

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Monday, September 15, 1986 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

MR. SPEAKER: Let us pray.

We give thanks to God for the rich heritage of this province as found in our people.

We pray that native-born Albertans and those who have come from other places may continue to work together to preserve and enlarge the precious heritage called Alberta.

Amen.

head: INTRODUCTION OF VISITORS

MR. GOGO: Mr. Speaker, it's with great pleasure that I introduce to you, sir, and to members of this Assembly a Member of the Legislative Assembly of the province of Alberta, Mr. Ed Connery, the PC MLA for the riding of Portage la Prairie — for Manitoba. I'm sorry, Mr. Speaker; I know there are expansion plans under way, but ...

He is accompanied today by his wife, Beverly. I would ask that the Assembly welcome this colleague from a sister province.

head: TABLING RETURNS AND REPORTS

MR. TAYLOR: Mr. Speaker, in response to an exchange between the Minister of the Environment and myself Tuesday, July 22, when he asked me to prove my statement that he and not TransAlta Utilities was in charge of the Bighorn dam, I table the original 1960 document between the fore-runner of TransAlta, Calgary Power, and the minister of the day, which says on page 18:

... however, that, to meet any emergency, the Minister may require the Company to release or retain water at the Brazeau storage and power development at such times and in such quantities as may be required in the opinion of the Minister to alleviate the emergency.

MR. SPEAKER: Hon. member, the customary procedure is just the tabling, which you now have accomplished.

MR. TAYLOR: I understood I had one sentence. I'll admit it was as long as Diefenbaker's, but it was a sentence. Also with the first document is a six-page appendix, Mr. Speaker, which reiterates the fact that the minister is in charge. I submit these as the proof that the Minister of the Environment and not Calgary Power is in charge of that dam. I have four copies.

MR. KOWALSKI: I tabled that two months ago.

MR. SPEAKER: Hon. minister, a tabling? No arguments in the House. Thank you, gentlemen. Further tablings?

MR. KOWALSKI: Mr. Speaker, I'd like to table today the government of Alberta's official reply to the government of Canada's Final Report: Inquiry on Federal Water Policy.

While I'm on my feet, perhaps I could just make mention to the Member for Westlock-Sturgeon that I think I tabled that report two months ago.

MR. SPEAKER: Hon. member, that's highly irregular.

head: INTRODUCTION OF SPECIAL GUESTS

MR. YOUNIE: Mr. Speaker, I would like to introduce to you, and through you to the Assembly, a visiting freelance writer, Peter von Stackelberg, who also shares my interest in environmental issues and I've heard doesn't even mind Denmark this time of year. I would ask that he rise in the gallery and that the House accord him the usual warm welcome.

MR. HERON: Mr. Speaker, I would like to introduce to you, and through you to the members of this Assembly, two school trustees from the county of Parkland, Mrs. Margaret Miller and Mrs. Margaret McNary, who are situated in the members' gallery. I would ask that they rise and receive the traditional warm welcome of this Assembly.

DR. ELLIOTT: Mr. Speaker, it's my privilege today to introduce a visitor from Grande Prairie, one of the movers and doers, makers and shakers, Mr. John Simpson.

MR. ANDERSON: Mr. Speaker, I'm pleased today to introduce through you to members of the Assembly members of the Alberta Women's Institute. They're in the members' gallery. I'd ask them to rise and receive the warm welcome of the Assembly.

MR. ORMAN: Mr. Speaker, I'd like to introduce to you, and through you to the members of the Assembly, an individual from the city of Calgary who has a long record of community involvement and besides that is a very respected lawyer in Calgary. His name is John McCarthy and he's seated in the members' gallery. I'd ask Mr. McCarthy to rise and receive the recognition of the Assembly.

head: ORAL QUESTION PERIOD**Crown Corporations**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Premier. The Premier seems to have done a lot of speculating outside the Assembly lately, so we're going to see if we can get some answers in the House about what's going on. Could the Premier tell the Assembly what Crown corporations the government is considering selling?

MR. GETTY: Mr. Speaker, there would be a review of all the Crown corporations before any decisions were made as to which ones might be sold.

MR. MARTIN: A supplementary question, Mr. Speaker, to follow up so we don't misquote the Premier here. Is there any Crown corporation that the government is not prepared to sell?

MR. GETTY: Mr. Speaker, at this stage I would much prefer to stay with my original answer, which is that we'll review them all and then make a decision.

MR. MARTIN: A supplementary question to try to determine the policy that the government might look at. In terms of general policy on the sale of Crown corporations, is the government's goal to try and unload money losers like AMHC even if it means the assets are undervalued, or is it to try and scoop up some of the easy cash from money makers like AGT? What is the policy?

MR. GETTY: Mr. Speaker, again I would much prefer that the hon. member was satisfied with my first answer.

MR. MARTIN: I always appreciate the Premier's answers. They're always so straightforward and we learn so much.

Mr. Speaker, to look at one specifically. It reminds me of the alcoholic who considers selling his house in order to pay for a case of gin. My question is specifically with AGT. Because of the nonanswer I take it that the government is considering selling AGT. If not, I'll ask the Premier this so we'll get it clarified: what assurances can the Premier give Albertans that Alberta Government Telephones, which provides excellent service and is generally quite profitable, is not on the selling block and no consideration is being given to selling all or part of it?

MR. GETTY: Mr. Speaker, again I would say that we will review all of the Crown corporations before making a decision on which ones might be sold.

MR. TAYLOR: Mr. Speaker, it's a little disturbing to hear that AGT may be on the auction block. Could the Premier at least give the House the assurance that if any of the Crown corporations are sold, it will be done by open, competitive bidding?

MR. GETTY: Mr. Speaker, having been in business, the hon. Member for Westlock-Sturgeon knows that sometimes you can dispose of things in that way and other times they must be negotiated in different ways. Therefore, some Crown corporations might not be able to be sold on an open, competitive bid, although in every case, naturally, you would want to obtain the best possible price for any asset you're prepared to sell.

DR. BUCK: Mr. Speaker, to the hon. Premier. In the assessment of looking at the sale of some or all of these Crown corporations, is the Premier and the cabinet giving consideration to making sure that if we go that route, Albertans will have first choice and be the only possible buyers of Crown corporations belonging to Albertans?

MR. GETTY: Mr. Speaker, you can't make that kind of commitment in advance. It is a good condition to look at in every case, but you can't make it in advance on such a wide variety of Crown corporations. I was thinking myself of trying for a liquor store.

MR. MARTIN: Probably a good investment with a Conservative government, Mr. Speaker.

Syncrude Expansion

MR. MARTIN: My question has to do with some more musings from Don. We could go on with this every day. It has to do with possible provincial support for the Syncrude expansion. It seems that spokespeople for Syncrude itself

didn't seem to know over the weekend what the government was talking about with this trial balloon. My question is to the Premier: beyond a discussion of what to do with the \$85 million in engineering funding that the government found during the election, are there in fact talks currently occurring with Syncrude about the expansion project?

MR. GETTY: Mr. Speaker, the hon. Leader of the Opposition must refresh his memory on the fact that there are two expansions that Syncrude has been discussing. One is the large expansion of some \$4.5 billion. That expansion is the one to which the government has contributed on a loan basis \$85 million to allow the engineering leading up to a construction decision to go ahead, because we believe it's so important to Canada and Alberta for future supplies. The second expansion is a less aggressive one, but nevertheless a significant expansion, referred to as the capital projects expansion. That expansion has been delayed and to some extent put off or stretched out because of the current prices of energy. So on both of those we have had discussions with representatives of either Syncrude or the companies who own shares in Syncrude.

MR. MARTIN: A supplementary question, Mr. Speaker. Other than just giving away huge sums of money at a time when we have a huge deficit in this province, how is it possible to make the expansion viable in the current pricing environment without some guarantee of a minimum price for the product?

MR. GETTY: Nobody's talking about giving anything away, Mr. Speaker. The hon. Leader of the Opposition perhaps doesn't understand all the gives and takes of risk and reward, but there are ways to figure these things out.

MR. MARTIN: Mr. Speaker, we certainly do understand Tory rewards. It's giving away the public purse to every multinational that comes around.

Mr. Speaker, my question to try to get some answers from the Premier, to try to find out a little more about it from the minister and the Premier, is simply this: is there any interest — because we're told they're also discussing it with the federal government — from the federal government on this possible Syncrude expansion, or is it the case that we're going to have to go it alone even with our huge deficit?

MR. GETTY: Mr. Speaker, first of all, I wouldn't get into details of discussions with the federal government in this regard, but I make it very clear to all the people of Alberta that this government is committed to the development of their oil sands. If people are unable to see the wisdom and intelligence of that, then we may have to do it alone.

MR. MARTIN: The cupboard is bare, but we still talk big, don't we, Mr. Speaker?

There has to be a limited amount of money. We are told by the Treasurer that we're in serious times. We're going to debate \$5.5 billion that we're going to have to borrow. My question to the Premier, because of his answer, is: what ceiling has the government established for the amount of money it is willing to expend on this expansion project?

MR. GETTY: Mr. Speaker, the hon. Leader of the Opposition has proven once again that he does not understand the matter of risk/reward investment. The difference between

investing in the future of this province and spending, as he refers to it — when you invest, you end up getting a return. You aren't spending something; you're investing in the future of this province. It pays back in huge dividends to the people of this province.

MR. TAYLOR: Mr. Speaker, I think that may make many taxpayers a little worried about the Premier's megaproject fantasies. I know he likes risk and reward, but taxpayers' risk and Esso's reward is really not what we're after.

Has he done any cost/benefit analysis on the oil industry to see where the most jobs are created and the best long-term returns to the people of Alberta come from when distinguishing between tar sands or heavy oil or the conventional oil industry? Three very important sectors, but competitive. Would he spread the money around a little bit? Has he done a cost/benefit analysis on which is the best area?

MR. GETTY: Mr. Speaker, from time to time there are efforts made to determine which has the greatest job-creation effort per barrel. The hon. member should be clear as well that whether they be heavy oil, synthetic crude oil from the oil sands, or conventional oil, this government is committed to the development of all of those resources of this province because they are so important to the people of this province and the people of Canada.

DR. BUCK: Mr. Speaker, I concur with the Premier's statement that the government supports the development of the heavy oil sands.

My question is to the Minister of the Environment. Several years ago I asked the former minister, the hon. Jack Cookson, what studies the Department of the Environment had done in the Fort McMurray area and downwind to find out what the limit is to the number of tar sands plants we can develop in the Fort McMurray area before we endanger our neighbours downwind with acid rain.

MR. KOWALSKI: I'm sorry, Mr. Speaker; I didn't quite get the gist of the question.

DR. BUCK: Mr. Speaker, to the hon. minister. Has the department done an assessment as to how many plants we can develop in the Fort McMurray area with the present technology, as to the amount of sulphur dioxide that goes into the air? How many plants are we limited to developing so we don't cause an acid rain problem to our neighbours downwind?

MR. TAYLOR: If you put it up high enough, it lands in Saskatchewan.

MR. SPEAKER: Is the Member for Westlock-Sturgeon answering? Please.

MR. KOWALSKI: Mr. Speaker, in terms of the major acid deposition report that was tabled in the House earlier this session, there seemed to be no major concern from Alberta Environment with respect to the possibility of enhanced acid rain or acid deposition in the northeastern part of the province of Alberta or the northwestern part of the province of British Columbia. As a former board member who represented, I guess, the government of Alberta at that plant for several years, I simply would like to say that this whole business

was a major priority concern of the Syncrude board of directors.

Heritage Savings Trust Fund

MR. TAYLOR: Mr. Speaker, this is to the hon. Treasurer. Sorry, Mr. Speaker; I'm fumbling my papers here. The Treasurer said through the Premier last Friday that his government will not be encroaching upon the principal of the heritage trust fund. This is a critical statement given the state of the fund and the pressure that a desperate government could put on it. How can we not be eroding the principal this year when \$405 million is going into it and \$644 million is coming out, being spent according to the Treasurer's June 16 budget? How are we not eroding the principal?

MR. JOHNSTON: Mr. Speaker, I think the concept of using the Heritage Savings Trust Fund to support the general revenue is one which could deserve some explanation. Within the Heritage Savings Trust Fund there are a variety of income flows or income streams which can be used. When we talk about the capital, we're talking about reducing the value of the fund below the year-over-year balance. It's not our intention, first of all, to encroach upon that in capital. Yet it is reasonable, I think, given the shortfall of revenue in the General Revenue Fund and the need to have some eye on the size of the deficit, that we do use the stream of income from the heritage fund into the General Revenue Fund. That stream is generally made up of the income from income-producing assets within the heritage fund. That has been the way in which we've transferred money from the heritage fund into the General Revenue Fund. Part of that income stream does include the earnings on the income-producing assets and the cash flow or the royalties which are received from the General Revenue Fund back into the revenue fund again.

Mr. Speaker, we're not reducing the size of the fund year over year. We're maintaining the capital portion of the fund, and we will use the income flows, as I have indicated before, to support the General Revenue Fund.

MR. TAYLOR: Mr. Speaker, you are transferring all the interest to the operating revenue. This is out of the principal we're talking about. We're talking about \$240 million that has disappeared.

All right, then. Is the \$405 million of resource revenues destined for the heritage trust fund this year a realistic projection since it is based upon 15 percent of the total resource revenues to the province, a number which the budget clearly overestimates? What's your latest prediction? Do you still think \$405 million?

MR. JOHNSTON: It is a reasonable estimate. Mr. Speaker.

MR. TAYLOR: I like the Treasurer's panache, or gall, some people would call it.

Mr. Speaker, the Treasurer is considering transferring no resource revenue into the fund next year, and the fund is not allowed to retain its present investment income. Does this mean that spending out of the heritage trust fund account next year must come from the capital of the fund itself?

MR. JOHNSTON: No, Mr. Speaker.

MR. TAYLOR: He is difficult to pin down, Mr. Speaker.

Can the Treasurer tell the Assembly whether he plans to cut spending for the '87-88 year from the heritage trust fund altogether? Was the Premier, for instance, confused when he said in the House last Friday that there were no plans to take money out of the fund itself?

MR. JOHNSTON: Mr. Speaker, it's a crystal clear policy. There is no doubt in most Albertans' minds what is meant. If you've had a chance to read the fund, you'll see exactly how it's set up. I must say that I apologize for not having an annual statement ready at this point. We are in the process of printing the updated annual statement. That will be available, and there is a nice graphic form which the hon. Member for Westlock-Sturgeon can look at and see how the flow of funds takes place.

MR. MARTIN: Mr. Speaker, when the trust fund was set up, there were sort of two main goals, as I understand it: one was the sock mentality, saving for a rainy day; the other was diversification. With the deficits we're facing, could the Treasurer tell us what the philosophy of the government is in regard to the trust fund now?

MR. JOHNSTON: Mr. Speaker, the philosophy of the trust fund essentially is fitted within the broad policy that we have articulated over the past 10 years with respect to its future. Some of the items which should be considered to be priorities in that discussion and that policy formation would be those that are spelled out in the legislation; that is, first of all, to generate a savings fund to set that money aside from the general revenue flow so that the burden of future deficits is not transferred inordinately to the people of Alberta, and secondly, to ensure that there's an income flow from the resources to the Heritage Savings Trust Fund. That income flow can be used for a variety of purposes. Those purposes must include, first of all, the diversification of the economy of the province of Alberta, unusual projects which have long-lasting benefits to the future of Alberta, including such things as research, scholarships, irrigation, and medical research in particular. Those are some of the items which would be in that diversification element. Finally, to ensure that we do have an ample opportunity to use the nonrenewable resources, which are depleting in this province, over a longer period of time — not necessarily to match the use of the funds with the drawdown of the pool of resources themselves but to have a smoothing process over a longer period of time. It is that good management plan which we are identifying, which we have gone to the people on a variety of times, and which is a keystone of the provincial government's policy with respect to its fiscal management side.

1988 Winter Olympics

MR. HAWKESWORTH: Mr. Speaker, my question is to the Minister of Recreation and Parks. On August 1 my New Democratic colleague for Edmonton Highlands raised a concern in the Assembly about the possibility of the official film record for the '88 Olympics going to an American TV network and not an Alberta firm. Now just this weekend we've learned that OCO, the Olympic committee, is about to finalize an award of the largest and most expensive sculpture of the games to two French artists. Can the minister explain what steps he has taken to make sure this decision is reconsidered so that the commission goes to

some of our excellent Alberta or Canadian artists instead of sculptors from another country?

MR. WEISS: Mr. Speaker, the Member for Calgary Mountain View has asked specifically what steps the minister will take. The minister will not be involving himself personally, because I believe in the autonomous support of the committee that made those decisions. I'm sure they reviewed all potential candidates before making that decision. I certainly will apprise myself of it and see if they have done that. I would undertake to that degree, but as far as reversing the decision, I would not be prepared to do so.

MR. HAWKESWORTH: A supplementary, Mr. Speaker. The minister stated in a letter to my colleague for Highlands as a result of her raising that past issue in this Assembly that the Alberta government has developed an understanding with OCO '88 that all projects within reason would be offered publicly and that OCO '88 would give first priority to Alberta and Canadian firms, all things being equal. Could the minister tell the Assembly if he or any of his staff or the provincial government representatives on OCO spoke to the OCO committee to ensure that Alberta content was being upheld in regard to artistic works?

MR. WEISS: Mr. Speaker, I'm not aware personally that any of our staff were involved in that. As it would really fall under the Minister of Culture, I'll refer the question directly to him.

MR. ANDERSON: Mr. Speaker, earlier this afternoon I had a chance to talk to Mr. Pratt of the Olympic committee and other officials with respect to the sculpture in particular. As the minister of recreation has indicated, we don't have a direct role to play, but I did express to him my feeling that it was most unfortunate that they had not found an Alberta or Canadian artist to do the sculpture. I asked him to consider in every way possible that position and the need for Canadian and in particular Alberta artists to be recognized in that particular instance and in all other future ones.

MR. HAWKESWORTH: Mr. Speaker, the provincial government is represented on the OCO executive committee by a number of individuals. Are those individuals under instructions by the provincial government to give first priority to Alberta and Canadian firms, all things being equal, when they vote on matters of this nature?

MR. WEISS: I'd be pleased to take that under advisement and report back to the member specifically.

MR. HAWKESWORTH: Mr. Speaker, my final supplementary. I understand the official name for this yet unbuilt sculpture is going to be *A Pig in a Poke*.

In terms of awarding this particular project to Canadians, can the minister assure the House that Canada does have artists of an international or world-class calibre that are perfectly capable of carrying out this particular work of art?

MR. WEISS: Mr. Speaker, once again the question should be related to my colleague the hon. Member of Culture. Yes, I am sure there are lots of qualified artists, but that decision was made and the Olympics, remember, is a worldwide situation. I'm sure that was considered.

Perhaps the member would like to supplement.

MR. ANDERSON: Mr. Speaker, with respect to art, of course, the judgments are always subjective, but it's my personal opinion that we have artists of great renown in the country and in the province who would have been satisfactory to me personally in any such function. As the Minister of Recreation and Parks has indicated, we don't have a direct involvement, but I did express to the officials this morning my belief that Alberta and Canadian artists should be considered first and foremost in their selections.

I should mention that the officials mentioned to me that their volunteer committee, headed by Jane Edwards, reviewed the situation, went through about 120 different artists, and concluded that the best were the Paris artists. I would probably come to a far different conclusion, but that is the circumstance as it currently exists.

MR. NELSON: Mr. Speaker, I'd like to direct a supplementary to the Minister of Recreation and Parks and/or the Minister of Culture. As the city of Calgary is the host city for the games and a contractual obligation is there between the city and the international Olympic people, is this development not a decision for OCO and the city of Calgary? It is being considered by the city of Calgary today in council and should not be a part of the consideration of the government of Alberta.

MR. ANDERSON: Mr. Speaker, with respect to that, the officials did in fact indicate to me that they were going directly from my conversation with them to council chambers, where they would offer the sculpture they had to the city of Calgary. I haven't been apprised of that vote, if it has been taken by now in the city of Calgary, but it will be up to them whether they reject or accept this particular offer. The guess as to the outcome of that vote would probably be better made by the Member for Calgary Mountain View, who has more intimate knowledge of that council.

MR. SPEAKER: Member for Clover Bar, a supplementary or a main question? Main question? Sorry, hon. member, there's a supplementary from the ranks of the Liberal Party.

MR. CHUMIR: A supplementary to the Minister of Culture, Mr. Speaker. Has the government itself commissioned or is it considering commissioning any works of art by Alberta artists to commemorate the occasion of the Olympics?

MR. ANDERSON: Mr. Speaker, no, the Alberta government hasn't, and, to the best of my knowledge, hasn't at this point any plans. Its involvement is through the Olympic committee in terms of funding and involvement, not directly through the Department of Culture. We do encourage, however, and have encouraged the committee to involve Alberta artists and, in the case of the multicultural organizations, such organizations in all aspects of their plans.

DR. BUCK: Mr. Speaker, my question is to the hon. Minister of the Environment, but I'd like to say before that, Mr. Speaker, to the Minister of Culture that the last time we got Olympics and French engineers mixed up, it cost the taxpayers \$1 billion.

MR. SPEAKER: Hon. member, the Chair did offer on the previous question if you wanted to ask a supplementary, so let us please go to the main question.

DR. BUCK: I'm trying to save a billion dollars.

Wood Preservative Plant

DR. BUCK: Mr. Speaker, to the Minister of the Environment. Can the Minister of the Environment inform the Assembly as to the status of the Bradbury Chemicals application and the development of the site east of Fort Saskatchewan for the new chemical plant? Have there been any changes in the last week as to the siting of that proposed plant?

MR. KOWALSKI: Not that I'm aware of, Mr. Speaker. We have the application that basically came forward to us under the Clean Water Act. The last time a question was asked on this matter, I indicated that I would be corresponding with the federal Minister of Agriculture in an attempt to get a status on the chemicals in question, and such letter has been sent.

There's nothing further to add other than that I understand the official position of the NDP has changed on this matter and they're now supportive of the application from Bradbury Chemicals.

MR. SPEAKER: The question will have to be raised by them.

DR. BUCK: Mr. Speaker, I'm not interested in what the NDP's position is. I'm asking the minister: is the minister still considering having a study as to the environmental impact of this plant on the community?

MR. KOWALSKI: Absolutely, Mr. Speaker. That has already been announced. The decision by myself to call for an environmental impact assessment was announced the morning after the application was received from Bradbury Chemicals.

DR. BUCK: Mr. Speaker, can the minister indicate any dates if public forums are going to be held in the area?

MR. KOWALSKI: Under the arrangement and under the guidelines and the policy setting forth environmental impact assessment, it's up to the proponent to basically get back with a document, to advertise locally that such a document is present, and to advertise as well when such public information hearings and meetings would be scheduled and available. When the environmental impact assessment that the proponent will write and pay for is ready, they will also have to provide it to Alberta Environment for scrutiny and phrase-by-phrase analysis.

MR. TAYLOR: To the Minister of the Environment. Has he gone so far as to approve the disposal of hazardous waste on-site, or will it be going to the Swan Hills plant? Have we gone that far yet on the proposal?

MR. KOWALSKI: Mr. Speaker, until we give an approval for Bradbury Chemicals to get a licence to operate, that would appear to be rather hypothetical. I don't know at the moment whether or not Alberta Environment and the government of Alberta will be in a position, until we get all the information that's required with respect to this application, to determine whether the firm will be allowed to operate in Alberta.

MR. YOUNIE: First, I'd like to state that my position hasn't changed, and I'm surprised that the minister ...

MR. SPEAKER: Hon. member, that's entirely out of order. Order please, hon. member. This is a supplementary question. Please proceed with the question.

