

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Friday, September 12, 1986 10:00 a.m.**

[The House met at 10 a.m.]

PRAYERS

[Mr. Speaker in the Chair]

MR. SPEAKER: Let us pray.

O Lord, we give thanks for the bounty of our province: our land, our resources, and our people.

We pledge ourselves to act as good stewards on behalf of all Albertans.

Amen.

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

MR. SCHUMACHER: Mr. Speaker, the Standing Committee on Private Bills has had under consideration Bill Pr. 16, Maycroft Insurance Company Limited Act, and recommends it be proceeded with.

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? So ordered.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. YOUNIE: Mr. Speaker, I would like to introduce to you, and through you to members of the Assembly, Mr. Bill Watkins. Mr. Watkins is special assistant to Len Harapiak, who is Minister of Natural Resources in Manitoba, and Bill and I have been meeting to discuss a number of issues in relation to that. I would like the Assembly to accord him the traditional warm welcome.

MR. GETTY: Mr. Speaker, I'd like to introduce to you, and through you to the Legislature, a group of some 60 grade 6 students from Westbrook school in my constituency. It's a wonderful school very close to where I live and that my children went to and received their early years of education. It's supported very strongly by our community — an excellent home and school relationship. They are seated in the members' gallery, accompanied by teachers and parents. I would like to ask them all to please stand and receive the welcome of the Legislature.

MR. R. SPEAKER: Mr. Speaker, it's my pleasure on behalf of my Legislative colleague from Taber-Warner and myself to introduce the council from the municipal district of Taber. I'd like to introduce the reeve, Cecil Wiest; the deputy reeve, Ben Friesen; councillors Lynn Wenbourne, Ed Shim-bashi, and Don Leahy. I'd ask them to stand and be recognized. They're in the members gallery.

MR. ELZINGA: Mr. Speaker, I too have the pleasure to introduce to you, and through you to members of the Legislative Assembly, a group of 41 grade 6 students from Jean Vanier school. They're here with their teachers Cheryl Eshpeter and Sharon Howrish. I would ask if they would rise to receive the very warm welcome of the Legislative Assembly.

MS BARRETT: Mr. Speaker, I'd like to introduce to you, and through you to members of the Assembly, someone who is visiting us today from South Australia. He is David Steame, who once made his home in Calgary. He's come back to visit his friends and the Official Opposition, particularly our director of research. He's in the public gallery. I would ask him to stand and receive the welcome of this Assembly.

ORAL QUESTION PERIOD**Natural Gas Deregulation**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Minister of Energy. New gas contracts to central Canadian buyers have been concluded which precede the November 1 deadline by a month and a half but include prices 7 percent below the previous Alberta border price. The minister has repeatedly stated that the November 1 deadline is only a target and this government wants to be flexible about implementing deregulation then. My question, Mr. Speaker, is: how can the minister continue to pretend that the November 1 deadline is not in fact the date for a deregulated system, given this Western Gas Marketing deal?

DR. WEBBER: Mr. Speaker, we've consistently said throughout the months leading up to this time that November 1 was a date we were shooting for in terms of deregulation, that a number of steps had to be taken prior to that date because of concerns in the industry, and one of those steps was the negotiations that would be taking place between Western Gas Marketing and the distributors in eastern Canada subject to the approval of that agreement by the producers in this province. So even though an agreement has been reached between Western Gas Marketing and the distributors in eastern Canada, that is subject to acceptance by the producers in this province.

MR. MARTIN: A supplementary question, Mr. Speaker. So it seems to be that we're on at November 1 come hell or high water or what it does to our economy. As I point out to the minister, the prices of this deal are down 7 percent. Some people are predicting producer incomes could go down by 30 percent.

My question is to the minister. Has the government yet established what price is too low for our gas; in other words, a level below which we will not let our gas be sold?

DR. WEBBER: Mr. Speaker, I can understand why the hon. Leader of the Opposition is a little concerned and upset, because he's been preaching gloom and doom in this Legislature with respect to these negotiations for months, and I think he's really disappointed that the results are the way they are with respect to that negotiation.

The situation, Mr. Speaker, is that Western Gas Marketing certainly has completed the competitive marketing agreement

with the four major distributors in eastern Canada. They're different markets, of course, but in the residential and light commercial markets the discounts are 20 cents per mcf at the Alberta border, which is a far cry from the predictions of a dollar or whatever it was by that particular leader. That is in the residential and light commercial markets. The industrial markets already have been deregulated, so that November 1 has nothing to do with the industrial markets at all. That already occurred back in November 1985.

So in terms of going full deregulation, Mr. Speaker, it's really looking at the light commercial and the residential markets where full deregulation would occur.

MR. MARTIN: What a bunch of gobbledygook. I asked what the price was, and I get a bunch of nonsense from this minister. People want to know. Mr. Speaker, the fact is that the price is going down with deregulation. This minister is well aware of it.

But my question is to the Premier because he's taken great pains to explain that we still own our resources, which we were happy to know in this province, and he said that he will hold gas if prices fall too low. Has the Premier established a specific bottom line for prices at this particular point? Because it's not hypothetical anymore.

MR. GETTY: Mr. Speaker, obviously there's a level at which a judgment based on advice from the Energy Resources Conservation Board and from our own assessment of markets would be: too low. However, certainly the level recommended here by the marketing organization of TransCanada is at a 7 percent decrease, when we've seen the equivalent drops in oil prices being far, far greater than this. I think these are not in the range. We're not going to try and predict a price in advance at which contracts would not be allowed. But just to advise the House and all the people of Alberta: this looks like a pretty good marketing effort in light of the way energy prices have dropped in the months ahead, and I think we'll wait for the producers now to assess this and see whether they agree with that.

MR. MARTIN: Mr. Speaker, the Premier may think it's a pretty good deal, but to come back to the Minister of Energy. Is it the case that this Western Gas Marketing deal will save central consumers and cost our producers some \$185 million per year? Would the minister confirm that figure? I ask if that's such a good deal for Alberta.

DR. WEBBER: Well, Mr. Speaker, the total dollars — I don't have those numbers with respect to the volume. The volume of gas would be in the 770 billion cubic foot range, and if the hon. member cared to do some arithmetic, he could calculate himself, essentially. But the Alberta border price currently being \$2.79 per mcf and taking into account the total large industrial, commercial, and residential markets in eastern Canada — and I want to emphasize that it's in the large industrial area that we already have deregulation — the total discounts would result in a range of \$2.20 to some \$2.30 per mcf. Now, that is taking into account the very competitive industrial market that has already been deregulated in central Canada. The total revenue reduction, once again, is a far cry from what the gloom-and-doomers have been predicting.

MR. TAYLOR: This is a supplementary, Mr. Speaker, to the minister. I don't see how he could say it's a far cry. He's a mathematician; he used to teach it. It's going from

\$2.79 to \$2.15. That's 64 cents, a 23 percent reduction. The initial price is only a 7 percent reduction. The total contract when the industrial comes is a 23 percent reduction.

But what I really want to ask the minister is: saying that it's \$185 million to the eastern consumers is clearly that this gas is just substituting for old gas that we were selling for \$185 million higher than we are selling it for today. Can the minister confirm whether this is new buyers, new contracts, or nothing more than renegotiating the old contracts at a \$185 million loss to the people of Alberta?

DR. WEBBER: Mr. Speaker, it's interesting to see the excitement of that member as well. Obviously, he is disappointed with the results of the negotiation. The total percentage in the market that was not deregulated was 7 percent, a 20 cent discount of the Alberta border price. Those negotiations between the arm of TransCanada, Western Gas Marketing, and the distributors at the other end with the result of renegotiating contracts — it was those renegotiations that were necessary in order to proceed with deregulation. Whether the producers accept that or not, we will find out within a two-week time period when the producers each will receive a letter from Western Gas Marketing, and they'll have two weeks to ratify that agreement. Then we'll proceed from there.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister of economic development. One of the reasons we're sending \$185 million to Ontario is that we've failed to diversify in the province of Alberta. Could the minister indicate whether there are any negotiations of any kind that are going on to bring any large manufacturing firm into Alberta — such as Toyota, Hyundai, or others such as this — so that we do our manufacturing and industrial development here in the province rather than in Ontario? [interjections]

MR. SPEAKER: Perhaps hon. members would let the minister respond.

MR. SHABEN: Mr. Speaker, there have been considerable efforts over the past 15 years to further diversify the Alberta economy, with considerable success. The hon. member might have missed some major developments just recently: a \$400 million magnesium plant in southern Alberta, a \$200 million pulp mill in northern Alberta. There have been as a result of ... [interjection] I think the hon. member would find this interesting because he could educate his constituents.

In the petrochemical area in recent years, there has been an increase in the number of downstream manufacturing plants in rubbers and plastics totalling some 300 companies. In the high technology area, as a result of a number of initiatives we have, there are a myriad of developments providing highly skilled jobs to Albertans. In the service area, as outlined earlier by some other members of the government side, the increase in employment in Alberta year by year has been significant. I'm sure that the hon. member wouldn't like me to run over all of them, but there are many, many sound examples of economic diversification.

With respect to the natural gas side, one of the areas that the member I'm sure is conscious of, Albertans are interested in maintaining our markets. We're competing with hydroelectricity; we're competing with oil prices that have dropped to less than half. I think the Minister of Energy has presented a very, very sound program in terms of maintaining those markets for Alberta producers. [some applause]

MR. MARTIN: They didn't pound too hard that time, did they, Mr. Speaker?

Heritage Savings Trust Fund

MR. MARTIN: My second question, dealing with government mismanagement, is to the Premier. The Premier and Treasurer's statements seem to indicate that they are giving very serious consideration to no longer placing even 15 percent of our resource revenues in the heritage trust fund by next year. What does this indicate about the government's policy on the growth of the fund and, specifically, its use as a diversification tool for the future?

MR. GETTY: Mr. Speaker, again, the hon. Leader of the Opposition shouldn't take his reports secondhand. I'd be happy to tell him, as we've mentioned in the House before, that there are all kinds of options that are looked at in the period of reducing revenues. The hon. Provincial Treasurer has taken some pains to go into details with the House. There will be a period of time when we'll be considering the conditions we'll be facing. Then we will present a budget, a fiscal plan, to the Legislature, and we'll have full opportunity to debate it.

MR. MARTIN: That's the type of pains that we've been getting, and it is painful the answers that we're getting, I assure you, Mr. Speaker.

