resource if these two key sections of existing legislation are going to be abandoned?

The minister may also state that he's a politician and his government is duly elected and that if they don't protect the public interest, they're going to be voted out of office at the next election, so he has a very personal, committed self-interest in making sure that the interests of the province as a whole are protected. Mr. Speaker, because this is a matter of a highly technical nature, it's very complex. Because ministers and politicians have many demands on their time, to the point that they can't specialize in certain areas under their jurisdiction, they tend to be generalists and depend for their information on others, which is another important role quasi-judicial boards play. In being the technical, ongoing guardians of public interest as reflected in the legislation they carry out, they can perform almost in the shoes or in the place of a government or the public. If you remove that role and remove that important responsibility and then place it in the hands of a minister or a cabinet to make those kinds of determinations, they can many times be held ransom by the kinds of information they're receiving. By their very nature, they are not technical; they are generalists. By the nature of the job, politicians are subject to pressure groups, and depending on how effective an individual interest group can be, they can sway a decision of a minister or a cabinet. I could think of no better example than Bill 52, legislation brought into this House within recent days, as an example of how that process occurs.

So how does a cabinet or a minister subject to these kinds of day-to-day political pressures take the long view?

I'm being quite frank here. I think that for almost any elected individual the time frame is a very brief one — perhaps a month, two months, a term. Therefore, the horizon which politicians use in being able to determine what the public interest is can also be very short and a very short-sighted approach to determining the public interest.

Ministers and the cabinet are going to be subject to tremendous political pressure in order to approve particular kinds of permits. Perhaps because of some free-trade agreement with the United States it may be impossible, or possible only at great political risk, to refuse to grant a permit for the export of natural gas, say, to the United States if they're dependent on our source of supply in Alberta. How will a government be able to determine the best interests of Albertans in allowing that resource to be exported to the United States, perhaps at the expense of Albertans? The only means cabinet and the minister would have would be the political test, not the cost/benefit test which the ERCB is presently required to support in reviewing these applications for permits. I have a considerable amount of worry over the long term as to what this weakened role of the board will be in terms of its ability to properly guide the minister and cabinet.

The other thing that worries me about the politicization of these kinds of decisions in determining the long-term best interests of Albertans is that governments and cabinet ministers become subject also to who is the biggest fish in the pond. So if we have various competing interest groups, the decision is made not on the basis of the public interest but on which one is the most effective and which one has the greatest weight in being able to sway the decision of government. So there is an important role that a quasi-judicial board, a regulatory board can have in terms of buffering. That's all they should be able to do: not replace but simply buffer the political process to the point that longer term decisions can be made in the best public interest, and all short-term pressures that come to bear on an individual minister or government are muted somewhat by that board. If you get rid of that buffering process, I think it can be very, very difficult at times for a minister or cabinet to resist the sort of pressure that can be brought to bear.

In conclusion, Mr. Speaker, I get incensed with all of this. Back in the days when energy prices were going up, Alberta was kept down because of decisions taken. Now that prices are going down, it seems the pressure is on Alberta to deregulate in order that the consumers out there . . . I note recent reports that industrial users are saving hundreds of millions of dollars in energy costs because of the deregulated environment that is starting to come into place because of reduced world oil and energy prices. Now that that is happening and the fall in prices is going ahead, when a situation of a regulated price would benefit Alberta, once again we've been outnegotiated. Now the provincial government is proceeding with deregulation at a time of falling prices. Deregulation is only going to accentuate the fall and reduce the cash flow to the industry, and again it's with the willing participation of the government.

I get a feeling that this province has continually been outnegotiated. I'm afraid to see it happen, but I guess it's going to carry on. It's all part of these Bills that are coming forward. In the interests of all those larger numbers of consumers and voters in other parts of Canada who are going to benefit from this environment, the pressure is on now to go into that free-fall zone. I don't know what the long-term impact is going to be, but I can certainly see that the short-term impact is that it's going to hurt the cash flow position of the industry. I'll bet you anything that if those prices start to climb on the international commodity market, the pressure is going to be on. In order to protect those larger numbers of consumers and voters out there, we're going to have to bring back the regulated market to ensure that that is not a skyrocketing increase in prices to eastern Canada.

Mr. Speaker, this is the wrong time; these are the wrong changes. As far as I'm concerned, there is not adequate protection for the long-term best interests of Albertans. The cost/benefit test is being removed and replaced with a much weaker provision. The role of an important and well-respected board, which has served this province well in the years past, is being diluted. In its place larger roles and responsibilities are being given to the minister and to the government. In view of past history and experience, I'm afraid they will not be capable of looking out for the long-term best interests of the children and grandchildren of this province and the oil and energy producers in this province.

Thank you, Mr. Speaker.

MR. TAYLOR: Mr. Speaker, in speaking to the Bill, I notice that the hon. member from Calgary has already mentioned that one of the major problems is the withdrawal of public hearings. I'd like to go on. He also mentioned the cost/benefit test being removed. That has to concern me a great deal. I don't know who it was that said that those who do not learn from history are condemned to repeat it. I think this is what's happening to our front bench over on the other side.

In any study of oil and gas marketing in North America, starting around the turn of the century and particularly in the states east of the Mississippi, you could almost substitute the names and the words and the times for what is happening today in Alberta and has happened as we moved from the controlled environment of just prior to the NEP, through the NEP, and into what the government has ushered in, what you might call the Rockefeller era of their energy accord. We get the same thing today with the energy accord, when the markets and restrictions have been turned loose, as developed in the United States between 1895 and about 1915. We're compressing the same history in here. Some of the larger consumer organizations were able to get control of the refineries. There are fewer refineries; they bought up the other refineries. They bought the pipelines. Then they started setting the price to the producer in a selective manner so that the producers were squeezed out and so that eventually those that were in the refining and pipeline end ended up going into production. Then we had to deal with the antitrust Acts of 1915 in the U.S. and go on from that. Right now we're about halfway along.

Mr. Speaker, I'm not raising a false alarm here. It's not by accident that we notice company after company now falling prey and falling under, selling out to pipeline companies, selling out to distributing organizations in eastern Canada. They can see as clearly as the minister apparently cannot see that under the new deregulation environment it's going to be very difficult indeed for any group here, and least of all a government that has this reputation of losing their trousers every time they've gotten into an oil poker game with eastern Canada in the last 12 years. I think they feel quite confident that they can walk out here and structure gas contracts between Alberta and the rest of Canada and the U.S. that will quite often have no bearing on what the real market price would be. In other words, if you own a pipeline company or an interest in a pipeline company,

certainly if you own the producing reserves in here, what's wrong with your contracting your reserves to an affiliated company or buyer in eastern Canada or in the United States? This is the type of thing you set in motion.

I know this cabinet probably has more confidence than I've seen in any group in a long time that they know what they're doing in the oil business. I learned long ago that when a businessman tells you he knows what he's doing, he's usually the real sucker. That's the one you can take to the cleaners. This confidence that you see exhibited on the front bench here indicates to me that they don't know what they're getting into. They don't know what kind of setup they've put in place. I don't think they are smart enough, to put it bluntly, Mr. Speaker, nor do they have the talent to tell when there is an internecine or a contract being made between some producers here and a consumer down east that may be quite phony in the fact that it was negotiated to give the price advantage to the consuming end. I submit that any government would like to see that cost/benefit test in there. That would be something that would have to be proved. It would have to be proved in public and, in effect, would help the government. It might save them from their own folly at times and, if nothing else, possibly be able to blame them if they have to turn down a permit. But leaving it all within the board and the government is an incestuous relationship that I think could bode very poorly for the public of Alberta.

We move on into that. The whole question of reserves is what bothers me. When I look at this thing, it's called the Gas Resources Preservation Amendment Act. This government has shown that it can't preserve anything. If it's not nailed down, they'll sell it tomorrow.

DR. WEST: A point of order. Mr. Speaker, could I have a clarification? Some of the comments by the member opposite seem to be almost a defamation of character. I take exception to that and wonder if . . .

MR. TAYLOR: Mr. Speaker, certainly I am defaming the character of anybody that would sell our reserves for less than nothing and that can't keep track of anything. But I'm not picking out any specific people in the department now. I'm just saying that they've shown a history of incompetence and I don't expect any more improvement in the future. That is why we have to get back the public hearings, so they have the benefit of outside information.

MR. SPEAKER: On the point of order. The defamatory remarks, or so reputed to be, were in much more of a generic casting rather than directed at any particular person, especially within this Assembly. However, perhaps the Member for Westlock-Sturgeon could keep us more in focus with regard to the Bill before the Assembly.

MR. TAYLOR: Thank you, Mr. Speaker. Maybe I did get carried away and we're roasting them a little too hard, but I didn't smell their shoes burning. I'll turn the blowtorch down a little and go on, but it's hard for me not to get a little emotional when I've seen the mess they've made out of oil and gas and the mess they've made out of negotiating on behalf of the taxpayers.

I go on to the second part, Mr. Speaker, the whole question of a reserve bank. There's been no effort made here that I can see to try to set out for the future the amount of gas that we may need in, as I mentioned, gas reserves preservation. As I said, I doubt that this government knows what the word "preserve" means. Their history has been that if it's not nailed down, they'll sell it. Consequently, I am bothered indeed that the possibility may arrive — and it appears to be now. Mexico is holding on to their gas reserves; Holland just announced two days ago that they will not sell to this present market. Yet we have a government that sits here, rolls over on its back, and says, "What we've got, we'll sell."

What's bothering me is that probably within 10 years we're going to have depleted our easy to get at, cheaper gas reserves adjoining our cities, adjoining our pipelines. The people of Alberta, although they have had a gas industry that goes way back to 1905 — and Rudyard Kipling remarked about our having all hell for a basement instead of a government. . . I know Mr. Speaker is from Medicine Hat, and that's where the gas industry started. You and I know, Mr. Speaker, what it was like to try to get gas out of those old artesian wells. I speak with some generations of experience in the gas industry when I say what happens. Medicine Hat, in southern Alberta, is a classic example. Medicine Hat had gas to fuel industries, gas to fuel greenhouses, and then because it was there and there was no regulation on it, sold it right, left, and centre. They're now having to buy gas from central and outer regions of Alberta.

The same thing can happen to Alberta as an entity. We can end up 10 years from now getting our natural gas from the Mackenzie Delta or getting it from wells that are 30,000 feet deep because we were so foolish that today we sold our natural gas heritage at a measly dollar to a dollar and a half Canadian, not American. We didn't make any effort to try to set aside and tell the gas companies: "All right, you can export, Mr. So and So" — or Mrs. So and So or It or whatever you want to use — "You can sell it if you go out and find it in these hard-to-find areas, but you're not going to come in and get the easy, cheap gas that we've already set aside and we're using for the people, the farmers, and the manufacturers of this province. You're not going to export that all over at a pittance to another sister company." There's nothing in this Act that seems to set down clearly that we should be making sure.

Where are those reserves, if we do set any aside for Albertans? Are the reserves set up in the far northern boundaries of Alberta? Are the reserves set up at 40,000 to 50,000 feet in depth, which will cost millions to go down after at each hole? No. The only hearings I've seen this government come up with so far — even when they did have a limit, somehow or another it was very poor at that. Just as long as you could group all the gas in Alberta together, you could then go ahead and sell the cheap gas and worry about Albertans having to pay for the expensive gas down the road.

When we come to that, we come to the whole question of pricing. One of the things that's different — and this government is fond of putting in that they don't interfere with business. Well, who owns the gas if it isn't the people of Alberta, if it isn't the taxpayers of Alberta? There's a fallacy that seems to creep through the opposite benches, in the name of free enterprise, that the oil companies and the gas companies own the gas. The oil companies and the gas companies are lease agents. They're developers under contracts with the people of Alberta to take the gas and oil out of the ground and sell it. There's no reason whatsoever to say, "Oh, it's free enterprise; if they want to give it away for nothing, they can let it go."