MR. YOUNIE: Thank you. Considering that Mr. Hean has already announced that he plans major expansions once this very modest proposal goes ahead, will the minister guarantee that environmental impact assessments will also be required on any significant changes within the plant and any significant expansions of the plant?

MR. KOWALSKI: I think, Mr. Speaker, that once again we had better wait to see whether or not the current application is going to be one that will be accepted for licensing and operating in the province of Alberta.

Economic Outlook

MR. MITCHELL: Mr. Speaker, Albertans are facing a deficit of \$3.5 billion dollars, unprecedented unemployment, and the lowest growth rate in Canada next year.

SOME HON. MEMBERS: Question.

MR. MITCHELL: I get two sentences.

The government responds with an eclectic range of ideas from the Heritage Savings Trust Fund revenue to megaproject expenditure to Crown corporations, ideas which have to be thought out properly. To the Premier: is the government not saying in effect that the economic assumptions upon which the Treasurer's last two budgets were based have changed so dramatically that a new provincial budget is required immediately — not now, but right now?

MR. GETTY: No, Mr. Speaker, the government isn't saying that.

MR. MITCHELL: I wonder if they know what they are saying.

Can the Treasurer tell this Assembly what his estimate of the deficit is today, since the underlying assumptions have to have changed, particularly with respect to resource revenues?

MR. JOHNSTON: Mr. Speaker, we stand by the estimates which were tabled June 16.

MR. MITCHELL: To the Premier, whose Treasurer loses all kinds of credibility when he answers like that. The assumptions have to have changed dramatically. Why then do we have to wait until 1987 for a more realistic budget based on more realistic assumptions? Is not an interim budget called for right now?

MR. GETTY: No, Mr. Speaker, it's not.

MR. MITCHELL: Will the Premier recall the Legislature before Christmas, if not for the presentation of a budget, at least for a special debate of the province's current budgetary situation? We have to be discussing that right now.

MR. GETTY: If I understand the hon. member's proposal, it is to shut down the House and come back again before Christmas in order to discuss another budget. That's not our intention, Mr. Speaker.

MR. MARTIN: Mr. Speaker, it seems to us that the worst case scenario that the Treasurer has talked about is true. For the budget to work out, we would need \$24 per barrel.

How can the Treasurer tell us that his estimates from the previous budget are in that range at this time? Everybody in Alberta knows that's false. How can he justify it?

MR. JOHNSTON: Mr. Speaker, again the hon. Member for Edmonton Norwood has focussed on one amount. We have from time to time indicated that we are using a one-third reduction in all revenues to the province that come from natural resources, including land sales, gas sales, and a variety of other items, and I think fairly at this point, Mr. Speaker, that assessment is as good as any. Certainly, we do not hang our hat on a number as the Member for Edmonton Norwood has just done.

Water Resources

MR. YOUNIE: Mr. Speaker, after a meeting with the council and mayor of Oyen I've come to the conclusion that they have very legitimate concerns about their water supply and that that problem has been an ongoing source of serious concern and frustration for years. So I'd like to ask the Minister of Community and Occupational Health: has the minister personally studied the danger to community health that is embodied in this water problem, and is he therefore urging the appropriate minister to find a solution to this problem?

MR. DINNING: Mr. Speaker, I appreciate the question by the hon. member, but I can quite frankly say that I have not received that information, and if he cares to make it available to me, I would go to work on it.

MR. YOUNIE: Thank you. That would be my pleasure later today.

To the minister in charge of Public Safety Services. In view of how big a small fire can become when there's no water to put it out, has the minister taken this factor into consideration in choosing which of the 14 alternatives from the Oyen-Youngstown Corridor Water Supply study he will eventually go ahead with?

MR. KOWALSKI: A wide variety of inputs is being received with respect to this, including a meeting that I'll be having in the Oyen area hopefully in the next several weeks, Mr. Speaker.

MR. YOUNIE: To the Treasurer. We've heard much talk about cost cutting. Has the Treasurer done or has he had the Minister of Environment do a comparative study of the cost to the province in finding a permanent solution to this problem as compared to the ongoing band-aid solution of trucking water and digging hundreds more wells?

MR. JOHNSTON: Mr. Speaker, that's not within my range of responsibilities, and other ministers who have spoken already have indicated that they're on top of the issue.

MR. YOUNIE: The people of Oyen are incredulous to hear that.

To the Premier. Can the Premier assure that a solution will be found and that construction will begin no later than next spring so that the residents and town councils of Oyen and nearby communities can be assured of a dependable water supply?

MR. GETTY: Mr. Speaker, I'm sure and I would confirm that we will work with the people of Oyen and the surrounding

area — it's not just a matter for the town of Oyen — to work out the best possible solution for them working together.

Church of Scientology

MS LAING: Mr. Speaker, to the Premier. On August 26 the Premier as head of this government promised me that he would investigate and report back to me and this Assembly as to why this government is giving money through the Manpower, Community and Occupational Health, and Education departments to the educational offshoot of the Church of Scientology. What is the Premier's report on this matter?

MR. GETTY: Mr. Speaker, I thought that that had already been dealt with by another minister in the House.

MS LAING: Not to my satisfaction.

To the Minister of Social Services. It now appears that the Social Services department may also be providing funding to the Church of Scientology, in particular to their offshoot Education Alive through a day care operated by JVK Enterprises. Why is Social Services also making grants to the Scientologists?

MRS. OSTERMAN: Mr. Speaker, we have no evidence that the Church of Scientology is operating a day care or a family day home. The programming that is in place is acceptable right across the province. It has been thoroughly monitored. If the hon. member has specific information that someone is being trained in a different way to present a different philosophy that the hon. member believes that we as a government should strike out in all of Alberta, I'd be very interested in hearing that.

MS LAING: Mr. Speaker, in August the minister's department closed the family day home servicing section of JVK Enterprises due to the potential of fraud by the centre in regards to funds received for services provided. Will the minister be introducing any new monitoring requirements to ensure a similar type of abuse does not occur in the future?

MRS. OSTERMAN: Mr. Speaker, I find that supplementary question to be a rather odd one in light of the question that was originally asked. We're now getting into the administration and moneys flowing from government and not the educational program at all. Mr. Speaker, the hon. member certainly has been in the House when on a number of occasions I have said that I am addressing in an administrative sense the whole area of how funds go and how we can assure that they are being properly spent.

MS LAING: Mr. Speaker, I'm unconvinced that the monitoring is of sufficient quality. I'm wondering how the minister is monitoring the services and the programs within day cares to ensure that the kind of abuses that we hear about are not in fact occurring?

MRS. OSTERMAN: Mr. Speaker, I'm not sure what kind of abuses the hon. member is speaking to, but I think that she has already raised a question about a particular organization that in fact is under review at this moment. We have taken over to make sure that the services are still available to the public. Bank robbery is also against the law. I guess it's unfortunate to say that we get into situations where people, human beings, commit some kind of misdemeanour

that may in fact be against a provincial law. They are then investigated. The hon. member has already raised that.

Mental Health Act

MRS. HEWES: Mr. Speaker, my question is to the Premier. In June of 1985 the Court of Queen's Bench heard a notice of motion on behalf of the Canadian Mental Health Association declaring that sections of the current Mental Health Act are inconsistent with the Charter of Rights. That motion was later delayed on the strength of commitments from the Attorney General's department and the then minister of health and, I believe, an understanding from the Premier himself prior to the election that new legislation would be tabled in the spring of 1986. This legislation has not yet been introduced. What's the reason for the delay in introducing this new legislation, and when on earth can we expect to see the new Mental Health Act?

MR. GETTY: Mr. Speaker, it is a very important piece of legislation, one that has received a great deal of attention and work throughout the province, as the hon. member would know, I believe. As soon as we have it in a form that can be presented to the House, it will be.

MRS. HEWES: Mr. Speaker, thank you; I'm glad to hear it.

To the Premier. Will the new Act make provision for the individual to be fully informed of the reasons for his detention and his right to legal counsel?

MR. GETTY: Mr. Speaker, like any piece of legislation you shouldn't anticipate the details of it. or else we'd be debating it before the Bill is before the House. I'd only say that we would make sure the Bill is as full and complete as possible and would listen with interest if there are any deficiencies in it that are raised by members of the Legislature that could be changed.

MRS. HEWES: Mr. Speaker, will the Act ensure that treatment requires the consent of the individual?

MR. GETTY: Mr. Speaker, the same answer. You're referring to *Beauchesne*: I'm not sure if you wish me to answer this or not again.

MRS. HEWES: Mr. Speaker, to the Premier. We're waiting for the Act, and people are very anxious and want to know what on earth we can expect to get in this Act. We need to know, for instance, if the Act will provide — and I've asked this one before — for local treatment of involuntary patients in properly designated general hospitals.

MR. GETTY: Mr. Speaker, unfortunately, it's the same matter she's raising: one particular clause from a very complex, important piece of legislation. We should surely wait until the Bill has been introduced.

The hon. Minister of Hospitals and Medical Care may well wish to supplement my answer.

MR. M. MOORE: Mr. Speaker, if I might add to the Premier's comments on the last question. The matter of treatment of involuntary patients in active treatment hospitals in this province has been dealt with at some length in the Legislature during the course of the last few weeks, and it has little or nothing to do with whether or not a new Mental

Health Act is introduced into the Legislature. The existing Mental Health Act has all the requirements that are necessary to move toward the treatment or the admission of involuntary patients in existing active treatment hospitals.

I outlined to the Legislature some weeks ago a proposed schedule of moving certain hospitals in Edmonton and Calgary and other regional centres to a stage of being able to receive involuntary patients over the course of the next three fiscal years. The Department of Hospitals and Medical Care is working now with those hospitals in an effort to try to ensure that they can come on stream as quickly as possible in that category. But I'd repeat again, Mr. Speaker, that it has nothing whatever to do with the requirement for a new Mental Health Act.

DR. BUCK: Mr. Speaker, to the minister of health. Is any consideration being given to bringing the Bill in for first reading before the session rises, holding it over so we could have more public input and give it some consideration, and then bringing it back for discussion in the spring session?

MR. M. MOORE: Mr. Speaker, as the Premier and the line of questioning have indicated, there are several very important principles with respect to a new Mental Health Act that involve constitutional matters as well as rights of the patient, and there are differing points of view as to how those important matters can be resolved. I'm in the process of trying to come to some conclusions that will allow us to put together legislation that could then be put into the House, but at present there is no legislation drafted. We're not able to introduce a Bill until we've had some further opportunity for discussion on at least three aspects of the Act that there are no easy answers for.

MR. HAWKESWORTH: Mr. Speaker, to the Minister of Hospitals and Medical Care. In view of the fact that the Drewry report was tabled three years ago and the changes to the Charter of Rights occurred three years ago, is the minister saying that the present Act is not going to be amended in any significant way, or is he saying that a new Act is in fact going to be introduced within the next six months or before the spring session is concluded?

MR. M. MOORE: There is always the possibility, Mr. Speaker, that we could provide some sort of draft Act for review when the House isn't sitting if we're able to get it concluded and into that sort of shape. My preference would be to table an Act in the Legislature for first reading. As I've said earlier, I don't believe that is possible to do over the next short while, but certainly we are working hard on it, and when we've concluded studying all the issues involved and are able to finalize the drafting of the Act, we'll make it public as quickly as we're able to, preferably through the Legislature.

MR. SPEAKER: The time for question period has expired. Two ministers wish to supplement information given to the House previously. First, the Minister of Transportation and Utilities relative to last Friday.

Natural Gas Billing Practices

MR. ADAIR: Mr. Speaker, on Friday last the hon. Member for Westlock-Sturgeon asked a series of questions related to the billing processes of ICG, and I have some answers that I hope will clarify the situation. ICG is in the process

of changing from volume billing — cubic feet or cubic metres — to energy billing — British thermal units, BTUs, or gigajoules. Most of the Alberta gas utilities have already made the change. The reason for the change is that a given volume of gas contains a variable heat value, a BTU or gigajoule, depending on the well it comes from, and thus energy billing is a fairer way of billing the consumer.

The specific question was: can the minister guarantee that energy value readings based on samplings will be published on each customer bill? The response is that ICG proposes to take monthly readings of the gas energy content on a sampling basis and that the company intends to show on the bill the average megajoule content per cubic metre for the gas in the area in which the customer is located.

The second question was: is ICG buying gas on an energy value basis since it sells that way? The response is that yes, ICG buys gas on an energy value basis.

The next question: is the PUB contemplating a provincewide standard of energy value calculations? The response is that all natural gas sold in Alberta, and in fact throughout Canada, is sold under standard conditions of atmospheric pressure and temperature established under the federal electricity and gas inspection regulations administered by the federal Department of Consumer and Corporate Affairs. The PUB does not set a standard for energy value calculations, but the PUB ensures that the gas utility conforms to those standards with respect to the price charged customers for natural gas.

The last question was from the Member for Athabasca-Lac La Biche: will the minister contact ICG regarding 40,000 consumers being billed an extra dollar? In checking with ICG, normally ICG has a fixed monthly billing charge of \$7.50 for residential service. The billing cycle is normally on a 30-day basis, but the billing computer is programmed to charge an extra dollar if the billing cycle exceeds 33 days or deduct a dollar if it's less than 27 days. In one instance during February-March 1985, the meter readings for a number of customers were delayed due to bad weather and the customers affected were billed the extra dollar. ICG has manually checked about 8,000 customers' bills to date and credits the dollar on the next customer bills. It's intended to complete this analysis for the other 32,000 customers as quickly as possible.

MR. TAYLOR: Mr. Speaker, I appreciate the minister's answer, but it doesn't get to the point. The point is that the meter reads in cubic feet. A gigajoule or a BTU is the number of heat units within a cubic foot of gas, and it can vary from month to month from whatever they're buying. All I'm asking is that utility companies should say on their billings that so many cubic feet — that person can then read it off his meter — times the energy value of what they got equals so many gigajoules. What they're giving you is the answer and the meter but not telling the multiplier factor. There's a multiplier factor in between. You can tell that gentleman that I was selling gas when he was still running around in rompers, and I know exactly what he's trying to do.

MR. SPEAKER: I'd like you to know that this is not a debate, hon. members and minister. The minister brings back the information, and the member who raised the issue gets one chance to ask for supplementary information. But indeed, you're right. As I recollect the process, it's up to the minister to continue with his statement in response to the question as raised. The Chair apologizes.

MR. ADAIR: May I go a little bit further? The other point I was going to make was that the approximate energy value of 1,000 cubic feet of natural gas is 1.05 gigajoules, and this varies from source to source. Then my department said to me, "As you know, a gigajoule is 10 joules." That's 10 times 10 nine times. A megajoule is 10, joules; that's 10 times 10 six times. And a petajoule is 10 joules.

MR. SPEAKER: Thank you for this precious gem of an answer.

Point of order, Athabasca-Lac La Biche? It's not appropriate for other members to be asking questions on this topic, just the member who raised the initial question. What is the point?

MR. PIQUETTE: I just want to thank the minister for checking that ICG monthly billing system.

MR. SPEAKER: Order, hon. member. The Chair appreciates your generosity, but you should send a personal note to the minister. Thank you.

The Chair understands that there is a point of privilege.

head: Question of Privilege

MR. YOUNIE: Thank you, Mr. Speaker. Earlier in today's question period the hon. Minister of Environment made a statement with respect to my opinions and feelings on a certain issue that is factually incorrect and could be detrimental to my ongoing opposition on the matter. I would respectfully request that the minister withdraw the statement that was based on thirdhand information.

MR. KOWALSKI: Mr. Speaker, I think it would be appropriate at this point in time for all members to perhaps look at the Blues, because I do not recall mentioning the name "Member for Edmonton Glengarry" in any comments I made this afternoon.

MR. SPEAKER: For a point of clarification, the Chair's recollection was that it was a reference to the NDP, not to the Member for Edmonton Glengarry. Hon. member, one last time on this point of privilege.

MR. YOUNIE: Mr. Speaker, as I recall, he referred to the New Democrat Environment critic, which is myself [interjections]

MR. SPEAKER: Hon. members, because we're getting this bit of dialogue back and forth, the Chair invites the Minister of the Environment and the Member for Edmonton Glengarry to indeed check the Blues, and if there is indeed any further basis for any discussion with respect to a point of privilege, the Chair will also invoke Standing Order 15(2), which means that two hours' notice before tomorrow's session will be given to the Speaker of the Assembly.

ORDERS OF THE DAY

[On motion, the Assembly resolved itself into Committee of the Whole]

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

[Mr. Gogo in the Chair]

MR. CHAIRMAN: Will the Committee of the Whole please come to order.

Bill 11 Alberta Stock Savings Plan Act

MR. CHAIRMAN: Are there any comments, questions, or amendments to this Bill? Are you ready for the question?

MR. McEACHERN: Mr. Chairman, there are some good aspects to Bill 11, as we said in second reading. I want today to get into some of the details. The first one I want to raise is rather odd in a sense, because it's not there. That was the thing we mentioned last time, that it's hard to debate the principles when the principles aren't there. I want to talk about the details of the principles, but there are no principles in the Bill, or at least written into it.

But as I pointed out last time around, there were some rather nice principles outlined in a pamphlet which we think would do just fine. So. Mr. Chairman, I'd like to spend a minute or two on those principles. They are principles that all members of this House, I believe, could support. They are:

To strengthen the private sector and create jobs by providing expansion capital for new and growing Alberta companies.

That's certainly a worthwhile aim and one that this party concurs with.

To attract more Albertans to capital markets, and encourage equity ownership of Alberta companies by Albertans.

Again, we have spoken in this House before about the need, and some of our questions related to Consumer and Corporate Affairs indicate the need for developing this. We've asked the Premier to outline plans for developing capital markets in this province. The third one that should be in the Bill and is not:

To encourage diversification of, and investment in, Alberta-based industries,

a fundamental concept for this party and. I believe, to some extent for the government. They've put it forward in this document as being one of the reasons for the Alberta stock savings plan in the first place. The fourth one:

To strengthen the Alberta Stock Exchange and the Alberta financial environment.

Mr. Chairman, we have talked often about a number of Bills — and this one is no exception — that do not bother to indicate any principle, objective, or purpose. We suggest that those kinds of details should be in the Bill. There is no reason the government shouldn't be able to outline those principles in the Bill if they can outline them in a pamphlet to be made public. That would give us something with which to measure the effectiveness of the Bill in subsequent years when we look back and say: "What was the Alberta stock savings plan about? What did it do? Did it accomplish what it was supposed to do?" I suggest that that would make a reasonable set of details to put into the Bill in lieu of principles or objectives for this Bill.

One of the other aspects of the Bill that bothers me considerably. Mr. Chairman, is the fact that the minister, in effect, had bowed to the federal government in terms of

the Alberta content. The acceptance in section 4 on page 6 of 25 percent of wages being paid in Alberta as being enough is not acceptable to us. That's not high enough; at least 50 percent of the labour expense should take place in Alberta. Twenty-five percent is not a very large portion of the total, and if this Bill is to help develop the Alberta economy, then we can't afford to be helping the Ontario or the American economy more than we're helping the Alberta economy. So that is another area in which we're rather disappointed in the details in this Bill.

There is a requirement in that section for the company to be incorporated in Canada, but there is no provision in the Bill that says it would have any special treatment if it were an Alberta-based company. I think that could be done also. In fact, it seems to me that the whole section on the credits and who gets them needs to be strengthened. The flat tariff approach that was suggested by the minister as being adequate or the best way to go doesn't seem to me to accomplish what this Bill has set out to do. If you give 30 percent, up to \$3,000, credit to new corporations, 15 percent to the expanding ones, and 10 percent to the mature ones and then just say that that's it, then you leave the development of the economy totally in the hands of whoever tries to qualify and you don't give any sense of direction or purpose. Mr. Chairman, it's not adequate to say that that's the way it should be.

As the minister said himself, this government has interfered and encouraged certain kinds of activities in the past. In fact, anything the government does is really an interference in the economy. You cannot say that we will not interfere and that we will let other people make the decisions. There are too many interconnections, if you like, between the government and private enterprise already. We've gotten to a point where it doesn't matter what the government does; even if they stay still, there is still that interconnection. If the government changes the tax law, that's an interference. If they change it up or down, it's still an interference. If they leave it where it is, in a sense that's still an interference. If they give money to small businesses, that's an interference. If they give money to farmers, that's an interference.

The government took something like \$15 billion out of circulation in this province over a number of years and then starts to say that they're not interfering in the economy. When you bring in the farm stabilization Bill, it's an interference. When you subsidize fuel for farmers, that's an interference in the economy. So the question, Mr. Chairman, is not whether you will interfere in an economy. The fact is that we are already interfering in a myriad of detailed ways in the economy of this province. You can't say that we'll just leave it up to the private sector. When you give royalty cutbacks, as Bill 45 does, you are in fact interfering in the economy. So it's not a question of whether you'll interfere in the economy; you just do automatically. The question is: on whose behalf do you interfere, how are you going to administer it to be most effective, and then how are you going to measure that interference to see if you accomplished what you wanted to accomplish?

That does assume, then, that you have some idea of what you want to accomplish. Perhaps that is where this government falls down. In fact, the Premier seems to sort of lie back a bit and just let things happen. Perhaps the minister is taking that attitude and putting it into his Treasury Department, his Bills, and his idea of the economy — to some extent, that is, but he's certainly not with Bill 45. With Bill 45, he's making very specific interference for a specific purpose. If he can do it in Bill 45, he could do it in Bill 11.

Mr. Chairman, what I'm suggesting is that the Treasurer consider very seriously some of the suggestions we made. If you look back at the principles I read, they could be boiled down in their essential part, as far as the people of Alberta are concerned, into a couple of words: jobs and diversification to help create those jobs. It would seem to me that the government would have a much better chance of doing that if they took an inventory of our economy: how it's working, what's working and not working. While I'm at it, perhaps I could suggest that the Treasurer should certainly do that in terms of giving us some reasons why he thinks he needs to borrow \$5.5 billion in another Bill that will probably be before this House today. In any case, if you accept the notion that we are in fact interfering, whether we really want to or not, then we should be interfering in a positive way. Rather than giving those flat rates of 30, 15, and 10 that I mentioned a minute ago, we should be building in credits for corporations that get involved in industries that actually lead the economy in the direction of diversification and job creation and achieve the objectives laid out in those principles.

Mr. Chairman, the three basic concepts I am putting forward now are summarized in an amendment I have for Bill 11. I would like to send a copy of that to the Clerk and the Speaker, with copies for all members of the House.

MR. CHAIRMAN: Would you get a copy to the sponsor of the Bill as quickly as possible.

MR. McEACHERN: Since I made a lot of the points in my preamble, I will read through the amendment and reiterate one or two points. I will not have to debate them at great length because I think I've already made the case for most of the amendments suggested here. The Bill is hereby amended as follows:

A. The following is added after section 1:

1.1 The purposes of this Act are

- (1) to strengthen the private sector and create jobs by providing expansion capital for new and growing Alberta companies,
- (2) to attract more Albertans to capital markets, and encourage equity ownership of Alberta companies by Albertans,
- (3) to encourage diversification of and investment in Alberta-based industries, and
- (4) to strengthen the Alberta Stock Exchange and the Alberta financial environment.

Before I go on to number 2, I'll make my final comment on that section. These four points are from the pamphlet put out by the Alberta government on the Alberta stock savings plan for the industry and for people who might be interested in getting involved with a stock savings certificate, so the points have to be acceptable to the government in the sense of the direction they take. The reason for asking that they be put in the Bill is a little different. If you put them into the Bill, that's going one step toward making the Bill more relevant and giving purpose to the Bill and one step toward making it easier in subsequent years to determine whether or not the government has lived up to those principles and expectations and objectives: has the Alberta stock savings plan actually helped to achieve those ends? That is why we would like them incorporated in Bill 11, Mr. Chairman, and that is why we urge all members of this Assembly to accept that amendment.