MR. OLDRING: So are the questions.

MR. MARTIN: Yes, Henny Penny. Do you want to ask something?

My question is to the Treasurer, Mr. Speaker. The resource revenues, of course, are going down drastically next year, so even placing this 15 percent into general revenues will be no panacea. Could the Treasurer give us his best estimate of how much money we're talking about here? Specifically, is it around \$200 million?

MR. JOHNSTON: Mr. Speaker, the member yesterday must have been visiting a sage seer and soothsayer to come up with that forecast because it's not the one we have been proclaiming. In fact, we are suggesting that through the fall of '86 and early '87 demand will increase. Prices are stabilizing now, and we expect that the royalty revenue will be just as we expected, approximately the one-third that we predicted in our budget. As we get closer to preparing the 1987-88 fiscal plan on the revenue side, of course we will assess and review what in fact will be the projected revenue at that point. But to leave the misleading thought in this Assembly that there is some doom and gloom that has already been talked about with respect to revenue forecasts is absolutely a mis-statement, Mr. Speaker.

MR. MARTIN: They've learned a new word. Now it's doom and gloom, Mr. Speaker.

But my question is to the Treasurer. He might have noticed the prices have come down recently. What assurance can the Treasurer give Albertans that the government is not giving active consideration to actually drawing down the capital of the fund itself to help patch up the fiscal mess that this government has put us in?

MR. JOHNSTON: Mr. Speaker, from time to time one sits back and evaluates the sort of profile that you hear from

across the way. The one thing I have concluded is that it's obvious the members of the socialist party opposite have never been in the position of having to evaluate risk, having to consider a set of alternatives, and have never had their neck on the line in the private sector. It's for that reason that they don't understand the way in which this process operates.

Clearly, Mr. Speaker, in a private-sector approach when you drive a decision based on the resources available, you must always consider the range of options before you, and the only realistic way to do it is to assess all the variables which are before you, design a management plan which fits that set of scenarios, and take appropriate action as a result.

When he talks about all Albertans, I can underscore the fact that all Albertans will understand exactly that process. I know, Mr. Speaker, in quoting you just this morning, that we will pledge ourselves to be good stewards for all Albertans, and that's exactly what we'll do.

MR. MARTIN: Have you ever noticed that when the Treasurer doesn't have any answers, he gets his rhetoric and he gets up there shouting? You know, bankrupt of ideas, but we love the rhetoric, Mr. Treasurer.

My question is to the Premier. Maybe we'll get some more answers and less rhetoric, Mr. Speaker. I would suggest that we agree with the government that Albertans have generally supported the trust fund concept as protection for our children's future. In view of the answers that we're getting here today about taking the capping away and perhaps even cutting into the capital, because we didn't get an answer, what new initiative does the government have in mind now that it looks like they're considering all these options?

MR. GETTY: Mr. Speaker, one item the hon. member talked about was taking the capital away from the trust fund. It's never been given consideration.

MR. MARTIN: Why didn't he say that?

MR. GETTY: Mr. Speaker, I think if they'd been listening, the Provincial Treasurer did say that the opposition, believing as they do in state control and government regulation, having no appreciation for risk and reward, the very things that built this province, as the young people today who are in this Assembly know — personal freedoms and individual initiative built this province. [interjections] The NDP and their state control could never have built this province. They have had no part of our past, and they have no part of our future. [interjections]

MR. SPEAKER: Order please. The Chair would like to observe the fact of the matter that yes, today is Friday. It sure sounds like it.

MR. TAYLOR: Mr. Speaker, it falls on me to bring back a little decorum to the session.

To the Treasurer. Bit by bit we are encroaching on the heritage trust savings. Now it's easy money for a desperate government and a desperate cabinet, but when will the Treasurer undertake to review the funds, objectives, and achievements, which he alluded to last night? When is he going to do that?

MR. JOHNSTON: Mr. Speaker, as I indicated last night in a good exchange with the Member for Edmonton Mea-

dowlark and the Member for Westlock-Sturgeon, I think it would be appropriate at the end of a decade for us to review the heritage fund, and I'm sure that over the next couple of years we'll do just that; probably a more immediate period. But we have done some assessments recently. Of course, as I indicated then, the policy with respect to how the funds are used in the heritage fund is assessed on an ongoing basis. There's ample opportunity for debate here in this Assembly.

I remember, for example, a couple of elections were focussed on the future of the Heritage Savings Trust Fund. I can say that my colleague Allan Warrack, who served in this Assembly, in fact provided some insight into an evaluation of that fund, drawing on his own experience as a member of this Assembly, and perhaps that sort of input is necessary and useful. I can say that all members of the Assembly are interested in this fund, it's recognized as unique, and we will continue to use it wherever appropriate.

As the Premier said, we will not attempt to encroach on the capital. As all members have agreed over the past few days in debating in here the estimates which I presented both on operations and on the heritage fund, we are now using the current revenue from that fund to assist the General Revenue Fund of this province to avoid unnecessary increases in taxes and to maintain the highest level of expenditures and services to the people of Alberta. That's the kind of balanced fiscal plan that this government is known for, and that's what the people of Alberta can expect in the year ahead.

MR. R. SPEAKER: Mr. Speaker, supplementary question to the Provincial Treasurer, for clarification. The information imparted to this Legislature is that the Provincial Treasurer has requested ministers to establish scenarios in terms of a zero budget increase, a 5 percent decrease, a 10 percent decrease. Could the minister clarify very clearly that that means there will not be a percentage increase in the upcoming budget for the 1987-88 fiscal year budget as presented to this Legislature? Is that the ground rule now established?

MR. JOHNSTON: I'd like to say yes quickly to that, Mr. Speaker, but I think we'll have to wait and see the evaluation and see what kind of marginal analysis unfolds from the exercise we are now going through. Of course, I'm afraid all members will have to wait until sometime early in 1987 for the final statement on that point.

MR. SPEAKER: The Chair also has the difficulty about the Provincial Treasurer giving an advanced leak about the budget. The Chair wouldn't want the minister to have to resign.

MR. TAYLOR: Go ahead, Mr. Speaker. We won't stop him.

Natural Gas Billing Practices

MR. TAYLOR: This is to the Minister of Transportation and Utilities. Residents of the town of Westlock have been receiving bills for natural gas from ICG, Inter City Gas, Mr. Speaker, on an energy value basis rather than the volume basis you read on your meter. The change from billing on a volume base has led to much confusion and suspicion on the part of consumers, and the billing cannot be verified by the consumer himself ICG says that the energy value will be based upon monthly samplings at the

point or source and the lab conditions, and the result will be used in the billing. Can the minister guarantee that the result will be published on each bill for the benefit of the consumers confused by the new method?

MR. ADAIR: Mr. Speaker, having not been aware of the problem or even the length of the explanation that the hon. member made, I would have to look at what that is before I can provide the hon. member with an answer, and I'd be pleased to do that if he would forward it.

MR. TAYLOR: Mr. Speaker, I'm sorry. Maybe I should have presented it. I thought as the minister of utilities you'd be familiar with the fact that they're moving to an energy-based charge throughout the province.

Can the minister then assure the House that the result of the test used for billing purposes will be subject to verification by persons other than ICG? In other words, if the system goes ahead, will you at least use an outside system of verifying the billing?

MR. ADAIR: I can't respond to that, Mr. Speaker, other than to say that any changes in billing processes must first be approved by the Public Utilities Board. If that has been approved, it would then be up to the company to make the explanations and provide that opportunity for those who don't understand the billing, and that can be done in a number of ways.

MR. TAYLOR: Mr. Speaker, for his information the Public Utilities Board hasn't passed on it.

In selling on an energy value basis, when the minister is going back and reporting to the House, which I hope he will do very quickly — I realize he has to check with his technical experts — will he check out whether the utility company, in spite of billing out on an energy value basis, is buying their gas on an energy value basis? In other words, it's very important that where they are selling on energy value, are they buying? Would he confirm that he will check that out?

MR. ADAIR: I can confirm that I'll check that out, Mr. Speaker. If the hon. member has any additional information he would like to provide me that would speed up the opportunity for me to get back too, I'd appreciate it.

MR. TAYLOR: Last supplemental, Mr. Speaker. I'm sure that he will be able to answer. Will the minister tell the House whether he will check into whether the Public Utilities Board is contemplating a provincewide standard of energy value calculations?

MR. ADAIR: The reason I hesitated, Mr. Speaker, is that I'm not the minister responsible for the Public Utilities Board. I'm not sure of that direction, but certainly I'll take a look at the question and see if I can get an answer for it.

MR. PIQUETTE: To the Minister of Transportation and Utilities. My documentation shows that there are close to 40,000 consumers being billed an extra \$1 in the way that the whole billing program is carried out by ICG. Will the minister contact the ICG billing process to find out what they will do about that particular problem? I also have a number of customers who have made contact with ICG

about this problem, and it has been admitted by ICG that there is some problem with that billing process.

MR. ADAIR: Mr. Speaker, I'm not sure that everybody listening to the conversation knows what ICG is, and maybe the hon. member would explain it. Then possibly if he would provide me with some of the bills related to the 40,000 he mentioned, I can check them out.

Agricultural Strategy

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Agriculture. Western farmers at the present time are facing the problem of the strike/lockout in Thunder Bay. We have a potential record crop for 1986 of some 17 million tonnes; it's up 50 percent over 1985. We have a depressed cash flow for farmers. Could the minister indicate whether any current or recent representations have been made to the federal minister responsible for the Canadian Wheat Board to open up some of the quotas for farmers specifically in Alberta and certainly for western Canada?

MR. ELZINGA: Mr. Speaker, we're in constant communication with the minister responsible for the Canadian Wheat Board, and I'm more than happy to make those representations to him on behalf of the hon. Member for Little Bow.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. In this Assembly we have talked about the policy of a deficiency payment relative to the price of western grain and Alberta grain. Could the minister indicate the present circumstances with regard to those discussions on a deficiency payment, and could the minister also indicate what effect that deficiency payment may have for western farmers if we're unable to sell our grain?

MR. ELZINGA: Mr. Speaker, there's no doubt that a deficiency payment would be viewed very positively by the grain sector, as it would be an intrusion of cash flow, which is always very positive to any sector. I can share with the hon. member that when we as agricultural ministers met some days back in Victoria, we did receive the commitment from the federal Minister of Agriculture, Mr. John Wise, that he would do an analysis as to how best to offset the low grain prices.