It's your gas. Thirty to 40 cents of every dollar that comes in for natural gas is money that goes directly to the

provincial Treasury. That's the provincial government's share. If you take it on a profit basis, because it is a royalty, the taxpayers of Alberta really get 50 to 60 percent of the money. You should stick around, Mr. Premier, and you might learn. [interjections] Okay, I'm ready to talk here for quite a while. How much time have I got, Mr. Speaker, until my light goes on?

This is something that's near and dear to my heart. If ever I've seen an incompetent group of management — and I've worked in many of the oil areas of the world — I've never seen a government giving away assets that belong to their children and grandchildren for as little as this government has or mismanaging them as badly. This Act continues that idea. If what's gone on for the last six to 10 years hasn't been bad enough, you're going to turn it wide open. If you can't withdraw this Act and put in public hearings, where you can get people to come in and tell you or at least register their points so that you have that benefit, that arrogance has gone to the utmost point, and I'm sure you're going to pay for it in the long run.

We come now to the whole question of public hearings. As I mentioned, it helps a government. When I talk about public hearings, not only is it a benefit test but the question of a fair price. Any farmer will tell you that by selling more wheat, he is not going to make more money if people are not going to buy more wheat just because he drops the price. Yet we are one of the few areas of North America and one of the few governments that I know of in the world that has continually dropped, dropped, dropped when we have as little as we have. Most people probably don't realize that about three gas wells in the Middle East will produce as much as we have in all Alberta. Nevertheless, we continue to keep dropping our price, thinking the market will expand.

Ask the Minister of Energy. No matter how much juggling he will do with his figures, he will have to tell you that although we are selling 25, 30, or 40 percent more natural gas today than we did two years ago, we're taking in less money. Why? Because we're stupid enough to sit out there and keep dropping our price to sell more and more gas. The point is that we should be prorating the market amongst the people and holding the market until it comes back to us. Tell the Americans to work through their bubble. Tell the Americans to use up their bubble, and when the time comes they can come back to us — but don't contribute cheap gas out there in the hope that somehow or another we're going to pull ourselves up by our shoe straps.

Lastly, what worries me about this Bill is the fact that to me it's an absolute licence to go in there and pillage the reservoir and pillage the bank account of natural resources of our grandchildren and great-grandchildren. We have a Treasurer who is now admitting that in fact he's in a deficit position, that we're going to have to find new sources of money, and that somehow or another we're going to have to start paying the piper because for the last couple of years he's refused to pull in his belt. And do you know where that Treasurer will look first?

MR. SPEAKER: Hon. member, the Chair apologizes to you on behalf of the House. There's entirely too much noise, too many different conversations going on in the Assembly. Once again, this is second reading, not Committee of Supply or Committee of the Whole.

MR. TAYLOR: Thank you, Mr. Speaker.

MR. HAWKESWORTH: Point of order, Mr. Speaker. I think it might be something to do with the sound system and not any of the members.

MR. TAYLOR: I thought they were listening with rapt attention. At least I didn't see any movement. Even in the corner that's usually making lots of noise, they were sitting down and looking straight at me. They might have been glaring, Mr. Speaker, but they had their ears open. I know sometimes you have to pry them apart to drop in an idea, but it was going. I was happy.

MR. SPEAKER: The Chair appreciates the pitch for the new sound system for the Legislative Assembly.

MR. TAYLOR: Mr. Speaker, the last thing I want to point out is that what I'm concerned about now is giving carte blanche to a government that is obviously in trouble, that is obviously having trouble with balancing the budget, that obviously needs new sources of money. There is every possibility, with this type of Act that you could drive a truck through, that in their sheer panic they will commit resources and reserves that in future we will have generations to regret. That is one of the reasons I think this should be withdrawn, and if not withdrawn, at the very least amended by the fact that there have to be public hearings before new gas export permits out of the province Alberta can be granted.

MR. HYLAND: Mr. Speaker, to just briefly participate in the debate of this Bill, I'd like to draw the hon. member's attention, in spite of a great deal of information he gave us — and I question how much of it is true and how much of it isn't. Be that as it may, he made the comment that the first gas well was drilled in Medicine Hat or that area. I think if he checks, he will find out that the first gas well was drilled not too many miles north and west of Bow Island, not many miles from his home farm.

MR. TAYLOR: Mr. Speaker, I just want to say that I stand corrected. But to these people up here Bow Island is a long way away.

MR. SPEAKER: The hon. member is out of order. Both members are wrong in their facts. The first gas well in the province was drilled in Waterton Park.

MR. WRIGHT: I second your version of the facts, Mr. Speaker.

The Premier has repeatedly told us, when we have complained about the fact of deregulation, which is evidently about to become fact, that the government in the end has a duty to make sure that the gas the province owns is not sold too cheaply and that in the end there will always be a limit to the amount gas can sink, even under deregulation. If that is so, why has this clause we have talked about, the test of cost/price benefit, been removed from the Act? We understand that it has something to do with the agreement to have deregulation that a subclause such as exists in the Act at present, which requires that the test of cost/benefit be one of the mandatory tests, is inconsistent with the deregulation agreement. If that is so, then it would seem, Mr. Speaker, that the Premier is mistaken in supposing that that test can apply. If he is not mistaken, why is the clause being removed?

If it is the intention, as I gathered from the hon. minister when he was introducing the Bill, that the sweepup clause — namely any other matters considered relevant by the board — will stand in place of the cost/benefit requirement — namely that although the cost/benefit requirement is removed; it will always come in there — then there is some dissembling going on, as it were: since it is forbidden under the deregulation, it's going to be done anyway, but we won't say so. There's something rum about that, Mr. Speaker. The honest thing is to have it in the Act if the Premier is going to follow through with his promise. If that means that the deregulation agreement has to be amended, so be it. It seems very odd that the two can stand together, as we understand is the allegation of the government.

Of course, the other thing — it's been alluded to by previous speakers — is the removal of public hearings. How will we know what the gas resources preservation board will be doing if there are no public hearings? We won't even know when it's happened until it has happened, possibly. Mind you, there's nothing that prevents them from having public hearings, but in matters so important to the economic life of the province surely it has to be a requirement. It does seem to be part and parcel of the deregulation mess, if I can call it that.

Even a mere tyro in this area, like me, can see that it's not very smart to have regulation when the price is high and deregulation when the price is low. That's exactly what we're getting, and it just doesn't seem to make sense at all. Yet we understand that Conservatives are supposed to be good managers, Mr. Speaker, and that this government is proud of being a good-managing government. I say that their performance, and particularly their program as represented in this Bill, speak to the contrary. We should take note of that and refuse to go along with this Bill at second reading.

MR. SPEAKER: May the minister sum up?

DR. WEBBER: I would like to respond to some of the issues that were raised yesterday afternoon and this evening, and maybe in some private discussions last night as well. The two main points that I would address relate to the public hearings issues and the economic costs and benefits.

First of all, with respect to public hearings the section of the Gas Resources Preservation Amendment Act that related to hearings is being repealed, as hon. members know. In other words, the general rule requiring a full hearing in all cases and except in relation to the short-term or spot-sales permits is being done away with in this Bill. The ERCB, however, will be able to follow its normal rules under section 29 of the Energy Resources Conservation Act. If hon. members would refer to that particular section, they would see that the hearing process is outlined in that particular section of the Energy Resources Conservation Act which involves hearings where others' interests may be adversely affected. In other words, Mr. Speaker, the ERCB would provide any party who might be directed or adversely affected by an application with an opportunity to learn the facts, provide evidence, and present arguments to the ERCB, which really is legally defined as constituting a hearing.

The practice of the board is that in cases where the interests of a party may be directly or adversely affected, they would have scheduled hearings. An important point that should be noted, Mr. Speaker, is that the protection afforded by section 29 of the Energy Resources Conservation Act was not in place in ERCB legislation when the Gas Resources Preservation Act came into place with these extensive hearing and notice requirements. So we are not doing away with hearings; we're doing away with the process of mandatory hearings as outlined in the Gas Resources Preservation Act. However, the Energy Resources Conservation Act is in place, and hearings could be provided through that particular Act.

Mr. Speaker, the second point I'd like to go on to is with respect to economic costs and benefits. In the gas pricing agreement section 23(ii) said:

> Alberta will review the wording of the Gas Resources Preservation Act, specifically section 5(3)(c), and as necessary, intends to amend the legislation to ensure that it does not require new sales to be incremental to existing sales prior to November 1, 1986.

Mr. Speaker, section 5(3)(c) requires the ERCB to consider the expected economic costs and benefits to Alberta for the removal of gas or propane from the province, and it was that section that was seen to be not compatible with the concept of fully negotiated prices. However, in this revised Act the board is directed to

> not grant a permit ... unless in its opinion it is in the public interest of Alberta to do so.

It's stated right there. This gives the board the power to refuse to grant a permit if the price is at a wasteful level or, in other words, is not in the public interest.

In addition, Mr. Speaker, under the proposed amendment section 13(1), if it is believed gas is being removed at prices not in the public interest of Alberta, the Lieutenant Governor in Council can ask the board to reconsider the affected removal permits. In addition, as I indicated yesterday, we have the order in council and ministerial approval before a permit can be issued.

Mr. Speaker, the two main concerns that have been raised about economic benefits being removed are not true. We have a section in the Bill unchanged from previously, in that if in the opinion of the board "it is in the public interest of Alberta to do so" they "shall not grant a permit" and that the board shall take any other matters considered relevant by the board. So the protection is there, not only in this Act but in the Energy Resources Conservation Act as well. Both the concerns, I believe, are not warranted. The concerns are warranted in the sense that they are our concerns, too, that we don't want to have our gas leave the province at wasteful prices. It's our concern, too, that proper processes are in place for public hearings, and they are.

Mr. Speaker, I'm sorry to say that the comments of the hon. Member for Westlock-Sturgeon were so frivolous and so disjointed and so much without substance. He never once talked about the principles of the Bill. I have to give credit to the other speakers. They at least were talking about the principles of the Bill. Even the hon. Member for Calgary Buffalo, sitting behind him, at least stuck to the principles of the Bill as well. [interjections] I will not respond to any comments from the Member for Westlock-Sturgeon. They're not worthy of rebuttal, in my view.

Mr. Speaker, I have addressed the two points that I wanted to address. Thank you.

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

MR. SPEAKER: All hon. members should be in their places before the bells have finished ringing, please.

[Eight minutes having elapsed, the House divided]

For the motion:

Adair	Fjordbotten	Nelson
Alger	Getty	Oldring
Betkowski	Heron	Osterman
Brassard	Hyland	Pengelly
Cassin	Johnston	Reid
Cherry	Jonson	Rostad
Clegg	Koper	Shaben
Crawford	Kowalski	Shrake
Cripps	McCoy	Sparrow
Day	Mirosh	Stevens
Downey	Moore, M.	Trynchy
Drobot	Moore, R.	Webber
Elliott	Musgreave	West
Fischer	Musgrove	Zarusky

Against the motion:

Chumir	McEachern	Sigurdson
Ewasiuk	Mitchell	Speaker, R.
Gibeault	Mjolsness	Strong
Hawkesworth	Pashak	Taylor
Hewes	Piquette	Wright
Laing	Roberts	Younie

Totals: Ayes – 42 Noes – 18

[Motion carried; Bill 50 read a second time]

Bill 15
Employment Pension Plans Act

DR. REID: Mr. Speaker, it's my pleasure at this time to address some remarks to Bill 15, the Employment Pension Plans Act.

Perhaps briefly for the benefit of new members of the Assembly, there have been discussions going on in Canada for a decade about pensions, and there have been indications that the present legislation has not by and large kept pace with the changes in Canadian society. The result of many studies has indicated this, and changing social circumstances, particularly in relation to the mobile work force and concerns about the status of women across the country, have led to many meetings, which my predecessor attended, which have led to legislation similar to Bill 15 being introduced at this time in a number of Legislatures. It is indeed the intention to introduce similar legislation across the country to give some considerable degree of uniformity.