The second amendment is shorter but also very important:

B. Section 4(l)(e)(i) and (ii) are amended by striking out the words "25%" and substituting therefor the words "50%."

Mr. Chairman, the effect of that would be to increase the share of wages and salaries paid each year in Alberta by any company asking for an Alberta stock savings certificate. The reasons for that are fairly self-evident. I think I mentioned earlier that if it's only 25 percent, it means we could be doing more to create jobs somewhere else than in Alberta. If we are going to spend Alberta tax dollars, we think the minimum should be at least 50 percent Alberta wage content. That is the second amendment, and I urge all members of this Assembly to support that amendment.

Sections C and D sort of go together, so I will read them. They address the question of helping encourage the kinds of activities that would diversify the economy:

C. The following is added after section 4:

4.1(1) On all certificates issued by the Provincial Treasurer in accordance with section 4, he shall indicate which of the following criteria, in his opinion, are met by the corporation to which the certificate is issued:

that the corporation is

- (a) at the date of the corporation's application for a certificate, owned at least to the extent of 51% of its outstanding voting shares by persons whose principal residence is in Alberta;
 - (b) principally engaged in business of a sort which will tend to diversify the economy of Alberta, or will be principally engaged in such business within one year of the granting of the certificate;
 - (c) principally engaged in business activities at places outside the commercial environs of the cities of Edmonton and Calgary, or will be so primarily engaged within one year of the granting of the certificate;
 - (d) engaged in the business of manufacturing commodities derived from one or more primary natural resources or commodities procured within Alberta.
- (2) Any corporation applying for a certificate pursuant to section 4 may indicate, in the prescribed form, which of the criteria set out in subsection (1) it meets and shall include with its application any documentation supporting its indications.

Section D gives the purpose for outlining these points:

D. Section 28 is amended in the proposed section 13.1(1)(e) by adding "5% for each of the criteria listed in section 4.1, that are, in the opinion of the Provincial Treasurer, met by the corporation, plus" after "applicable to an eligible share."

While that might sound a little awkward read this way as an amendment, I will explain the way it would work. If a new company starting out qualified for a 30 percent tax credit and it also fit some or all of these criteria — let's suppose for a moment it fit (a), (b), (c), and (d) from section C — then each of those would be worth 5 percent credit, totalling 20 percent credit, plus the original 30 percent. So a company could get up to a 50 percent credit. If the company were an expanding company and maybe only qualified in, say, section A, it would start with a 15 base and would get a 20 percent tax credit. The arithmetic is quite easy from there on, once you understand the principle.

Mr. Chairman, I think these amendments make it a better Bill. We've tried to bring in some amendments that should be acceptable to the government. We have not tried to say that the Treasurer should make all the decisions for the companies that operate in Alberta. All we're suggesting is that the Treasurer be prepared to give some encouragement to development of industries that would be useful to Alberta at this time, that would help diversify the economy, help create jobs, and strengthen the economy in areas that need strengthening.

I agree with the Treasurer saying, as he did in the debate on principle at second reading, that he doesn't have wisdom or all the answers on how and what should be. No one person does, but he has a whole group of people in his department backing him up. They should know and understand the economy of this province. If they don't, then they better do some homework and start learning and understanding about the basic economy of this province. You have to be almost blind not to see that we're in a great deal of economic difficulty, and it is not good enough for the government to just sit back and say, "It's okay for the companies to do what they want; we'll give them this money anyhow, no matter which area they go into." and then react ad hoc to the difficulties we get into.

Mr. Chairman, the government does interfere in the economy in massive, massive ways, in all kinds of directions, and for all kinds of reasons. What we have to get away from is reacting ad hoc to what's happening; we have to start doing some thinking ahead and try to get some purpose or direction for the economy of this province. If this government isn't prepared to take the lead in doing that, if they aren't prepared to incorporate into their Bills some accountability — the idea that the principle should be in there and that we can afterwards check and see whether or not the objectives have been met — if they aren't prepared to strengthen the Alberta content, and if they aren't prepared to think in terms of giving some direction to this economy, then I suggest that this government is not doing its job. that they are sitting back and letting things drift, and that they've lost control.

I think these amendments are reasonable, and I would suggest that every member in this — and by the way. Mr. Chairman, we could take these amendments one at a time if members find one, two, or all of them acceptable. I would see them as three: A stands by itself, B stands by itself, and C and D would have to go together to have any meaning.

MR. JOHNSTON: I think we'll save you that pain.

MR. McEACHERN: You think you'll save that, do you? Mr. Chairman, I put these ideas forward seriously and in a serious manner. I'm not being frivolous, and so I hope the hon. Treasurer will take a serious look at them and accept at least part of them or at least give good reasons why he thinks he can't accept them.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Members of the committee, before we proceed, the Member for Edmonton Kingsway has moved an amendment. Essentially there are three amendments: please identify them on your sheet. They are known as A. first amendment; B, second amendment; and C and D, third amendment. Inasmuch as the sponsor spoke to the three, we'll deal with the three as a package.

The Member for Calgary Mountain View, to the amendment.

MR. HAWKESWORTH: To the amendment indeed, Mr. Chairman. I think the analogy I would like to use in my comments this afternoon is to think of this particular Bill and the amendments that are being placed before the Assembly along the lines of taking a trip. That is, you want to go some place; what is the best way of getting there?

Quite frankly, Mr. Chairman, I know that I don't like where we are today. I don't like to see 12 percent unemployment, the highest rates of business failure in the country in Alberta, the out-migration of people because of the lack of opportunity in this province, falling incomes, the insecurity it creates amongst our residents, and the dislocation that occurs in families who suffer under the economic changes which this province has gone through. I'm sure the Provincial Treasurer doesn't like it either, nor does any other member of this Assembly. What they have brought in is an Alberta Stock Savings Plan Act which purports to take us in a new direction. Well, we want to make sure that we end up in some place other than where we are today and to ensure that we're putting forward some amendments to this legislation which in our opinion will strengthen the legislation so that it does the job it's intended to do.

We've heard much in the last 10 to 15 years about diversification in Alberta. In fact, the brochure which has been published and distributed in advance of this legislation being passed mentions diversification. It talks about job creation, and indeed the Provincial Treasurer no doubt hopes that the stock savings plan is going to help achieve diversification and job creation in this province. We've taken him at his word, Mr. Chairman, and we agree that those are things that are important if we're ever going to go someplace other than where we are today with the economy in this province.

People need work; people need jobs. There's nothing more important in this province today, it seems to me, than creating jobs and giving people meaningful work. We feel that it's important to identify that this Act is intended to achieve diversification in Alberta and create jobs. But is this legislation going to do it, Mr. Chairman? Is it going to achieve the things that the Provincial Treasurer says it's going to? After 15 years of talking about diversification in Alberta, we still don't have it. In order to make sure that we do have it, so that 15 years from now we're not in the same place we're in now, we have to move from where we are to some new place where there is a diversified economy, and that means taking some leadership. Quite frankly, it comes down to the fact that we can no longer continue to allow things to drift along as they have in the past. We've drifted into the place we now are, and if we want to get out of the place we are now, we can't continue to drift as we have in the past.

As the Provincial Treasurer is painfully aware these days, we live in a world of limited resources, and he hasn't the financial resources he wishes he had. We ought to be using the financial resources that we have in the most effective, positive, and efficient way. To do that, to get the maximum return, the maximum benefit, and the maximum effect from their spending or their investment, we're going to have to target how they're used. It seems to me, Mr. Chairman, that we have certain opportunities which don't always stay open to us, and I suspect that if we don't start using the resources at our disposal to create jobs and diversify this

economy, we may not have that opportunity in the next few years to come.

I heard the Provincial Treasurer, in introducing this legislation, speak about the fact that programs introduced by the government are market neutral, so they don't take the kind of steps necessary to ensure that that spending and those programs achieve the ends, objectives, and purposes for which they were set up. It seems to me, Mr. Chairman, that if we continue along that line, we're going to continue to drift, we're going to continue in the same place where we find ourselves today, and there will not be a change from what our residents of this province are facing today. Are we going to lose the opportunity to build our manufacturing base? Are we going to lose the opportunity to establish the value-added businesses so that the resources of this province get developed in the province and the value added to those resources is done in this province by Albertans?

We've looked at the legislation, and we've said, "In order to get to some place other than where we are now, to get to low unemployment rates, and to get people back to work, we're going to have to make a concerted effort to ensure that the funds directed into this program result in jobs being created in Alberta for Albertans." For example, in amendment B, relating to the matter of labour expense, we find that 50 percent of labour expense ought to be spent in Alberta in order to achieve a benefit under this particular program.

We also have to be concerned about our small-town and rural economies. It seems that much of the economic activity, certainly in diversification and the value-added sectors of our economy, has occurred in the major urban communities in Alberta. I believe that it is right and proper and just to direct these funds to help ensure that jobs are saved and created in the smaller communities of our province. On the second page of the amendment, in C(c), we're suggesting that these funds be directed and incentives be provided to businesses in our smaller communities also, that they locate, expand, and create jobs there so that people do not have to take up their roots and move to the big cities where the jobs are. Let's make sure that we provide jobs for our rural and smaller community economies.

In essence, Mr. Chairman, what you see here is a map which we believe is going to take us from this place we have arrived at, where our economy is suffering and where things are not going well for the people in our province. To get out from that eddy and move into the mainstream, we've got to take action. We can't continue to drift. What we've laid in front of the Assembly is a series of amendments that do two things: they set out the purposes for this particular legislation; they put some real emphasis on diversification so that 15 years from now we're not struggling with the same problems that we are today and we recognize the vital importance of creating jobs for Albertans. We believe we need to maximize the use of Alberta resources to provide work for Albertans in Alberta.

With these amendments we believe those purposes will be accomplished far better than they would be if this Bill were passed unamended. Thank you, Mr. Chairman.

MS BARRETT: Mr. Chairman, I'd like to add my voice of support for the amendments as presented by the Member for Edmonton Kingsway. In so doing, I need not be lengthy. However, I would like to anticipate some arguments that may be put forth by the Treasurer or other government members inasmuch as those arguments had been stated at second reading of this Bill.

Particularly, Mr. Chairman, with respect to the issue of targeting, the Treasurer on previous occasions has said that when government is in the business of promoting business and economic development in the province, it would prefer to use the marketplace and the particular nature of its vehicle in promoting those business and diversification developments, that we as legislators are better off not to target and to let the market mechanisms determine the direction of these initiatives. In principle, that's actually not a bad thing to do, in my view. I've been a co-owner of a small business, and I know that I personally didn't find banks, credit unions, or Treasury Branches to be of any use to me in helping launch my business. But at the same time, we did manage to launch it after all and did it without anybody else's help. If we had had government help at a certain point, it could be that we wouldn't have qualified because of targeting, so there is some merit in the Provincial Treasurer's position.

However, with a massive program like the Alberta stock savings plan and with the nature of its rewards for investment — that is, tax credits — it seems to me that what we can do is reward those who are serious about helping to diversify our economy, employing Albertans, and making our economy stable in the long term. On behalf of the Alberta New Democrats, I think it's safe to say that one of our prime concerns is that we manage to even out the wild fluctuations in what would otherwise be considered ordinary business cycles, whether they're national, international, or regional. What I'm really referring to is what's commonly called a boom-and-bust economic cycle. We would like to even those out so that the troughs are not as deep and the peaks are more sustained but perhaps not as high. It seems to me that this is the way that you enable people to predict the future of an economy. Stability of an economy is itself of merit when investors are looking around for places to put their money.

Stability in the case of Alberta is very important because we have an economy based on primary products, in particular oil and energy products and agriculture products. With respect to the energy products, we have seen what happens because of the vagaries of the international market. Regardless of the number of phone calls that may emanate from this building to Sheik Yamani, I think we've been able to see, Mr. Chairman, that no matter who in Alberta you are, you in fact don't have much say when it comes to OPEC. They're just dealing with a lot more of a commodity than we are. In fact, we probably haven't been the prime targets of OPEC's decisions when it came to flooding the market and flexing a little muscle internationally.

That said, Mr. Chairman, it then seems to me that what we want to do when we're not in programs which target specifically by virtue of their nature and as stated in their preamble, such as the many energy Bills that this Legislative Assembly deals with year after year, is talk about things in general that will provide incentives to help stabilize the Alberta economy. Those things in general — I think they're principles and items with which even government members would agree — are to strengthen our economy and create jobs. Putting that sort of thing in the preamble only helps show the direction we want to take with this Bill and with the program that will follow the Bill. Remember that in the long run, it is ordinary Alberta taxpayers who are really footing the bill for this. There's no other way around it. For every credit that goes out to every company or every corporation — and I can remember years in which those corporate tax credits rang up as high as \$150 million to the negative — someone else has to pay to make up that

money. It's inevitably the ordinary taxpayer who has over the years become the primary taxpayer, not only in this province but in this country.

I think the way to justify that, the way to tell the public that we really are working in everybody's best interest by offering company and corporate tax credits, is to make sure we stipulate that the jobs be Alberta jobs — at least half of them — that the people who are making those investment decisions be Albertans, who have an investment in this province in the long run. To use other examples, one of the criticisms that multinational corporations are frequently subject to is that they don't have personal stakes at hand in many of the countries in which they invest. One particular example that comes to mind in that regard is with respect to environmental issues. Those who listened to *Sunday Morning*, the CBC program, just yesterday, September 14, will have heard a fairly interesting critique of environmental concerns in Ontario with respect to international investors and how local people have managed to provide programs that improve the stake of investors from outside that province with respect to environmental concerns. By supporting this series of amendments, I think we can do the same thing with respect to jobs created and with respect to the decision-makers themselves. We do some benefit to not only the Albertans who directly benefit from this program, which we support in principle, but the overall taxpayers. After all, they are indirectly sponsoring this program. There's nothing the matter with that.

I think governments are in the business of the redistribution of incomes and wealth in a variety of manners, and we all recognize the responsibility that goes along with that. However, if we recognize that responsibility, why don't we just put in a few extra words that say how responsible we really feel on behalf of the taxpayers? We really believe that we have to have 50 percent of those jobs created in Alberta. We really believe that the investors themselves, even with a slim majority, should be Albertans. They should reside here. They should have some kind of ownership in this program that means that they're basically stakeholders.

We also believe — and I'm surprised that this wasn't in the Treasurer's own Bill — that we should provide incentives with respect to those criteria so that those people who are doing a good job, those people who are engaged in diversification, are even further rewarded. I think the taxpayers would go along with that, because the taxpayers know that in the long run, the greater the jobless rate we have, the more it ultimately costs society by virtue of social allowance payments, unemployment insurance payments, increased medical care costs due to stress and related illnesses, higher prison costs because of higher crime rates, higher mental health costs, more suicides — which may not have a monetary cost but have a lot of other costs — and that sort of thing.

Let's give Alberta taxpayers the best deal that we can with this program. We like what the Provincial Treasurer has come up with in this program; we just think it needs to be tightened, refined a little, and made the best that it could be without, as the Provincial Treasurer said, tightening the targeting process so much that you eliminate people. You don't want to do that; you want to be embrace and inclusive in this sort of package. But you can balance that; it's like a concept of elasticity in economics. You can balance those things in such a way that you get more of what you're looking for at no additional cost.

That, Mr. Chairman, is what we're really calling for in this series of amendments. I support them wholeheartedly.

MR. CHAIRMAN: Before we proceed, would the committee agree to revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

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

MR. PENGELLY: Mr. Chairman, through you and to members of the committee I would like to introduce a former Minister of Agriculture, former MLA for Wetaskiwin-Leduc, and present member of the hail and crop review panel. Mr. Chairman, would you please join me in welcoming Dallas Schmidt.

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

Bill 11
Alberta Stock Savings Plan Act
(*continued*)

MR. CHAIRMAN: Are you ready for the question on the amendment?

MR. McEACHERN: Mr. Chairman, I rise a second time reluctantly, but it's just because nobody on the other side of the House has gotten up to say anything in any reaction to these points. I do not understand the members of this House. So it's late in the fall. It's been a long, hot summer. We didn't notice it was summer; it has come and gone.

But the fact of the matter is that we've still got an important Bill before this House, and we've put forward some serious amendments. How many times have you heard the Premier and the Treasurer stand on the other side and say, "You don't give us any ideas; all you do is gripe." Here are some very specific ideas that are worth considering. Some of them are your own ideas, and you don't even have the courtesy to respond to them. You just sit there and say, "Okay, we want to get out of here; we'll go home on Wednesday or Thursday" or something. In fact, you're not doing the job you were elected to do if you do that. [interjections] Stand up and give me good reasons why we shouldn't pass some of these things.

AN HON. MEMBER: We'd rather listen to you speak.

MR. McEACHERN: I've had my say, and I put forward some serious and good ideas. I think this government is using its majority of 61 just to smother debate in the House and is saying, "We're not even going to participate in it; we're not going to put forward our ideas." What's the matter? Do your ideas not stand up to the ones we've put forward?

MR. JOHNSTON: You can talk all day, Alex. Go ahead.

MR. McEACHERN: No, I don't want to talk all day. But I want some dialogue, I want some debate, I want some reaction to these ideas put forward ...

MR. CHAIRMAN: Order please. Would the hon. member speak to the amendments proposed.

MR. McEACHERN: Yes, I will. I will say that I think these are good amendments, and it would serve this government right if we made a standing vote on each one of the three parts. But if we must, I will agree to one vote on all the amendments so that we can get on with this and get on to other things.

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: Are you ready for the question on the amendment?

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

[Eight minutes having elapsed, the House divided]

For the motion:

Barrett	Laing	Roberts
Ewasuk	Martin	Sigurdson
Fox	McEachern	Wright
Hawkesworth	Mitchell	Younie
Hewes	Mjolsness	

Against the motion:

Adair	Elliott	Musgrove
Ady	Elzinga	Nelson
Alger	Fischer	Oldring
Anderson	Fjordbotten	Oman
Bogle	Getty	Osternan
Bradley	Heron	Payne
Brassard	Hyland	Pengelly
Campbell	Johnston	Reid
Cassin	Jonson	Rostad
Cherry	Koper	Shaben
Clegg	Kowalski	Shrake
Crawford	Kroeger	Sparrow
Cripps	Mirosh	Stevens
Day	Moore, M.	Weiss
Dinning	Moore, R.	West
Downey	Musgreave	Zarusky
Drobot		

Totals:	Ayes - 14	Noes - 49
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MR. CHAIRMAN: Are you ready for the question on Bill 11? The hon. Member for Edmonton Meadowlark.

MR. MITCHELL: Mr. Chairman, I would like to address one issue with respect to this Bill, and that is the question of ensuring that Alberta stock savings plan programs are implemented to the benefit of Albertans. There are two critical ways they will benefit Albertans: through the creation of employment here in Alberta and through the creation of economic development opportunities here in Alberta. I have a feeling that it is the minister's intent to ensure that that will occur. By virtue of his altering the Bill originally proposed and bringing this Bill in with certain measures that appear to strengthen it, I think he has telegraphed his intent that he will ensure that this Bill results in investments that operate here in Alberta for the benefit of Albertans. We would simply like to support any initiatives he takes to ensure that that occurs. Right now his authority to ensure that that occurs is section 4(3), which outlines the Provincial Treasurer's authority to refuse to issue a certificate "that is contrary to the spirit and intent of this Act."

However, as has been pointed out earlier, nowhere in this Act is it specified what its "spirit and intent" are.

For that reason, we have two amendments that will clarify the spirit and intent of the law and will in turn specify that the Provincial Treasurer's discretion, when exercised to ensure that the spirit and intent of the law are adhered to, will be clearly laid out. I therefore propose, Mr. Chairman, an amendment to section 1:

1.1 The spirit and intent of this Act is to provide for a tax exemption in respect of a stock savings plan, based on shares in corporations whose activities will promote employment or economic development of significant benefit to Albertans.

To ensure consistency with that amendment throughout the Act, I propose an amendment to section 4(3):

striking out

"that is contrary to the spirit and intent of this Act" and substituting "that will not, in his opinion, provide employment or economic development to the benefit of Albertans to a degree sufficient to fulfill the spirit and intent of this Act".

We would suggest, Mr. Chairman, that it is very difficult for us to understand how the government could not support this particular amendment. It is an amendment that addresses simply general principle, that raises as objectives of this Act two ideas which must be supported by virtue of their clear correctness; that is, that this Act "will promote employment or economic development of significant benefit to Albertans." I would defy the government to vote against these particular amendments.

I know that the Treasurer will provide leadership in this respect and ensure that his caucus votes in favour of these amendments, to the benefit of all Albertans. The responsibility for not doing so surely rests with the Treasurer of this province.

MR. CHAIRMAN: Are all members in possession of the amendments?

Inasmuch as the hon. member ... Order please. Inasmuch as the hon. Member for Edmonton Meadowlark has distributed and has spoken to two amendments, we'll deal with this as one amendment.

Member for Olds-Didsbury, do you have a copy of the amendments?

Are there any comments or questions on the amendment as proposed?

MS BARRETT: Mr. Chairman, on behalf of our caucus, I'd like to speak in favour of the amendments as proposed by the Member for Edmonton Meadowlark, inasmuch as they basically support the principles we were advancing just moments ago with respect to our amendments, although they're a little less clearly worded. In my view, they don't allow for the specifics of the recommendations that we were advancing. Upon interpretation they could well do and, I think, nonetheless still constitute an improvement to the Bill which is in front of us. Therefore, we will support them.

MR. HAWKESWORTH: In the absence of this amendment being brought forward, I'd be quite anxious to hear from the Provincial Treasurer as to how the spirit and intent of this Act is to be determined, inasmuch as there is a whole recourse of appeal through the Court of Queen's Bench and so on outlined here. When you get into the courts and have something as poorly defined as the spirit and intent, it creates all kinds of difficulties in trying to imagine what was in the minds of the Legislature when it passed the legislation in the first place. I think the intent here is a

good one: to try and put a little better focus on that particular section of the Bill, to try and focus what is intended by the spirit and intent of Bill 11, the Alberta Stock Savings Plan. I think it picks up on an inadequacy in the drafting of this legislation. It assists in making this Bill a better one for those corporations that might have their certificates reviewed or denied.

Thank you.

MR. WRIGHT: Mr. Chairman, the proposed amendment is good Liberal wishy-washy stuff. But you'll agree with this too, doubtless: it's not half as wishy-washy as what's in the Bill as it stands.

This isn't a joke, Mr. Chairman. The Bill says that it's contrary to the spirit and intent of this Act. We can guess what that is, but we don't know for sure. We will know somewhat better in certain specific — we will in fact know if the proposed amendment is adopted. I speak in favour of it, and it should be the wish of this House to do that. I ask members to consider this in a nonpartisan way.

[Motion on amendment lost]

MR. McEACHERN: Just a very few summing up points. In this instance most of the points have been made. This Bill is quite a good one. The minister introduced it in a reasoned and quiet way and made some very good points in debate. We had a very excellent debate in second reading, but I want to express again my disappointment that in the Committee of the Whole we didn't get any participation from the other side of the House. We didn't get any reaction to what I thought were some very good amendments, so I will say that our caucus cannot support this Bill at the committee stage.

MR. HAWKESWORTH: Mr. Chairman, this is the point at which we look at specific clauses within the legislation. On page 6 of Bill 11:

4(1) The Provincial Treasurer may issue a certificate of eligibility to a corporation ...

(d) if the corporation is not engaged in any prescribed activity on the date of the certificate.

Would the Provincial Treasurer please go into a bit of detail to explain what "prescribed activity" is? That is, if you're "engaged in," I presume you're not eligible for a certificate of eligibility. In my perusal of this Bill I could not find any definition of what "prescribed activity" is, although it may be contained within the legislation. I would like the Provincial Treasurer to refer to that in his remarks.