But I should share with the hon. member that the federal minister also has to analyze a number of areas. We also made representation to him, as the hon. member is aware, to reduce the interest rates on the Farm Credit Corporation; that would cost somewhere in the vicinity of \$100 million on a Canada-wide basis. So they're attempting right now to prioritize where they can spend certain moneys as it relates to the agricultural sector.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate the government's thinking today with regard to impressing on the federal government a request to intervene in the strike/lockout at Thunder Bay? Or is the government still in a position where they are allowing the federal government to let things happen as they are without any clear schedule established to intervene in that strike?

MR. ELZINGA: Mr. Speaker, the hon. member's statement is somewhat misleading. I'm sure he would agree to that himself in view of the fact that we did pass his motion of

endorsement of this government's actions as it relates to the strike itself, which the hon. member supported, whereby the endorsement was forthcoming from this Legislative Assembly as to the positive action that this government has taken in prodding our federal government to make sure they react in a very positive way in resolving the situation at Thunder Bay.

MR. R. SPEAKER: Mr. Speaker, a final supplementary. Could the minister indicate whether any specific meetings have been established for the upcoming week with the minister and the federal MPs, the other ministers of agriculture in western Canada, or with the counterpart federal Minister of Agriculture with respect to the subjects I have raised this morning?

MR. ELZINGA: Yes, Mr. Speaker. As I indicated to the hon. member — I'm not sure whether it was yesterday or the day before — I had conversations with some of my federal colleagues, the Members of Parliament from Alberta, and I am continuing those discussions. We are going to be meeting on a personal basis with a number of them starting tomorrow and following through next week.

MR. FOX: Mr. Speaker, to the Minister of Agriculture. Looking for alternative delivery opportunities for farmers, can the minister advise us what the government's plans are for completing a rail link from Hines Creek to Dawson Creek so that Peace River grain can go directly to the Prince Rupert port?

MR. ELZINGA: Mr. Speaker, this question would more appropriately be answered by the hon. minister for economic development. I know he has some good news in various areas to share with the Member for Vegreville.

MR. SHABEN: With respect to the suggested rail link, the government undertook extensive feasibility studies in 1981 on the cost benefit of a rail link from Hines Creek through to connect with the BCR, and the results of that study indicated that it was completely uneconomic. Now with the capability of Rupert and the negotiations that are going on between the provincial government and the federal government with respect to grain rail rates through to Rupert, it would indicate to us that further examination would not come to any different conclusion than that reached in 1981.

MR. TAYLOR: Mr. Speaker, to the Minister of Agriculture and back to the original line of questioning about your success in moving Ottawa along. We all patted ourselves on the back nearly a week ago, or five days ago, but the government appears to have been moving with glacial slowness since then. Would the minister get out and start using some of the media and some of the publicity at his fingertips and really start putting the same type of heat on the Prime Minister that we had to remove the PGRT, to get them to reconvene Parliament and go ahead? Let's not just sit on our laurels. Can we put some kind of pressure on them, and will the minister agree to do that?

MR. SPEAKER: Briefer supplementaries are necessary, please.

MR. ELZINGA: Mr. Speaker, I'm more than happy to make representations or exert pressure or do whatever is necessary to be of benefit to our agricultural sector. I should

share with the hon. Member for Westlock-Sturgeon that as he is aware, there is a possibility — and we'll have to wait until Tuesday, as the hon. Member has indicated in the past, to see what does develop on the west coast. It is my understanding that the federal government would like to look at both these cases in the event that legislation has to be introduced or the recall of Parliament is required. They are doing their level best, and we are going to continue to indicate to them our deepest concern. We're also delighted that this government could institute a number of initiatives as it relates to the Alberta Terminals Ltd. whereby we are going to be very helpful during these somewhat strained times.

MR. DOWNEY: To the minister. In his discussions with the federal minister and in light of the seeming constant pressure for a deficiency payment, has he discussed the possibility of a payout this fall under the Western Grain Stabilization Act and a possible bolstering of that program as a means of getting some needed cash to Alberta grain farmers?

MR. ELZINGA: Mr. Speaker, it's as we indicated to previous questioners: the federal minister is presently analyzing that with a number of other options.

I could just take this opportunity, too, to commend the hon. member for the fine work he is doing on the Alberta Grain Commission and the recommendations he and his group have made to this government whereby any type of payment should be done on the basis of being market neutral. I'd like to commend the hon. member for the superb work he is doing.

Oldman River Dam

MR. CHERRY: Mr. Speaker, my question is to the Minister of the Environment. I understand that contracts have been awarded on projects involving the Oldman River dam. Could the minister expand on which firms were successful and the dollars this amounts to?

MR. KOWALSKI: Mr. Speaker, this morning the government issued three news releases with respect to construction work in southern Alberta. First, there's a contract for \$25.5 million that's been awarded to Kerkhoff-Hyundai, a joint venture. It's for tunnelling work for the Oldman River diversion tunnels. The work is expected to begin this fall and be completed by March 31, 1988. The employment opportunities will peak by next summer with 200 persons on site.

The second contract that was awarded this morning was for \$6.3 million to Boatel Remote Site Feeding Ltd. for the provision of catering services at the Oldman River dam project construction site. We anticipate that the population in the camp that will be organized with respect to the construction project will reach about 100 this fall. Occupancy will rise and fall in stages, peaking in the summer of 1989 with up to 600 people living in the camp.

The third major construction contract announced today by the government was for a project in the Lethbridge Northern Irrigation District for \$6.9 million to Caribou Construction Ltd. and Estabrook Construction Ltd. of Grimshaw. The work will consist of rehabilitation and construction of 12 kilometres on the Lethbridge Northern Irrigation District main canal. It will employ about 40 people and is anticipated to be completed within two years.

MR. CHERRY: Mr. Speaker, a supplementary. When will this work begin, and what is the completion date on it?

MR. SPEAKER: The first part of the question has been answered. Second part of the question.

MR. KOWALSKI: In terms of the completion date of the Oldman River dam, we've already discussed that on numerous occasions here in the Assembly, Mr. Speaker. In terms of the construction work on the 12 kilometre reach of the Lethbridge Northern Irrigation District main canal, we anticipate that work being completed over the next two years. Our deadline is June 1988.

MR. SPEAKER: Supplementary, Lloydminster? None. Westlock-Sturgeon.

MR. TAYLOR: Mr. Speaker, I don't think they give them any more than that to ask.

I'd like to compliment the minister on a very thorough report. When can we expect the same type of report on the Kananaskis hotel development?

MR. SPEAKER: The question does not relate to that ministry. Calgary Mountain View.

MR. TAYLOR: I'm trying to . . .

MR. SPEAKER: Oldman dam irrigation.

MR. HAWKESWORTH: Mr. Speaker, to the minister. Based on the information he gave the House in his answer, how much of this money contained in the contracts that are being awarded is going to be going to Alberta-based and Alberta-owned businesses?

MR. KOWALSKI: I think that's an important question, Mr. Speaker. In terms of all contracts that come by way of recommendation to me, I take a personal interest in reviewing them. In terms of the contract in the Lethbridge Northern Irrigation District, that will include 40 Albertans who will be employed in the 12 kilometres of construction. We anticipate that will be 100 percent Alberta content.

In terms of the contract that's being provided for the provision of catering service to the Oldman River dam project construction site, we anticipate that the services in terms of staffing, produce, fuel that would go in for the running of the camp — Alberta content would be essentially 100 percent.

In terms of the Oldman River diversion tunnels contract for \$25.5 million, that will employ some several hundred people by the summer of 1987. From a very thorough review of that particular contract in terms of the technology, the people involved, and the supplies, we anticipate approximately 90 percent will be Alberta content. The remaining 10 percent will be certain technical equipment of the type of tunnelling equipment that is not readily manufactured or available in the province of Alberta, quite similar to the tunnelling project that was just initiated yesterday, I believe, by my colleague the Minister of Transportation and Utilities and the city of Edmonton here in the city of Edmonton and that has started within several blocks of this particular facility in terms of LRT here in the city of Edmonton. I think these are just excellent projects and good news for the construction industry.

MR. TAYLOR: On a point of order, Mr. Speaker. I know it's at the end of the question period. The point of order will be on the question ...

MR. SPEAKER: Sorry, hon. member.

MR. R. SPEAKER: My question is to the minister as well. Could the minister indicate whether all land purchases have been concluded now with regard to the Oldman site, and if not, what portion is not agreed upon?

MR. KOWALSKI: Interestingly enough, Mr. Speaker, the responsibility for land purchases does not fall under the jurisdiction of the Minister of the Environment. I think it would probably be appropriate if my colleague the Minister of Public Works, Supply and Services, who is responsible for land acquisition, might want to respond.

MR. ISLEY: Very briefly in answer to the question, all lands have not been purchased, but all lands necessary for this work are in hand, to the best of my knowledge. If the hon. member wants a more detailed report as to which lands have been acquired or percentages, I'll take it as notice.

Road Construction Contractors

MR. PIQUETTE: Mr. Speaker, my question this morning is to the minister of transportation. It relates to a situation in Fort Assiniboine where truckers working for contractors on a government project are being paid only 47 percent of the government hauling rate. They are very upset that as local truckers they are being discriminated against by government contractors. What step has the minister taken to ensure that subcontractors working on his department's contract will be paid the government rate for their services?

MR. ADAIR: Mr. Speaker, it may take me a moment to clarify the impression left by the hon. member of a government contract. There was a policy that was enunciated in March 1984 which related to truck haul of gravel and asphalt contracts from a government-controlled source of gravel and, in addition to that, truck haul on contracts where the contractor obtains the material from a source of the contractor's choice. That particular contract is called "contractor supply." From the government's point of view, the contractor will provide the product on the road at the site. Where he or she or the company gets its gravel from is their business.

In this particular case discussions have taken place between myself and the hon. Member for Barrhead, my colleague on my left. We have explained the two sides of the issue to the group, through their lawyer, and the fact that 10 percent of our contracts are in that particular area. The reason that particular section was put in there was that we then ended up back in 1984 in our assistance to assist all the truckers in the province of Alberta putting some fairly stringent controls on a series of truckers. We provided a capacity and a means by which they could also receive some work. That has been received and is considered fair and equitable by the majority of the truckers in the province of Alberta.