There are also concerns, of course, about the flexibility that is required for retirement planning, because again with changing societal values some people wish to retire before what used to be regarded as the standard age of 65, and indeed some other people prefer to work beyond that age. There is also the necessary fiscal responsibility matter, in that pension plans must be affordable to the employer and the employee. To assist with that, the integration of private pension plans with the old age pension and the Canada pension has been a concern to many as well.

As I said, Mr. Speaker, my predecessor was involved in many meetings to do with this legislation, and in April he introduced what was then known as Bill 12, the preceding Act, to which this one bears very close relationship. There are indeed very few changes between the two.

In commenting, I would like to address the principles of the Act. The Bill before us deals with the accessibility to employer pensions. This is a matter of very great significance, as for the first time there is a requirement that if there is a pension plan available to employees of a certain group, then providing that part-time employees earn at least 35 percent of the maximum pensionable earnings allowed under the Canada Pension Plan over a two-year period, those part-time employees must also be provided with a pension plan equivalent on a pro rata basis to that of the full-time employees. There is, however, the flexibility for the employer to provide two separate plans: one for full-time and one for part-time.

The second major principle of the legislation has to do with the rights of the employee, the pensioner-to-be, on the termination of plan membership for whatever reasons. It has been the case up to this point that in Alberta for about 75 percent of employees who are registered with private employer pension plans, there is a requirement for 10 or more years of membership in the plan before the rights and benefits become vested with the employee. That may have been very well in the days when a person remained employed by one employer for long periods of time. But as we know, in present-day society many people of their own volition move from one employer to another at intervals of considerably less than 10 years and would finish up with no vested interest at the end of their working career. For that reason, the term prior to vesting has been reduced to five years, which will mean that anybody who goes from one employer to another, providing they have been there for five years, will in actual fact pick up the equivalent of a full pension at the end of their working career.

To do with the same issue of vesting is the locking-in requirement, which of course also corresponds to the five-year requirement. At the end of five years the vested rights are locked in. There is, however, the flexibility on the part of the employee at the termination of employment or termination of the plan to lock the benefits into a registered retirement savings plan, to purchase a lifetime annuity, or indeed to transfer the funds at the employee's volition to another pension plan if that pension plan allows it.

There is also a requirement in the legislation, Mr. Speaker, that in those plans where the benefit is specified — in other words, where there is a specific pension as opposed to the development of a fund which will subsequently buy a pension — in the event that there are excess contributions made to fund that defined benefit, rather than the employee's own contributions remaining there in full and the employer being able to withdraw any excess, the employer's contribution must pay for at least 50 percent of that vested benefit on termination of membership.

The fourth item to do with this particular part of the Bill is to do with portability. I mentioned it already, and that is that at the employee's option the vested benefits may be transferred to one of the three options I mentioned. Again, Mr. Speaker, it's quite obvious that that is of considerable importance with a mobile population and a mobile work force.

The final item to do with vesting is that of interest on employee contributions. This is especially related to those plans which are related to the development of a fund from which a subsequent pension will be purchased. There is a requirement that sponsors pay a reasonable rate of interest, which will be specified in the regulations from time to time.

The third major principle of the legislation is a very important one in present-day society and is of great importance to women especially; that is, pensions for surviving spouses.

This applies in two circumstances. Where the death is subsequent to retirement, there must be a survivor pension of at least 60 percent of the pension payable to the pensioners themselves. That's a minimum requirement. This can only be waived by the spouse, and I don't think that waiver will occur very often. The other situation of spousal benefits is, of course, where death occurs prior to retirement. If there are vested rights, they will be locked into a pension for the survivor spouse, which again must be at least 60 percent of the pension that would have been eligible for the employee on an accrual basis at the time of the death prior to retirement.

A fourth principle of the legislation, Mr. Speaker, has to do with benefit rights. This has to do with the matter of the current old age pension system and the Canada pension system, which are state systems supported out of the general revenues and out of contributions. There are residency requirements, and this legislation will explicitly disallow an offset against the old age security pension for benefits that accrue after January 1, 1987. The reason for this is that the old age pension offset could complicate matters considerably and would also lead to overinvolvement of government in some of the decisions people make.

As I indicated in my preliminary remarks, there is also in society a considerable degree of flexibility in the time at which people retire. There is in the legislation a requirement that employees must be able to retire without employer consent during the last 10 years prior to pensionable age, and pensionable age must be specified in the plan. On the other hand, if the employee continues beyond pensionable age, the benefits must continue to accrue on the same basis as before pensionable age.

The legislation also requires — and this is a very important item for many people — full disclosure of information regarding benefits and the accumulation of contributions. The reason for this is obvious. The disclosure will require access to the plan documents by employees and their representatives, and it will also require that an annual statement be prepared. A statement of benefits and options on retirement, termination of employment, or death will also be available.

Mr. Speaker, the legislation, as is all pension legislation, is somewhat complex in nature and in specifics, and some of it may on reading appear to require a lawyer to understand it. I can assure hon. members that the intent of the legislation I mentioned in my preliminary remarks is well addressed by the provisions of the legislation, and I commend it to the Assembly.

MR. STRONG: Mr. Speaker, in reviewing Bill 15 and the regulations that apply to it, I rise to support the minister and his staff basically on a job I consider well done. Although I do have a few problems with the Bill, it's much better than what was there before.

As I said, I support the Act, but I have some definite problems and concerns with it. Within the regulations as they apply to the Act, there are three major regulations which I'll speak to: firstly, regulation 19, intention to terminate or windup; secondly, regulation 21, which deals with full disclosure time limits; and thirdly, regulation 39 as it deals with surplus assets. The three regulations I mentioned, Mr. Speaker, are of a priority and should not only be clearly defined but as well be contained not in the regulations but in the Act. It's my understanding that simple orders in council can change regulations. It's our view within the New Democratic Official Opposition that these sections should be clearly defined in the Act and form part of the Act.

As general questions with respect to the Act, firstly I'll deal with the definition of additional voluntary contributions, and it's contained in section 1(l)(a) of the Act. I've been given to understand that the provincial government had some input into the federal legislation with respect to the withdrawal of additional voluntary contributions. Although this portion deals with pieces of the Income Tax Act, this portion of the legislation should also be dealt with. Mr. Speaker, my question to the minister is: was there any input by the minister's department with respect to the withdrawal of voluntary contributions at any time and not just on death, planned termination, or retirement?

Further, with respect to the definition contained in (l)(s) of the Act — (l)(s) deals with interest.

MR. SPEAKER: For clarification, hon. member, are you referring to federal legislation at this stage?

MR. STRONG: No, Mr. Speaker. It's (1)(s) of the Act. I made a comment in regard to the Income Tax Act as it applies to additional voluntary contributions.

As I said earlier, section (1)(s) of the Act concerning the definition of interest refers to section 28 of the Act and regulation 26. These sections state that interest must be paid on members' contributions or voluntary contributions. My question to the minister, Mr. Speaker: what happens to surplus earnings earned by employer contributions when there is no employee contribution or additional voluntary contribution?

Mr. Speaker, I'll give two examples of my concerns with respect to this. The first example is Gainers' pension plan, which is totally funded through employer contributions and contains a defined benefit. There are also pensions in the oil industry that deal with a 7 percent maximum contribution by the employee and a matching 7 percent contribution by the employer. Is interest to be paid on those contributions made by that employer, or are those things going to be dealt with in the plan in limited portions — a 4 percent rate of return, a 6 percent rate of return — or is that Act specifically going to apply to those contributions as far as a rate of return goes?

Mr. Speaker, in light of the examples I gave, is the minister still allowing companies to remove excess earnings or surpluses on employer contributions as they relate to a defined contribution plan? As far as I'm concerned, the removal of these surpluses by an employer goes totally against the grain when it comes to a pension plan. These pension plans were created for the beneficiaries of the trust, and the beneficiaries of the trust or those plan members should get the benefit of those surplus earnings, not an employer.

With respect to interpretations as they apply to (1)(hh)(ii), contained on page 6, this section of the Act gives a definition of what is to be considered a spouse. Section 61 of the regulations states that the administrator of the plan is given the total authority to determine the common-law relationship and whether that common-law relationship qualifies that spouse for a pension benefit. Nowhere in the Act or the regulations does it stipulate the spouse's eligibility to appeal an administrator's decision. Mr. Speaker, I'd like the minister to clarify the process by which an administrator's decision to deny that spouse could be dealt with in some appeal format. Nowhere in the Act is that contained.

With respect to section (l)(m), on page 4, I'll quote the definition of employment:

> (i) in relation to a multi-employer plan, an employee's employment with his employer for which the employer is required by the plan to make contributions to that plan on the employee's behalf, and
> (ii) in any other case or, notwithstanding subclause (i), where the Superintendent gives his approval under section 23(3) in respect of a multi-employer plan, an employee's employment with the employer.

Mr. Speaker, I suggest to the minister that the plan does not require the contribution. That contribution is made mandatory either by a collective agreement or terms and conditions of employment, but the plan doesn't constitute that contribution. I'd ask the minister to consider amending this section of the Act to give it the full legal meaning that was intended in the Act. If I'm reading it correctly, I think it's just a mistake that wasn't caught.

With respect to section 8(4)(g), contained on page 11 . . .

MR. SPEAKER: Hon. member, order please. The Chair appreciates the fact that some considerable amount of work has gone into the comments. The concern of the Chair is the amount of detail which is not usually appropriate to be given at second reading to the broad principle of the Bill. Indeed, the comments may very well be very useful for the development of the Bill but at Committee of the Whole. Continue with the principle.

MR. HAWKESWORTH: Mr. Speaker, on that particular point, I've been following the member's comments very closely, and I think he's tried to tie specific provisions to the comments made by the minister in introducing the Bill.

MR. SPEAKER: The minister in introducing the Bill has far more range in that regard. However, having made the interjection, perhaps the hon. Member for St. Albert would care to continue.

MR. STRONG: Mr. Speaker, the reason I am being specific is that I support this Bill, and before we get into Committee of the Whole, if these changes are made and considered by the minister, I think they have to be very specific. It is going to speed up the process; that's why I am doing it. I spoke to the principles of the Bill, and I agree with the Bill. I think it's a question of straightening the Bill out. I'd just as soon the minister had the opportunity, because it is quite involved and quite specific and speaks to basically the principles of the Bill that the minister expounded when he was making his opening remarks.

Section 8(4)(g), where it says "any other prescribed document" relates to disclosure of information. Being specific, this section should include: firstly, audited financial statements; secondly, latest actuarial evaluation; thirdly, all financial reports of money managers; and fourthly, a list of all assets held in trust on behalf of the beneficiaries of the plan. The information should be clearly defined in the Act and not included as part of the regulations, for, again, regulations can be changed by simple orders in council. It is imperative that this information be disclosed to all members of a pension plan regardless of whether that pension plan is a multiemployer or single-employer plan. Pension plans again were designed for beneficiaries and the beneficiaries or plan members should be able to obtain this information to assure them that their pensions are being properly managed in an equitable manner.

With respect to section 23(2), vesting based on continuous years of service, it's again my understanding, Mr. Speaker, that recent federal legislation with respect to this matter and other provincial legislation that has been passed as it applies to pension plans in Canada have in all cases stipulated two years' vesting. Mr. Speaker, my question to the minister is: why is Bill 15 still insisting on a five-year vesting period? Why are we in Alberta out of step with the rest of Canada and some of the other provinces?

Section 22(2)(a)(ii), entitlement of employees to join the plan, reads:

> in the case of any other plan, the employee has completed 2 years of continuous employment with the employer.

Subsection (2)(b) states:

> the employee has earned in respect of his employment on and after January 1, 1985 at least 35% of the Year's Maximum Pensionable Earnings in each of 2 consecutive . . . years.