As well, I understand from the brochure being circulated, which answers questions on the Alberta stock savings plan, that one of the provisions — contained, I believe, on page 7 of Bill 11, further on under section 4 — can be waived if the corporation is a prescribed Alberta-based financial institution. So here again the word "prescribed" appears. I don't know whether these two are the same reference or refer to the same class of corporation or activity. If legislation says that you are not able to receive a certificate by being engaged in a certain kind of activity, I'd like some explanation of what that activity might be.

MR. CHAIRMAN: Before we proceed, perhaps I should mention to people in the public gallery that the government has a Bill before the House called the Alberta Stock Savings Plan Act. It has passed first and second reading. It's now in committee stage, which is the first time it can be amended.

You've seen two amendments; they have both been defeated. We are now carrying on with committee stage.

MR. JOHNSTON: Mr. Chairman, I thought I would at least in some brief way summarize some of the comments which have been put before the Assembly. Recognizing that there have been some significant attempts to contribute to the legislation and obviously some differences with the government in the amendments which were provided — the way in which government should respond and react to initiatives designed to generate job activity to encourage the private sector to invest in the province of Alberta, use the existing financial infrastructure of the province to strengthen the private sector, and use the tax system wherever possible in a neutral way to stimulate across-the-board opportunities for private-sector investors to capitalize on the opportunities which exist and which will exist in this province — I will attempt not to be as partisan with this legislation as some may expect me to be, because there were in fact some fairly reasonable explanations for the course of actions suggested by the opposition. Frankly, there was some fairly significant thought given to the recommendations. That doesn't mean that there would not be disagreement, and I know that when the movers of the amendments put them forward, they did not expect them to go forward without (a) debate or (b) opposition from the government.

Nor should I be the first to say that we consider this legislation to be perfect; far from it. Other hon. members have noted that we did make some changes, as between the date of original introduction of the legislation and this Bill. That period of time was given to some consideration of the elements of the legislation and in fact dealt with the Alberta presence, which was to some extent focussed on in the amendments and was a period of consultation and some thought about how the legislation should be drafted to embark on this course of action. We did not ignore many of the recommendations which were given to us in these amendments — amendments which dealt with increasing the Alberta presence, amendments which may have considered targeting certain industries, and others which may have put into the legislation what might be described as "normative statements," which are in fact difficult to impose by regulation and interpretation and in the court itself.

We were not without thought and alternatives when it came to putting this legislation in place. We did have some model legislation to look at. That was the Quebec system, which I did not think was suitable for the province of Alberta, given the changed circumstances and the way in which the investments had been mustered in the case of Quebec as compared to what we wanted to achieve here in this province.

There is no doubt that all members know what this Bill is designed to do, as I've outlined in terms of its objectives. Other members have recognized that fully in their own discussions and have drawn upon other references which the government has put forward to reinforce that point. I don't think there is any doubt as to what the intention of the legislation is. Whether or not it should be put in the legislation is of course a debate for some lawyers, those who are experts in jurisprudence, to lean on. My experience is that more normative words or statements of objectives that flow into the legislation — the "whereas" clauses, for example — do very little to add to the substance of the law itself and in fact in many cases tend to be restrictive as opposed to expansive and more limiting in the intention than the legislators probably wanted. In that context, Mr.

Chairman, there are no whereases or broad statements of goals and objectives in the legislation. As to whether or not that is a fault in the legislation is a debate which we have had here already.

Moreover, Mr. Chairman, when you talk about balanced economic growth, that is not a new policy; that is not something which has suddenly been discovered. This government has had those statements of policy under its own broad policy precepts for some time. The principles have been applied across a range of programs which affect all Albertans. We've been very proud of the way in which we have succeeded in a balanced diversification in other regions of the province outside the heavy metropolitan areas, and those examples are obvious to all. I have to admit that it's more difficult at some periods in economic cycles than others to achieve that sort of diversification into other parts of the province. Nonetheless, decentralization of government agencies and operations together with the balanced economic growth approach have been important imperatives which we have attempted to achieve.

I doubt very much that we could achieve that balanced economic growth and decentralization or diversification in some of the smaller regions of the province through the use of tax incentives. We must always factor into those investment decisions the fact that it is not just the tax decision that is used here. There have to be some fundamental marginal economics to support the original investment before any private-sector initiative can be focussed or brought forward. While I don't disagree with the notion of balanced economic growth or, for that matter, decentralization, I cannot be quite as firm in my conviction that this tax proposal — that is, using the tax system in this Bill — would in fact engender that kind of diversification and decentralization or balanced economic growth.

With respect to targeting, Mr. Chairman, I have already commented on those points. I still don't believe that using the tax system to incrementally increase the tax write-offs would be justified in this case. We not only have the problem I've described before, that you're trying to second-guess and pick winners and losers — the old zero-sum game that I referred to before — I simply don't believe that is the way to go in this particular piece of legislation, and it should be to the fundamentals of the decision itself that the investment takes place in the province. Moreover, the targeting scheme, which in this case would allow more than 50 percent tax reductions, seems somewhat ironic given the other arguments that the NDs in particular have made with respect to the tax system and its impact on investors. Again, I would hesitate to be involved in targeting.

As a footnote, I know that all our members know the General Agreement on Tariffs and Trade and the free trade arguments are before us now. Of course, at least one of the codes talks about the use of targeted tax systems to injuriously affect trade with other countries. I would not want that to happen. I would not want Alberta to be the one seen to be using the tax system to generate any kind of implicit or explicit subsidies to a particular sector, particularly one which is important and would grow upon extended trade with the United States.

With respect to the prescribed activities, it is true that one of the reasons we did not agree with the amendment brought forward by the Member for Edmonton Meadowlark is that we do have these so-called prescribed activities in the legislation, which I intend to use as a strengthening of the test of eligibility. In those prescribed activities, we will be able to deal with some of the difficult areas, in particular

some of the investment corporations, and we will not allow certificates of eligibility to proceed, for example, if it's a start-up investment corporation, which is clearly against the intention of the legislation. Therefore, the prescribed activities sections will be followed up with regulations, and those regulations will strengthen the Alberta test and will make sure the legislation is followed in terms of the intention of the investor before a certificate can be given.

Mr. Chairman, I think there was one other issue raised; that is, if a penalty were imposed upon a corporation after it had discovered that it was not eligible to be a Alberta stock savings plan corporation or that its eligibility levels had changed, then the penalty would be applied against the corporation. It's true that if the corporation is in fact bankrupt, no penalty can be levied. That's why we're very careful in the original go-round to be sure that the test of the corporation, whether or not it is classified in one of the three categories, is effected. Thus it is true that a bankrupt corporation would not be able to pay the penalty, but we are hopeful that not too much of that will happen, particularly where we have to redefine what category a corporation is involved in.

Mr. Chairman, I believe those are the broad elements of the legislation that have been raised in the Committee of the Whole, and I welcome the opportunity to have heard the comments. I hope that we can support this Bill in Committee of the Whole, because I don't think the Bill itself is much different from the suggested recommendations for changes given by the hon. members. Therefore, it is on principle and in its fundamental strengths that we are going to see how the legislation is applied. I would be the first to say that if it is in fact necessary to strengthen the Alberta presence, I will bring those recommendations and amendments forward at some subsequent date.

MR. McEACHERN: A couple of very brief comments, Mr. Chairman. I thank the minister for his response to our suggestions. That is certainly part of what we were looking for.

Mr. Chairman, a couple of the points that were raised are fundamental, and I guess we'll be arguing for a long time about whether the principles should be incorporated in the Bill. We were really only looking for guidelines instead of a blank cheque for the minister. We will always be looking at terms like "prescribed activities" giving the minister a blank cheque. We will be interested in slightly more direction being given in the Bill. Diversification is another thing that I guess we can talk about until the cows come home. Because some of the suggested changes were not incorporated, we find that overall at this time we will vote against this Bill in Committee of the Whole and will probably support it in principle on third reading.

MR. JOHNSTON: I want to add one other comment, an important point, which I neglected to add both here and at second reading. Even though a corporation comes forward and applies for a certificate of eligibility, there is no guarantee that the shares are going to be sold. In fact, the whole marketplace is one of uncertainty at the present time because of softness in the stock market going back for the last two months. Therefore, the underwriting of these certificates is still open to some question. Moreover, Mr. Chairman, the tax advantages obviously do not flow to those shareholders who live outside the province, which I'm sure is obvious to all. Therefore, although it may have a prescribed share offering of X number of dollars, not all the tax

benefits will flow to us. Frankly, if the opposition decides to vote against the legislation, I think that will be useful for me to have on the hustings.

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 11, the Alberta Stock Savings Plan Act be reported.

[Motion carried]

Bill 30
Financial Administration
Amendment Act, 1986

MR. MARTIN: Mr. Chairman, obviously the Provincial Treasurer knows from second reading that part of this Bill bothers us. I want to make a few comments about that and then come to an amendment, again in the spirit of co-operation, always trying to help out our Provincial Treasurer. We will attempt to do that one more time.

Mr. Chairman, I think it's a very serious Bill, and I've said this before. We're debating because the Treasurer has basically said that it's a worst-case scenario. He has said that we really don't need it, that it's just in case we need it. That's a rather difficult solution for us to grapple with, because what he's asking is that we could with special warrants and without going to the Legislature ... We could report before or after the fact, but that would be \$2.2 billion. Now the Treasurer is saying that we will allow it to go up to \$5.5 billion, just in case he needs it.

Mr. Chairman, there may be good reasons why the Treasurer thinks he needs this upper limit to \$5.5 billion, but even as late as today in question period we were told that the scenario the Treasurer is reporting is dead on. That it's still their estimate that only a third of the revenues will be lost, that he still stands by the budget. Going on the Treasurer's word and suggesting that basically they're in the ballpark with their budget, why then do we have to increase the limits of borrowing? It can't be both ways, and it seems to us that this is an important sort of admission that they want to move up to this type of borrowing. Before we do this, all legislators and all people that are concerned about the financial stability of this province — and I would suggest that would include all of us — have to know why they want to go up. Saying "the worst-case scenario" is not good enough. Surely we don't budget laws and give people that much leeway, billions of dollars, just on the thought that something might happen. It's a rather unusual request, this specific part of Bill 30 that the Treasurer is asking for.

Mr. Chairman, it seems to us that we can argue, as the Treasurer and I have, about the mismanagement of the province over the last 15 years. That's why they're coming home to roost. We are like a banana republic now. We have one or two resources. The price is down, and now the Treasurer has to go for extra borrowing power. That's why we're having this sort of request: there is no other reason for it. Otherwise, he wouldn't. Wouldn't it be nice to have the \$1.2 billion over-runs that we had from the trust fund at one particular time? The fact is that we are paying now for the mismanagement of the economy when times were good. Money was rolling and we in Alberta were the big shots. We could spend here, we could spend there, we could spend everywhere without any priority to that spending and, if I may say so, to using the trust fund

as a diversification tool. Even though we say it enough times, it doesn't make it true.

So today in Committee of the Whole we have Bill 30, Mr. Chairman. We're basically asked again to trust the government and the Treasurer and allow the borrowing limits to go up to \$5.5 billion, really without an explanation other than the worst-case scenario. I think it is a big mistake to give any group of politicians unlimited power — \$3.2 billion. The Treasurer will say that he has to report it in public accounts and all the rest of it, but there's not a lot you can do about it if we've gone ahead and borrowed it. That's after the fact. The reality is that we have tried to find out why. He turned down one reasoned amendment. We wanted to force, if you like, the government to tell us what is really going on. Is it that the estimates, especially the revenues, are vastly over-rated by the government and we need this as a contingency plan, or is the budget correct? It just can't be both ways.

I would expect that if the Treasurer were sitting opposite to this and we came in with a Bill and said, "Trust us; we're going to put the borrowing limits up another \$3.2 billion," the Treasurer would be on his feet saying that this government can't be trusted. We're not prepared to do that, and I think the Treasurer knows what I'm talking about.

Let us say that I understand that the majority is going to pass this Bill whether we like it or not; that's the reality in this House. There's one important aspect to this, though. It has to do with control of the purse strings and reporting back to the Legislature. If the Treasurer is going to proceed and say that we need over \$5 billion as the upper limits and use the majority here to push that through, I know the realities of the numbers. Surely then — and maybe the Treasurer will agree with this — there has to be special importance placed on reporting what is happening. Especially with the fall in international prices and where we stand, there has to be special status granted, and it should be to this Legislature, to keep an eye on that and know what is going on, because no government should be given a blank cheque in terms of borrowing.

As I said, Mr. Chairman, in the spirit of helping the Treasurer and in the spirit of good fiscal management, we thought we could bring in an amendment that would deal with the reporting aspect, which we think is very important. I'd like to hand this out, and I'll take just a few minutes to read it into the record. We move that the Bill be amended as follows:

Section 14 is amended by striking out clause (c) and substituting the following:

(c) subsection (2) is struck out and the following is substituted:

- (2) The Provincial Treasurer shall,
 - (a) prepare a report within 30 days of the completion of each half of each fiscal year showing
 - (i) the money raised under subsection (1) during that half of the fiscal year, for which Government securities were issued, and
 - (ii) the amount of unredeemed Government securities issued in respect of money raised for the purposes referred to in subsection (1) less the amount of the sinking funds established and existing for the retirement of Government securities and the interest accrued on those sinking funds at the

completion of that half of the fiscal year; and

- (b) table the report prepared pursuant to clause (a) in the Legislative Assembly, within 5 days of the completion of the report if the Legislature is then sitting, or within 15 days of the commencement of the next sitting of the Legislature if it is not then sitting.

Mr. Chairman, we think this is an unusual circumstance. I hope the Treasurer would agree that it is an unusual circumstance when we're lifting the borrowing power over \$3 billion. Because it is, hopefully at least, an unusual circumstance, then we think there should be some reporting mechanisms to know what's going on through these difficult financial times. It seems to me that this is a perfectly reasonable amendment: to report back to the Legislature so that we can take our responsibilities as the controllers, at least theoretically — in the past, under British parliamentary democracy, kings used to get beheaded when they didn't control the purse strings — to say that we have a special reporting mechanism to get through these difficult times.

If at some point we no longer need the \$5 billion and we're prepared to bring it down, I'd be prepared to say that we don't need the amendment. We are making a very big mistake in accountability if we do not start a reporting mechanism like this. No matter what the good intentions of the Treasurer and the government are, if we lose control of borrowing and special warrants and can raise it and raise it and report after the fact, it's gone. I would hope that the Treasurer would look at this as a reasonable way of reporting back so that we as legislators, and through us, I suppose, the people of Alberta, can be updated on the financial stability of the province, because that's really what we're talking about at this particular time. I think the Treasurer would agree with that.

The Treasurer said, and I agree, that we have a triple A rating. But one of the things that bothers the money markets is feeling that governments have lost control of their spending and their revenues. I say to you, Mr. Chairman, that that triple A rating would be enhanced if there was that sort of reporting mechanism, if they knew they could take a look at it and that in fact good fiscal management was going on in the Alberta Legislature.

In conclusion, Mr. Chairman, I would say to the Treasurer in this committee that I hope that rather than just say no, the Treasurer would take a look at some reporting mechanism like this. It seems to me this is a reasonable way to go. If there's another way, great — but not the usual way we do it, after the fact in Public Accounts. We can talk about fiscal accountability and all the rest of it, but those of us who have been in the Legislature for a while know that that's not good enough, especially with these unusual circumstances that we're dealing with here. With that amendment, I'll wait for debate.

MS BARRETT: Mr. Chairman, I rise to speak in support of the amendment as advanced by the Leader of the Official Opposition, the leader of the Alberta New Democrats. I'd like to echo a sentiment that he expressed at one point, and that was embraced by a single word, "accountability." It seems to me that having failed in our attempts to get the government either to agree that we really will need this money, this whole \$5.5 billion deficit financing, in which case it should be just asked for through supplementary estimates if necessary while we're in this legislative sitting,

or to agree that we don't need it, in which case it would be nice if we could have figures and projections as compiled by his department tabled in the Assembly so that we can have an objective basis to determine what sort of revenues we are looking at, it brings me back to the words of former Premier Lougheed himself with respect to the importance of diversification in our economy. I believe it was in 1967 that Mr. Lougheed, who then was not Premier of course, enunciated the famous words that we would be engaging in "folly" if we didn't take as our primary activity as a government or as legislators to ensure that we do not come to rely so heavily on one industry that we are at the whim of an international market over which we have little or no control.

The reason I raise that, Mr. Chairman, is that now that we don't have the government coming clean as to whether we really need the money or we really don't need the money, I think the very least this government can do is agree to a process of accountability. We haven't had a legislative sitting in some time.

MR. CHAIRMAN: Order in the committee, please.

MS BARRETT: We went for about a 10-month period without a legislative sitting. Some of the estimates that we were asked to pass this year in fact were retroactive. In other words, some of the money had already been spent. We made our objections known to that but at the same time, I think, took a responsible course with respect to analysing the priorities of those estimates and determining overall that the budget itself was of a reasonable size but that we didn't necessarily agree with the priorities.

With the kind of borrowing authority being asked for under this Bill we have no ability to do that, Mr. Chairman. Those decisions would be made behind closed doors. For the benefit of people who aren't in the Assembly as we speak, what we are talking about is massive. It's a 10-digit figure; \$5.5 billion involves eight zeros. It takes a long time to count up and figure out just how much money we're talking about. We are in fact talking about more than 50 percent of the 1986-1987 province of Alberta budget. That is such a huge sum that if the government is determined that it will not come clean and tell us which way it is, either that we're going to need to spend a lot more or that the revenues we had been hoping for from the energy sector will not be forthcoming in volumes anywhere near that which we have estimated in this Assembly — I use the "we" as a royal we; in other words, the government is "we" in this particular instance — the very least legislators here can do is agree that for the taxpayers of Alberta, for the people who may have to deal with this debt in the longer term, for the people who in fact rely on government help and who may have to face extraordinary tax increases to pay for this potential debt, for those who may have to pay higher medicare premiums, for those whose social allowance will never even meet 50 percent of the national poverty level: for all of those people, Mr. Chairman, the very least we can do is be accountable to the electorate, be accountable to the public of Alberta that we are supposed to represent. I know that 16 of us are trying very hard in this regard.

It's not that we're happy about supporting a Bill like this, Mr. Chairman, but I think that if we had to support it, we could do it, knowing that the government itself would be accountable to the opposition benches, who are here in a watchdog capacity, so that we could keep an eye on how

the government is spending the money and its ability to collect revenue to spend in the first place and what kinds of programs and what kinds of achievements we are getting in terms of that overall diversification and improvement in the stability and health of the economy. It's not a difficult, not even a compromising, amendment. I believe that the government has within its power to accept this amendment and live with it without any difficulty. What we're asking for basically is that the facts and figures the Provincial Treasurer will be dealing with in the coming months simply become a matter of public record long before the printing of the Public Accounts — which are always delayed, of course; it makes sense that they're delayed — so that we can start looking at the priorities for the coming '87-88 budget and make sure that we're doing our job as watchdogs, as people who will make sure that the government is accountable. For that reason, Mr. Chairman, I believe all members of this Assembly could readily support this amendment.

MR. HAWKESWORTH: Mr. Chairman, I think what's important to note about this particular request is that the borrowing ceiling being asked for is one-half of our yearly expenditures as a provincial government. This is basically being requested in one fiscal year. To go from \$2.2 billion to \$5.5 billion is a very, very significant increase. It translates, I gather, into some kind of per capita debt of around \$23,000 for every Albertan. That obviously has to be of concern to everybody in this Legislative Assembly. If this is the kind of change that's occurring in the fiscal situation of our provincial government in one year, how long can it be sustained before having to make some very significant changes? How do you make those changes such that they don't just add to and contribute to the financial problems that the province is in? That kind of debt is very, very large. To make that kind of change in one fiscal year means that something very significant is going on with our revenues in this province. Quite properly, there's some request that that be accounted for. There needs to be some kind of reporting system in place to ensure that there's accountability for that kind of dramatic change in our fiscal situation.

Mr. Chairman, the central question becomes: at what point do we get into debt too deeply, before even a healthy return to the economy is not sufficient for the provincial government to be able to come out from under that kind of load? This is why we have been emphasizing consistently through this Legislative session how important it is to ensure that when spending is done by government, it's done to maximum effect so that we don't just take the financial resources we've got in this province and dissipate them in spending that's not well thought out and not effective. If we fail to be effective with our spending, we're going to get into a financial situation that is impossible to get out of. The other side of the spending is the borrowing that's going to be required to do that spending. If you're going to have to borrow for it, make sure that it is used to maximum effect in this province and for the benefit of Albertans.

I think this might be an interesting illustration for the Provincial Treasurer. One of the very few conversations I ever had with the late Tommy Douglas was his reflecting on the experience of his government in Saskatchewan from the mid-40s to the early 1960s, when he left provincial politics. He said to me that Saskatchewan had the highest per capita debt in Canada when the CCF was elected to

the government of that province. But he took significant pride in the fact that by the time he left provincial politics in the 1960s, that debt had been eliminated. He said to me quite plainly that each and every fiscal year they set aside money in the provincial budget to write down the provincial debt. Every year that debt became smaller and smaller and more and more manageable, so that by the time he left provincial politics in 1961, that provincial debt was virtually eliminated.

Mr. Chairman, this is something that has been of concern to our party from its earliest contributions in the provincial and federal political forums. As a political party we are very concerned about the matter of debt and the debt that governments assume.

AN HON. MEMBER: What about Manitoba?

MR. HAWKESWORTH: If the hon. member had listened to my inaugural debate in this Legislature, he would have heard what Manitoba has been doing. In fact, the debt in Manitoba is only one-fifth of what's been projected for Alberta for this particular fiscal year.

The debt is something that concerns us as a political party very much, which is why we have gone to great lengths — by the kinds of amendments we've brought in, the kind of position we've taken, the kinds of decisions we've made when we've been in government — to ensure that spending that is done is done to maximum effect for the benefit of the people in the province in which it's being spent and for the maximum circulation in the provincial economy. When that money circulates in the provincial economy, it comes back into jobs, employment, and income, and comes back to the provincial government in the form of taxes to pay for that spending.

Mr. Chairman, I just want to underscore how vital we believe this issue is and how we feel it has to be done in an accountable manner and in as responsible a manner as we possibly can. I would urge members of the Assembly to support the amendment for better fiscal accountability and responsibility and for a more effective fiscal plan and fiscal policy. It just makes a lot of good, common sense.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Are there any further comments to the amendment?

MR. McEACHERN: Mr. Chairman, just a couple of brief comments, as other New Democrats have said many of the main points that need to be said on this.

The budget accounts for some \$2.5 billion of the borrowing power asked for in this Bill, but where is the other \$3 billion, and why is it necessary? How long will the heritage trust fund last at \$5.5 billion a year if things don't turn around? It's obvious to me that the Treasury Department, with the kinds of accountants it has available, would have a fairly good running record of the expenditures and revenues of this province. It is that that has prompted them; six months of this year have been devastating to this economy. We recognize that, and nobody takes any joy in it. But if they had kept a very close running account of how things are going in this province — it just seems to me unconscionable that the Treasurer would ask us, as a leap of faith, to somehow say that it's okay to borrow \$5.5 billion when in fact he also says that we don't need it. It's incumbent upon the minister to show this House why we need it. He must have some facts and figures and statistics, some working

documents he could present to this House. This amendment goes a long way toward making sure that that kind of information would be available on an ongoing basis.

If the minister wants this money approved by the members on this side of the House, I call on him to at least explain why it's necessary.

MR. CHAIRMAN: Are there any further comments? Are you ready for the question on the amendment?

SOME HON. MEMBERS: Question.