MR. PIQUETTE: A supplementary. These truckers, by the way, were promised twice by the Member for Barrhead that there would be no cut-rate trucking and local procurement would be emphasized on future government projects. This

would be a couple of years ago. Can this minister responsible give us some commitment that this situation definitely is to end now that he has heard the representation from truckers?

MR. ADAIR: Mr. Speaker, I want to correct one inference that was left; that was that there is a difference in the rates. The rate established by the contractor with whoever the truckers were that he was using on that particular job was offered to those other truckers as well. That was not a reduced rate; that was a negotiated contract rate between the two private-sector companies, the pit owner and the contractor himself. We have no involvement in that. If it is a government pit, there are government rates to which all truckers and all contractors adhere.

The issue in the sense of what the hon. member is stating was clearly identified between the truckers themselves, their lawyer, and our staff in the department as to that particular segment where in fact it's called "contractor supply," where the contractor provides the product on site at a rate that he negotiates with his truckers, whoever they are. He made the offer to those particular truckers to haul at that rate if they so chose.

I might also say, Mr. Speaker — and you're not going to let me.

MR. SPEAKER: The Chair has received notice that there will be a point of privilege raised at the end of question period with respect to this line of questioning.

MR. PIQUETTE: As some companies working for government contractors are not getting even half of the government rate for trucking, why will the minister not make fair rates for subcontractors a requirement for firms wishing to do government work?

MR. ADAIR: For some people, it's a little more difficult to pound it in, so I may have to say this. Ninety percent of the contracts ...

MR. PIQUETTE: I don't know.

MR. ADAIR: You don't know. I'm sorry; I'm going to clarify it for you, sir.

Ninety percent of the contracts awarded in the province in any given year are under what is called the use of pits that, in essence, the government either has or has contracted with to do the work. On those projects there is a government haul rate that is established. There are no problems in that.

To cover off, so that we help the little guy, that ordinary trucker — I use the term "ordinary" because I've heard it quite often.

MR. TAYLOR: You're giving them starvation pay.

MR. ADAIR: It's okay, dad.

We went far enough to say that where we're going to cut off ... For example, a company that has 15 trucks can no longer use 15 trucks on that job because of a policy we established a number of years ago to help all of them. We now say there's a limit of three trucks. That particular person and any of those other companies have an option, where we use the contractor supply concept, to use those other trucks. This particular job was one of those. All of the work in the province this year or any given year has been around 10 percent of the total. That is considered to be fair and equitable.

In the case of this particular area, there was about \$2 million worth of government-rate contract jobs where, in essence, by our decree there is a requirement that 50 percent of the trucks used on any of those jobs must be local. They receive the government rate. If there happens to be a project in the 10 percent factor in that area — this unfortunately has to be one of those, and I say "unfortunately" in a sense, because that's the issue there — then those other truckers have an option.

Now, the other work is finished. I'm not sure of the spread individually for the trucks, but it is a policy that was established and that we still adhere to, where it is fair and equitable to all parties concerned, the large trucking outfits and the individual trucks.

MR. SPEAKER: The time for question period has expired. Might we finish this line of questioning? Is there agreement to that?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed, if any? Final supplementary, Athabasca-Lac La Biche.

MR. PIQUETTE: That is the point I'm trying to make, the 10 percent which are not covered by government policies.

MR. SPEAKER: Question, please, Athabasca-Lac La Biche.

MR. PIQUETTE: I did not get the answer from the minister. Will he be looking at those government contracts which are not Crown pits, in terms of making sure the subcontractors are not unfairly paying low rates to those particular local truckers? I think that's the issue in this whole dispute.

MR. SPEAKER: Hon. member, this is not debate; a supplementary question. The House has been generous enough to extend the time period. Please, let's try to keep the supplementaries briefer, especially in extensions.

MR. ADAIR: It certainly is a point of debate, Mr. Speaker.

Again, the issue comes back to the fact that where there are private pits in an area and where our options are not available to the short haul — in other words, that private pits would be used — that concept was put in place in conjunction with the truckers' association to put in place a policy that was fair and equitable to all truckers. That policy still stands today.

I have to say this, Mr. Speaker, in the sense that the policy we have causes me some discomfort, because in essence, it's a policy that almost gives a guaranteed income for truckers. If we were to do the proper thing, we'd throw it wide open and let everybody bid on it, and those who have a sharp pencil would get the job and those who don't would not get the job. What we have attempted to do, in the interest of being fair and equitable in a period of a downturn in the economy, is provide something that we continue to look at on a daily, monthly, and yearly basis. At this point in time, this appears to be the most fair and equitable.

MR. TAYLOR: A supplementary to the minister, Mr. Speaker. I too am surprised at what happened in the hon. Member for Barrhead's constituency. Such rank exploitation of the truck drivers.

MR. SPEAKER: We're into privilege there.

MR. TAYLOR: Mr. Speaker, what I would like to know from the minister is: if we do not allow subcontractors to exploit labour with cheap rates, why do we allow truckers to exploit truckers with less than proper rates?

MR. ADAIR: Mr. Speaker, I have a little difficulty with "why do we allow truckers to exploit truckers".

MR. TAYLOR: The main contractor bids to get that 10 percent, and then he turns around and gouges everyone else. We don't allow a labour contractor to turn around and gouge labour. Why do we allow a trucking contractor ...

MR. SPEAKER: Thank you, hon. member. You're now on your second supplementary. It's out of order, even though it's supposed to be an explanation.

MR. ADAIR: Mr. Speaker, I think it's important that I say this to the hon. member. If he has proof of some gouging, I'd like to see it.

MR. TAYLOR: You have it right there.

MR. ADAIR: Just a moment. If you'd send it to me in writing, sir, I'll follow it up.

The other point in there is that the negotiations between the contractor, whoever that is, and the truckers, whoever they are, are at this point in time their business. Whatever they arrive at ...

MR. TAYLOR: That's the gouging.

MR. ADAIR: Mr. Speaker, I think it's time to sit down.

MR. SPEAKER: Pointless. This is not debate.

The Chair recognizes that there is a point of order and a point of privilege. First, the point of order.

MR. TAYLOR: Mr. Speaker, the point of order is on the question I asked when I complimented the Minister of the Environment for releasing all the contract details on building the Oldman dam. I asked whether the same would be forthcoming in the environmental area of the hotel building and full contracts let in Kananaskis. Part of the Kananaskis is part of the drainage into the Oldman River. They're interconnected. What goes on in Kananaskis ... [interjections] If you flush a toilet in the Kananaskis hotel, it will go into the Oldman dam. So why can't he answer those questions? [interjections] I'm sorry if they don't know their geography.

MR. SPEAKER: To the point of order. The citation from *Beauchesne* or from *Standing Orders* would be terribly helpful to the Chair, because it doesn't seem to be germane to the discussion.

MR. WRIGHT: Just on a point of order, Mr. Speaker. In my respectful submission, it is an abuse of the rules to make what is patently a ministerial statement in the form of a question to use up question time. There is a place on the Order Paper for that. If you need assistance from *Beauchesne*: 368 and compare rule 370.

MR. SPEAKER: Thank you, hon. member. That is a separate point of order from what is under discussion at

the moment. The point of order as raised by the Member for Westlock ...

MR. TAYLOR: You didn't give me a chance.

MR. SPEAKER: In the opinion of the Chair, it's patently obvious that to try to stretch our geography all the way from Kananaskis in terms of the supply of water, whether it's going through the sewer system or otherwise, is really stretching the issue somewhat. Therefore, there was not an original point of order.

With respect to the second point of order as raised by the Member for Edmonton Strathcona, the Chair did indeed have some difficulty with the matter of the length of the reply. It could well have been given in a ministerial statement to the Assembly. Nevertheless, the format is also generally accepted within the tradition of the House. Perhaps it could have been drawn out in a series of supplementary questions rather than all of it coming together in one lump sum.

Hon. member, is this a new point of order?

MR. MITCHELL: I would like to address the same point of order, please, Mr. Speaker.

MR. SPEAKER: Sorry; the Chair has now ruled with respect to the points of order.

The Chair recognizes the Member for Barrhead with respect to a question of privilege.

head: **Question of Privilege**

MR. KOWALSKI: Thank you very much, Mr. Speaker. Earlier in question period this morning, the Member for Athabasca-Lac La Biche made a statement with respect to the Member for Barrhead. I haven't had an opportunity to check the Blues, but he stated something along the lines of the member having promised twice that certain things were going to happen. It's my understanding that it's unparliamentary for me to use the word "liar" in the Assembly. The statement made by the Member for Athabasca-Lac La Biche is at variance with the truth, and I would ask him to withdraw it.

MR. PIQUETTE: I was simply relating what was told to me. Now, the hon. member ... [interjections] Okay, I'll finish.

MR. SPEAKER: Order please.

MR. PIQUETTE: Now that the hon. member has corrected me, I withdraw the statement I made relating to that.

MR. SPEAKER: Thank you, hon. member.

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. MITCHELL: Thank you, Mr. Speaker. I would like to introduce to you, and through you to members of this Legislature, an important resident of Edmonton Meadowlark. She is a parent of three, a psychiatric nurse at the Misericordia hospital, and a hardworking member of the community. She is also the mother of one of our pages, Robert Remmer. Robert indicates that his mother is here to see exactly how hard he works. I would like to assure Mrs. Remmer that he and all the other pages work extremely hard and that we in the Legislature appreciate their efforts greatly. I would ask that she stand and be recognized by this Legislative Assembly.

head: **GOVERNMENT BILLS AND ORDERS**

(Third Reading)

Bill 37

Crowsnest Pass Municipal Unification Amendment Act, 1986

MR. BRADLEY: Mr. Speaker, I move third reading of Bill 37, the Crowsnest Pass Municipal Unification Amendment Act, 1986.

MR. EWASIUK: Mr. Speaker ...

MR. SPEAKER: The hon. Member for Pincher Creek-Crowsnest has moved third reading of Bill 37, Crowsnest Pass Municipal Unification Amendment Act, 1986. All members of the Assembly wishing to vote in favour of this third reading, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Carried.

My apologies to the House. It's a most unusual procedure with respect to third reading. Nevertheless, the Chair then must beg the forgiveness of the House. Member for Edmonton Beverly, is this with respect to third reading?