Mr. Speaker, federal legislation clearly defines full- and part-time employees. To the minister: why has Bill 15 not defined full- and part-time employees in this section of the Act?

Section 1(l)(qq)(ii), the interpretation of years of continuous employment, and section 22(2) of the Act encourage part-time employment for a limited time, allowing an unscrupulous employer to eliminate benefits for his part-time or casual employees. Mr. Speaker, it's my understanding that the minister was going to include pension benefits in the Act for part-time and casual employees, but these two sections clearly eliminate those part-time or casual employees' access to benefits. I don't think this was intended. Certainly in all the preamble, the rumours, this was intended, but I don't see it in the Act.

Mr. Speaker, one of the issues involved in the ALCB strike is benefits for casual or part-time employees. According to the information I have, the employer indicated that pension benefits for casual or part-time employees is one of the things on the bargaining table. If the legislation would clearly define the meaning of full- and part-time employees, perhaps this wouldn't be an issue at that bargaining table.

With respect to 27(10), locking in, which the minister brought up, I had the opportunity last Saturday to spend about four hours with an actuary. One of the things he indicated to me was a major loophole in this section, and I'd like to pose the loophole to the minister. Under this section, an employer could terminate his original pension plan and set up another pension plan changing the original plan from a defined-benefit plan to a money-purchase plan. This would result in a drastic reduction of pension benefits to certain employees. In simple terms, if the original plan was set up to pay benefits based on earnings to an individual who is presently 45 years of age, they could lose a potential increase in earnings for the period between ages 45 and 65. Mr. Speaker, what I'm saying in simple terms is that if an employer terminated a pension plan and replaced it with a money-purchase plan, his employee would lose the period of time between ages 45 and 65. If that plan were based on the last five years' earnings and the pension based on gross income, certainly that employee's pension is going to be higher at age 55 or age 60, when his earnings are higher, and that could be taken away from him quite legally under section 27(10) of the Act. I don't believe the minister intended this to be a major fault with the legislation. Therefore, I recommend the minister review this section and eliminate this loophole.

With respect to section 29, minimum employer contributions of funding, I commend the minister. I think it's an excellent section, and I agree with him wholeheartedly. It's a good job.

Section 31, preretirement survivor benefits. In section 31(1) it does not state when the surviving spouse's pension will commence. I would ask that the minister review this section. Federal legislation dealing with pensions has clearly explained when the spousal pension will commence, but Bill 15 has not. In addition, Mr. Speaker, the federal pension legislation has also reduced the commuted value by reducing the amount of group life insurance provided by the employer. I would hope the minister did not intend this in this department's legislation. To clarify this, could the minister reply to this question: does the minister believe that a spousal pension should commence immediately upon the death of either participant or partner? Mr. Speaker, I certainly do. A surviving spouse needs that pension immediately, specifically in the case of a younger widow. She doesn't need that money at ages 55 or 60 or 65; she needs it immediately. Under the terms and conditions of the pension plan that I sit on, that money is provided immediately: 100 percent of accrued benefit immediately; 75 percent of accrued benefit after retirement, in the case of death.

With respect to section 40(4), making and remitting of contributions:

> Where an employer has failed to remit any contributions required by subsection (2) before the expiration of 60 days after the end of the period referred to in that subsection, the administrator or the fund holder who should have received them shall immediately notify the Superintendent in writing of the failure.

This section clearly states that the superintendent will be notified in all cases of arrears or delinquent employers. The problem is: what action, if any, will be taken by the Superintendent of Pensions when an employer has failed to remit the funds? There is no penalty. This legislation should direct positive action to protect the pension benefits of all beneficiaries whose pensions could be in jeopardy due to a delinquent employer.

Section 47, notification of termination or winding-up of a pension plan. The administrator in this section must notify the Superintendent of Pensions of his intention to wind up or terminate a pension plan. Within regulation 19 the administrator of the plan is directed to notify the beneficiaries of the plan. Mr. Speaker, my question to the minister is: why is that direction to give notification to the beneficiaries listed in the regulations and not in the Act? I would strongly recommend that the minister consider including in the Act notification to plan members, for, again, regulations can be changed by orders in council, and it's my belief that a pension plan's beneficiaries should demand full disclosure of everything that concerns them.

In speaking to section 5(1), annual return fees. Previously the annual return fees were set at 50 cents per member, to a maximum of $200. Now they're set at $2 per member, to a maximum of $1,000. That's a 400 percent increase in the per member and a 500 percent increase in the maximums. In addition to that, the maximum fee used to be $5, and in conjunction with this legislation, it's $30. That's a 600 percent increase. My question to the minister is this: why are we seeing these drastic increases in an economic downturn like we're faced with in the province of Alberta?

With respect to section 5 of the Act:

> (1) A multi-employer plan must have a board of trustees or other similar body constituted to administer the plan.
>
> (2) Where a multi-employer plan is established, or maintained pursuant to contributions required, under a collective agreement within the meaning of the *Labour Relations Act,* the number of members of the board of trustees or similar body representing members of the plan must not be less than the number representing employers.

My question to the minister is: where in this Act or the regulations is it mandatory to have jointly trusteed boards in a single-employer plan? It's not there. Again, Mr. Speaker, in all the information that I have and in all the talking I did with many people in the industry, that was supposed to be there.

Jointly trusteed plans should be there. It's probably one of the things of most priority within the whole legislation. The majority of the problems you have with the single-employer plan is that those employees or plan members or beneficiaries were never notified. There should be full disclosure; I brought up some of the portions that should be disclosed. More importantly, you wouldn't need all the regulations if you had jointly trusteed pension plans, multiemployer and single-employer. The employees would know, because their members sitting on the other half of the board of trustees would keep them informed, the same as we do within the multiemployer plans.

With the single-employer plan, in the absence of jointly trusteed boards the employer can still regulate pension plans as he sees fit and still deny any input from the employees as to the administration, investment, or well-being of that pension plan. Mr. Speaker, this is unacceptable. Employees must be given the right to have input with respect to their well-being upon their retirement, and this is the greatest concern I have with this plan. I think it's one of the things that has clearly been exposed to all Albertans with the difficulty the Gainers' employees had in getting access to information concerning their pension plan.

With respect to regulation 12, the minister has set out requirements for information to plan members as it affects multiemployer plans. My question to the minister is: why has full disclosure to plan members not been included with respect to single-employer plans? That's not the way I read it, and again I might be wrong.

In addition, I have a few general questions to ask the minister in relation to bankruptcies and receiverships, Mr. Speaker. Has the minister considered the implementation of a section in this Bill that outlines making pension benefits or contributions automatically payable rank first for payment ahead of all other creditors? Pension contributions paid by an employer are trust funds and should be paid from any available funds in the event of a bankruptcy or receivership, and they should be given priority.

Another general comment to the minister with respect to the Act. There is no mention as to what an employer can charge for administration expenses in administrating a pension fund or terminating or winding up that fund for single-employer plans. I have had numerous comments and inquiries from the constituents I represent in St. Albert concerning plan terminations, specifically with respect to Gainers, R. Angus, and Genstar. Would the minister identify and provide to this Assembly the number of requests or applications his department has had from employers wishing to terminate their pension plans, and could he further identify each applicant and the amount of surplus moneys each of these applicants or employers has received during the last two years? Mr. Speaker, I ask because in Ontario they have

released some of that information, and it's specific, covering time periods, the number of refunds, and the total amounts.

In closing, Mr. Speaker, I'd ask the minister to provide to this Assembly the names of all employers who have made application only for removal and withdrawal of surplus benefits and not for termination of their plan. My final question is: could the minister provide to this Assembly the amount of surplus funds that Genstar has withdrawn from its employees' pension plan during the last three years? Withdrawing of surplus pension moneys should not be allowed in the province of Alberta. With respect to Manitoba legislation they have put a temporary freeze on the withdrawal of any assets . . .

MR. SPEAKER: Order please. Hon. member, your time has expired. The Chair also reminds the House once again of *Beauchesne* 734:

> The second reading is the most important stage through which the bill is required to pass; for its whole principle is then at issue and is affirmed or denied by a vote of the House. It is not regular on this occasion, however, to discuss in detail the clauses of the bill.

The Chair has been more than accommodating in this matter this evening, and further discussion in great detail of Bills at second reading will not be permitted.

May the minister sum up?

HON. MEMBERS: Question.

DR. REID: Mr. Speaker, just briefly. I appreciate your forbearance with the Member for St. Albert and his remarks, which were indeed addressed mostly to what would be referred to as committee stage of the Bill. However, under the circumstances and in view of the amount of work he'd gone into and the detail, it's just as well to have it on the record. I will respond to him on certain items at committee stage.

I appreciate that he is essentially saying that he will support the Bill in principle, and indeed that's the stage of passage we're at just now. The concerns about some items, some specifics perhaps, I could address just now. The difficulty with some of the remarks of the member is that they refer to the present legislation and not to the proposed legislation. Indeed, the proposed legislation is intended to correct some of the problems that currently exist, as I said in my preliminary remarks.

The difficulty with the removal of employer excess contributions where there is a specified benefit plan — I am aware of the proposal that has been put into the Manitoba Legislature — is that it may encourage employers to keep contributions to an absolute minimum so that they never get into the situation of having excess contributions in the plan. That may result in a greater risk to the employee, and that would be underfunding the plan. The situation would not arise in a defined contribution plan where it's negotiated that the employer makes a certain contribution, because of course in that situation there is not a defined benefit that the experts on accrual could calculate an excess contribution on.

The reference to single-employer plans and the absence of a requirement for joint trusteeship were to allow for flexibility, in that it's quite conceivable that a small employer may wish to start a plan and have so few employees that it might be difficult to have somebody represent the employees as a whole. Certainly I would anticipate that in many cases where there is a negotiated plan under collective bargaining, even with a small, single employer, it might well be negotiated in the collective agreement that there be employee trustees on the plan, but I think it would be somewhat unfair to insist upon it. It would perhaps be too rigid and might in actual fact deter some employers from setting up plans, which would of course be to the detriment of their employees.

I understand that the matter of preretirement spousal pensions has been discussed at length across the country. The difficulty is that other benefits — life insurance or other payments — are supposed to deal with the immediate requirements of the family. If there is a requirement that such benefits be made payable immediately, first of all, with a young person on an accrual basis the benefits might be quite small and indeed almost insignificant; and secondly, the other benefits might be reduced in view of the potential from the drawing down of the pension plan at an early age. For that reason, it's felt that it's perhaps better to again leave that as a decision between employers and employees.

The other questions the member raised were of such detail that perhaps I should address those in my remarks at committee stage of the Bill. I would therefore recommend to the Assembly passage of second reading.

[Motion carried; Bill 15 read a second time]

Bill 41
Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1986-87

MR. JOHNSTON: Mr. Speaker, I'm very pleased to move second reading of the Appropriation Act, Bill 41, which as all hon. member know provides the advancing of the expenditures on the capital projects division of the Heritage Savings Trust Fund. It is clear to all members that ample time and debate has taken place on these estimates. Accordingly, without further ado, I move second reading of Bill 41.

MR. MITCHELL: Mr. Speaker, I would like to address this Bill just briefly. It is true that we've had the opportunity to debate this particular appropriation at some length, and I think it has been well debated. There is new information, however, and that is the reports that the Treasurer may be considering doing away entirely with the portion of non-renewable resource revenues which to this point have been channelled to the Heritage Savings Trust Fund. This raises the question, which we have mentioned in the House from time to time, that the Heritage Savings Trust Fund may be in some jeopardy.

Prior to 1983-84, 30 percent of resource revenues were channelled from general revenues into the trust fund. That has been reduced to 15 percent, and now there's the risk that it will be reduced to nothing. At the same time, prior to 1983-84, 100 percent of earnings in the Heritage Savings Trust Fund on Heritage Savings Trust Fund assets were returned to the fund to allow that fund to grow. Since that time that money has been channelled instead to general revenues. Couple that with the fact that there is some question about whether the government is clear about the objectives of the Heritage Savings Trust Fund and whether in fact they have achieved these objectives.