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

[Eight minutes having elapsed, the House divided]

For the motion:

Barrett	Laing	Roberts
Churnir	Martin	Strong
Ewasiuk	McEachern	Taylor
Fox	Mitchell	Wright
Hawkesworth	Mjolsness	Younie

Against the motion:

Adair	Elliott	Nelson
Ady	Elzinga	Oldring
Alger	Fischer	Oman
Anderson	Fjordbotten	Osterman
Bogle	Heron	Payne
Bradley	Hyland	Pengelly
Brassard	Johnston	Reid
Cassin	Jonson	Rostad
Clegg	Koper	Shaben
Crawford	Kowalski	Shrake
Cripps	Kroeger	Sparrow
Day	Mirosh	Stevens
Dinning	Moore, R.	Weiss
Downey	Musgreave	West
Drobot	Musgrove	Zarusky

Totals	Ayes — 15	Noes — 45
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MR. HAWKESWORTH: In view of the time that's left to us before the 5:30 adjournment time, Mr. Chairman, I beg leave to adjourn debate on Bill 30.

MR. CHAIRMAN: Adjourning debate is the prerogative of the Government House Leader. Does the member wish to speak on Bill 30?

MR. McEACHERN: Mr. Chairman, I would like to make a few comments about Bill 30. There are lots of things to be said about Bill 30, and they are really the flip side of what the amendment was about. [interjections] What's the matter? Is somebody calling for order?

The main point of Bill 30 is to set up the power so the Treasurer can borrow \$5.5 billion, yet he has said himself that he doesn't need that much money. It would seem to me that asking for something you don't need doesn't make any sense. The taxpayers of this province won't understand why anybody would want to do that.

MR. CRAWFORD: As always, Mr. Chairman, I hesitate to interrupt, but the committee must now rise and report. I so move.

[Motion carried]

[Mr. Speaker in the Chair]

MR. GOGO: Mr. Speaker, the Committee of the Whole has had under consideration and reports Bill 11 and reports progress on Bill 30.

MR. SPEAKER: Does the Assembly agree with the report by the member?

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, the Assembly is to sit this evening. We will continue with consideration of Bill 30 and, following that, other Bills of the Provincial Treasurer.

MR. SPEAKER: It is 5:30.

[The House recessed at 5:30 p.m. and resumed at 8 p.m.]

[Mr. Speaker in the Chair]

[On motion, the House resolved itself into Committee of the Whole]

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

[Mr. Gogo in the Chair]

MR. CHAIRMAN: Will the Committee of the Whole now please come to order.

Bill 30
Financial Administration
Amendment Act, 1986
(continued)

MR. CHAIRMAN: Are there any comments, questions, or amendments to Bill 30?

MR. HAWKESWORTH: Mr. Chairman, I just want to make a few brief comments to this Bill in committee stage review this evening and ask the Provincial Treasurer if, in his remarks this evening, he would address two areas that perhaps haven't gotten as thorough a review as the matter of the raising of borrowing limits.

One has to do with the area of risk management identified in this Bill, to consolidate the risk management of the provincial government. I take from that and from some reports about the Alberta General Insurance Co. that there might be some relationship between the consolidation of risk management and the use of that particular company. I understand it's a Crown corporation, one of those Crown corporations that we've been hearing so much about. It's interesting that at a time when there's talk of selling Crown corporations, there may in fact be a role for it that can't be as well met or as well satisfied by the private sector.

So I'm just wondering, in terms of the general management . . .

MR. CHAIRMAN: Order in the committee, please. Sorry, hon. member.

MR. HAWKESWORTH: That's fine, Mr. Chairman. Thank you. I appreciate that intervention.

In terms of the general management of insurance and risk is this being consolidated under a particular Crown agency in order to realize some economies of scale and to be able to provide a similar service as was previously provided through the private sector?

The second point — and it's one that I raised earlier in this Legislature during second reading of this particular Bill — is my concern about borrowing or raising money for the financial needs of the province by going offshore into foreign money markets. I'm not going to spend a long time on this, Mr. Chairman, because I've made the point once. I just want to underscore that any homeowner who makes monthly mortgage payments realizes that by the time that debt has been paid off, they have paid many times over the original capital borrowing in order to pay for the acquisition of their home. By the same token, potentially going \$5.5 billion into debt for this province, we're going to be paying that debt many times over through the interest payments in order to amortize those borrowings.

Mr. Chairman, for that particular reason I'm concerned that if we're going to borrow in order to meet the financial needs of this government, let's by all means take whatever steps are necessary, first of all, to go to our local money markets and borrow from either Albertans or Canadians. Those payments and all that money that goes back to pay for that debt over the next many years is money that would then go back into the pockets of Albertans. They would pay taxes on it, they might reinvest it, and they might spend it, but that would be money that gets recirculated into the provincial economy. If you borrow the money from foreigners, that money leaves the country; it does not circulate in the local economy. The people who own that do not pay taxes on it in this province or in this country, and that is a drain of wealth from this province.

So whatever steps the Provincial Treasurer can take. I ask him please to take the necessary steps to raise the money first from provincial and national money markets, from Albertans and Canadians — whatever instruments he can to achieve that. He may have some imaginative and creative ideas in mind in order to get Albertans to make that kind of investment to support the borrowings of the provincial government, perhaps something similar to Canada savings bonds: Alberta savings bonds, debentures, or some way in which that money needed for the fiscal requirements of the government would come from Albertans and would just go back into the economy. If we have to borrow, if we have to pay that debt over many years, at least let's get some return and some economic activity as a result of that borrowing. I would just re-emphasize those particular concerns of mine, Mr. Chairman.

MR. MITCHELL: Mr. Chairman. I rise simply to establish the Liberal caucus' opposition to this Bill. There are several reasons for our opposition, which we have outlined at some length in previous stages of this debate. I would merely like to summarize them at this time.

We believe that we cannot authorize this unprecedented level of spending under the circumstances that we now find this government excluding itself or avoiding proper financial controls and reviews. Twenty-five days were not sufficient to debate these estimates. We've demonstrated that on a

number of occasions. We have grave concerns about the potential for the Public Accounts Committee to have the time to review expenditures after the fact.

We are concerned that this Bill, in authorizing the borrowing of \$5.5 billion, authorizes the government as well to borrow \$2 billion or more from the Heritage Savings Trust Fund. While we are not necessarily categorically opposed to that, we have grave concerns that it does represent an encroachment upon the fund. It represents an affront to the fund's purported objectives, and we believe that the fund is in jeopardy of a desperate government going after easy money. We would like to see it reviewed before we can authorize another \$2 billion of borrowing from it, particularly given that that borrowing would take the bulk of the remaining true liquidity of that fund.

We are also opposed to this Bill at this time because we believe that the budget upon which it's premised is faulty, that the budget is based upon assumptions made several months ago which are not being borne out, and that there are in fact considerable problems with revenue estimates both to the General Revenue Fund and to the Heritage Savings Trust Fund. These we believe have to at least be acknowledged and redressed by this government before we can properly authorize this level of borrowing by this government.

In conclusion, I would simply like to emphasize that this is an unprecedented level of debt that this government is contemplating. It's a level of debt that we should not have to consider had we been thinking ahead in the '70s and '80s, during times when we had unlimited revenues. Had we been able to sustain a more reasonable approach to government expenditure during that period of time, and had we been able to select priorities with more rigour, we have problems now that we would not need to confront, Mr. Chairman.

MS BARRETT: Mr. Chairman, I'll keep my comments brief. At this stage of the reading of this Bill, I'd like in his summary comments the Provincial Treasurer to assure not just the Assembly but the public of Alberta at large that if his worst case scenario, which is why he's brought this Bill to us, happens to develop and if the oil prices do not recover — which I know the Provincial Treasurer doesn't believe is going to happen; he thinks we're just a bunch of gloom and doomers for worrying about it. But if we don't have those revenues recovering and if we have to borrow this kind of money, \$5.5 billion, I want the assurance of the government of Alberta that the people who are on the lowest income scales in this province will not pay an incredibly heavy penalty a year from now.

I'm not talking about tax reform. We've been through that, and the Treasurer doesn't seem to like our ideas. I'm talking about the poorest people in this province, those who can't make ends meet because they earn minimum wage and try to support families, those who are on social allowance and whose social allowance payments get gouged by rip-off landlords — commonly known as slumlords — because they know what kind of money they can get, because the government has established several ceilings, through social allowance, which it will pay on behalf of social allowance recipients.

I want utter assurances that this government will not tinker with medicare premiums in such a flat-tax fashion one more time; that if we're going to be looking at altering any form of tax system, direct or indirect, it be done in a progressive fashion. The one thing I can't stand, Mr. Chairman, is

days like today, when I go in to the poorest part of my riding, Boyle Street, and I see how those people live. By God, they haven't got the money to pay the heating bills. It's serious. And this is only September. The last thing in the world that I ever want to have to do is go back to my riding and tell people that while I didn't endorse the priorities of this government, we went into a \$5.5 billion deficit and now they're going to have to pay again.

I am saying, Mr. Chairman, that this is the one string I put on this Bill. I don't think I'm going to get the assurance I'm asking for, but the last thing in the world I want to see, as a member representing people, is that the poor people are going to pay one more time. They saw it in '83, conveniently a year after an election. They saw it in '84, with some pretty heartless actions. Please give me that assurance it's not going to happen in '87 or '88.

MR. JOHNSTON: Mr. Chairman, I just wanted to take a few moments to perhaps respond in part to some of the comments and suggestions which were made, to put the government side both with respect to the legislation and the broad outline of this Act which is before you and, in part, to deal with some of the questions and concerns raised by members from both parties of the opposition.

Mr. Chairman, it seems that when you deal with the amendments to the sections which provide for the increase in the borrowing capacity of the province to \$5.5 billion, all members who spoke on this issue attempt to leave the impression that there is some way in which the government, unfettered, can go about borrowing and spending this money without — words such as "lack of control," "unlimited powers of the government," "lack of proper presentations," "lack of accountability," and "lack of reporting." All of this seems to imply to me, at least, that the government for some unknown reason has an opportunity to spend more money than has been given to it by the Legislative Assembly and, as well, leaves the impression with those who are unknowing to the process that, in fact, there would be some abuse of the process by the government between now and the time the House next sits. Whether it's in the fall of '86 or in the spring of '87 is still uncertain.

Nonetheless, there's this impression that the government, in some secret and unusual manner, is going to start spending money and obviously will borrow all these \$5.5 billion which have been referenced in the legislation and not at all attempt to account to the people of Alberta or the Legislative Assembly. In the same context, that in some way is imaged as being poor management and poor fiscal control.

Well, Mr. Chairman, as I sat here listening to that exercise in misleading the people of Alberta, I did a couple of checks. Any member here, of course, can do a couple of checks about the number of ways in which this Assembly controls the spending of the Legislative Assembly. I can think of at least seven steps that we have to go through before we can approve spending by the government. That includes a very extensive debate on the estimate, a very extensive debate on the heritage fund, dealing with the Capital Fund appropriations, and dealing with other resolutions which transfer capital projects division in the heritage fund. On top of that, there are also appropriation Bills, which are additional time for all members to question, to ask points of view, and to give their own view as to what's happening.

I can enumerate at least seven particular steps where in fact this government must come back to the Legislative

Assembly, must spell out for them the fiscal plan, must account for the way in which the resources are going to be used, must explain the priorities of the government, and must talk about and respond to questions and concerns legitimately raised by the opposition. Mr. Chairman, to suggest for a moment that we are going to abandon all of these and undertake some other way in which we can spend these dollars is absolutely inappropriate for this discussion.

It's also inappropriate to consider that this borrowing money is going to again allow us to suddenly move to that target. As I've said before, Mr. Chairman, there is nothing that I would like to do more than to avoid a deficit, to come back in a few years and say, gee, that borrowing target was fairly far off base and we didn't need it. As well, when the borrowing limits were at \$2.2 billion and, in fact, we had only used \$200 million of that amount, I didn't see any private resolution from the members across suggesting that we should drop the limits down to \$200 million or even some other amount. So there didn't seem to be any concern at that point, but when there was an opportunity to talk about the so-called lack of fiscal control or fiscal plan on behalf of the government, then they focussed on it. Moreover, in their press release the members of the socialist party across also went on to flag this as being the area where they would focus their debate and would attempt to show that the government had lost control, that it did not have a fiscal plan and were not in fact accountable to the Legislative Assembly.

I was a bit perplexed, Mr. Chairman, when the hon. Member for Edmonton Norwood introduced an amendment, and the amendment simply said that the Provincial Treasurer should prepare a report within 30 days. Well, that's all fine and good, but there was no indication as to where the report should go and no requirement of the Provincial Treasurer to make it public. If you look at the intent of the legislation, there was a very sloppy reporting practice. Under some scenarios you may not even have to report at all, and under the best scenario you may be reporting at least once a year.

I noticed as well, Mr. Chairman, when the NDP first talked about their concern with the legislation, they talked extensively about section 77, part 2, where in fact they said that the government was attempting to change the legislation so they did not have to prepare a statement of assets and liabilities. Not one word about that has changed because, of course, they must have paid another researcher to come up with a real explanation of what the section does. In fact, we're not making those changes at all. We're providing more information, more accountability, and more opportunity to debate in this Assembly than we have ever done before, and we will continue with that mandate and that objective. To argue in any other way is inappropriate, in my view.

Mr. Chairman, I can't agree with the suggestion that this is an attempt to bypass the Legislative Assembly, that in any way there's not going to be some form of reporting, and that we're anxious to move to this borrowing limit. Far from it. In fact, if I could say to the Assembly that we'll never need that money, I would like to do it. If I could come back at some point to reduce the limits, I would. Under the worst case scenario, which I spelt out, anyone who is a good manager, who is planning ahead, must have the flexibility to deal with the worst case scenario. That's all we're suggesting in this legislation. I don't agree with the criticisms that the amendment itself is a bypass of the Legislature, that it changes in any way the accountability

of the government to the Legislative Assembly, that it subverts or changes the financial controls and reporting power, or that in fact we will use special warrants to get around this requirement of spending.

There were some reasonable questions with respect to the offshore borrowing, which were raised by the Member for Calgary Mountain View and with which, in fact, I concur. It would be my view as well that if we could, wherever possible, sustain the cash flow, if necessary, on borrowing within the province and within the Canadian national economy, we should attempt to do that. In fact, clear evidence of our priority in that area can be seen if you examine the Heritage Savings Trust Fund. When we did have super surpluses, we did use those dollars to advance money to other provinces within Canada at the very time when the dollar was under extreme pressure offshore and when the exchange rate situation was such that borrowing offshore became perilous to the Canadian economy in some cases. We attempted to use the resources we had to assist the financing of other government deficits across the country. We did that for the same reason that was spelt out, that we do not want see the funds flow offshore and, in fact, it does nothing to the national economy. I should note that these dollars do not flow without any kind of tax consequences. I'm sure the member well knows that there are withholding taxes if we have to borrow offshore.

In fairness, I must go on to say that with the markets as they are right now, the province of Alberta is properly assessing all international markets in the context, first of all, of availability of funds; secondly, in the context of Alberta's acceptance in that marketplace; and thirdly, considering as well the interest rates which are being charged in various markets. With the mechanisms before us now in the international financial world, Mr. Chairman, it is an opportunity for us to use the clout of the province of Alberta, its triple A rating and its lack of debt right now, and enter those markets and sustain a fairly good reputation. At the same time, with the techniques available, we can swap that currency back into Canadian dollars and really not affect the flow of funds to any great extent, because they were swap dollars and were traded off on a swap or hedge basis. Secondly, we can avoid or reduce the risk which we may have in foreign currency. I do recognize the very broad principle outlined by the member. It's one with which I do concur.

With respect to the Alberta government intentions on risk management, I should say that I do not anticipate any connection between the Risk Management Fund which is provided for in this legislation and the Alberta General Insurance Co., except that the Alberta General Insurance Co. may well become a vehicle which would at least act as an insurance company for some of the risk involved in those assets which would be covered by the Risk Management Fund. Currently, for example, some vehicles of government are covered by the Alberta General Insurance Co., and we're using it on a short-term basis until we sort out how to handle it. I might say that we did have a study done by the late Mr. Wilkins, who was an insurance expert in the government. He did give us some recommendations which we had before us and which we have not moved on. They did talk about revitalizing that company and making it a more integral part of the insurance profile of the government. As the legislation points out and as I have outlined before, the risk management is an attempt to bring into control within the Treasury Department those kinds of insurance costs which are across all departments, to bring

back some kind of sanity into the management of the insurance risks, and to have an interdepartmental charge to show what the cost of insurance is in each department.

That's a fair reporting process, I think. We don't expect to make money on it or have a profit centre. We simply are doing it both as a reporting and as a management tool, one which we think will effect better management assistance to all departments and those who are seeking insurance and in some cases dealing with the question of risk.

Mr. Chairman, I will not go on further to outline the government's position more than I have already said in second reading. I simply want to underscore the point that this is not an opportunity to avoid the necessary accounting and financial controls implicit in the Financial Administration Act. That is not the intention of the government. We did have to make some assumptions about the worst case scenario in a variety of areas, including the nonrenewable natural resource revenue, and we have done that. I hope we don't achieve those targets, Mr. Chairman.

Finally, I am not one who would advocate extensive and increasing deficits, but at this particular time, given the balance of options before us as spelt out by others — that is to say, to maintain the pet priorities which we all have in terms of our constituencies, our departments, or in terms of our pet programs and, at the same time, to protect those people who probably cannot bear the burden of tax as spelt out by the Member for Edmonton Highlands — we have, at this point at least, very few options. One of the options we can pursue at this particular time is to increase the deficit, and that's the one we've opted for on balance.

So, Mr. Chairman, at this point I would encourage Members of the Legislative Assembly to support Bill 30, the amendments to the Financial Administration Act.

SOME HON. MEMBERS: Question.

MR. YOUNIE: In my usual fashion, I'll be extremely brief for those who are shouting "question."

Just something in reference to what the Treasurer just said, partly to indicate, I guess, that there were some people actually listening. He pointed out the number of steps that we go through to discuss all these expenditures, and he pointed out that in fact it was not the intention and would never be the intention of the government to use special warrants to gain access to the money we're authorizing the borrowing of. Therefore, I'm wondering why there is this urgency to pass this now, when the need isn't seen. At some future point, when the worst case scenario has indeed happened, as the minister must fear, and that money is needed, and he comes before this Legislature to explain and go through those seven steps, why couldn't he bring in this Bill at that time, if it's needed?

I go back to an earlier appropriation Bill during this session that we looked at very responsibly and did not try to hold up unfairly, because we felt that would be irresponsible. I think he can certainly count on at least this opposition party to be reasonable and sensible in its opposition if there is the kind of worst case scenario or emergency to which he's alluded. So I'm just wondering where the sense of urgency comes in and why it couldn't be done if that worst case scenario happens and he comes to the Legislature to go through those steps.

MR. JOHNSTON: I'm not altogether sure if I fully understand the member. I'm not attempting to circumvent his fairly legitimate point. However, Mr. Chairman, as you well know, if the deficit itself, as reported by the June 16 budget,

reflects a fiscal position of the province — that is to say, we have to borrow of the order of \$2.3 billion to \$2.5 billion and, on top of it, we have a Capital Fund of \$600 million; that quickly comes to \$3 billion. No matter how you cut it, we need to borrow or at least come close to the \$2.2 billion which is provided for in the legislation. Who knows at what point that takes place? Does that mean that if for some reason we suddenly go over the point without knowing it, the borrowing is illegal? Mr. Chairman, all we're doing is attempting to forecast well into 1987 what might well be, on the worst case scenario, the requirements of the government to finance a variety of programs, including the capital program and the deficit, on the best guess we have right now.

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: Are you ready for the question?

[Mr. Chairman 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	Downey	Musgreave
Ady	Drobot	Musgrove
Alger	Elliott	Nelson
Bogle	Fischer	Oldring
Bradley	Fjordbotten	Oman
Brassard	Heron	Pengelly
Campbell	Hyland	Rostad
Cassin	Johnston	Schumacher
Cherry	Jonson	Shaben
Clegg	Koper	Shrake
Crawford	Kowalski	Weiss
Cripps	Mirosh	West
Dinning	Moore, R.	Zarusky

Against the motion:

Barrett	Hewes	Speaker, R.
Chumir	McEachern	Strong
Ewasiuk	Mitchell	Taylor
Fox	Mjolsness	Wright
Hawkesworth	Roberts	Younie

Totals: Ayes — 39 Noes — 15

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 30, Finance and Administration Amendment Act, 1986, be reported.

[Motion carried]

Bill 39
Appropriation (Alberta Capital Fund)
Act, 1986

MR. CHAIRMAN: Are there any comments, questions, or amendments pertaining to this Bill?

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 39, Appropriation (Alberta Capital Fund) Act, 1986, be reported.

[Motion carried]

Bill 40**Alberta Heritage Savings Trust Fund
Special Appropriation Act, 1986-87**

MR. TAYLOR: Mr. Chairman, speaking to the Bill more for explanations, I'm still having a little trouble understanding the Treasurer. I notice that this Bill asks for a transfer of 15 percent of the nonrenewable resource revenue from the general fund to the Alberta Heritage Savings Trust Fund. That leaves me with what I was trying to get more clearly through today in question period, and I have some trouble interpreting the minister's answers. To me it is still clear that the heritage trust fund will be having its capital eroded, if indeed the amount of money he's budgeted — spending is \$644 million, the way I read it, and the funds that come into the fund will only be \$405 million. He already told us, I thought, that the interest earned by the Capital Fund was going to go into current revenue, that it wasn't going to be left to expand the principal of the fund.

I'm talking about the principal or the body that's there. I don't see how it can be growing, if indeed we're taking interest earned by it into the general fund and if the 15 percent we're transferring into it is less than what appears to be being transferred out of it. So maybe the minister could explain where I'm going wrong in my math.

MR. CHAIRMAN: Hon. Member for Vegreville, are you wanting to speak?

MR. FOX: No, sir.

MS BARRETT: He's just on a tour.

Mr. Chairman, I'd like to talk about this Bill for a second at committee stage, partly because I, too, share a concern, which has been raised before, with respect to the trust fund. It's not to do with the amount of money going into the trust fund, because I for one believe that in an effort to keep jobs in this province while we have sources of revenue from the energy industry, just so long as we're not capping that trust fund, it would be the worst of all scenarios to be shovelling money away into areas into a sock under the bed, where it's not creating jobs, at a time when we have 130,000-odd people out of work. That's 130,000 recognized; that doesn't count all the people who are no longer included in the statistics. So I have no complaint with that. It was a decision made by this Assembly a few years ago.

I think that the issue at hand is the nature of the spending itself, whether or not it is being spent to the best of all possible results. I, too, have a concern that what we are doing, in combination with this Bill and some others, is in fact finding ways, through unusual bookkeeping, to be tapping the principal of the trust fund itself and not doing it in a way that makes that clear to members of the Assembly. If that's the case, it's not that I have a principled opposition even to that, because I think that our number one priority in this province has to be jobs for Albertans. To try to bring our economy back to any semblance of buoyancy that is potentially achievable and get people back to work so that they themselves are participating in an economy which becomes a self-generating vehicle to prosperity.

So I, too, would like an explanation from the Treasurer in this respect. But I for one do not object to the limited transfer of royalty revenues into the trust fund. It was a decision made a few years ago by this Assembly and. I think with hindsight, I personally endorse it.

MR. McEACHERN: I just wanted to add a couple of things. The 15 percent of nonrenewable resource revenues being shifted over to the heritage trust fund from the General Revenue Fund is something that we already approved in second reading. I remind the Treasurer that we were some eight or 10 months late in getting around to doing that. The Act covering that appropriation, which this Assembly is suppose to approve, is supposed to be done in the November preceding the fiscal year for which it is intended. So in view of the fact that we seem to be heading for the end of this session in the next few days. I'm really concerned that the Treasurer address the problem of next year.