MR. EWASIUK: Thank you, Mr. Speaker. I just want to make a few brief comments to the Bill. I think we indicated our intent to support it during the Committee of the Whole discussions. We will of course support it this morning as well. However, I want to reiterate some of the points and serve notice to the minister that while the unification may well be useful to the area in the long term, I think there are concerns as a result of the proposed unification, particularly that there is not total support for this particular action.

There is fear in the community that many of the smaller groups or communities are going to lose some of their facilities, such as arenas, which are very important to them. There is a very historical — and over the years a competitiveness has developed between the communities. There is a fear that as a result of this unification this is going to be destroyed, in that the facilities are going to be centralized into one or two areas and many of the other areas will be left without facilities. I only rise to serve notice that those responsible for the area should be alerted and keep abreast of what's happening there to ensure that the fears now being expressed will be taken care of

MR. SPEAKER: Hon. members, the Chair has technically been out of order, in the Chair's estimation, that having put the question with respect to third reading and having had it carried, the Chair must ask by some means for unanimous consent of the House for us then to undo the inadvertent error of the Chair. Government House Leader, your wisdom please; a motion for the House, please.

MR. CRAWFORD: Agreed, Mr. Speaker.

MR. SPEAKER: Does the House agree to the action which the Chair took?

HON. MEMBERS: Agreed.

MR. SPEAKER: Thank you, hon. members.

May the member proposing third reading of the Bill sum up, if he so desires?

MR. BRADLEY: Mr. Speaker, it should be noted for the record that the Crowsnest Pass municipal unification went through with a vote of the communities involved and some 67 percent of the people in favour of the amalgamation of the communities. The legislation before us today is consequential in the sense that it provides for the same effect for the Minister of Municipal Affairs to have with regard to regulations and from time to time to pass ministerial orders under the Municipal Government Act.

The debate today is not with regard to the unification but with regard to the proposed amendment. I would like all hon. members to support this amendment.

[Motion carried; Bill 37 read a third time]

Bill 29
Department of Manpower Statutes
Amendment Act, 1986

MR. ORMAN: Mr. Speaker, I move third reading of Bill 29, the Department of Manpower Statutes Amendment Act, 1986.

MR. SIGURDSON: Mr. Speaker, just a couple of comments again that I'm concerned about the principle contained in the new Bill. Two words I'm most concerned about are "provide for." I think the government is trying to shed some of its responsibility by perhaps allowing a lot of opportunity for the private sector to come into this area and provide certain services so that the government will no longer be responsible. When programs fail, the government can say: "Well, it's not our fault. It's the fault of those out there who operated the program." I'm still quite concerned about that.

Also, Mr. Speaker, I'm concerned about the advisory council going from a statutory appointment to a ministerial appointment. I look under other Acts that come up in the Assembly. In the Department of Tourism Act is the establishment of an advisory council; in the Department of Energy Act is the establishment of an advisory council; in Bill 9, Department of Economic Development and Trade Act, there is an advisory council; Technology, Research and Telecommunications — it goes on. Yet in Bill 29, the Department of Manpower Statutes Amendment Act, 1986, what do we have? The elimination of an advisory council by statute. I'm quite concerned about that; however, by the looks of

it, it's going through. It's just unfortunate that the elimination of the advisory council by statute is being done.

MR. ORMAN: Mr. Speaker, I will not rehash the discussions we had on this matter in Committee of the Whole and second reading, other than to say that as ministers of the Crown we take full responsibility for our departments and for the manner in which we conduct business. I assure the hon. member that moving from statute to ministerial order does not lessen the significance of the recommendations I will be taking from the committee, nor does it lessen the significance of that committee itself. It makes it somewhat easier to deal with additions and deletions to that committee.

Let me say that I guess ultimately my colleagues and the electorate decide whether or not I'm dispatching my duties as minister of the Crown. For that reason, I do not have the concern of the Member for Edmonton Belmont.

[Motion carried; Bill 29 read a third time]

Bill 1
Natural Gas Pricing Agreement
Amendment Act, 1986

MR. GETTY: Mr. Speaker, I move third reading of Bill 1, the Natural Gas Pricing Agreement Amendment Act, 1986.

MR. PASHAK: Mr. Speaker, because this is such an important piece of legislation and because our party is so opposed to this Bill and to the principle of deregulation which is embedded in the Bill, I feel that I must make a brief statement.

On Friday, August 29, in addressing the principle of Bill 1 during second reading, I didn't realize that I'd be a prophet in my own time and in such a very short time. On that day I concluded my comments by saying that the principles embedded in this Bill would hurt small producers the most, would reduce provincial revenues, and would push prices down to where the rate of return would not be sufficient to develop new resources. Today we have reports that what I predicted on that day was valid. Alberta gas producers stand to lose over \$150 million because of a cut to consumer gas bills in eastern Canada.

We must vote against this Bill. It's the cornerstone Bill which implements the Western Accord and the gas pricing agreement. In particular it does away with the safeguard of an Alberta border price. Over the remaining term of office of this government, Albertans will come to understand this is a day of infamy and shame, a day in which we delivered ourselves completely and thoroughly into the hands of those who own and control TransCanada PipeLines and related eastern Canadian financial interests. Shame on this government and shame on those who negotiated this iniquitous agreement.

MR. GETTY: Mr. Speaker, I must say that in the course of process of this Bill through the Legislative Assembly the hon. member who just spoke has had some thoughtful comments to make about it, but surely he must have used them all up, because what we've just heard today is a bit of nonsense.

One of the things, Mr. Speaker, that's very significant to small companies is that for the first time, a small company which does not want to agree with that contract can now go and strike an arrangement itself; it can offer the price

that it wants. As a matter of fact, we have heard — and I guess doom and gloom is sort of something the opposition feels better about. If there can be kind of negative implications to something, it seems that that's the time when the opposition is happy. Here we have had a decrease in oil prices of over 50 percent, and in the deregulation of natural gas a 7 percent decrease.

It's a two-year contract, Mr. Speaker; some 770 billion cubic feet. A two-year contract at a 7 percent decrease, which is not a large decrease at all when you consider that now oil and gas — this is a comparison in deregulation. The other thing is that this is a two-year contract. The very people, including the producers, are saying that because of deregulation they can look forward in the future to not only being able to sell more gas but being able to compete more effectively in the market system that has always stood Alberta in such good stead, and in the two-year period will probably get much higher prices because they've gone through the process of deregulation.

So I cannot agree with what the hon. member said, Mr. Speaker. I think he felt that in some symbolic way he had to say something at third reading. He'd used up the thoughtful comments, and then he made us in the Assembly listen to that bit of nonsense.

Nevertheless, I ask all members, Mr. Speaker, to support this Bill in third reading.

[Mr. Speaker declared the motion carried. Several members rose calling for a division. The division bell was rung]

[Eight minutes having elapsed, the House divided]

For the motion:

Adair	Elzinga	Orman
Alger	Getty	Osterman
Betkowski	Heron	Payne
Bogle	Isley	Reid
Bradley	Johnston	Rostad
Brassard	Jonson	Schumacher
Campbell	Koper	Shaben
Cassin	Kowalski	Sparrow
Cherry	Kroeger	Stevens
Crawford	Mirosh	Webber
Cripps	R. Moore	Weiss
Dinning	Musgreave	Young
Downey	Musgrove	Zarusky
Elliott	Nelson	

Against the motion:

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

Totals	Ayes — 41	Noes — 20
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[Bill 1 read a third time]

Bill 2 Department of Tourism Act

MR. ORMAN: Mr. Speaker, on behalf of the minister, the hon. Mr. Fjordbotten, I move third reading of Bill 2, Department of Tourism Act.

[Motion carried; Bill 2 read a third time]

Bill 3 Department of Energy Act

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

[Motion carried; Bill 3 read a third time]

Bill 4 Department of Forestry, Lands and Wildlife Act

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

MR. YOUNIE: Mr. Speaker, a very brief comment. In terms of principle, I'm certainly in favour of the idea of removing natural resources from the Department of Energy in that in the natural state of things — and natural resources is the forestry part of this, it seems to me — those two areas of life in the province come in conflict more often than they're in agreement. Having them under the same minister and same department seemed almost inappropriate and indeed was not too popular with a number of groups in the province. It is my hope that having a separate department for Forestry, Lands and Wildlife will in fact allow that department to act much more strongly than may have been the case in the past in defence of environmental issues related to forestry, lands and wildlife and the whole problem of conservation and that it will not be so swayed by the needs of resource development.

MR. TAYLOR: Mr. Speaker, I think it gives me an opportunity — and I'll commend the Act. But one of the reasons that brought the Act about caused a great deal of friction, and I'd like to ask the minister more or less a question on it. One of the reasons we had so much debate on it was the fact that the lands just north of Waterton had been rezoned so that Shell could go in and drill a well, and Shell was actually granted a licence to drill a well, as I'm sure the minister remembers. Shell has now withdrawn their licence. Could the minister give some assurance to the House that this land will be moved back into the restricted area now that Shell has indicated they're not going to drill the well?

MR. WRIGHT: Mr. Speaker, I make my standard objection to all these departmental Acts. The regulation power is far too wide and contrary to the government's own report in 1974 governing the proper way of authorizing the regulation power, and as such is improper.

SOME HON. MEMBERS: Question.

MR. SPEAKER: There is a call for the question. Mr. Minister, please.

MR. SPARROW: Mr. Speaker, the comments made are taken under consideration, and I think the news of Shell not drilling that well for the time being has two sides to it. I think the economic benefits to the communities down there will be felt for quite a number of years if gas is found and continues to be found in that area.

The change at the regional level of planning allowed that area to be used for exploration. We have to remember, though, that there was a 600 percent increase in wildlife

habitat protection in that area under the same plan and a 10 percent increase in prime protection in that same plan, which definitely had a positive effect for protecting more land in that area.

Again, Mr. Speaker, I'd like to urge all members to vote for the Bill. I can assure the member opposite that it will be better to have all of it in one department.

[Motion carried; Bill 4 read a third time]

Bill 5
Rural Electrification Revolving Fund
Amendment Act, 1986

MR. SHABEN: Mr. Speaker, on behalf of my colleague the hon. Mr. Adair, I move third reading of Bill 5, the Rural Electrification Revolving Fund Amendment Act, 1986.

MR. PIQUETTE: The only comment I have — we appreciate the fact that there is an increase in money available to the local REAs. But I think if this Bill had more sense of direction for the Rural Electrification Association so that they know what the future is for them in terms of rural electrification in Alberta — they just simply upped the amount of money available, which is very necessary for a lot of them. I think the Bill should have gone further in terms of answering a lot of the concerns they have in terms of their survival in the next 10 years. I think this Bill is addressing a very short-term, stop-gap type of method, but my party and I will be supporting the Bill.