You're probably wondering whether I am speaking to this Bill. I can see that puzzled look, which I see from time to time. In fact, what I am saying is that we are

being asked to vote to appropriate a significant portion of funds from this Heritage Savings Trust Fund for expenditure on capital projects, and we are beginning to become extremely concerned that the fund may be in some jeopardy, that the government may be going after the money in that fund in an ad hoc, helter-skelter fashion.

While we support this Bill because apparently some good has been directed to some worthy causes, we are saying that now is the time to have a full and complete review of the Heritage Savings Trust Fund. It is its 10th anniversary. It's time to reassess its objectives, to assess whether those objectives have been achieved, and to determine whether those same objectives or other objectives should be considered for the future. We would simply use this as an opportunity to ask the government to consider an in-depth review of the fund before we find that the pressure it is under now will result in damage to that fund and to its concept that we cannot recover from in the future, Mr. Speaker.

MR. McEACHERN: Mr. Speaker, just a couple of very brief comments. We in the New Democratic caucus have asked individual questions on these particular estimates in the past and have had answers to them, so we will be supporting this Bill in second reading. There are very specific requests, and looking at the total, I suppose it does raise the question the Member for Edmonton Meadowlark asked. There are many different programs taking money in and out of the heritage trust fund, and it may be time for a full review but not in the debate on this particular Bill. We look forward to the heritage trust fund hearings this fall and will do it at that time.

We will support this Bill as it stands.

MR. CHUMIR: Just rising, Mr. Speaker, to note that I don't have any brief comments on this Bill.

MR. TAYLOR: Mr. Speaker, speaking on a general principle here, there seems to be a realization, as a background for speaking, that it has finally hit the Treasury and the front benches of the government that we're in for some rough times. There's just not going to be enough money to go around. The Treasurer will be thinking about sales taxes or transferring money or selling natural gas as fast as you can get it out or whatever it is. I just wonder whether the Treasurer is so bound or tied to this thing that he couldn't adjust it a bit, because there's a huge amount of money here. There are areas like Alberta oil sands technology, for instance, with over $31 million. I know nearly half the year has gone by, but I would think the minister might do himself some good if he actually took some of these apart. He has asked these department heads to look at a 5 or 10 percent cut next year, but I suspect some of these capital budgets could be cut to beat the dickens. I think it's quite important that the minister look at that, because you have areas like Alberta oil sands technology, as I've mentioned. I've often wondered what the Alberta government was doing researching something like oil and grease when the largest corporations in the world spend time looking at how to get the oil out of the ground. Helping poor old Shell and Exxon and a few other stumblebums around the market that are trying to make their way struggling through this world — why do we need to help them find oil anyhow?

Nevertheless, what I'm trying to get across here, Mr. Speaker, is that surely in some of these areas — and even in irrigation headworks, but that's probably gone quite a way. But there are some huge capital projects, and I think that possibly the minister should take a quick read to see whether or not some of those projects could be suspended without doing any great harm to the project. Of course, if you're halfway through a building, you can't stop. But there are things like research and some of the areas you mention here that could save us quite a few million dollars to be used next year, if the times continue as bad as they are, in much more important areas, like social services or education or areas that will generate money down the road or at least get us over the hump with jobs and training.

I feel that there is always a time when we can stop capital expansion. I've had to do it in business. Many businessmen have had to stop in midstream sometime in this last year and decide that maybe they wouldn't drill that extra hole or add on this extra amount. I see so much money when I look at the $236 million total. Many of the provinces of this country would just be tickled to death to find 10 or 15 percent of this to help out. I would like to urge the minister to consider whether he could cut some of these capital costs before the end of the year. Maybe I'll go so far as to promise not to attack him if he does, so he can feel quite free that his word or his integrity or his reputation is not on the line. Indeed, we'll even thump the desk.

MR. WRIGHT: On the principle of what is happening here, Mr. Speaker, could the Treasurer explain — perhaps he has, and I've just missed it — whether these are payments out of the fund which diminish the fund by that amount or whether they will be ghostly investments, as it were, so they'll continue to be in the fund? If the latter, is this not something the Auditor General requested us not to do?

MR. SPEAKER: Provincial Treasurer, summation.

MR. JOHNSTON: Mr. Speaker, there is no doubt that in the decade the Heritage Savings Trust Fund has been in place, there have been a variety of analyses, recommendations, and some criticisms, but a lot of kudos, I guess, and laudatory comments about the appropriateness of a savings account such as this. Of course, in looking at the capital projects division, I think you tend to underscore some important realities which have taken place in this province over the 10-year period that all of us to some extent, regardless of political profile, can probably point to with some pride. I won't enumerate those, talking about the kinds of initiatives we see in this province.

But I think the Member for Edmonton Meadowlark has made a fair comment, that after a decade of operation, it is perhaps time to more fully review the standing of the Heritage Savings Trust Fund. Perhaps an attempt could be made to evaluate by way of some analysis whether or not it has in fact achieved its successes and whether or not, in terms of restating the mandate of the fund, it is an appropriate way to talk about the future use of this fairly significant pool of dollars or resources. Of course, all of those have been talked about over the past few years by academics, people in this Assembly, other politicians, and now current members of the 21st Assembly of the province of Alberta. It's an appropriate comment to make.

I think, Mr. Speaker, that all who have had a period of time with this fund, including myself, who has been involved with it since its inception and I suppose has lived with the evolution of the policy statements which are before you and to some extent has raised concerns and questions similar to those raised by others — the government does

consider that it will be doing a variety of reviews on the process. Those reviews, of course, are the sort of ongoing reviews which take place.

I have not had a full opportunity to discuss this with my colleagues except in casual discussions, but I tend to believe that it probably would be appropriate for us to evaluate what we've achieved with the fund and to assess how we will use the resources in the future, given the imperatives that we're facing on the economic side — that is, the reduction or the change in the energy scenarios and future forecasts — and the fact that we have probably accomplished an awful lot already with the fund, in terms of the capital projects division in particular. I think it's appropriate for us to keep that as a guidepost on an ongoing basis, and more particularly I will do some work myself in terms of reviewing the fund and finding ways to discuss it with my colleagues and seeking their advice as to whether or not a more general, larger assessment of the fund should be undertaken in a variety of ways. So it is not with any sort of disagreement at all or in fact any need to debate that principle, because I think it's one on which we as managers of the fund in this economic situation could probably find some commonality as to how that could be done. On those points, Mr. Speaker, I have very little disagreement.

I'm not sure if I should deal with some of the questions. I think I could provoke some debate with respect to the questions that are taken. I notice that on one hand, the Member for Edmonton Meadowlark is suggesting that — the four members of that party voted against the transfer of the money into the fund on one occasion, the 15 percent legislation that is before us. They now raise the question of whether or not we will continue with that. I can't give any specific comment. Obviously, as the Premier pointed out in question period, the future use of the fund is one of the ways in which we will attempt to deal with the short-term deficit position we're facing and, as we have done historically, perhaps consider ways in which we can use the fund more specifically to assist us on the revenue side in the General Revenue Fund. That evidence is clear, and we will probably continue to test that.

On those two points, I find some inconsistency with respect to the Liberal Party's policy on this issue. Moreover, when I listened to the Member for Westlock-Sturgeon speak, questioning the importance of the research of the Alberta Oil Sands Technology and Research Authority, I'm in a bit of a quandary. There's this juxtaposition of positions wherein one member is saying that we are not doing enough with the fund to stimulate diversification, to generate jobs, to engender employment, and on the other hand, the other member is saying, "My goodness, you're doing too much," or "You should not be doing anything." That's a difficult position to have any party in. Once again, the two members of the party opposite are in conflict. They can't even agree on the fiscal plan with respect to the leaked memo I received from the Member for Edmonton Norwood, so I don't expect them to agree on the policy with respect to the capital projects division. Nonetheless, Mr. Speaker, far from me to engender debate and spark this kind of inflamed rhetoric. I am only pointing out that this apparent conflict between members of that party is certainly recognized by me and my colleagues.

With respect to the ghostly assets, Mr. Speaker, I haven't heard them called ghostly for some time. I suppose if you're making reference to the definition of these assets, yes, these are those so-called deemed assets — a term I also reject — which are included in the Heritage Savings Trust Fund and in an appropriate way are assets that have a long-term use, as I've explained. But in terms of the way in which some members of the accounting profession account for these assets in a government context, this is an unusual one for them to deal with. Accountants deal with postulates. They don't have any fixed laws, as scientists do. These postulates continue to evolve, emerge, and be redefined.

Frankly, this process wherein we disclose very clearly these assets which have long-use potential for the people and the province of Alberta are properly accounted for, in my view, and can be legitimately shown as assets. Mr. Speaker, what in fact is happening is that this government, this Legislative Assembly, is providing guidance to the accounting profession on how to deal with these things. I think this will influence to a great extent the way in which governments across Canada, if not North America, deal with these issues. What is the model is hard to say. We can only tell you that we have adopted this principle, we are disclosing it fully, and these are long-term investments which the people of Alberta have agreed to make. As the Member for Edmonton Strathcona asked, they are the so-called special assets which make up this capital projects division.

Mr. Speaker, I know we'll have an opportunity in Committee of Supply to deal more fully with these items, but I certainly encourage all members to support Bill 41 in second reading.

[Motion carried; Bill 41 read a second time]

Bill 48
Workers' Compensation Amendment Act, 1986

[Adjourned debate September 8: Mr. Hawkesworth]

MR. HAWKESWORTH: Mr. Speaker, in view of the fact that I've already had an opportunity to speak to this, I think that at this point I'll simply summarize my comments made on a previous occasion by saying that Bill 48 is laudable to the extent that it provides an increase in compensation to workers under the Workers' Compensation Act. It is supportable despite the fact that this increase is long overdue and is inadequate in view of the cost of living increases that have occurred since this was last amended and the fact that this Bill fails to address some significant issues and problems to which I referred in my previous comments. Notwithstanding those, we're pleased to see that this increase is occurring.

MR. WRIGHT: Mr. Speaker, of course, we are all pleased that at last there has been an increase in the pensions under the Workers' Compensation Board, but it's a niggardly increase. There has been a loss of purchasing power of 30 percent since the last increase. This is an increase of 8 percent. I hate to be in the position of advocating the expenditure of more money when we are in a plight this year on the revenue side, yet it is so ungrateful to workers who have been injured and who have only their pensions to keep them going, to screw them down to an 8 percent increase when since January 1, 1982, the time of the last increase, the loss of purchasing power has been 30 percent.

When I note that we found $3 million to put into bigger purses for owners of racehorses, which I estimate would go one-third of the way to paying the 30 percent loss —

i.e., approximately half the way to meeting the difference between the 8 percent and the 30 percent — I do think it shows a certain lack of priority on the part of the government. It's not only the niggardly increase in the pension rate; it's also that there's been no increase on the maximums at all. For example, in those sections — we won't deal with particular sections — the principle of it is that there is supposed to be an updating, yet the maxima have not been updated. They don't get $40,000 of the $40,000 maximum pension; they get 75 percent of that, of course. It should by now be $52,000, but it stays at $40,000. There's been no increase there at all, Mr. Speaker. We are sad that ill consideration has been given in this Bill to the plight of these workers. If it had been the oil companies who were in a similar sort of plight, hundreds of millions of dollars would've been mashed out. It's not the case, and it's a bad priority. I'm sorry about that, but we support the principle of the Bill.