Rather than being caught out next spring or next summer, deciding what should be done when it's already too late and has already been accomplished. I'm wondering if the Treasurer would be willing to indicate at this stage what he has in mind to meet the requirements of the Act. which says that should be decided by November. I'm not anticipating that he will call the House back if we disband sometime this week or next, so I am wondering what he has in mind. In view of the very difficult situation we are in and something I read in the paper the other day. I'm wondering if the Treasurer is considering changing the 15 percent to zero percent for the next allocation. So I just ask those as questions, Mr. Chairman.

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman. I move that Bill 40. Alberta Heritage Savings Trust Fund Special Appropriation Act, 1986-87. be reported.

[Motion carried]

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

MR. CHAIRMAN: Are there any comments, questions, or amendments offered in respect to this Bill?

MR. HAWKESWORTH: One comment I simply cannot resist is simply to note that there is money being spent on the Fish Creek provincial park: land. \$350,000. Fish Creek was identified for a provincial park in 1973. as I recall. It's interesting to note that 13 years later the provincial government still hasn't completed that provincial park, and there's still money in this appropriation to spend money on that particular provincial park.

MR. CHAIRMAN: Order in the committee, please.

MR. HAWKESWORTH: I see I got some of them awake with that one this evening. That's good. I've got to get their attention now and again. Sometimes there are some things people aren't too happy to listen to.

Mr. Chairman, the Kananaskis Country recreation development is also identified under the Recreation and Parks section. I know we reviewed in detail some of the specific questions for that particular appropriation. Nevertheless, earlier in this legislative session the government accepted a motion for a return to produce certain information regarding leases in Kananaskis Country. With the legislative session hopefully going to be drawing to a close soon, is there any undertaking that the minister is prepared to give tonight

that that lease and the information requested in that motion for a return will be tabled in the Legislative Assembly before this session comes to a conclusion? If the Minister of Recreation and Parks would answer that particular question, I'd appreciate hearing that from him this evening.

MR. CHAIRMAN: The sponsor is the Provincial Treasurer. Perhaps the Provincial Treasurer can ask the minister to respond.

MR. WRIGHT: Mr. Chairman, the Provincial Treasurer was good enough to explain that the ghostly assets, as I called them, would remain assets of the Heritage Savings Trust Fund. In all seriousness, I put in a plea for some other arrangement. It has the unfortunate consequence of leading the people of Canada to believe that we have this \$15 billion piggy bank that we can draw down on when the fact is that the amount of it that is at all liquid is much less than that, and of the part that is at all liquid, a lot is tied up in long-term investments which are not cashable.

So not only is it suspect accounting — admittedly you can have practically any convention you like for accounting, I suppose. But from the practical point of view of deeming something an asset, it's usually something which ultimately can be cashed in. No one's going to tell me that Farming for the Future can actually be sold in, say, 10 years' time, or \$2 million spent on occupational health and safety research and education or \$1 million on solar wind energy research or \$31,400,000 on Alberta oil sands technology and research, applied cancer research, and so on.

All of these things are extremely valuable, and we hope all of them will leave a lasting legacy of benefit to the province. That's admitted. But then we have so many other things left as a lasting legacy which were simply counted as expenditure. It is not denigrating the worthwhileness of these objects or the contribution they'll make to the better life of Albertans to say they shouldn't figure in the balance sheet once they've been spent. If we had lots of money to go around, then it really wouldn't matter, because we wouldn't be asking other parts of Canada to come to our assistance. But when, by these deemed assets, we have this enormous, as they think, piggy bank, it is the wrong way of doing it.

I just put my little plea in for what it's worth, Mr. Chairman, that the Provincial Treasurer take up the recommendation of the Auditor General, as I understand it, to eliminate this money from the capital of the fund once it's been spent.

MR. YOUNIE: Mr. Chairman, another point here that I have some concern about and would hope to receive an answer has to do with grazing reserves development. Certainly previously, when I questioned this, the answer didn't seem to coincide with information I've gotten since from other sources. I'm particularly concerned about possible uses of the grazing reserve development and whether or not money from the heritage trust fund is going to be used to move Alberta in a fairly large-scale way into what is known as game ranching. Although we've heard many noes on that, it seems that there are already 13 game ranches in operation and the government has a fee sheet for how much it costs each person for each animal taken out of the wild. Draft regulations have in fact been made up and gone over, so it seems we are going into it.

My concern is that these grazing reserves being developed are also going to eventually be turned over to the private

sector, and we'll be seeing large segments of Crown land being turned into game ranches under private ownership. So I would like some assurance, in terms of this section, that that is not the long-term goal of the government and that this trust fund money is not going to be used to arrange for land which will eventually quit being Crown land once we've finished undertaking the very expensive cost of developing it for people. Hopefully we'll get an answer to that one.

MR. TAYLOR: Mr. Chairman, like the Member for Edmonton Glengarry I don't know if it's any use asking the Treasurer any questions. He very rarely answers, and if he does, you can't seem to be able to pick the grain of wheat out of all the chaff he throws out with it. But I will go ahead anyhow, and at least I will have it in *Hansard* to get him in the next election campaign.

I would like to touch on a couple of points, Mr. Chairman. I was just wondering of the \$129 million — I don't know if he's talking to his friends or just chattering over in the corner. It's hard to tell. [interjections]

MR. CHAIRMAN: Order please. Please, hon. member, speak to the Bill.

MR. TAYLOR: Well, it happens with government members. If you keep 'em in more than two months, they start talking to themselves.

Back to the Treasurer. One thing bothers me. I look at the irrigation rehabilitation expansion of \$30 million, and irrigation again of \$60 million. Those are areas that I just happened to read today in the federal water report put on my desk, and I'm sure you haven't had time to read it yet. Careful, her hand is sneaking around your throat there.

I wondered for a minute whether or not there is any federal quotient or equivalent to these things. In other words, have we fully availed ourselves of any federal moneys that may be available for these capital projects?

I know in years past, when we were so wealthy that it didn't matter and we were throwing money right and left, the old regime, the old Premier and part of the present bench, really kind of prided themselves in going ahead without federal aid. In other words, that was sort of thumbing your nose at Ottawa. But right now I'm not sure we can thumb our nose anymore. Seeing it is now a Tory government, it should be a good time to check out, particularly in view of the water report that I got today and the funds they've set — this is from the federal government and was put on our desks, saying that these funds are available for irrigation. There are funds available for irrigation headworks and system improvements. So I would like to know to what extent the Treasurer has availed himself of those funds, or even if a request has gone in, or are we still saying that we're going to go it alone and going off to sulk in our own little corner?

The other area, of course, bothers me to no end, and I've brought it up before, maybe in more oblique ways: the grant of \$31 million for Alberta oil sands technology. I feel if there's any group of people in the world ... Before I go into that, if you look at your tar sand leases, by the way, and who they're owned by, they're a who's who of the seven big sisters, and throw in PetroCan on top of it. If I had to think for days of anybody that least

needed a bonus or a subsidy or help in research in how to make a living, it would be the seven largest companies in the world, along with Petrocan. Yet here we have \$31 million in the budget for the Alberta Oil Sands Technology and Research Authority. I really question, Mr. Chairman, and would be interested in the Treasurer's nonanswer or answer. When we look at the desperate number of people needing jobs and the number of people we have at our food banks, what possible use or priority concerns us here as much as other projects that are much more job-intensive?

MR. CHAIRMAN: Are you ready for the question?

SOME HON. MEMBERS: Question.

MR. JOHNSTON: Mr. Chairman, if I might just take a couple of seconds. Although this appropriation Bill has had considerable debate through the full Assembly — under *Standing Orders*, of course, ample opportunity has been offered to all members to question the responsible ministers for the various programs — I will only attempt to comment on one or two areas. I'm sure I should offer a disclaimer in case some of my colleagues discover tomorrow that I've committed them or misread what is, in fact, government policy. I hope that doesn't happen, nonetheless.

With respect to the question of grazing reserves and the connection to game ranching, I recall that when my colleague Dallas Schmidt, who was introduced today in the Assembly, introduced the notion of grazing reserves, it was in the context of providing opportunity for those ranchers who have a fairly marginal existence or land dictated by certain regulations which suggest that the cows and calves per acre are limited, that there may well be a reasonable use of the funds to more specifically control grazing reserves in certain parts of the province. The intention of the investment of the Heritage Savings Trust Fund was to provide an ample or better opportunity for ranchers and, to some extent, farmers in this area, the areas of the Eastern Slopes in particular, to access those grazing reserves, to have them well managed, upgraded, and seeded, and to do some range management for that area.

But to make the leap in understanding or conclusions between a grazing reserve as a form of reclamation and good management of the resources we have, and game farming, is a touch difficult for me. I cannot believe that we're using the grazing reserves for game ranching nor, as far as I know — unless somebody has a policy under their sleeve somewhere that I'm not aware of — do we intend to transfer the access to those grazing reserves to the so-called game ranching groups. So I would hope that, at least on broad policy, that is dealt with. I'm sure if the member wants to pursue it with my colleague, who doesn't appear to be here this evening, he will have an opportunity to do it, perhaps by direct mail or personal discussion.

With respect to AOSTRA, again, I don't think that AOSTRA is in any way providing major benefits to the so-called seven sisters or those large oil industries who are, in fact, big players in the synthetic oil development in this province. But I think most people realize that if we're going to provide targeted research money — a term which our colleagues across the way are talking about — it would be wise to target where we have in fact abundant comparative advantage so that if we were, for example, to find some magic key or some new unlocking mechanism which pushes back the current technology in the area of extraction and refining synthetics, that would provide us with an abundant

opportunity to recover substantially more of those 1 trillion barrels of oil which are known to be available but not recoverable in the synthetic oil or bitumen fields. To me that seems to be the right move to make.

By investing part through the Alberta Oil Sands Technology and Research Authority in combination not just with the large corporations but with a variety of smaller corporations, we've been able to do some very exciting things, not just in synthetics but in the heavy oils as well, whereby through AOSTRA we allow certain research to take place on a pilot project basis with some adjustments over the interim period while the costs are recovered and some assistance in funding given by way of AOSTRA. Those can then become equitable, economical, and world-scale projects. To some extent we see that now in the heavy oil area in particular. Obviously, we need to see a trend for the price to go back up through '86-87, but they will become very profitable.

At the same time, to support the rationale for research in that area, I think we must remember that the so-called hot water treatment was developed by the Alberta Research Council through, perhaps, some of the questionable expenditures that the Member for Westlock-Sturgeon talks about. The Alberta Research Council, in a period when there were very little resources available for research, was able to devote a fairly considerable amount of money to the expansion of the recovery of the Alberta oil sands heavy oil or bitumen, and that process today is very economical. It's commercially acceptable and is one of the processes which is worldwide in terms of that technology.

So I think, Mr. Chairman, that to argue that research and development in the case of the heavy oils is inappropriate, to my mind at least, would be an immediate conflict. I could not agree with that, and I consider it to be an important priority of the government. We have the resource in place and have an opportunity to open an abundant supply of energy on the self-sufficiency argument that it would carry Canada through to at least 2010 by opening up substantially more recoverable reserves from the heavy oil area. I consider it to be an important part of the Heritage Savings Trust Fund and probably one, in terms of research expenditures, which has a high present value right now.

With respect to the ghostly assets, of course, that's a fair comment, and I guess there is some question as to how we should display those assets. I don't think anyone who is reading the financial position of the province or the Heritage Savings Trust Fund would be misled by the disclosure. Clearly, in the reports which are provided, we show up front the income-earning assets and the so-called other assets, those other assets essentially being the capital projects division.

I suppose, as well, you might argue that in some cases those assets really aren't even owned by the province; they are, in fact, owned by some other agency. That makes the distinction even a little more difficult. I agree with that: nonetheless, they are, in fact, assets. They have a use potential. They provide a significant benefit to Albertans over the next period of five to perhaps even 105 years. I think they're very important investments for the province, ones which could not be undertaken under any other regime had it not been for the Heritage Savings Trust Fund and investments which put Alberta in the forefront in a variety of areas which I've already enumerated for you.

There was a question of the irrigation cost share as well. There is no doubt. Mr. Chairman, that this government wherever possible maximizes any kind of joint funding or cost-sharing program with the federal government. There

are exceptions that I can enumerate. But in the case of irrigation, in particular, I can't think of any place where we've missed an opportunity to cost share. I'm sure others can talk more specifically about the cost-sharing arrangements with the federal government, but my memory serves me that when the federal government, through the PFRA, Prairie Farm Rehabilitation Act, brought that program to an end, under an agreement with the provincial government we concurred that certain targeted projects would be undertaken by the province and paid for by the federal government as the last part of the PFRA program in western Canada. Alberta wrote those agreements in contractual form and has been going about carrying out those projects ever since.

There are one or two which are still in some contention, Mr. Chairman. The Bassano dam is one that comes to mind which has not fairly been settled. Another one includes one of the projects on an Indian reserve, because there is some problem with the land entitlement. Many of them which have been enumerated have in fact been concluded, and the federal government has paid their share. Now, of course, the headworks are covered by the Department of the Environment, and those are long-lasting, fully invested assets which have a very large potential to those farmers in the LNID, for example, close to where my colleague from Enchant and myself are from.

We recognize the importance of irrigation in that area. We recognize that it will carry that area through the future in terms of specialized crops, maximizing the heat units which are available there on the paucity of water, and I think that in itself is an excellent investment of the funds. So in terms of the cost-sharing programs we continue, obviously through a variety of departments, including inter-governmental affairs, to monitor ways in which we can use the federal money. We do not lose any opportunity to maximize the potential for using their dollars with our dollars, providing the general agreement provides for the understanding that the consultation process is much more than just consultation, that we have to follow the objectives spelled out by this government.

Mr. Chairman, I believe those are the majority of the comments with respect to the capital projects division, items which we have had under discussion for some long period of time. In the case of the comments from the Member for Westlock-Sturgeon I am not obfuscating the issue; I've attempted to deal with it as specifically as possible. If he has more questions, I'd be glad to attempt to respond.

MR. CHAIRMAN: Are you ready for the question on Bill 41?

SOME HON. MEMBERS: Question.

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 41, Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1986-87, be reported.

[Motion carried]

Bill 45
Alberta Corporate Income Tax
Amendment Act, 1986

MR. CHAIRMAN: Are there any questions, comments, or amendments pertaining to this Act?

MR. McEACHERN: Mr. Chairman, this Bill has basically two sections: the royalty changes announced on June 24,

1985, and in April 1986 suggested changes to our royalty tax credit system, covered through pages 1 to 17; and the remaining section gets into the rights of the Crown, as represented by the Treasurer or his designate, in terms of settling tax disputes with corporations. That has sort of two aspects to it: the settling of disputes and the right of the Crown, or, again, the Treasurer or his designate, in terms of search and seizure with regard to tax problems. I want to talk about all of those sections, and some of it in some detail. I'll have some general comments on the latter section on the tax changes as well, as I had indicated last day that I would leave that more to the Committee of the Whole rather than trying to deal with it on second reading.

In terms of the royalty section we have already expressed some reservations about using royalty tax credits as a fiscal policy, as the minister used the term. We were looking at royalties as being a sort of rent for resources, and I guess the question would arise: are we getting a fair rent if we give so many reductions? Something else we might ask is: does it work to give royalty reductions? Do we actually create activity in the oil field? It's harder also to be accountable in terms of those kinds of tax expenditures or royalty tax credits as compared to, say, if you actually spend money on grants or on particular projects, money that you've taken in and then pay out. It's easier to keep track of what you've been doing and whether or not it's paying off.

I suggested that in spite of those reservations we would be supporting this Bill, because at this time we are boxed in, if you like. With world prices so low, with the Western Accord in place, with no more help coming from Ottawa, with free trade in the works, and no floor price for the oil industry, about the only option this government has left is to make further royalty reductions. There is another one that they've been talking about — that is, some kind of cash flow stabilization idea — but the feds don't sound like they're interested in that, and I don't think the Alberta government now has the tax dollars to do that.

I think that we have to consider the cost of this program. If you look at the policy statement put out on June 24, 1985, by the former Premier and former Minister of Energy and Natural Resources, they indicated that it would cost about \$1.43 billion per year to pay for those tax write-offs, grants, et cetera that were outlined in that program. The previous grants had been costing about \$1 billion a year, so this was a some \$420 million increase in grants to the corporations.

I have some questions about this. Has the government already started to allow those royalty reductions? We are now three-quarters of the way into 1986. This policy was announced in June 1985, and according to at least some of the changes, it could apply as far back as January 1, 1984. So for the years '84 and '85 these royalty reductions could already be in place, and some of them could already have been processed and allowed. I guess I'm asking the minister: is that the case, and if so, how much has it cost us so far? I believe those changes were to continue not only through '84 and '85 but up to April 1, 1986. So if those changes have been allowed, even though the legislation is only now being passed, I would ask the minister: does he have any indication of how much it has cost, who has been benefitting, — what size of companies, what number of companies — and is it helping the situation?

I know the oil industry is in very much difficulty, and we are agreeing to this legislation supposedly to help them. Since nearly two years of the policy has been in place,

we're wondering if we could have some update on the numbers. Certainly it wouldn't be a \$1.4 billion cost per year, now that the prices are down. The same royalty rates will not, of course, cost so much, but that also means our revenues will not be so much either. So I would really appreciate some comments from the minister in that direction, to whatever extent he is able to give us some information.

I would like to say that I was quite impressed in reading the Bill in some detail, and I really have had time to do that now. The Treasurer attempts to tighten up the rules preventing companies that were forming associations or one taking over another or partnerships from sort of stacking the benefits — in effect, cheating the taxpayers of Alberta and misusing the intended tax benefits. The minister mentioned this himself and I have to say, looking at the Bill, that I think he's done a good job in this area. I couldn't help but note and sort of smile a bit when the minister said that he was a bit skeptical that some new loopholes wouldn't be discovered. I hope they won't be, and I hope he won't find any either. I thought that a pretty good job was done in this area.

I noted, though, in the time period mentioned — I guess it was a 50 percent royalty tax credit we were talking about for '84 and '85 and up to April 1, 1986, and then we go back to a 75 percent royalty rate starting in 1987. That left a little hole between April 1 and December 1 of this year, and so, of course, you find that in a different section, and that goes to a 95 percent royalty. I can't help but ask you, Mr. Treasurer, through the Chair, of course, if this special nine-month period at this incredibly high rate of 95 percent is some kind of trade-off or something that you used to convince the industry, whom you said you consulted in terms of tightening up the rules about who would apply or how they would be applied and the stacking provisions that were being taken advantage of before, although they weren't intended. I couldn't help wondering about that nine-month period. Why is it isolated out, and why is it at such a high rate when we go back to the 75 later? It almost sounded like he was trying to convince the industry that he had to give them something extra in order, perhaps, to get them to agree to this tightening up of the rules that I mentioned earlier.

This morning the Treasurer indicated that \$405 million of revenues will be transferred over to the Heritage Savings Trust Fund as the 15 percent of nonrenewable resource revenues. That would indicate a \$2.7 billion nonrenewable resource revenue estimate. We're well into the year, and I'm wondering if the Treasurer still thinks those numbers will be that high. If the nonrenewable resource revenues are down, how is that going to affect the \$1.43 billion per year in tax relief that this Bill would supposedly give back to the industry?

I want to comment just briefly on one of the reasons given for the changes in the \$5.4 billion program to aid the oil industry — that was mainly grants given in 1982 through to 1985 or '86, supposedly, but that was changed in '85 — from grants to royalties. One of the reasons given was that the royalty reductions would reward success and not just activity, as the grants seemed to be doing.

Surely there is another side to that problem; in fact, several problems with it. One, you end up rewarding established companies that are already producing gas and oil. It does not much help the company that is exploring for gas and oil or trying to get involved in the production of gas and oil if they have trouble finding it and getting started, if they don't have any gas and oil being produced

now. In other words, it doesn't help the new ones; it helps the long-established ones. In that regard, it may end up helping the slightly bigger, more stable ones rather than the new ones trying to develop new fields and new companies.

It could also be argued that it is harder to be accountable for royalty expenditures as a fiscal policy as compared to grants or expenditures. It may be difficult to see whether or not our royalty dollars are being well spent.

If you look at the present disastrous state of the oil industry in this country because of the low world prices, you have to ask the question: how can we be sure that we're not just backing a loser? We were talking earlier about backing winners and losers in talking about the Alberta stock savings plan. Maybe we're just pouring good money after bad in pouring it into the oil industry at this time. Certainly, if OPEC holds the price down for three or four years, they can break us. We can put all the heritage trust fund and even a lot of tax dollars, let alone the nonrenewable resource revenues, into the oil industry over the next three or four years, and it can all be lost if the oil prices really do the worst case scenario that we were talking about in another context.

I'm wondering if the minister wouldn't consider looking at the whole economy and seeing if there aren't other places that would be a better bet for some of the tax dollars to diversify the economy. Maybe we shouldn't be putting all our eggs in that one basket, or so many eggs in that one basket as we have done for so many years. We seem to keep on putting them into it. The ALPEP plan was a lot of money into the oil industry, about \$1 billion a year. The \$5.4 billion plan that we talked about a minute ago — again, about a billion dollars a year. Now we're increasing that supposedly to \$1.4 billion, although I would suggest that's probably less now. You have to wonder if it's going to pay off if OPEC decides to break us. So those are some of my concerns on the first part of the Bill, the oil royalty tax credits.

I have some other concerns in the second section. The second section could be, I suppose, conveniently divided into two parts: one that deals with section 39 of the tax Act and talks about the difficulties of settling with companies that disagree with you on how much tax they owe, and the other on the search and seizure parts and rights of the Treasurer as opposed to the rights of the person or, in this case, corporation, because this is a corporate tax Act.

I think, Mr. Chairman, we passed over these rather lightly. I know the minister did sort of introduce the basic concept, but he said they were technical changes to bring them in line with the federal Act. I think it's important to understand that during the last election the federal Conservatives expressed a lot of concern publicly about what seemed to be the inordinate power of the Minister of Finance at the federal level. The same seems to apply at the provincial level to treasurers — to be able to, if you like, bully corporations. They could take money from them even while there was a court case going on as to how much tax they really owed. They could walk in and seize anything without any announcement or any warrant from a judge or anything else, seizing documents, even in the company president's own home if they wanted. I think the federal Conservatives were right to be concerned about it.

However, the legislation they passed is very new, and I would suggest that what we've done here is copied their ideas very, very closely, maybe even word for word, one could say. I think we need to consider a few details but also the principle and what it implies. Most of us, I think,

would agree that we don't like somebody having inordinate rights over other people's lives, and certainly the Treasurer's or Minister of Finance's powers have been sweeping in the past. This new legislation will modify that, and in some ways that I can probably agree with, but I think we'll have to watch the performance over the next few years to see whether or not the Treasurer's powers have been handicapped to the point where he can no longer do his job. So that's a general concern that I think we should be watching in the next few years.

I don't think we should just dismiss this section of the Bill as inconsequential and some technical amendments to bring it in line with some federal changes. Those federal changes were very, very important and very fundamental and need to be looked at and understood by everybody. If the members of this House are taking that section of the Bill lightly, I suggest that they go back and look at it again.

I have a couple of specific questions from the section, and I'll see if I can find them in the Bill. Section 28 of the Bill deals with section 60 of the Corporate Income Tax Act. It says that the Treasurer can only collect disputed taxes after the court cases, as outlined in 61(5) on page 26, are over — a very important and fundamental concept and maybe a correct basic idea. But what I'm wondering is: will the 10 percent penalty that is awarded in section 25(5), which amends section 52(4), be adequate to deter some corporations from rather frivolous battles, I suppose, with the income tax people and maybe even the court system to prevent having to pay their taxes and stall in paying their taxes? Will that provision, along with the other one that allows the Treasurer the right to charge an interest rate on late payments, be adequate? I'm asking these as questions; I'm not saying that they're not. It's something I think we should be watching over the next few years, and I would just like the Treasurer's opinion on that.