MR. SHABEN: Mr. Speaker, I appreciate the comments of the hon. member, and the impression shouldn't be left with the House that work is not being done on the pressing issues that are facing our REAs, the major one being the rebuild problem. The minister is actively working on that issue, which is the major problem the REAs have drawn to our attention. The other major achievement, which was worked on over a period of about five years, was the renegotiation of the contractual arrangement between the utility and the REAs, which has been very helpful in allowing the REAs to conduct their own business in a more effective way.

[Motion carried; Bill 5 read a third time]

Bill 7
Department of Social Services Act

MRS. OSTERMAN: Mr. Speaker, I move third reading of the Department of Social Services Act.

MS MJOLSNES: Mr. Speaker, I rise in third reading of Bill 7 to voice my concern and objection once again to section 9(2) of that particular Bill.

During second reading of Bill 7 and also in Committee of the Whole, my colleagues and I on this side expressed a lot of reasons why we object to this particular clause. I think some members who spoke were way off base when they started talking about whether or not this particular Social Services minister has compassion or whether or not we have a lot of confidence in this particular minister, because I don't think that's the point at all. What we in the Official Opposition are objecting to is this particular clause, which states that the minister may charge fees to any person for any service. I feel strongly that any minister,

no matter who that minister is, should not have the power to do this. This clause has very serious ramifications to the fundamental principle that people shall have access to services regardless of their ability to pay for them or their economic situation. I regret that this Assembly did not accept my amendment to this Bill that would have allowed the Minister of Social Services to make regulations in regard to charging fees and would have specifically outlined those particular services that would have been affected.

The minister has stated that no person in need will be denied a service provided. As my colleague from Calgary Mountain View asked in the previous debate, how can the minister guarantee this? There has been no description in this Bill to explain how the minister will determine who is in need and who is not. I think this wide-ranging power that will be given to the minister in this clause leaves the Official Opposition wondering exactly what the objectives of the government are in regard to this particular clause. Their arguments in debate in support of this clause have been extremely weak in my opinion, Mr. Speaker, and therefore we in the Official Opposition must oppose this Bill.

Thank you.

MRS. HEWES: Mr. Speaker, my comments are along the same line as the Member for Edmonton Calder. I've expressed before my concern about section 9(2), and subsequently I've received a number of representations from the community in this regard, because it appears to give the minister very wide powers, unnecessary in my view as they are enshrined in the Act.

We're seeing an interesting shift in a number of government departments, not this one alone, a very subtle and very quiet move to commercialize services to human beings. I've expressed my dismay at that before. Mr. Speaker, I suggest to you that this shift to commercializing human services has not been properly tested in our communities as to whether or not they support it and whether or not they and we all understand the consequences of this kind of move. I believe it has some high potential for long-range damage to the people in our province who are perhaps the most helpless of all and we certainly should not be moving in this direction.

I see the potential for charging fees for services to be a part of that shift in our total philosophy. I suggest that it's a peremptory move, since in my view it really embodies a profound change in the philosophical approach. I believe it should not be in this Act, and I would hope that we have a very wide discussion and dialogue in our communities before any moves are made in this direction.

MR. HAWKESWORTH: I'd like to make some comments as well about what I see as some potential erosion of the universality of programs provided through this department and what I hope is not the setting up of a two-tier system of social service delivery in Alberta.

The central questions still remain. How will people in need in the province of Alberta be assured that they will not be denied services by this department? — not that they are specifically denied, but because there is a fee structure such that they can't afford to access those services. Will those fees, in order to ensure that Albertans will not be denied services, be based on a needs test? Is that the way this particular provision in the Act is going to be implemented? Will there be any kind of appeal process a person can go to if they feel that the fee charged is exorbitant or if the

fee charged prevents them from being able to take advantage of a particular program offered by the department? These are questions which were put to the minister in Committee of the Whole, and the answers to those questions have still not been forthcoming. What kind of ongoing review process will be set up by the department to ensure that fees on an ongoing basis do not become a barrier to people accessing services? These are important questions which flow from this provision being included in the Act.

During the committee stage of debate, the minister said that some services should have fees attached, and in principle we didn't disagree with that. In fact, we made an amendment to this Bill at committee stage to try and reflect the present status quo under existing legislation. We recognize that there are in some instances services which should have fees attached. But we felt that those services to which fees should be attached ought to be limited. We're not disputing that there should be some services that have fees, but we believe as a general principle that legislation ought to enumerate and identify those services to which fees would be applicable. The existing legislation did it to a certain extent, and we feel that this Bill in front of us should also do the same thing: enumerate and clearly identify for which services fees would be acceptable to request.

Mr. Speaker, we believe there should be a limit to the authority given to the minister to charge fees in order to prevent the erosion of the universality of our social programs in this province and in order to prevent the setting up of a two-tier system of social services in Alberta. For these reasons, we're going to be objecting to passage of this Bill at third reading.

Thank you, Mr. Speaker.

MR. WRIGHT: Mr. Speaker, in addition to the objections voiced by others on this side of the House, I briefly add (a), the wide open regulation power again: the minister may not only make grants, which is fair enough, but the minister can also write his own ticket on the purposes of those grants. The ticket should be written by the Legislature. It's just a wrong principle in the Act. Secondly, there is a right to take security for grants made and services provided. That's fair enough, providing we know what we're talking about again. That part of the Act is bad in principle because we don't know what sorts of grants or services are talked about. It could be social service entitlements for which it would be unreasonable to demand security.

So I add those two points, Mr. Speaker, to the reasons why we are not able to support this Bill.

MR. SPEAKER: May the minister sum up?

HON. MEMBERS: Agreed.

MRS. OSTERMAN: Mr. Speaker, I believe I have listened carefully through the various stages of the Bill that's before the House. I have heard nothing new this morning and respectfully submit that we have heard it all before and I have made all my comments before. I will just ask for this Bill.

MR. SPEAKER: The hon. Minister of Social Services has moved third reading of Bill 7, Department of Social Services Act. All members in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

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

[Eight minutes having elapsed, the House divided]

For the motion:

Adair	Elzinga	Orman
Alger	Getty	Osterman
Betkowski	Heron	Payne
Bogle	Isley	Reid
Bradley	Johnston	Schumacher
Brassard	Jonson	Shaben
Campbell	Koper	Shrake
Cassin	Kowalski	Sparrow
Cherry	Kroeger	Stevens
Crawford	Mirosh	Webber
Cripps	Moore, R.	Weiss
Dinning	Musgreave	Young
Downey	Musgrove	Zaruský
Elliott	Nelson	

Against the motion:

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

Totals: Ayes — 41 Noes — 19

[Motion carried; Bill 7 read a third time]

Bill 8

Department of Community and Occupational Health Act

MR. DINNING: Mr. Speaker, I move third reading of Bill 8, Department of Community and Occupational Health Act.

MR. SPEAKER: The Chair is having difficulty with a number of people bobbing up and down. It's not terribly helpful. May the minister sum up, or is there a call for the question?

SOME HON. MEMBERS: Question.

[Motion carried; Bill 8 read a third time]

Bill 9

Department of Economic Development and Trade Act

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

MR. MITCHELL: Mr. Speaker, the Liberal caucus and I have been supportive of Bill 9 throughout the process of its debate in this Legislature. We will support this Bill this time in its third reading. We will assist in authorizing the restructuring of this department.

However, I want to say on the record that restructuring does not get the job done. Yesterday it was clear that we need more than restructuring in this department. In the House the issue of Northwest Industries' possible contract for the air industry ...

MR. SPEAKER: Be careful, hon. member; we're on third reading.

MR. MITCHELL: It is a point of consideration in our supporting this Bill, Mr. Speaker. With 125 jobs at stake it's critical that we lobby on behalf of that company aggressively and in a sophisticated manner to get that contract, to create those 125 jobs in Alberta, not somewhere else. I only wish that we could legislate determination and a sense of urgency. We can't do that in this Bill. Restructuring is not enough. We just insist that the minister consider going beyond that and beyond this Bill.

MR. SPEAKER: May the minister sum up?

HON. MEMBERS: Agreed.

MR. SHABEN: Mr. Speaker, the government encourages suggestions and recommendations from all private members in the House with respect to the manner in which we can improve opportunities for job creation in the province, and constructive ideas are always welcome. But I think it's traditional in this House that grandstanding is not something that is productive.

[Motion carried; Bill 9 read a third time]

Bill 10

Department of Technology, Research and Telecommunications Act

MR. YOUNG: Mr. Speaker, I move third reading of Bill 10, Department of Technology, Research and Telecommunications Act.

MR. GIBEAULT: Mr. Speaker, in general we support the reorganization Bill that's before us, Bill 10. However, there are some points that we still feel are deficient in Bill 10 that once again we want to try to bring to the attention of this government and the minister.

In terms of section 8 the minister "may carry out research projects or participate in research projects ... related to science, technology or telecommunications," which is an admirable goal. But still it seems to me — and I'd encourage the minister to consider this in looking at any of these kinds of projects — that surely we should have some sort of statement as part of those projects as to what the social impact of new technologies may be. As much as we want to be at the forefront of technological innovation and new developments, Mr. Speaker, it's important, essential really, that we have a clear understanding of what the social impact of these developing technologies will be on the people of Alberta in general and people in the workplace in particular.

In terms of section 10, in reference to guarantees of loans, I wonder if the minister could indicate more clearly to the Assembly what he has in mind in terms of loan guarantees. I'm wondering if he's referring to loan guarantees of the nature that was referred to previously for Western Aerospace. Is this the kind of loan guarantee he's looking

at? I guess I'm wondering: is this kind of information going to be public information that will be available for scrutiny by members of the Assembly and by the public at large? Section 10 doesn't give us any indication or commitment to that.

In section 11 we're looking at the Alberta Research Council submitting to the minister an annual report. We certainly support that. It seems to me that the Alberta Research Council, which is charged with having an overview responsibility, if you like, for research in the province and a co-ordinating function as well — that again would be a very appropriate opportunity to get a report to us as members of this Assembly and to the people of Alberta, an indication as to the impact of research projects sponsored and supported by the council and what their social impact will be for the people of this province. I don't see that as being a requirement under section 23(1), and I would certainly encourage the minister to consider making that part of the requirements for the annual report.