MR. CHUMIR: Mr. Speaker, I have some brief comments this time. I do support the Bill in principle; however, there are some questions and concerns I have about the process involved and other matters relating to the workers' compensation system. As has been indicated earlier, this is the first increase since 1982. Questions arise as to the 8 percent. Where has this come from? Why now? Who decides, and on what principle is the decision made to grant or not grant pension increases to this group, which is a relatively powerless group and very much dependent on the good will of the rest of the community? For example, how do decisions with respect to this Act relate to increases in other provincial pension payments, including pension payments to members of this House? What are the principles that relate generally in pension payments? How do these differ from those with respect to the workers' compensation system, and why the difference?

In fact, there appears to be no rationale of which I am aware with respect to the pension payments under this legislation. Rather, it is a reflection of an arbitrary assessment by the government. So I approve of what has been done here, but more is missing. I hope we'll have some explanation.

I would also note, Mr. Speaker, that I have received a number of complaints from many workers and former workers about arbitrariness, not only relating to pensions but with respect to arbitrary treatment under other provisions of the Act. There have been hunger strikes and complaints about delays in dealing with matters under the legislation. Workers have complained about having difficulty in dealing with appeals under the system because of language problems and difficulties in understanding the rules. Lawyers and consultants are very expensive to retain, unlike when we're dealing with the the Guarantees Acknowledgment Act, and there is a very distinct need for more advocacy assistance to those who come into conflict with the system, in addition to which there is also a need for an independent appeal process. Many questions have been raised by workers who are having difficulties with the workers' compensation system. It's difficult for an outsider to adjudicate the merits of each individual case. However, the fact that once the hunger strike takes place, the worker invariably seems to prevail, at least in the cases I've seen, indicates that there is some merit to their criticism and complaint.

So it's clear that workers lack confidence in the workers' compensation system. I think, Mr. Speaker, that they would like to see a greater modicum of principle and predictability injected into the system and less arbitrariness. The fact of a lack of confidence, which has been expressed to me a number of times, is cause for serious concern. Confidence in the system is essential; it needs to be restored.

I would very sincerely request the minister to seriously consider the need for some form of independent hearings by a body of knowledgeable people with respect to the manner in which our system is working. I realize that select committees of this House have been established to review matters from time to time, but by their very nature members of this House are very much occupied with other matters, don't have a lot of the expertise and background, and I don't believe can do the kind of job that from time to time in any community is required when an in-depth and intensive review of a system is overdue, as is the case here.

Thank you.

MR. STRONG: Mr. Speaker, I'd like to comment on what the previous member has referred to as a niggardly increase in pensions for partially or permanently disabled Albertans injured through no fault of their own. The minimal increase is $55 and $11. The 8 percent is just not good enough for working Albertans in this province who built this province. It's not good enough. They haven't had an increase for four years. During those four years, even with this 8 percent increase, they've suffered in excess of a 20 percent loss in purchasing power in today's society. It's not enough.

The problem that I have with this proposed legislation and these changes is that there should be in the legislation indexed pension increases for all employees that are injured working and building in the province of Alberta. We in this Assembly, if we make it here twice, have indexed pensions, as far as I'm aware. What are we doing for Albertans that are out there working and paying our wages? Less than nothing with an 8 percent increase over the last four years. And again, it reflects in excess of a 20 percent loss in purchasing power. It should be included in the Act; it should be indexed. Let's get on with doing a job for injured Albertans who are surviving at less than the poverty line in a lot of cases.

In addition to that, it's my understanding that the Workers' Compensation Board did an in-house review for change. Mr. Speaker, my question to the minister is: what else was contained as recommendations from the Workers' Compensation Board for change that we don't see here in the minimal change that was made?

In addition, I would ask the minister if he would consider a full public review of workers' compensation legislation in the province of Alberta. The reason I ask is that there are some things we need to consider. Alberta is going through a massive economic downturn, as certainly I'm aware of in the construction industry. Pensions are based, permanent or partial, on previous twelve months' earnings. Mr. Speaker, that's wrong. It is eliminating those individuals' opportunities to collect, if they're injured permanently in this province right now, the maximum insurable earnings under the Workers' Compensation Board. Because of the lack of employment in the province of Alberta, it's not realistic and it's not traditional as to what those individuals could make in this province if things were normal. I think the minister fully understands that.

The other thing I'll bring up, Mr. Speaker, is that workers' compensation, when it was started, was supposed to be self-funded. When we go through the budget estimates, we see a $45 million grant for the Workers' Compensation Board. Were there any recommendations to the minister in the in-house study for increasing assessments to those

employers in industry to pay the costs to protect those injured workers? The plan wasn't set up to be funded by government. It was set up, as far as I'm aware, to be funded by industry. When was the last time industry got an increase in assessment values? It's the same problem we have when we come to superassessments in the industry. If an employer has a bad record, he should be superassessed and not allowed to set up a brand-new company and come in and get at the bottom of the line again when it comes to what his assessment is going to be for workers' compensation.

The other thing I'll mention to the minister, Mr. Speaker, is the appeal procedure. The appeal procedure — and maybe it's just the workload, but I don't think it is — is very, very slow. The appeal procedure should have time limits. It should be speeded up. It's going too slowly. We've had examples of people going on hunger strikes and picketing the Workers' Compensation Board because their cases weren't dealt with. Let's deal with these things, and let's get them done.

In addition to that, we have some difficulty with access to information. That information is very difficult to get. Although you can get some of it, you still cannot photostat those records. If we believe in true access to information, there shouldn't be any question about any injured employee going in there with whoever his representative is and photostating that whole file, including the memos that are put in his file by employees of the Workers' Compensation Board. Again, Mr. Speaker, I would ask the minister to consider a full public review, allowing full public input into changes in the workers' compensation legislation in this province. Let's not have any stigmas. Let's deal with the complaints; let's deal with the people. Let's not treat people in this province like second-class citizens when it comes to awarding a pension increase that is given by a minister with the wave of a wand instead of it being in the legislation that he or she is entitled to indexed pensions.

MR. SPEAKER: The hon. minister's summation.

MR. DINNING: Mr. Speaker, I could just open my short response by thanking all hon. members for their overwhelming endorsement of this Bill. The words "supportable", laudable", and "fully support" are music to my ears. I heard a lot of "buts" and a lot of "neverthelesses" and a few "howevers", but I appreciate the support of all hon. members.

If I could just answer a few of the questions that have been put to me. The first one, some two or three days ago by the Member for Edmonton Beverly — and I think an important one — was whether the increase applied to those people on both partial and total disability. Mr. Speaker, it applies to both. Whether the worker is 10 percent disabled or 100 percent disabled, the 8 percent increase applies.

The one answer, I suppose, to a lot of comments, some valuable, put forward by members in debate of this Bill is ... Some of the words I heard were concerns about the appeal process, arbitrary decisions, inconsistencies, and there was a call by two or three hon. members for a full public review. If we go back over a number of years in this Assembly, virtually always at the beginning of a new Legislature this House appoints a select committee of the Legislature to review workers' compensation in this province. It's my hope, Mr. Speaker, to come to the Assembly in the spring of 1987 to do precisely that, to undertake a thorough review of workers' compensation. I share some of the concerns put forward by hon. members on all sides, from all corners of this House, about the practices, the policies, and the process that the Workers' Compensation Board operates under. I hope we would be able to undertake that thorough review by gaining a good understanding of the current practices, policies, and procedures of the board, gaining a full understanding of those, good and bad, and then conducting a provincewide review, travelling throughout this province listening to workers and employers and hearing from other constituencies of the Workers' Compensation Board. They will come from all corners of this province, and I will welcome and look forward to receiving representations, because I know that there are some concerns out there. I would suggest that that review is quite properly done by members of this Assembly and quite properly done in the public process.

The hon. Member for Calgary Buffalo suggested that we might go out and get those outside experts who could provide that advice. Well, Mr. Speaker, it's just like any lawyer. You can go and buy any lawyer and you can buy any lawyer's advice. [interjections] And sometimes both.

I think we were sent here, Mr. Speaker, to represent our constituents, to exercise good judgment, contracting and buying whatever expertise we need, and then getting all the information and making decisions. That's what I hope this committee would do when it forwards its recommendations following its deliberations.

I'm not going to get into a lot more detail following questions put to me, Mr. Speaker. We might get into it in committee study of this Bill. But let me just answer generally the question put by the Member for Calgary Buffalo about the 8 percent. We as members and future former members of this Assembly will not enjoy an automatic increase in an automatic adjustment annually to our pensions, and quite properly. That should not be the case. That decision is made by the Lieutenant Governor in Council at appropriate times each year and that, just like this decision, must be made and must reflect the fiscal policies of the government. It must reflect the economic circumstances all Albertans find themselves in at any given time. Mr. Speaker, I think we've got to be mindful that this Workers' Compensation Board, this workers' compensation plan, is funded by the employer, and many Alberta employers find themselves today in difficult circumstances. I believe as well that given that we haven't had an increase since 1982, this 8 percent increase balances the interests of the employer and the injured worker who is now on pension.

Mr. Speaker, I conclude by asking all members of the Assembly to support second reading of Bill 48.

[Motion carried; Bill 48 read a second time]

Bill 45
Alberta Corporate Income Tax
Amendment Act, 1986

MR. JOHNSTON: Mr. Speaker. Bill 45, the Alberta Corporate Income Tax Amendment Act, 1986, although it appears to be a heavy and perhaps ponderous piece of legislation, really has some very simple principles involved. I'm sure that all members who have attempted to read the income tax Acts of this province or the federal government, together with the regulations, realize that writing a piece of legislation which deals with the avoidance of taxation usually requires a great deal of detail and perhaps extensive sections to ensure that you capture all those lax dollars which are so vital to the operations of government. In

essence, I'm sure that my colleague from Calgary Buffalo and others who have spent time on corporate taxation realize that in fact is the case. Some cynics may argue that it's designed to provide a career for professionals to interpret the legislation, but I'm advised by my legislative draftsman that that is not the case, that certainly tax legislation requires some time to put in place to ensure that both the evasion or the avoidance of tax can be prevented by at least a certain amount of judicious drafting.

Mr. Speaker, this legislation, although it is fairly long in its printed form, encompasses some very fundamental principles. Whether or not the principles I refer to would include a substantial number of changes in this legislation, such as those reactions or reflections of federal legislative changes in their own corporate tax legislation, is a moot point. Nonetheless, an awful lot of the sections are in response to changes made by the federal government to their own corporate tax legislation. One may ask why we are emulating those changes in this provincial legislation when in fact we have our own provincial corporate tax Act. Of course, to ensure that there is some similarity on the administrative side in particular, we'd like to bring our Act in line with the federal legislation on those administrative points.

As well, there were some important amendments made by the federal government recently, and this Bill parallels those amendments. For example, one or two which stood out in my mind, Mr. Speaker, and which I commend to the Legislative Assembly, include the innocent until proven guilty principle, which is new to the federal tax jurisdiction and will be put into this legislation as well. It's a remarkable change in the fundamental approach to the legislation, the law, and now the tax legislation is even adopting that principle.

Similarly, Mr. Speaker, collection procedures will not be taken until the taxpayer has exhausted the total appeal. Other amendments will bring the search and seizure provisions more in line with recent judicial decisions on the constitutional requirements. Mr. Speaker, to incorporate those forms of changes in provincial legislation, we have adopted many of those principles in our Act. That spells out an awful lot of the changes which all hon. members are asked to consider. I apologize to some extent for the copious and extensive size of this legislation.

However, Mr. Speaker, in the Bill is a significant policy amendment, and that deals with the royalty tax credit. In particular, members will remember that on June 24, 1985, the Alberta government announced enrichment of the royalty tax credit as part of a package aimed at assisting the industry, and that spelled out some relief from the royalties normally paid by exploration and development companies in this province. Subsequent to that, on April 1, 1986, the province also increased and enriched the royalty tax credit to allow the Alberta royalty refund to 95 percent, to a maximum of $3 million.