Sections 62 to 65 of the present Act are deleted and replaced with sections 62 through 64. They deal with the right of the Crown — that is, the Treasurer or his designate — to search or seize documents at will. That was the case before. He could walk into any premise anytime anywhere and pick up whatever documents he wanted in relation to any tax investigation. Now sections 62 and 64 amend this, and to me, a layperson in terms of tax law, the amendments sound reasonable.

[Mr. Musgreave in the Chair]

I agree that the Treasurer or his designate, if they're going into somebody's business premise or home, especially if they're anticipating that they'll have to force their way, should have to get a warrant and should have to take the police with them, because we're not expecting the Treasurer or his designate to be a policeman. But again I would like some comment from the Treasurer. Will these new changes make it more difficult for the Treasurer to do his job? The job, of course, is basically making sure that the people of this country, or of this province in this case, collect their fair share of taxes as intended by the Legislatures when they pass the tax Acts.

One very specific question. Perhaps I will just read a little bit of page 30, section 64(2), if I may.

If a person is served with a notice to provide or produce information or documents under subsection (1) and he does not provide or produce the information or documents in accordance with the notice, the Provincial Treasurer, on 2 days' notice to the person, may apply

to a judge and the judge may order the person to provide or produce the information or documents, subject to the conditions the judge considers appropriate, if he is satisfied that ...

And it goes on. I don't think I need to read the rest of it to raise my point.

I'm wondering about the two days' notice. It seems like the gentlemanly thing to do, but if there were any question in the Treasurer's or his designate's mind that there might be something very serious involved here, some intended tax evasion, for example, or even worse perhaps, tax fraud or whatever, then two days' notice would surely just give the recipient of this notice time to shred the evidence or move it to someplace else. I'm just wondering how that fits in. There may be other safeguards built in around this that I'm not aware of, but I did read this through fairly carefully. That was just a question that came to my mind, and I would like very much for the hon. Treasurer to address that question if he would.

Mr. Chairman, I raised many concerns on the various sections of this Bill. It is long and at first seems an intimidating Bill, but I think the basic principles are well laid out. Once you take time to really get into the details, it's a well-written Bill as far as I can see to this point. I would just ask the Treasurer to comment on some of our royalty tax credit questions, for people not to underestimate the importance of these last sections that bring Alberta in line with the federal changes, and for the minister, please, not to underestimate them either and to maybe comment on them in some detail.

MS BARRETT: In looking at the consequences of the Bill in front of us, it occurs to me that a question is not being asked that perhaps should be asked. It's directly related to the events which basically give us this Bill, related to the Western Accord. I wonder if in his remarks the Provincial Treasurer would explain why it is that the province has not yet been able to achieve federal tax deductibility of Crown royalties. I'll tell you why I'm concerned about this.

MR. JOHNSTON: Of Crown royalties?

MS BARRETT: Of royalties, yes. It seems to me that we're not getting quid pro quo here. We're always willing to spend Alberta's dollars, whether they're dollars from royalty revenue or taxpayers' dollars, to keep our own economy afloat, if one wants to describe it that way. But I'm not convinced that we actually are seeing a quid pro quo from the federal government. I'm not looking merely for an explanation with respect to the PORT — it's dead within a few weeks — but I am looking for some indication as to whether this government is still pursuing any policies that would look towards that federal tax deductibility of royalties.

MR. TAYLOR: Mr. Chairman, this is just a bit of a question of whether or not the Treasurer is doing anymore research on what I talked to him about the other day: the cash taxing, the cash flow, from an oil or gas well. I think I mentioned to the Treasurer that the royalty as we use it here — I think this is the only country in the world where the government owns the mineral rights that uses a royalty as a major system of taxing. Has he thought of looking at anybody else's system — Britain, Norway, Egypt, or whatever it is — on an oil well or gas well basis? Pick it out of the air; it doesn't matter. Most of them are pretty good at

picking feathers out of the goose. Has he been doing any work in that respect?

Even if he isn't examining other countries, I'm sure that his financial whizzes and their computers will be able to point out that over the life of an oil or gas well, which usually runs 20 to 35 years, if the person that took the risk of drilling the well can get back a large amount at a very early cash flow to make one and a half or two times their money, they're usually much happier than, say, making much more money but over a 30-year span. In other words, the average productive life of an entrepreneur isn't that long, and if they can get their money back in a hurry, they would go out and find other oil wells and keep rolling. If they're very sharp or smart, of course, they make a lot more money by getting the capital back fast and multiplying it than by taking the slow royalty end of it.

On the other hand, the government benefits by the fact that it's like the Oldman River; it goes on forever. So with 30 to 40 years — and there are some wells in Alberta that will last 70 years — by taking a much higher interest later, after the investor has recovered their capital one and half, two, or three times, it will make much more money over the longer period of time. So it is a system that actually increases revenue for the government and, at the same time, increases return for the entrepreneur, because the entrepreneur is taking the money and rolling it and going out and drilling more and more wells. I know that sometimes it's hard to explain to somebody how both sides can make money, but in this particular case they do make more money if you make a very, very low taxation in the initial period and then quickly accelerate. I'd be interested to know whether the minister has anybody working on that concept or not.

Secondly, one of the other things that bothers me about the whole royalty concept — as I say, so many other countries have thrown it out and used other methods, because it's outmoded and doesn't kick in the way it should. But I think the very fact that we have a royalty acts as an incentive to bring in the federal government. The federal government's PGRT — and who knows down the road? If oil takes off again, it's so easy to say, "All right, province, you are taxing on the gross, you're taxing on the royalty base; we'll just throw in a few points of royalty in ourselves," rather than taxing on the net profit, which federal governments are supposed to do. Federal governments are supposed to tax the profit of our corporations, not take it off the top in the way a royalty does. So I think that's the second thing that's wrong with the whole royalty concept. It's not only not yielding us what it should, but it's giving the federal government the wrong idea.

MR. WRIGHT: In the last part of the Bill, Mr. Chairman, there are the provisions for search and seizure. The previous provisions that these supersede were even more draconian than the ones that are in there. I don't quarrel with the need for ample powers to the agents of the Treasurer or the state to deal with people who may be evading the payment of taxes, to seize the necessary records, to establish liability, and so on. It is a step in the right direction, of course, that warrants be necessary instead of the all-sweeping powers that made warrants unnecessary before for the seizure.

Nonetheless, I believe it would be a good thing, Mr. Chairman, if the warrant power were written up in such a way, similar to the provisions now in the Criminal Code, that if the warrant is not proceeded with, then after X months — three months or six months, say — notice is given to the object of the warrant that one was sought

although not proceeded with. It's one thing to be the object of suspicion but to know about it because the inspector arrives; it's another thing to have it stated on oath if you are suspected of having committed an offence. But something happens. Either there is frustration in the carrying out of the search or minds have changed, and you never know that although this matter has been proceeded against you, X party, it has remained unresolved. Therefore, I respectfully suggest to the Treasurer that he consult with his legal advisers and see whether a section analogous to the obligation in the Criminal Code respecting ordinary warrants for interception of communications could be added to the code that's contained in the last part of the Bill.

MR. JOHNSTON: Mr. Chairman, let me deal perhaps moving from the so-called consequential amendments through to the royalty tax credit, because in this last recent go-around and discussion of this legislation there seems to be more focus on these important sections — sections which I did not at all discredit, nor did I attempt to downplay. Obviously, in terms of the debate which emerged here and in second reading, there was a considerable emphasis on the royalty tax credit as being perhaps more substantive to the legislation and certainly within the regime of our own legislative powers and not at all directed by another government. I think some of the comments in the discussion were focussed on that area and, of course, it did allow an opportunity to discuss energy policy at the same time.

Let me say with respect to the search and seizure sections that if I can stand here and say that these sections were perfect and would not be amended time and time again, then I would certainly be making a statement of goodwill, perhaps a vain wish. But it has been my understanding that since the Constitution of November 5, 1981, was put in place, the Charter of Rights has dictated the way in which these search and seizure sections will be operated. The legal department of the government advises me that what they have done in putting forward these sections, recognizing first of all that these sections must be in there — whether they're sections which we agree to or not, they must be in legislation of this type to ensure the force of the legislation. In any event, they have gone through the recommendations that were in the federal legislation, they have looked at recent appeals to the Supreme Court of Canada with respect to these sections, they have looked at cross-Canada drafts with respect to how these sections can be improved, and from all of these processes they have come up with their own recommendations for the search and seizure sections that are now recommended to the Legislative Assembly in this Act.

That's not to say that these will not be upset or challenged. We fully expect that those sections will be the heart of much of the challenge of the federal tax legislation and our own tax legislation over the near term. We have attempted here, based on the best legal information we have, based on some direction received from the Supreme Court of Canada, based on recommendations of other legal minds across Canada and our own legal departments, to make a recommendation which would deal with this thorny issue under the new Charter of Rights sections of the Canadian Constitution.

The questions are nonetheless important to some extent, but we have attempted in our legislation to go as far as we can, to be as generous as we can with respect to notice and with respect to requiring the court to be involved in search and seizures in place and, I think, wherever possible

leaning over in favour of the individual so that his rights are not infringed under our sections and therefore having us bump up against the federal Constitution.

With respect to the appeals to the taxpayer and the collections, these sections obviously go in favour of the taxpayer as well. They're intended to allow the taxpayer to have every right of appeal before the collection of taxes is due. As others may recall, as soon as you received the notice of assessment, historically, not only were you guilty of the alleged charges but you also had to make the payment immediately. You had a fairly big hit upon you immediately, and you had to go through the appeal process into the courts as well, and that was difficult. What we've done here is simply extend that. I do believe that the penalty sections which are built in, whether in terms of actual penalties or interest on top of the due taxes, are both adequate to ensure the payment is made but as well, as the member pointed out in the case of section 25, to ensure that frivolous appeals are not used to avoid the intent of the legislation to err in favour of the taxpayer.

With respect to the makeup of the royalty tax credit, the most recent information I have with respect to the take-up of the program suggests to us that most corporations take advantage of the royalty tax credit. At one time there were 2,500 corporations in Alberta receiving the credit. About 150 corporations or associated groups could receive the maximum credit, and there were no individuals who received the maximum credit under the plan. I know I'm moving into the personal income tax section, but it is some information.

It's clear, Mr. Chairman, that the sections with respect to the royalty tax credit are directed towards the smaller corporation and are encouraging the cash flow availability of that small corporation over this period. Individuals, although they can benefit, do not claim as much benefit from the program as do corporations.

In the case of the very large company, of course, the royalty tax ceiling prevents this assistance from becoming a significant portion of the total cash flow. In fact, in the case of some of the very large companies, the royalty tax credit is at best by the by to the total revenue. So it doesn't really impact them to any considerable extent. That's the best information I have.

I can't give you more in terms of the take-up or the amount, but I'm sure that if there is an opportunity to debate it with my colleague the minister of revenue or if you want to put it on the Order Paper, that could be provided. Finally, when the public accounts are published, that information will be given to the members. It is my understanding that an aggregate of, I think, \$45 million or thereabouts has been taken up under the current program since April 1, 1986.

Chairman, outside of the comments from my colleague from Westlock-Sturgeon, who provided us an alternative to the current royalty system, I should say that I have not at this point, since being advised on Friday of this new recommendation, been able to trigger any research within the department, but he has triggered, in my own mind at least, a new approach to royalties. Perhaps, as I said earlier, that might be possible. But the economic rent concept is one which does not really apply to all kinds of commodities; it applies to those commodities, such as oil and gas in particular, which are owned by the Crown.

We have had some ongoing discussions with the federal government about the way in which those can be handled in the taxation system. Instead of the normal deductibility

of royalties, as the member talks about, there have been some gyrations in the federal legislation, first of all, to allow the deductibility of exploration and research and production costs. Those were carried forward in a pool. Now there's something called the resource allowance, which is a very broad, sweeping deduction, which I think, frankly, benefits the producer, because in normal cases the potential for resource allowance is larger than the royalties normally paid. At least that's the information I'm getting from most of these small corporations that are applying for the royalty tax credit itself.

Mr. Chairman, I think those are most of the items which have been raised. I will simply wait for further questions or comments on the legislation.

MR. WRIGHT: I do have another question, Mr. Chairman. It's related to the middle section of the Bill, which provides in general that the disputed assessments shall not be levied pending appeal. I haven't read the Bill in the detail that I would like to have done, but I didn't see in my perhaps too superficial looking at it a further section that would permit the agents of the Treasurer, upon application, to show special circumstances for why the sum should not be paid anyway and kept aside, perhaps, or a bond in the amount equal to the assessment be put up, in cases where the Treasurer has reasonable grounds to believe that the whole alleged debt might be lost by delay. I'm thinking of a company whose financial circumstances are shaky, which does have assets currently but has reason to believe that those assets may be dissipated. Obviously, if a company is going into insolvency anyway but has a large tax bill, there's a considerable temptation, Mr. Chairman, for it to spend the money in any way rather than pay it in taxes.

This situation, unfortunately, is not unknown, and I hope that there is provision somewhere in the Bill to meet those exceptional cases where the Treasurer has reasonable and probable grounds to believe that the debt might be lost should the appeal proceed. That's not to say it's a frivolous appeal; it may well be a reasonable appeal. But the effect of it will be, perhaps, that it will all be for nothing, whichever way it goes, at least if it goes in the way of the Crown, because by that time the money will have disappeared. That was, of course, the original reason for the existing rule, which is that you pay anyway and then you get it back if you're successful. While I greatly appreciate the underlying feeling of fairness — that you shouldn't be considered guilty until you've been proven guilty — that motivates the central sections, I do think that the interests of the taxpayer, too, and the public at large who pay taxes, the other taxpayers, requires that there should be procedure for the exceptional cases where the debt might be lost. I'm interested in the thinking that has gone into that area of the matter.

MR. JOHNSTON: Mr. Chairman, I believe the member is referring to section 55(3), wherein the Provincial Treasurer may extend the rule of taking bonds or security. If, in fact, the controversy is before the appeal and the objection has been filed, it is an opportunity for the Provincial Treasurer to take a security for the amount of the outstanding tax liability. That simply protects us over the appeal period. It does not in any way prejudice the case but provides for the Provincial Treasurer to accept security equal to the amount of the estimated tax liability while the objection is being considered. So I believe, Mr. Chairman, that section does provide for that protection the member has spelled out.

MR. McEACHERN: Mr. Chairman, another question occurred to me. He indicated that in the latter section we were leaning over backward to be fair to individuals. The appeals, for instance, are in favour of the individual; you have to wait until the end to ask him to pay the bill. I should remind you that in this particular Bill we're not talking about individuals; we're talking about corporations. I know that before the law a corporation is considered to a very great extent to be an individual. But are there grounds for considering treating major corporations, which very often have a great deal of wealth and power, different from small individuals? You used the word "individual." If you had been talking about Bill 46, I would have agreed with you. But when you're talking about major corporations and tax laws, is there some reason to be perhaps a little tougher in terms of the kind of ground rules you set in relation to trying to collect taxes from them?

I don't suppose the minister has a pat answer off the top of his head on it, but it's just a consideration to watch over the next few years and see how the two Acts, one for the human rights of the individual, work. Are the rights of the corporation really as delicate, so to speak? Does this need to be, or does it just handicap the Treasurer in doing his job of seeing that we get the fair amount of tax dollars we have coming?

MR. JOHNSTON: Mr. Chairman, I would hope that the hon. member is not suggesting that the law apply selectively to various categories of people and corporations or that we should have two or three sets of law, because that would not be a point that I could concur with. Obviously, the law must apply uniformly to all corporations.

MR. DEPUTY CHAIRMAN: Are you ready for the question?

SOME HON. MEMBERS: Question.

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 45, Alberta Corporate Income Tax Amendment Act, 1986, be reported.

[Motion carried]

Bill 46
Alberta Income Tax Amendment Act, 1986

MR. McEACHERN: Mr. Chairman, just a few comments. As the Treasurer indicated, Bill 46 is a companion to Bill 45. I would just reiterate a couple of those parallels. In Bill 45 there was a section of changes to the corporate income tax of Alberta that changed "corporation" to "individual" so that individuals would qualify for the royalties outlined in Bill 45. Bill 46 then outlines those same royalties for persons as opposed to the corporations that were outlined in Bill 45. So we will support this Bill in the same way that we supported Bill 45, with some reservations but with the overall view that at this time, under the present circumstances, that is what we in the Alberta Legislature must do.

[Mr. Gogo in the Chair]

The sections in the back half of the Bill, which the minister referred to as sort of technical or administrative

changes to bring them in line with the federal Act, are indeed in many cases word for word exactly the kind of changes that are in Bill 45. As you'll recall, the other is the Corporate Income Tax Act, and this is the Alberta Income Tax Act for individuals. Those same changes were brought in word for word, and the intent, of course, was to bring in fairness to the taxpayer, to curb the sweeping powers of both the federal and provincial treasurers, as one takes it now. Initially it was the federal, and the provincial one is now being brought in line.

Again, I would just caution people not to take these changes lightly. They are very important. To quote the Treasurer in the Blues from Friday, when he introduced this Bill, he said something about the tax legislation being very wordy:

... 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.

So the minister himself has acknowledged, both when he was talking about royalties and in this section, the need for tax laws that are very specific and very fair. I think this Bill tries to achieve that in the same way that the other Bill did, but we will be watching how it works very carefully. We'll also be watching to see if the royalty side of it is used fairly.

There is really nothing much more to say on Bill 46 except that it is so similar to Bill 45 that we've been through all the discussion.

MR. CHAIRMAN: Are you ready for the question?

SOME HON. MEMBERS: Question.

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 46, Alberta Income Tax Amendment Act, 1986, be reported.

[Motion carried]

Bill 22
Petroleum Incentives Program
Amendment Act, 1986

MR. CHAIRMAN: Are there any questions, comments, or amendments to any part of this Bill? Are you ready for the question?

SOME HON. MEMBERS: Question.

[Title and preamble agreed to]

MR. ORMAN: Mr. Chairman, as Acting Minister of Energy. I move that Bill 22, Petroleum Incentives Program Amendment Act, 1986, be reported.

[Motion carried]

Bill 24
Arbitration Amendment Act, 1986

MR. CHAIRMAN: There is an amendment to this Bill. Are there any comments, questions, or further amendments to Bill 24? Are you ready for the question on the amendment?

SOME HON. MEMBERS: Question.

[Motion on amendment carried]

MR. CHAIRMAN: Are you ready for the question on the Bill as amended?

SOME HON. MEMBERS: Question.

[Title and preamble agreed to]

MR. ORMAN: Mr. Chairman, as Acting Minister of Energy, I move that Bill 24, Arbitration Amendment Act, 1986, be reported as amended.

[Motion carried]

Bill 42
Alberta Energy Company
Amendment Act, 1986

MR. CHAIRMAN: Are there any comments, questions, or amendments to any portion of this Bill?

MR. HAWKESWORTH: Just very, very briefly, Mr. Chairman. In summarizing the opposition of our side to this particular amendment Act, I think it's not so much what it does as what it doesn't do and, I guess, a different view of what the proper role of this company could have been in terms of the economic development of this province as a tool for the betterment of the people of this province. For that reason, these comments have previously been drawn to the attention of the Assembly by members on our side. Basically, the feeling is that this represents more a lost opportunity for an important company to achieve the objectives of the provincial government at a time when the people of this province could have used that kind of organization to develop the province and to assist at an important time in our economic history.

MR. WRIGHT: I rise to echo the same comments, Mr. Chairman, with this elaboration: this could have been a flagship company for the province of Alberta in the oil industry. It has been sadly perverted. It has been thrown to those Albertans rich enough to buy shares in it — another Conservative giveaway from the people who own it altogether to those who are smart enough or rich enough to buy the shares. We don't think that's right.

The provisions of it, given the object of the exercise, are unobjectionable; it's the object of the exercise that we object to. That's something we objected to on second reading. We can't object to it in detail on third reading; we just object to the whole treatment of that company by this government. I wonder why it was created in the first place to deserve this treatment. The answer is, I think, that the government has become more doctrinaire as it progressively runs out of ideas. We see the result of it in Bill 42, Mr. Chairman.

MR. TAYLOR: In speaking against the Act, Mr. Chairman, it's sometimes hard to put together the logic on why, but I join the NDP. If you need any further proof that a company like this should be put out of its misery or turned loose, it's that when even as left-wing an opposition as the NDP can't find anything good about a government-started company, it's got to be pretty bad. I echo the thoughts; it is very bad.

Particularly as an oil person, I think most of the oil industry has resented the fact that Alberta Energy has been more or less the kept person or the darling of the Tory party for some time. Besides being given some pretty good leases at nominal costs, a good cash start-up, and being let into preserves that had been set aside for the future of Albertans since way back in the 1930s — they were given the right to go in there and develop at will — there has been the major feature. I know that some of these marriage promises aren't supposed to last very long, but this government, after promising the oil industry that Alberta Energy would be a good corporate citizen — would not be using its government leverage, land, and money to compete — turned around and let Alberta Energy drill literally hundreds of gas wells in the Medicine Hat-Suffield Block when gas markets were getting more and more difficult to come by and, indeed, had the Alberta Energy Company developing wells at a terrific pace to sell gas to compete against companies that had to bid at Crown sales to buy land to develop gas and then found out later that a government-controlled company was sitting there pre-empting their gas markets.

Mr. Chairman, I don't have any problem at all with saying that if they could asphyxiate or practise euthanasia or whatever it is on Alberta Energy, there would be a lot of people dancing on the coffin.

MR. McEACHERN: Mr. Chairman, I wasn't going to get into this debate, but the previous member prompts one to at least reply a little bit. The Alberta Energy Company was never set up as a Crown corporation, and the principals never had to report to the House what they were doing with it. That's the way it should have been set up, and then we would have been supportive of it. At least half of the money was put up by the taxpayers of Alberta. Some friends of the Premier were put in charge, and they were sort of controlled and given privileges through the back door, but there was never any accounting of public dollars in this House for that company. As my colleagues have said, it has been a missed opportunity. To have had a strong Alberta presence in the oil industry in this day and age of difficulty would certainly have been helpful, and it would have been a counterweight to the federal presence through Petro-Canada. We think a real opportunity has been missed by the Alberta government in the way it has handled Alberta Energy.

MR. ORMAN: Let me respond to some of the socialist diatribe. I think it's important. When the members opposite say that we've missed the mark with a Crown corporation, I would say without hesitation that the bulk of the people in this province disagree. As a matter of fact, there are many in this province who feel that we went too far with the Alberta Energy Company. It is not a Crown corporation, and I would also not hesitate to say that it will never be a Crown corporation under this government.

I would also like to say that the manner in which Alberta Energy was set up was a very reasonable and acceptable alternative to a Crown corporation. The people of this province have had an opportunity to participate directly in the some of the assets that have been generated as a result of good Conservative management over the last 15 years. This gives these people a very fine opportunity to participate directly in the equities. I would say that anybody who knows anything about the success of Alberta Energy would find it very difficult to criticize in any manner the direction

Alberta Energy has gone and the direction this government took in the establishment of Alberta Energy.

I just wanted to clarify a couple of the misconceptions that have been conveyed by the opposition, Mr. Chairman.

MR. CHAIRMAN: Are you ready for the question on Bill 42?

SOME HON. MEMBERS: Question.

[Title and preamble agreed to]

MR. ORMAN: Mr. Chairman, I move that Bill 42, the Alberta Energy Company Amendment Act, 1986, be reported.

[Motion carried]

Bill 48
Workers' Compensation
Amendment Act, 1986

MR. CHAIRMAN: Are there any comments, questions, or amendments pertaining to this Bill?