MR. WRIGHT: Again, I make the same sort of objection: in this Bill, Mr. Speaker, the minister may write his own ticket on the grant of public moneys. It is true that it says: providing there's something in the vote to do it. That goes without saying anyway, but the vote is not the place to discuss the principles. In any event, they should be laid out in the Act. I'll keep on making this objection so long as such Bills come before us.

MR. SPEAKER: May the minister conclude?

MR. YOUNG: Very briefly, Mr. Speaker. We've heard the hon. Member for Edmonton Strathcona make his representation time without end. Perhaps repetition suggests that the value of the repetition declines with the repetition. I make no further comments.

With respect to the question of studies on the social impact of research projects, what would happen, what may be the social impact if the project is successful as designed, if one is going to go that route, I think one should also be required to make studies on the social impact of what will happen if the project or projects don't go forward. As I have fully outlined on other occasions in this Assembly, the challenge to Alberta is not whether we stand still — because if we stand still, we know the rest of the world is moving — but rather can we keep up and can we maintain ourselves in the leadership role in a number of niches in high technology?

With respect to the question about loan guarantees and loans — referred to twice, Mr. Speaker — all of us in this Assembly know that no guarantee, no loan, is issued by the province about which information isn't made public.

I don't understand the basis for the observations; therefore, I would ask all members to support the Bill.

[Motion carried; Bill 10 read a third time]

Bill 19

Alberta Advisory Council on Women's Issues Act

MRS. OSTERMAN: Mr. Speaker, it's a pleasure on behalf of my colleague the hon. Minister of Culture to move third reading of Bill 19, the Alberta Advisory Council on Women's Issues Act.

MS LAING: Mr. Speaker, Bill 19 on the council of women is established to answer the question: what do women want? Women want, I would say, to be able to speak about their experience and to interpret that experience. Women want their understanding of their experience to be accorded legitimacy. Women want to articulate their needs and not be told that what they want and need is unreasonable or that they do not want what they want. Women want to be recognized and treated as equals, as they are. Women want the systemic injustices recognized and righted.

Women seek the establishment of a women's council on the status of women that would have a strong mandate to ensure that women will be heard and that they will have as a matter of their birthright full and equal participation in all spheres of society. This Bill does not do that; therefore, I cannot support it.

MR. SPEAKER: May the minister sum up? Minister of Social Services?

SOME HON. MEMBERS: Question.

MR. SPEAKER: A call for the question.

The hon. Minister of Social Services has moved third reading of Bill 19, Alberta Advisory Council on Women's Issues Act. All members wishing to vote in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Those opposed, please say no.

SOME HON. MEMBERS: No.

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

MR. SPEAKER: Hon. members, there's at least one cup of coffee in the Assembly which should not be here during this stage of the Assembly proceedings.

[Eight minutes having elapsed, the House divided]

For the motion:

Adair	Elzinga	Orman
Alger	Getty	Osterman
Betkowski	Heron	Payne
Bogle	Isley	Reid
Bradley	Johnston	Schumacher
Brassard	Jonson	Shaben
Campbell	Koper	Shrake
Cassin	Kowalski	Sparrow
Cherry	Mirosh	Speaker, R.
Crawford	Moore, R.	Webber
Cripps	Musgreave	Weiss
Dinning	Musgrove	Young
Downey	Nelson	Zarusky
Elliott		

Against the motion:

Chumir	Laing	Sigurdson
Ewasiuk	Martin	Strong
Fox	McEachern	Taylor
Gibeault	Mitchell	Wright

Hawkesworth	Mjolsness	Younie
Hewes	Pashak	
Totals:	Ayes — 40	Noes — 17

[Motion carried; Bill 19 read a third time]

Bill 20

Women's Secretariat Act

MRS. OSTERMAN: Mr. Speaker, on behalf of my colleague the hon. Minister of Culture, I move third reading of Bill 20, the Women's Secretariat Act.

[Motion carried; Bill 20 read a third time]

MR. CRAWFORD: Mr. Speaker, now that third readings are done, the next Bill for second reading is Bill 46. I wonder if the House would just wait a minute for the Provincial Treasurer to come back with his file.

head: GOVERNMENT BILLS AND ORDERS (Second Reading)

Bill 46

Alberta Income Tax Amendment Act, 1986

MR. JOHNSTON: Mr. Speaker, in moving second reading of Bill 46, the Alberta Income Tax Amendment Act, 1986, many of the comments which I made last evening with respect to the corporate income tax amendment Bill apply to this legislation as well.

As I look at the kinds of amendments which we find in this legislation, some of course are policy changes, others are of the order of technical amendments to the legislation. By technical amendments, Mr. Speaker, I mean those amendments which flow from amendments to the federal income tax legislation, which we bring to this provincial legislation as well. Those are based on budgetary statements and amendments which have taken place in the federal legislation over the period and, as I described last evening, may well be considered to be administrative in nature: such things as the interest rates on overdue accounts, the notion that you're innocent until proven guilty, and a variety of those technical corrections which we thought were important for our legislation and which we want to have legislated here in terms of the application of the law in the province.

It is true that we use essentially the federal legislation in the case of the personal income tax Act. Therefore, it's more important that we are almost on point with their law in the case of the application here in the province. At the same time, Mr. Speaker, I spoke last evening about the way in which the Alberta royalty tax credit will be reflected in this legislation, in that obviously not everyone organizes themselves in a corporate form. Some individuals therefore have an opportunity to participate under the royalty reduction program announced in '85 and in '86, and this legislation will in fact provide for that royalty tax credit to individuals in addition to the adjustments we made last evening where the royalty exemptions were provided to corporations.

Mr. Speaker, I think those are the essential elements of the legislation. I notice that this is a very thick Bill as well, but of course, as I have indicated before, income tax legislation does take some time to put in place because of the copious words which are required to make sure that the application of law is as perfect as is possible, because it is so often the focus of attempts by many to evade what is rightfully paid to the Crown under taxation legislation.

Mr. Speaker, I move this afternoon second reading of Bill 46, the Alberta Income Tax Amendment Act, 1986.

MR. McEACHERN: Mr. Speaker, I thank the minister for his explanations on Bills 45 and 46. I am going to take him at his word — but I don't need to take him at his word; I've looked at the Bills closely enough — that they are companion Bills. Bill 45, introducing the basic thrust of the energy policies announced by this government in June of '85 — or some changes to royalty tax credits, one should say, rather than the overall thrust of their energy policy, I guess. But those changes, of course, require changes to the Income Tax Act, and those are outlined in Bills 45 and 46.

When speaking on Bill 45 last night, I mentioned several of the problems associated with deregulation and the subsequent drop in prices of oil and gas. Mr. Speaker, this government has narrowed its options so much by deregulation and the removal of the PGRT and the fact that they got what they wanted from Ottawa that they are now in no position to ask for more. They have narrowed the options down until they have to do something themselves. We see that in the Minister of Energy saying that they were prepared to go it alone if they had to. Obviously, Ottawa has done all it's going to. By narrowing the options to this point without having negotiated a floor price, we now find ourselves in the position of having to help the oil industry with further cutbacks in the royalty rates.

Deregulation may have initially stimulated the gas and oil industry in the 1985 period, and that was the context in which these energy changes were proposed. These royalty reductions can be seen as a continuation of the incentive programs like the ALPEP program in the '77 to '81 period and then the several programs that made up the \$5.4 billion package promised in the 1982 election. That's the background to the changes proposed in June '85. I want to look fairly closely at some of the points raised in that document. First, a statement. It's funny how time changes things, but reading from the first paragraph of that document:

Overall, in spite of uncertainties over markets and prices, the Alberta-based oil and gas industry is in the process of making a remarkable comeback from the circumstances which prevailed a few years ago.

I take no joy in looking at that in hindsight and realizing how wrong that is. We have had a year and a half of real trouble since that statement was made.

Some of the proposals in this are certainly acceptable and reasonable. One of them is the September '82 promise by the Alberta government for incentives for enhanced oil recovery in the heavy crude oil area. Another statement looks a little incongruous. This is part of the basic thrust and policy direction set in June '85 that is embodied in both Bills 45 and 46. I'm reading here:

Considerable progress has been made over the past four years in achieving Alberta's goal of market value for depleting resources, culminating in crude oil decontrol on June 1st of this year [meaning 1985].

So the Western Accord was achieved, but boy, was the timing ever bad.

However, to get to the nub of the matter and the reason that we will end up supporting this Bill, I want to quote another line from the paper.

The government ... is implementing a number of significant changes to the existing royalty and incentive systems. These changes will ensure that the benefits of the deregulation of crude oil pricing are flowed

through to the industry and will deliver the benefits of current incentive programs in a more [efficient] manner suited to change industry circumstances.

That was the basic goal. I'm sorry; that wasn't getting to quite the key point that I was looking for.

However, one of the results flowing from that statement was a reduction in royalties on old gas from 45 percent down to 40 percent and from 35 percent to 30 percent for new gas. We objected very strongly, Mr. Speaker, particularly to the former, the reduction in the old gas. The old gas was found at a time, before 1973, when costs were not that high, and the costs have all been paid for that drilling. There's no reason that the companies now pumping that gas couldn't continue to pay the royalty as it was and has been for a long time. They did not need that reduction. On the new gas side there is some justification.

One of the things I appreciated about this document that I must say has often been lacking in other documents brought before this Assembly — I realize this one was not; I brought it in from outside. The projected costs of these programs were outlined. It makes a lot of sense when you're going to give a royalty reduction to find how much is it going to cost us. We've not seen that kind of explanation in certain other areas.

The Royalty Tax Credit to small producers will be increased effective April 1, 1986, from its current level of 50% of royalty obligations to a maximum of \$2 million per eligible company or investor to 75% of royalty liabilities to a maximum of \$3 million per eligible company or investor.

That is the particular point that — although we are unhappy with the situation we're in and with the direction the government has gone, we feel that we are boxed in to a point where the government had no alternative but to do that. The small companies need it. So we will go with this Bill, although very reluctantly, when you compare it to what might have been done in the oil industry in the long term.

The incentive package for 1982 to 1985 cost about a billion dollars per year, and the new royalty package, as opposed to an incentive package generally, was estimated in 1975 to cost about \$1.4 billion per annum. That's when the economic circumstances were very different. I would like to ask the minister if he could give us some updated projections for that. It would seem to me that with the falling price of oil, obviously royalties will fall, income will fall. I wonder if you would have some idea of the cost of the incentive package now.