Mr. Speaker, this legislation reflects those policy changes and that enhanced royalty assistance to development and drilling companies, usually the small businesses. I should note, as I'm sure all members are aware, that the royalty tax credit is administered through the tax system in the province of Alberta, so you can use the tax system to receive credits if you haven't got royalties to offset. The tax system is one way in which the collection process is used, and again, that is why it's in this legislation.

Mr. Speaker, in early attempts to address the need to assist the oil industry on royalty exemptions, we found that the creative way in which the oil industry responded was to multiply those exemptions to find ways to circumvent what was intended by the law. In concert with the industry we have also provided in this legislation, under the royalty tax credit sections, a series of amendments to ensure that the multiplication of the $3 million tax-free allowance is just that. By that I mean that you can't simply take over another company and transfer that $3 million to a pool of corporations and now have a $6 million exemption. We've dealt with a variety of other circumventory moves by the industry, and tax consultants in particular, to get around the otherwise fairly substantial royalty adjustments.

Mr. Speaker, there are several sections which have been put in place both to deal with that policy question and unfortunately, I must say, to in fact police the royalty reduction program as well. I should underscore that the industry representatives have been fully consulted throughout with respect to the way in which the enforcement of the policing-side amendments has been reflected in this legislation.

I'm sure that when we get into Committee of the Whole, Mr. Speaker, there may well be opportunities to more fully explain and develop the way in which the royalty tax credit system operates in this province. Suffice it to say, I'm advising the Assembly that that in fact is one of the major principles, and I'm introducing to the Assembly both the principle of the policy change and the change in the way in which the enforcement takes place on the exemption side.

Mr. Speaker, as I said in my very early statements, this legislation is essentially administrative in some senses, is consequential to federal amendments in other places and, in terms of policy questions, deals primarily with the royalty tax credit. I believe the royalty tax section is a commendable part of this legislation. It's put in place to assist the oil and gas industry in this province. As all hon. members know, when you start to reduce royalties as the industry has asked, I think you're responding in deed to their request.

Mr. Speaker, I move second reading of Bill 45, the Alberta Corporate Income Tax Amendment Act, 1986.

MR. McEACHERN: Mr. Speaker, I thank the hon. minister for his explanations. He perhaps made some aspects of the Bill a little more understandable, but I don't think he dealt with the basic principles as fully as he might have.

I guess the first thing I'd like to say is that I consider this Bill to be pretty heavy. He has said himself that it's rather wordy. To have one day less than a week for us to peruse it and try to critique it properly is rather unrealistic. [interjections] The minister himself said it was very technical and very heavy going, and that is for sure. However, that doesn't say that we can't get at some of the basic principles. The minister's own introduction last Friday referred to the policy statement by the former Premier and former Minister of Energy and Natural Resources on June 24, 1985. It is to that policy statement that I turned for a basic explanation of where the principle of the Bill lies and where it is going. Of course, what it was aimed at was reducing the royalties for gas and oil companies.

Before I get into that in a fairly detailed way, I want to say that the changes in line with the federal legislation, of course, are something that's necessary, and that is one of the fundamental principles of the Bill. But I'm going to leave that pretty much at this stage to further debate in the Committee of the Whole.

The basic principle of the Bill is to enrich the royalty tax credits announced in June 1985 and also the temporary enhancement of royalty tax credits announced on April 1,

1986. That's the basic purpose of the Bill. I want to talk at some length, then, about the idea of royalty reductions as a method of enhancing the oil and gas industry of this province. Royalties, Mr. Speaker, are a rent for a commodity that we the people of Alberta own. Members in this House have indicated that and stated that a number of times. So when you start to forgo royalties, you are in fact lowering your rent. It should not be done lightly, and it should be accounted for. In a very simplistic sort of way, I suppose one could argue that we're in a time when the oil prices are lower. Therefore that economic rent that we charge to the producers, who then turn around and sell the gas elsewhere . . . We should take a lower rent, if you like, because prices are down. The economy is depressed. The consumers at the other end pay a lower price overall. In a simplistic sort of way, in a free-market system that has a certain appeal and makes a certain amount of sense. We are in a very difficult position right now. In fact, you might say we are between a rock and a hard place. If the companies are going to continue to operate to search for and produce gas and oil, we may very well have to accept that lower rent. But, Mr. Speaker, make no mistake, there is a big cost to doing so.

Several things happen when you sell your resource cheaply to try to retain a cash flow for the industry. One of them, of course, is that we reduce provincial revenues considerably. If the minister was serious about needing to borrow $5.5 billion in his Bill 30, which has been introduced in this House, then that doesn't give us very much time with the heritage trust fund, perhaps two or three years, before we are in a deficit position in this province. Another cost is that we may give away our cheapest supplies of gas and oil at fire-sale prices. If we give away our best and cheapest supply of gas and oil at fire-sale prices, in a few years we'll find ourselves stuck with only very expensive gas and oil reserves to develop. A third consequence may be that we contribute to and participate in a boom/bust cycle that is part of the international commodity prices we in Canada do not necessarily have to subject ourselves to.

We could, for example, shield ourselves to some extent from these huge swings of high prices and low prices on the international commodity markets, because we have enough gas and oil to be nearly self-sufficient in this country. But we were forced, Mr. Speaker, a few years ago, to accept less than world prices when the prices were high, so now it seems to be rather foolhardy for us not to demand that we should get a reasonable price for our resource now, when the floor price is too low to sustain the industry in this country. And the idea of just giving royalty rebates to keep the industry alive has its shortcomings. It seems to me that the customers in Canada and the owners — the Alberta people — and the producers of the resource should by and large be prepared to accept a rather stable regime for the oil industry, rather than swing through these booms and busts. It seems to me that it is only the major corporations, most of them foreign owned, who are able to benefit from the huge swings, the ups and downs. The smaller ones, the people of Alberta, who own the resource, and the people of Canada as a whole, who have to pay the prices as they swing up and down, are the losers.

Mr. Speaker, in view of the lateness of the hour, I would move adjournment, if I may.

MR. SPEAKER: There's a motion to adjourn. Is there a question? There's a call for the question. All those in favour of the motion to adjourn, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Those opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The motion fails.

Sorry, hon. member; you've had your time. Member for Calgary Buffalo.

MR. CHUMIR: I have, Mr. Speaker, some characteristically brief comments. It was some years ago that I congratulated myself on leaving the world of tax law and on not having to wrestle with income tax Acts any more. I'm reminded of the aborigine who went crazy attempting to throw away the boomerang. Here I am again. As I read through the provisions of this Bill, it becomes very clear why the hon. minister has that glassy-eyed look for which he's become so well known — along with some ex-tax practitioners, he's no doubt impelled to retort.

I have only one matter I would like to raise, Mr. Speaker, and that relates to the question of the problems which arise with respect to the restrictions relating to the limitation of the royalty tax credit at $3 million per corporate group. I've had a complaint from a company in the oil industry that feels itself aggrieved. Apparently, one of its means of carrying on business when it nudged the $3 million limit was to sell off some properties and thereby replenish its cash flow and recommence a drilling program. If it were successful, as it appears to have been, it would have done that again. They've written and expressed some concern as to how this inhibits what, for them, was a pattern of being involved in some very productive drilling activity. I realize the difficulties that arise in terms of attempting to protect the fisc when you have a program of this nature. However, that is not an isolated type of situation.

At the present time, with the oil industry going through such strains and stresses, there is a very distinct move toward rationalization of the industry or, at the very least, a need for rationalization. Questions of merger and acquisition are being discussed very openly, and in many instances the potential for merger or acquisition is being hampered by the fact that two companies which presently enjoy the $3 million limit, if amalgamated, merged, or acquired would, instead of having two times the $3 million limit, thereby be limited to only one royalty tax credit of $3 million. This is a very complex issue. What I would ask, Mr. Speaker, is whether or not in his concluding comments the minister, who has undoubtedly thought about this a great deal, might give us the benefit of his thoughts as to the degree of difficulty he perceives is being caused in the industry as a result of this, and some of the potential permutations, combinations, solutions, and directions he envisages might be taken to deal with this rather complex and perplexing issue.

Thank you, Mr. Speaker.

MR. PASHAK: Mr. Speaker, I support this Bill, but I do have some concerns about it. I support it because of the desperate plight that small oil producers are in in this province, and I recognize that this Bill provides some much-needed support to this group. I'd like to talk about two aspects of the Bill.

The royalty tax credit program, which does deal with the concerns of the small producers. My concern here is that that royalty tax credit may not produce new, meaningful

activity in the oil patch. I understand that much of the money that has been rebated to them either goes into activity for the sake of activity or, in some cases, is used to deal with certain debt problems and this sort of thing that the companies have. I think some assurance built into these programs that that money actually goes into some kind of meaningful activity would be important in the legislation.

I'm also concerned about reduction of royalties in general. I think a case can be made for reducing royalties are far as so-called new oil is concerned, but whether or not that same case can be made for old oil is another matter. I understand from the legislation, or at least the announcements that have accompanied this proposed legislation in the past, that the definition of old oil has been reduced. Certain kinds of oil once considered old oil and taxed at the higher rate have been redefined so that there's less oil being considered old oil. My concern about reduced royalty rates for old oil is that much of that oil was discovered prior to 1973 and was produced at a time when companies were making profits on oil that was selling for as little as $4 a barrel. Why should oil that was discovered under those conditions be subjected to reduced royalty rates?

I guess that ties in to the broader concern that I mentioned with respect to the royalty tax credit program. It ties in, too, with removal of the PGRT. What assurance can there be that once there are these massive reductions in either taxes or royalties, we're going to get activity in the oil industry as opposed to using those funds for other purposes, using them for acquisitions of other companies and to rebate profits back to shareholders instead of new, meaningful exploratory and drilling activity?

MR. MITCHELL: Mr. Speaker, I would simply like to ask the Treasurer to comment in his closing comments, if he would, on how the royalty tax credit provisions of this Bill relate to the Auditor General's recommendation 41 against the use of tax expenditures in the traditional tax expenditure accounting manner that's being contemplated here, if it is in fact being contemplated here. Have I made any sense at all?

Thanks.

MR. TAYLOR: Mr. Speaker, I rise to comment on the question of royalty portion. The rest of it looked far too complicated, and income tax is always something that frightens me, although I must admit I enjoyed life a lot more when I had to pay it than when I didn't have to pay it. I've often wondered, too — I'm sure I'll make the remark before the Treasurer notices. Obviously income tax really turns the crank of the Liberals. We had nearly the whole caucus up here while the rest of the Tories were sleeping when you mentioned income tax.

I want to remark on the question of royalties. It is a fast disappearing method of taxing oil. As a matter of fact, I believe outside the United States, which is where oil rights are owned privately, the concept of a royalty still holds. But I don't know of any other place in the world, where the state or the people own the mineral rights, that they still use a royalty system. It pretty well faded in the '40s and '50s, and I think was gone in the '60s. At least I've operated in many countries in the world and you don't run into royalty anymore, except as a basic minimum, almost a sort of licence fee of 5 or 8 or 10 percent. It's right across the board where there's no dodging.

The method of taxing. As the Member for Edmonton Glengarry so well pointed out, the royalty is supposed to be paying economic rent. The contractor that contracts with the state to remove oil or gas or sulphur or whatever it is from Mother Nature, pays a fee. In the old days, if a royalty was very similar to — it's really a carryover from the kings, and that's where the term comes from. Western Europe, where they didn't have accountants and lawyers, was a very nice society in those days. Rather than go through all the accounting, they took a royalty for every 10 sheep sold or every 10 loads of coal. The king took one; it was just that simple. They took the royalty in kind. But that's progressed, and we adopted a system of royalties in Alberta back in the '30s, imported from the United States, because the first oilmen we had up here were Americans used to paying royalty on private land.