Mr. Speaker, there are many more details in the Bills, but much of that can wait until Committee of the Whole. What I do want to raise, though, is the overall cost — the general cost, if you like — of giving royalty tax credits or grants and reduced taxes to corporations; that is, the cost to citizens as a whole. I just happen to have a few statistics here comparing corporate taxes to personal taxes and that sort of thing and comparing Alberta to other parts of the country. For example, our corporate income tax rate during the 11-year period from 1971 to '82 was 6.4 percent on average compared with the national average of 11 percent. So Alberta's corporate taxes have been inordinately low, and if we're using royalties as a fiscal policy to reduce them further, then we must face that somebody else has to pick up the tax burden.

In 1982-83 and '83-84 Alberta was the only province to actually spend more money on corporate income tax credits than it took in in taxes from that corporate sector. This

difference amounted to \$151 million in the '83-84 year. Combined total expenditure of this type of corporate giveaway amounted to \$1.6 billion in foregone revenues in 1982-83 alone. That amounted to 16 percent of the budgetary revenue, up substantially from .06 percent in 1973-74. In 1982 the provincial government implemented a \$5.4 billion no-strings-attached royalty rollback, as we mentioned earlier, and are continuing that same kind of policy.

During the first five years of Conservative government rule individuals in Alberta paid 63 percent of all income taxes while corporations paid 37 percent. This has changed drastically; during the last five years individuals paid 86 percent of all income taxes while corporations paid only 14 percent. The list goes on, Mr. Speaker. For example, 1980 Revenue Canada information shows that the poorest 20 percent of income tax filers in Alberta earned over 7 percent of the declared income while paying 20 percent of all personal income taxes. The top 20 percent income filers earned 41 percent of declared income, and they earned \$8.1 billion but paid only \$1.8 billion in taxes.

So we have developed a tax system that is less and less fair as between business corporate taxes and individual taxes, and within the individual tax system itself the better off do not pay a fair share compared to the lower- and middle-income workers. That is relevant, I submit, to Bill 46, as the minister himself has just said that some of these reductions in taxes will apply to individuals as well as corporations.

We will look at a few other statistics along a similar vein. In 1983, 1,511 Albertans with incomes of over \$15 million paid no income taxes at all. That is, 18.6 percent of all Canadians who earned over \$50,000 paid no taxes in Canada, although we file only 9 percent of the returns. So we have on average twice as many rich people in Alberta avoiding taxes as other provinces.

In the fall of '83 the Tories increased personal income taxes by 13 percent for January 1 '84 and then, in bringing in their budget just a couple of months later, claimed that they weren't having any income tax raises. During the meetings of provincial finance ministers in September '85, Alberta stood alone in its opposition to a minimum income tax on the rich. The recent federal budget made the federal tax system more unfair. Over the four years from '85 to '89 these measures will result in an average income tax increase of 16 percent for a two-child family with a combined annual income of [\$81,000], a 47 percent increase for a three-child family with a combined income of \$35,000, and a 54 percent increase for a single mother with three children with an annual income of \$27,000. The Tory provincial response by the former Treasurer was that in this budget the burden is shared equally across the country in every province, and that is certainly a plus. The misery was spread evenly throughout Canada, so that was okay, even though it made the taxes more unfair for the different income groups. Yes, each person in Canada has an equal right to be miserable if they're in the lower income scales.

The property tax. In 1983 an average Alberta family paid the fourth highest property taxes in the nation. Everybody in the government that rules this Assembly is always bragging about being first in this and first in that. The fact is that we load our municipalities with responsibilities and then, except at election time ...

MR. HERON: A point of order, Mr. Speaker. I draw our attention to section 23(b) of *Standing Orders*, given that I think the analysis of the federal income tax is leading us down the river to nowhere. I'd appreciate your guidance.

MR. SPEAKER: The Chair is having some difficulty, but not necessarily with respect to the citation as given from *Standing Orders*. However, with respect to references in *Beauchesne* 734, given second reading and the general principle of the Bill, perhaps the hon. Member for Edmonton Kingsway could indeed address that matter.

MR. McEACHERN: Mr. Speaker, for that matter one of the basic principles of both Bills 45 and 46 is a reduction in taxes for those persons and corporations who are hardly to be ranked among the poor and lower income workers of our country. When we go to revise the taxes of this nation; it seems to me that that opens up questions about philosophy and how and why one would construct a tax system. These are instances of what is happening now. I guess what I'm saying is that I object very strongly to the general tenor and direction of Bills 45 and 46, but because we've boxed ourselves into such a tight spot with the oil industry at this particular time, we end up having to do it some more, give more away to just that part of society which normally can look after itself a little better.

When you talk property taxes, you're talking about a regressive tax as opposed to a progressive or graduated scale tax, and I'm just saying that we in Alberta have a very high level of property tax and that's a very regressive tax.

While we're talking federal taxes, as we are revising the Alberta taxes to conform with federal taxes, I suppose one might also raise the point and the problem that we are about to be faced with when the federal government revises its taxes. The federal government is talking about massive income tax changes, and we will of course have to adapt and adjust to those. So I would raise at this time the problem we see with the business transfer tax that we are about to have imposed upon us by the Conservative Minister of Finance, Michael Wilson. It's more like a sales tax, which again is a regressive tax. A business transfer tax seems to me to be like a sales tax on everything, and I think this government needs to take a very close look at that and decide where and what it wants to do with suggesting revisions to it.

Mr. Speaker, we will end up supporting these Bills, as I said, but only very, very reluctantly, and we wish the government had not boxed itself into such a tight problem that it found itself having to give away more tax dollars to rescue oil and gas companies.

MR. CHUMIR: Very briefly, Mr. Speaker. I just have a few questions that I would like to address to the minister, one a somewhat technical one and the other a more global philosophy question. The technical one relates to the royalty tax credit rebate to individual taxpayers which has been raised to ... I'm not interrupting the minister, I hope.

MR. JOHNSTON: I hang on every one of your words, every word.

MR. CHUMIR: Some things never change.

MR. JOHNSTON: That's right. Your words.

MR. CHUMIR: The royalty tax credit is 95 percent of royalties paid, up to \$3 million. The question is, Mr. Speaker, to the minister: in 1987 is it intended that that amount revert to the 75 percent amount? Is there any possibility or plan that the 95 percent amount would be

continued if the pricing and economic problems of the industry remain as they are? I would appreciate a comment on that.

The second philosophical question that I would appreciate a brief bit of information from the government on relates to the government's position on tax reform. The drift in the United States tax reform changes presently being enacted is to eliminate many of the tax deductions and expenditure items and thereby enable rates to be lowered. The elimination of many of our deductions, of course, has serious implications for the oil and gas industry, where the incentives provided by the deductions are very important for the purpose of encouraging risk taking.

At the same time as the United States has been moving in the direction of reducing and eliminating deductions, we find the whole thrust of government policy in many other ways to be that of interfering and stimulating and providing grants in order to encourage business to move in certain directions. By way of example, the small business equity corporation and the Alberta stock savings plan provide such incentives. The royalty tax credit in some related way is a similar form of thrust. Accordingly, I would appreciate very much if the minister could advise as to its position on the general philosophy of the central question facing us with respect to tax reform. Has it discussed these issues with the federal government? Has it conveyed to the federal government a position or a statement of concern with respect to where we are going, particularly insofar as deductions for the oil and gas industry are concerned?

Thank you, Mr. Speaker.

MR. JOHNSTON: Mr. Speaker, because Her Honour the Lieutenant Governor will be attending upon the Assembly in about a minute and a half, I hope all hon. members who have commented on second reading will permit me to go on in committee, perhaps Monday or Tuesday. Accordingly, if I can expect that forbearance, I will move second reading of Bill 46, the Alberta Income Tax Amendment Act, 1986.

SOME HON. MEMBERS: Agreed.

MR. SPEAKER: There's a motion for . . .

MR. MCEACHERN: Mr. Speaker, the point I would like to make is that perhaps Monday would be a little premature. It would seem to me a few more days would be in order, given the details in the Bill. You did say yourself that it was very complicated.

MR. SPEAKER: There's a motion for second reading of Bill 46, Alberta Income Tax Amendment Act, 1986.

[Motion carried; Bill 46 read a second time]

MR. CRAWFORD: Mr. Speaker, Her Honour the Honourable the Lieutenant Governor will now attend upon the Assembly.

[Mr. Speaker left the Chair]

head: **ROYAL ASSENT**

SERGEANT-AT-ARMS: Order! Her Honour the Lieutenant Governor.

[The Honourable W. Helen Hunley, Lieutenant Governor of Alberta, took her place upon the Throne]

HER HONOUR: Please be seated.

MR. SPEAKER: May it please Your Honour, the Legislative Assembly has, at its present sittings, passed certain Bills to which, and in the name of the Legislative Assembly, I respectfully request Your Honour's assent.

CLERK: Your Honour, the following are the titles of the Bills to which Your Honour's assent is prayed.

[The Clerk read the titles of all Bills to which third reading had earlier been given]

[The Lieutenant Governor indicated her assent]

CLERK: In Her Majesty's name, Her Honour the Honourable the Lieutenant Governor doth assent to these Bills.

SERGEANT-AT-ARMS: Order!

[The Lieutenant Governor left the House]

[Mr. Speaker in the Chair]

MR. CRAWFORD: Mr. Speaker, perhaps while we wait for the Sergeant-at-Arms I could deal with Monday's business. It is intended that the Assembly sit Monday evening, and basically the work will be Committee of the Whole on Bills. We would start with Bill 11 and after that Bills 30, 39, 40, 41 and, if there's time, 45 and 46.

Mr. Speaker, with the Order Paper as it is now, we will ask the indulgence of the House for some flexibility. It may be that on Monday, if the Committee of the Whole goes rapidly, we would deal as well with other Bills beyond those in committee, and I suppose, depending once again on the progress, the prospect for some second readings is still there. But as of now the intention for Monday is Committee of the Whole on all those Bills, including, if I failed to mention it, the one read a second time this morning.

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

MR. SPEAKER: All those in favour of the motion, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. The motion is carried.

[At 12:52 p.m., pursuant to Standing Order 4, the House adjourned to Monday at 2:30 p.m.]