So we've stuck with a system of taxation that really doesn't apply when the state owns. A modern system used by nearly every society I know of today that contracts out to development of oil and gas rights, whether it be a fascist, a democratic, or a communist one, is based on the cash flow from what comes out of the royalty. The royalty, for instance, tries to take some recognition that a deep well costs more than a shallow well; a well with three strings of tubing would cost more than one with one string of tubing or whatever. But not too much. It's very difficult. Royalty is a broad-axe method of trying to tax. It doesn't even account very well for maybe high sulphur or heavy crude versus a light distillate, or doesn't account for a well that has to have a lot of treatment to separate. In other words, it is not price sensitive to the cost of getting the oil out of the ground, and it has a tendency to warp your industry.

For instance, what we have are people drilling too many shallow gas wells, too thick and too fast, because it's an easy royalty to pay. On the other hand, royalties on deep, sulphur-laden wells are so onerous indeed that we don't get the proper amount drilled in order to get the full depletion of the reservoir and, consequently, the most amount of money to the state. So what we have is a very blunt tool that is only vaguely related to the profit a company makes out of drilling the well and selling their goods.

I would suggest to the minister that maybe he could attach to the junket the Labour minister is putting together somebody who would collect something on royalties as they're going through these countries. [interjection] I would be glad to offer to go along. As a matter of fact, I used to operate in Scotland, so I don't need an interpreter. I would be able to get by quite well. Mr. Speaker, it would be very easy to collect the data as they travel.

MR. SPEAKER: A point of order.

MR. HERON: A point of order, Mr. Speaker. During the debate on Bills 50 and 41, the hon. Member for Westlock-Sturgeon provided us with ramblings on the power of contrary thinking and lots of verbiage displaying a marvellous grasp of the obvious. I wonder if we could be spared during debate on this Bill.

MR. HAWKESWORTH: Mr. Speaker, would the hon. member please refer to the standing order or the citation in *Beauchesne* on which he makes his point? [interjections]

MR. SPEAKER: With respect to Bill 45, the Alberta Corporate Income Tax Amendment Act, 1986, the Member for Westlock-Sturgeon.

MR. TAYLOR: Mr. Speaker, I am actually glad for the interruption, because a rambunctious youth such as that has to jump to his feet now and again, go to the washroom or something. As long as he could butt in, it was all right.

If I may go back to the question of royalties, royalties are being forgone today for a system whereby the well is expected to make one, one and a half, two, two and a half times. That's what the government decides is rent, the cost of the investment, with a minimal royalty, before the government comes in and collects an economic rent, usually fairly high — 50 or 65 percent; maybe as high as 80 percent — after they've recovered their money, plus the profit society thinks it makes. This has the advantage over a royalty, Mr. Speaker. First of all, from the capitalist's point of view, it returns capital fast. Royalty has a tendency to give an even amount over the time of a well, and funnily enough, it doesn't return as much to the owner of the oil well results as the other system. After all, I'm sure that's why the other system was invented. I'm sure it wasn't the oil companies that invented the system they now use for royalties in the rest of the world. This system takes a fairly even bite out of the oil but over a long period of time, whereas in general the capitalist, not living as long as society does, likes to recover his or her capital in a hurry. So a system that gives the money plus the profit back fairly fast allows the owner of the resource to put in a very high rent later on, yet over the 25- to 30-year life of the well, recover much more than a fixed royalty and create more activity.

In effect, I am giving the Treasurer a chance get that extra income down the road that he's worrying about. At the same time, I guess you could call it the old hissing theory of collecting taxes. The first taxes were collected by taking down out of a goose, and you took down out until the goose hissed. I'm trying to suggest to the Treasurer that he can change his tax system and get a lot more down out of the goose before it hisses.

MR. JOHNSTON: Mr. Speaker, I will be relatively brief as I summarize some of the comments with respect to this Bill. I appreciated the analysis on the economic rent question given to us by the Member for Westlock-Sturgeon. I have been a student of the royalty system in the province of Alberta for at least a decade, and I must say that I can't with any confidence say I understand the system. I think essentially it's a very complex series of calculations which, to a great degree, have evolved over a period of time. I think as you look at a variety of pieces of legislation, we have moved, accommodated, to some extent patched, and adjusted policy to emerge with what we now have as a royalty system in this province. Perhaps I shouldn't be the one speaking on royalties. I'm sure my colleague the Minister of Energy will have an opportunity at various times to talk about it.

Nonetheless, I can say that in the case of Alberta the royalty system is directed to various kinds of production. Some of the royalty adjustments were driven here in the province by decisions made elsewhere. For example, we do have a variety of royalties which apply to new oil and old oil, or pre-'74 oil and post-'74 oil. We have another series of royalties which apply to enhanced-recovery situations. Of course, we do use the royalty system to drive, stimulate, or protect the industry in a variety of ways. What I'm saying is that the royalty system perhaps has been moved away from pure economic rent assumptions to one of economic rent and stimulus and fiscal policy. That combination makes it difficult to say just what we're going to achieve with the royalty program, except to say that I think most people in Alberta would agree that there should be a significant return to the owner of the resource. I think it's an opportunity for debate as to how that can be taken.

I do agree with the Member for Westlock-Sturgeon that in the case of present value analysis on cash flow, to stimulate more investment we should allow the risk-taker to get his money back sooner. It engenders a lot of other activity in the marketplace in terms of new investments, perhaps even better management of the well itself over the life of the system. I don't have too much disagreement, but I don't know that this is the time to have an elaborate or extensive debate on the economics of royalties or on the technical elements implicit in the Alberta royalty system. But in this case, as I've noted, we did use the royalty system to attempt to stimulate activity and to protect the cash flow of the small oil producer in this province.

These amendments were not intended to any great extent to assist the big producer, because of course they will quickly move to the maximum. Any production over that is taxed as a royalty to the province in a very quick manner. But there were those small corporations which we did attempt to address in these royalty adjustments. As I've indicated, the first attempt was in June 1985. I'm sure members realize that there's been a paradigm shift in terms of energy assumptions in that period. In June '85 the price of oil was fairly reasonable and quite stable. In that period the royalty enhancement was put in place. We attempted to deal in a reasonable way to provide more stimulus to the oil industry. I think it was significant. It was moving through 1985 in a positive fashion. The proof of that, of course, was that there were more wells drilled in '85, second only to the maximum, and the land sales were up. I think as a stimulative approach it was in fact a fairly effective, direct, immediate system. It did in fact work. But after that, in 1986, obviously other predominant factors were affecting the economics of oil.

I appreciate the fact that the Member for Calgary Forest Lawn indicated that you cannot now guarantee that if there is royalty adjustment or royalty credit or, for that matter, some cash paid to the industry, that money will go to exploration. What the company may do with that, of course, is usually to reduce liabilities in this case. Of course, that maintains the industry to some extent. I think if any kind of tax relief provides that to the industry, then over the short-term period when prices are in fact soft, we do maintain the industry intact so that it can survive and maintain itself once the oil price starts to move back up and the economics of development of the western sedimentary base makes more marginal sense. But I cannot give the guarantee that we can forever know what the company is going to do with that royalty credit. I appreciate the comment made by the Member for Calgary Forest Lawn. I can empathize with him, but I can't give him a guarantee that the royalty credit will be used entirely for new development, new drilling, and new investment. Maybe the reduction of liabilities is a sound decision these days, Mr. Speaker.

With respect to the Auditor General, yes, Mr. Speaker, one of those questions the Auditor General did draw to the attention of the government and to all readers of the financial statements of the government was that this was a revenue offset. However, he did not condemn the government; he merely suggested that this is one way of doing it and he would like to see consistency in the approach. We're attempting to do that in all manner of tax incentives which are

revenue driven. This is one of the original ways in which we used a revenue offset to provide the charge against the income, if you like, of the government. It is fairly reasonable in that it is a royalty reduction and we use the tax system to adjust the amount of tax payable and the royalty credits. And if there's obviously no tax payable, then a tax transfer takes place.

I know that the Member for Edmonton Meadowlark makes the exception that in fact once cash starts to flow from the government, it should be shown as an expenditure and the full explanation given. Well, as I've argued before in this Assembly, Mr. Speaker, we do have ample opportunity to deal with the tax expenditure side. Whether or not it should be shown as an expenditure or a revenue offset is still a debate nonetheless. The Auditor General simply provided the explanation that, one, you may want to consider, Mr. Government, whether you want to show it as an expenditure or attempt at least to be consistent with the way in which you approach this across a variety of programs provided for by the government. So we're doing that on a consistent basis. I agree with the member that that is the issue he has underscored on many occasions, and in fact we're using a revenue offset in this case.

With respect to the more difficult issue, the multiplication issue, the policing side, when my colleague Mr. Hyndman introduced this legislation — it was then called Bill 14 — flagging the change in the royalty calculations as showing that we would not allow the multiplication of the royalty tax credits, we did receive a considerable amount of reaction from the industry — considerable in the sense that it would have affected the very small corporations. Those corporations essentially had one asset, and that asset was the $3 million exemption of royalty credits. It was quite common in the industry — a rationalization, the Member for Calgary Buffalo calls it — to allow these royalty credits, or this potential credit, to be sold to another corporation by merger or by association, and therefore there was a multiplication of that royalty credit. We thought that that was not intended in the legislation. We thought it was here that if you had one entity, you got one opportunity to get the tax credit, the $3 million credit. Nonetheless, it did cause some hardship for maybe six or seven corporations who had been involved in the transactions of selling their entity or associating or merging with another entity, and they did that entirely and exclusively to multiply the tax credit.

Well, from a straight fiscal point of view we have to protect the interests of the people of Alberta. We want to ensure that the avoidance of the payment of the royalty must be minimized, and I must say that in consultation with the industry they concurred in our recommendation to limit the multiplication of that credit. But it has been said that in some cases where the only asset was that royalty tax credit which could be discounted and sold, we did in fact take away an opportunity for some asset to be created and some sale to be effected. But I guess that's the way tax legislation applies in some situations. But we did do it with careful thought. We had a wide discussion among my colleagues in caucus and cabinet and came to the conclusion that this was the most effective and in fact the most fair way for us to impose this legislation.

I can go on to say that as soon as this Act is in place, I know the creative minds in the oil industry and the tax and other consultants will find a way to get around it again, just as sure as we're standing here. It's as clear as anything, and they'll do it in a variety of ways, because that's the nature of the game itself. But we are attempting to police it. I don't like to use that word, but we are policing the royalty abuses. I think over this period of 1982 to 1986 we have found most of the loopholes and are able to say that we are using, with some prudence, the royalty system to stimulate activity and avoiding wherever possible the abuse of the system.

Mr. Speaker, I appreciate the comments. I note the recommendations on a variety of areas. But without going on further, I know we'll have more opportunity in both this Bill and the subsequent one, Bill 46, the Alberta Income Tax Amendment Act, 1986, to discuss, describe, and make recommendations on the royalty tax credit system of this province. However, I will move second reading of the Alberta Corporate Income Tax Amendment Act, 1986.

[Motion carried; Bill 45 read a second time]

CLERK ASSISTANT: Bill 46, Alberta Income Tax Amendment Act, 1986.

MR. CRAWFORD: Mr. Speaker, perhaps because it's time for me to go and walk my dog — I don't have a cat to walk — at this hour, hopefully Bill 46 can be addressed tomorrow. I should mention that the business for tomorrow would be third readings of the Bills available for third reading on the Order Paper. The reason is that shortly before 1 o'clock, we want to have Royal Assent to any Bills that can be read a third time. If there's time in addition to that, we will then address Bill 46.

MR. SPEAKER: I beg the House's indulgence for half a moment before putting the motion. Earlier in the debate with respect to Bill 45, the Chair acted in an inappropriate fashion and apologizes to the Member for Edmonton Kingsway and looks forward to hearing the cogent arguments with respect to Bill 45 in Committee of the Whole. This was with regard to the member being cut off from carrying on with the balance of the timed comments at that time after the motion to adjourn had been defeated.

[At 11:15 p.m., on motion, the House adjourned to Friday at 10 a.m.]