MR. EWASIUK: Mr. Chairman, I rise again to express my disappointment. This Bill does very little to alleviate the hardship that is being experienced by Albertans who have been unfortunate enough to have been injured on the job. The glaring shortcoming is that in light of the fact that injured workers have not had an adjustment since 1982, to now recommend a mere 8 percent is bad enough, but to date it only effective as of July 1, '86, rather compounds the ineptness of this Bill. I can't believe that a task force that reviewed the WCB would make the recommendations that are now being put before us in this Bill.

On September 11 my colleague from St. Albert made a strong plea that injured workers' pensions should be indexed to the cost of living, and I totally support that concept. Why should injured workers in Alberta be subjected to the pleasures or displeasures of the minister?

Mr. Chairman, we are compelled to support this Bill, but we do it under duress and with the understanding that a little help might be better than no help at all and the hope that proper adjustments for injured Albertans will be made in the spring sittings.

MR. CHAIRMAN: Are you ready for the question?

SOME HON. MEMBERS: Question.

[Title and preamble agreed to]

MR. DINNING: Mr. Chairman, I move that Bill 48 be reported.

[Motion carried]

Bill 27
Alberta Health Care Insurance
Amendment Act, 1986

MR. CHAIRMAN: Are there any comments, questions, or amendments proposed to this Bill?

REV. ROBERTS: Mr. Chairman, I had some amendments that I was going to bring, but I'll just have to put them

into verbal pleas to the minister at this point. Continuing to look at the whole area of punitive actions that seem so weak in section 5.2, which we discussed last week, we're wondering whether the "may" could have become a "shall," in that the minister "shall" take this action as is outlined in the Bill when any physician or dental surgeon contravenes the section. It seems to me, as we've noted before, that there are plenty of examples in other jurisdictions where physicians are made to pay much more of a fine or penalty. As I looked at the Act, though, there are provisions in the existing Act, Mr. Chairman, that would say that any contravention of the Act itself is an offence. So perhaps if we were to go that far, already existing in the legislation is that provision and warning to physicians to comply with the Act or more serious penalties will accrue.

As well, Mr. Chairman, I've had, and I know other members have had, continuing representation, particularly from those optometrists and chiropractors and physios and so on who are unsure of their status, as well as from physicians themselves who are wondering why it is that now they are in a sense banned from extra billing but that chiropractors, physios, podiatrists, and so on can continue to extra bill. Others are saying that we really need chiropodists in the province and not podiatrists. But it does seem to me that the minister, having worked out this agreement with the AMA, may continue his good work with these other associations and others in the health care field, particularly those who bill the plan. They can't have the best of both worlds for very much longer, and if they're going to continue to bill the plan, they — this is the optometrists and physios and chiropractors — had better not extra bill their patients that much more. In fact, if they do that, as the minister has already indicated, their income is going to be way out of whack, and physicians themselves are going to be very jealous and very upset and angry that these others who can bill the plan can also bill outside of the plan and, hence, their incomes can shoot way up in an unlimited sort of fashion.

So I think in fairness to the physicians, with whom the minister has struck the agreement — and I understand that he must have had an agreement with the dental surgeons; I wasn't aware that dental surgeons are under the AMA, and I'm not exactly sure of what agreement he has with the dental surgeons, but at least they're identified in the Bill — he will continue to get agreements with the others in the other associations; that is, the chiropractors, the optometrists, the physios, and the podiatrists.

There was one other section, which escapes me just at the moment, Mr. Chairman. I wish we had had some more time on this, but I'll let it go for now. As we said before at second reading, we're certainly in favour of the Bill as we progress in this very much more humanized direction for health care in the province.

Thank you.

MR. HAWKESWORTH: Mr. Chairman, at this point we review in a little more detail the various individual provisions of the Bill, although I think it's important to note that this is part of a long-term trend towards public support for medical health in this country, and it's a significant step that this province should step into greater line with the other provinces in this country.

I note that this is one of those Bills that has occurred as a result of all-party agreement to passing the Canada Health Act over two years ago. Perhaps some of the hon. members down there in the corner don't believe their party

should have supported that at the time, but it did, and I think I'd like to give credit to those who represented that party in Ottawa at that particular time. Certainly our party has pushed and promoted and urged and fought for this kind of effort in every political arena in which it has been elected. It's an important issue to us, and I can assure members of this Assembly and all Albertans that it's one that we will continue to monitor and to speak out on. We will continue to push and promote improvements and reforms and changes as they become evident or necessary.

However, in terms of a number of specific instances in which this Bill doesn't appear to have certain kinds of provisions, I think it would be important for the minister to take a few minutes in commenting on them. Under section 5.2(3) and 5.2(8), what kinds of provisions are there for providing — how shall I say? — punishment for those who contravene sections 5.2(2) and 5.2(7)?

5.2(2) No physician or dental surgeon shall charge or collect from any person an amount in addition to the benefits payable by the Minister with respect to insured services unless that physician or dental surgeon has opted out or is deemed to have opted out of the Plan in accordance with section 5.1 . . .

What sorts of penalties are contained in this Bill for those that do in fact make extra charges without having opted out? We look at subsection (3) and subsection (8). It appears that there will be nothing other than receiving written warnings, referral to the college or the Alberta Dental Association, and finally, if these steps aren't rectified, the person is deemed to have opted out of the plan. Further on, it appears that the only financial penalty enacted is to withhold the amounts extra billed. My question is: are there any penalties over and above withholding those amounts from benefits payable to the physician or the dental surgeon or any other action than civil action? Does the minister have or contemplate any particular penalties?

I know some of this legislation will be enacted and that we'll try it out and see how it works. I suppose the reply to much of this might be: let's see how it works, and then if there are any problems, fix it later. But it appears, at least on the surface, that it's easy to opt in and to opt out of the plan. Is there going to be a problem in a doctor easily opting out, then perhaps sometime, if the economic circumstances of the province deteriorate and it's quite difficult to exist financially outside of the system, opting back in again, and when times are good and people can perhaps pay the higher fees, opting back out of the system and re-establishing that two-tier system? Is that going to be a problem or not?

Section (5) allows patients to obtain payment under the plan from doctors who have opted out of the plan, and section (6) allows doctors to collect benefits under the plan in the event of an emergency. In particular, what sorts of circumstances would be envisioned by that kind of provision? Could the minister be a little more specific in commenting on that particular section?

For doctors who do opt out of the plan, is there any requirement that they supply an estimate of the cost of their service to an individual before treatment is provided, so there's at least some element of consumer or client choice? If that individual presents himself before a physician and that physician is not part of the plan, is there any kind of provision or understanding that that physician should explain fully to that patient that they are not part of the plan and that the cost for that treatment would be such and such? In that way, a patient would at least in some instances be

able to determine whether they want to proceed with treatment from a doctor outside the plan or seek some other alternative, perhaps from a physician within the plan.

With those few comments, Mr. Chairman, in the event others have some comments, I'll take my seat. Thank you.

MR. WRIGHT: Mr. Chairman, the main purpose of this Bill is excellent, of course, and we applaud it. It is the ending of extra billing. But there are other pressing needs that must be addressed. We recognize that in the urgency of getting this Bill through, perhaps it's understandable that other matters which should be addressed are not addressed in the Bill. I wish briefly to touch on those as being apt when considering amendments to the health care Act.

First of all is the tremendous problem of capping health care costs. We hear about this from the minister and from the government and on all hands repeatedly, but no one is prepared to do much about it. The problem will not be solved until there is a disincentive to doctors' keeping on providing more and more service to a given patient. At present the incentive is all in favour of the doctor doing that, because on a fee-for-service basis he or she makes more money.

The second, of course, is capping of the expensive treatment that can be meted out. Since one may not discriminate, it is a very difficult problem. The second problem is more difficult than the first, in fact. When you consider the amounts of preventive medicine that could be practised for the cost of one heart/lung transplant — it runs to somewhere between \$100,000 and \$150,000 for the complete operation, with all the doctors involved — it really makes one wonder how one can order one's priorities. Nonetheless, the government, perhaps under the pressure of scarce resources for the first time, really, in 30 years in this province, since the beginning of medicare, will just have to come to some tough decisions of priorities on the provision of expensive treatment.

The more soluble problem is the question of discouraging unnecessary services to patients. My respectful suggestion to the minister on this is over the next few years to go to a system of capitation instead of fee for service. That's to say that to each general practitioner, at any rate, is registered all his patients. You know how much money you can spend in this area of medical care in a given year. You divide that amount of money by the number of patients, and you then pay the doctor for the year that sum per patient times the number of patients registered to him. He makes neither more nor less money by treating patients. He can't afford to alienate the patient by not looking after that patient; otherwise, he loses the patient and therefore his fee for that patient in the year. On the other hand, there is no incentive to him to unnecessarily treat the patient. This, of course, has been the scheme of the National Health Service in Britain, based on the panel system that was in place in that country since 1910 in certain areas.

One of the interesting things about the National Health Service in Britain is that the doctors like that part of it. What they don't like is the serious underfunding of the system, which bedevils it. But I see the capitation system is now increasingly coming into use in the United States by the insurers of the doctors as the only answer they can come up with to the compounding, the exponential growth of the cost of medical service. It is something we will have to grapple with here, and the sooner we grapple with it, the better. It is perhaps too much to ask that a start be made on it in this Bill, but I put it forward, Mr. Chairman,

with respect to the minister, as being something that perhaps he can work on for next time round. The battle to bring the system under control has certainly not ended with the banning of extra billing.

Thank you.

REV. ROBERTS: Mr. Chairman, further to my question before, perhaps I can just send the minister this very irate letter I got from a physician this past week, which was asking why, if chiropractors, podiatrists, et cetera, can extra bill, doctors can't. He said that one chiropractor recently billed the plan for over \$500,000 and that podiatrists on the average make \$15,000 a year more than the average physician, without any night, evening, or follow-up responsibilities. Further to my earlier question, agreements seem to have been found with these others, so having the best of both worlds in this kind of fashion can't continue for too much longer. I know the minister is going to say, "Well, he's just trying to comply with the Canada Health Act, and the Canada Health Act does not talk about these others." But now I think we're going to have to be talking about the angry physicians who are seeing these other health practitioners running all the way to the bank with some of their abilities now open to them.

A further question I've been meaning to ask the minister for quite a long time, Mr. Chairman, has to do with his ministerial statement of July 31, when he said that the net additional cost to the health care insurance plan for this agreement is equal to slightly less than \$9 million.

So eliminating extra billing — that is, this new arrangement with the AMA — is going to cost \$9 million. Then we hear that in the federal transfer payments that are being withheld, that come October 1 — I don't know the latest figure; I think it is well over \$20 million, if not \$25 million, that we'd be getting back from Ottawa. So there seems to be a net gain there of some \$17 million, and I'm wondering what plans the minister has for those surplus funds, come October 1. It's going to cost \$9 million to implement the new agreement, but he's going to get \$25 million back. If there is this \$17 million, can't he funnel that back into the plan, as I've said, in this particular direction to come to agreements with the chiropractors, podiatrists, and others. Does he have other plans for the \$17 million-odd which the department now seems to have in surplus, or is this going to go into general revenue? If it's to be kept as good health care dollars, then how is the minister going to be utilizing them?

Dinning's gone, but I would like to say that I had some great amendments the Parliamentary Counsel was framing, and I really thought we had till tomorrow, Mr. Chairman, to introduce them. Nonetheless, as it stands now, I'll ask for the minister's comments.

MR. HAWKESWORTH: Mr. Chairman, just the matter of cosmetic or — what shall we call them? — perhaps nonessential treatments. How will those regulations be framed? Can the minister give some thought in that particular direction? A number of treatments or procedures may not, on the surface at any rate, be considered essential, such as people who've been in car accidents and require considerable reconstruction of their faces or other parts. They may be termed cosmetic on the surface, plastic surgery and so on. It may seem as if those would be nonessential — perhaps some sorts of skin conditions or birth defects. There are a number of situations where they may not appear to be life-threatening

or medically serious in any way, but it might be important for the person's mental health or indeed, in some cases, for their better physical functioning. Will those kinds of procedures and treatments be deemed cosmetic and, therefore, perhaps fall out of the plan? Or is there some kind of review system in place to ensure that they are in individual circumstances essential medical treatments or procedures? What sort of system is going to be set up to ensure that cosmetic is truly cosmetic and that those similar kinds of procedures in other instances are far more than cosmetic? It's an important matter which I would like the minister to make some reference to. Whether that is part of the agreement or part of the arbitration process . . .

MR. CHAIRMAN: Order in the committee, please. Sorry, hon. member.

MR. HAWKESWORTH: I appreciate that very much, Mr. Chairman. Thank you for that intervention.

Finally, to the minister: in terms of other sorts of fees that fall under the category of service fees, which haven't traditionally been charged by doctors and may now be implemented, have those been in any way excluded by this particular legislation or by the agreements that have been reached with the member associations? Apparently there are new charges in Ontario for such things as telephone renewal of prescriptions, telephone consultations, and something called administration charges. Have any of these particular kinds of fees or services been reviewed as part of the agreement leading to Bill 27, or is there some system in place, as part of the arbitration process, that will review this to ensure that we don't get extra billing through another door?

MR. CHUMIR: One question for the hon. minister, Mr. Chairman. I'm aware that some representations have been made to the minister with respect to the treatment of warts, nevi, and keratoses. My understanding is that these have been partially removed from the fee schedule on the basis that they are cosmetic. The representations which have been made are to the effect that each of these ailments may be associated with malignancy and that there may be a significant medical reason for removal. I understand that the minister has had this matter reviewed, and I would very much appreciate if in his closing comments, he might enlighten the House as to what the latest developments on this issue are and where we stand at the moment.

REV. ROBERTS: Just not to get lost in the legislative shuffle of all this, Mr. Chairman, I'm wondering if the minister could again give some clarification of his ministerial statement saying that come October 1 admission charges will also be revoked and that the hospitals are therefore to expect additional grants from the province equal to the loss in revenue. I thought we had passed the budget. I don't know where that money is going to be coming from; I'm sure the minister does. If that's to continue October 1, could he clarify how it's to be implemented — is it Order in Council? — and where the money is going to be coming from on the hospital user fees side of things.

MR. McEACHERN: Mr. Chairman, I just want to make a couple of comments. Although this Bill has some faults, as many of my colleagues have indicated, I think it indicates a tremendous improvement over the position of this House in the past. You all know the adamant objection to the ending of double billing that this government has held to

over the X number of years I've been watching it operate, and I think it's a tremendous achievement on behalf of the sponsors of the idea of medicare in the first place, Tommy Douglas and the New Democratic Party, and the people of this province who have voted overwhelmingly in favour of ending double billing. The minister did well in heeding those new voices and the kinds of pressures that have been applied in recent years, and I think this Bill is an advance, certainly a tremendous improvement, over the position taken by this government for many, many years.

MR. M. MOORE: Mr. Chairman, a few comments in reply to some of the questions that have been asked. First of all, with regard to the other professional groups — chiropractors, optometrists, physiotherapists — who are not considered to be medical practitioners under the Canada Health Act and will still be allowed to bill in addition to what is provided in the fee schedule, those groups came under the Alberta health care plan, as I understand it, on the basis that we would cover a portion of their charges but not all of what was considered to be an appropriate charge. So far as I'm aware, they have always all extra billed or billed in addition to the health care insurance fee schedule. I expect over the course of the next few months to be meeting with all those groups. I've already met on more than one occasion with the optometrists, not only to try to deal with their concerns but to try to determine how we resolve the problem between the ophthalmologists, for example, who are under the health care plan, and the optometrists, who are not, in terms of not being allowed to extra bill.

With respect to dental surgeons, staff in my department met on more than one occasion with the Alberta Dental Association to deal with the question of the extra billing by dental surgeons in hospitals. That was dealt with, and they were satisfied that we had come to an appropriate arrangement. So while the major negotiations were with the Alberta Medical Association, we were not negotiating with the AMA on behalf of dentists; that was a separate discussion. The dentists' association also agreed to the agreement that's before us.

I wanted to make some comments. Several members mentioned the penalties in the Act. One of the real keys to our being successful in negotiating this agreement with the doctors in this province was the position we took with respect to penalties, being substantially different from what Ontario had done; that is, I said from the outset that I wasn't interested in drafting or putting in legislation that would require monetary fines or jail sentences to be levied on doctors because they extra billed when the law doesn't allow that, and the approach was then to find some other way of preventing them from doing that. I think we've got an excellent way. The first instance, of course, is a warning, which doesn't prevent them from having a second offence. But the second offence refers them to the College of Physicians and Surgeons for unbecoming conduct not in accordance with the law. If one would follow the practice of the College of Physicians and Surgeons, which is really the policeman of the medical profession acting on behalf of the general public, one would find that they've always been very, very tough on their members when they don't act in a proper fashion. So I think you're going to see in the second instance some pretty hard decisions by the College of Physicians and Surgeons.

The third avenue, the third offence, would allow the Minister of Hospitals and Medical Care to deem that the individual has opted out of the plan for some period of

time. I think that would not be less than 30 days and, depending upon the severity of the offence and the attitude of the individual, could be as long as, say, 90 days. Thirty days' average salary for medical doctors is something like \$10,000. Now that's quite a monetary penalty for an individual: first of all, to have a loss of about \$10,000 in income for 30 days, and secondly, to be unable to practise with his patients without telling them that they have to pay 100 percent of the bill. It seems to me that that's more than adequate for us to ensure that there are no problems with respect to having doctors observe what's before us here. However, I would add, as I did on second reading, that if we get into the situation and find that our penalties are inadequate or that something in the Act is inadequate to control the situation, then I would be the first one to call the president of the Alberta Medical Association and suggest we have a meeting and find out what can be done to strengthen the real position we've taken; that is, there shall be no extra billing allowed.

The definition of "emergencies" was raised by at least one hon. member. We didn't try to put that in the Act, because we thought it's up to the medical profession to decide what an emergency is. We can't create a situation where they have to ask somebody if it's an emergency, because if it's an emergency, somebody has to act right away. I would describe it, generally speaking, as: if a doctor has opted out of the plan and a patient needs medical attention, then it would be an emergency if there were no other physician to treat them. I don't think an emergency would be created very often, if ever, in Edmonton or any city where there were doctors in the plan. But it quite likely could occur in smaller communities if one doctor opted out and was the only doctor there or if another one was busy at something else.

A question was asked about whether opted-out doctors would advise of the fees they are charging, and the answer to that is no. We've made no provision for opted-out doctors. Once they're out of the plan, they're out of the plan, and they would be in the same category as your automotive mechanic. First of all, they have to tell you they're not part of the plan. That means they're going to charge you 100 percent of their fee directly, and you have to pay the bill. So you would do like you would with any other person who is providing you services. You would want to know how much it's going to be before they start. I guess that would be the situation. We don't have any way of controlling doctors who've opted out, in terms of asking them to advise patients what the cost for each service will be ahead of time.

The hon. Member for Edmonton Strathcona made some interesting observations about the manner of controlling health care costs, and those certainly are some things that we would take into consideration.

The question of the funds that are going to be returned from Ottawa was again discussed. I've answered that two or three times before, but I'll do it once more very quickly. When Ottawa imposed these harsh penalties of withholding funds, which will amount to about \$30 million by October 1, our Provincial Treasurer was kind enough to say, "The health care plan will not suffer." He provided additional funds, and now he's going to be repaid without interest. So there's no question about where the funds are going. They're going back to the same pot the funds were taken from when Ottawa shorted the health care plan. So they are not health care moneys.

A question was raised about whether or not doctors would be able to invent new ways to charge patients, and my

short answer to that is no. I would hope that there's no such thing as people trying to charge some service charge that they deem to be different from extra billing. So the only thing I could add is that doctors will be able to charge directly for services they provide that are not insured by the Alberta health care insurance plan, and that gets into this whole business of cosmetic surgery and so on.

While we're dealing with that, I'd just like to mention that I don't think we'll have any problem at all with what has been deinsured in terms of cosmetic surgery, because it's only deinsured when it's not medically required. If plastic surgery is required because of accident or illness, then we pay for it. If it's purely cosmetic, that means taking somebody in their natural state and making them look different for cosmetic reasons. I guess nose jobs on noses just like yours — I'm sorry, Mr. Chairman; I mean just like the hon. member's — from day one will have to be fixed up with your own resources. But if the nose is broken in a car accident and needs repair, there'll be no problem with the health care plan.

The question of the deinsuring of warts and nevi was discussed again. All that I can say there is that if a physician believes a wart or keratosis or nevi is malignant, that is a medical reason to remove them and charge it to the health care plan. If they believe that, it'll have to be. We would hope that would be used with some discretion.

The question of hospital user fees. We've simply advised the hospitals that on October 1 they should discontinue hospital user fees on the basis of the \$10 admission charge and that we will fund that amount directly by adding it to their overall global budget for the year. That amounts to \$2.4 million. I will have to generate a special warrant at some point in time to pay for that.

Mr. Chairman, I think those are most of the questions that were raised. I just want to conclude by saying that I'm extremely pleased with the support of all members and also with the support of the medical community right across this province for this important legislation.

MR. CHUMIR: Mr. Chairman, with your indulgence, a supplementary. I was wondering whether the government has a policy with respect to a situation which might arise in the event that sufficient numbers of practitioners, either in remote areas or perhaps even in cities, might decide to opt out of the medicare system, such that citizens and patients in those areas do not have access to a doctor within the system and are thereby covered by medicare. The result of that, of course, would be that the patients would have to pay whatever the tariff would bear under the circumstances. I understand that in Saskatchewan, I believe it was Regina, within the last several years the circumstance arose that all four anesthetists decided to opt out of the medicare plan. There was a crisis within the system, and I believe the government directed them back into the system. I'm wondering whether or not the government has contemplated that particular situation and made any provision for it hypothetically or, alternatively, whether or not that is a bridge the minister would intend to cross if and when it arises.

Do I hear a geiger counter?

One final question: has the minister discovered who brought the skunk into the House the other evening?

REV. ROBERTS: Just two other follow-up points or supplementaries as well, Mr. Chairman. One is that in terms of the minister's response that the plan was only intended to cover part of the bill for these other services, I would

submit that that's what the doctors thought as well. That's why they called it balance billing. The patient was to make up the amount they thought their service was worth over and above what the plan thought it was worth. I guess I'm just bringing these points up continually because I feel it's an area where if we could negotiate sooner, the better. I do encourage — and I hope we can continue to quote the minister when he said last Wednesday that optometrists should eliminate their extra billing altogether. Even at the rate we pay in the Alberta health care insurance plan, it's possible that optometrists could make a fairly adequate living. I would tend to want to agree with him in the hope that that could be a basis for negotiations with them and with others.

One other thing, Mr. Chairman, doesn't necessarily fall right into the purview of the Bill, but it does fall into the agreement the minister has worked out. I haven't heard any elaboration or comment on the extraordinary medical services fee. I did refer to it in second reading, thinking that it may be a new concept which could be a sort of institutionalized form of extra billing. Instead of extra billing the patients, we extra bill the plan. I'm wondering how this new concept will work in a way that there are some caps on it, that it is adjudicated by some people, both in the department and by the public as well as the medical profession, or how that can be a medical services fee that is arrived at with some care all around.

MR. HAWKESWORTH: Mr. Chairman, I do appreciate the informative responses the minister has provided tonight in terms of briefing the Assembly about the details of the legislation. He made reference to the admission fees at hospitals being eliminated. It was previously the policy of the provincial government, as far as hospital funding was concerned, that boards would be given a global amount and, if they were to run into any deficits, they would be encouraged to implement user fees in order to cover that deficit. At the same time, there was a policy that if they ran surpluses, they could keep and save those, I guess, for particular extraordinary expenses in future years. Now, that concept of allowing hospital boards to implement user fees if they ran such deficits — is that provision still allowed to hospital boards? Do they still have that discretion of allowing user fees to cover deficits? I'm not referring to the \$5 or \$10 admission fees that I believe the minister was referring to earlier. If he would just elaborate on that point, I would appreciate it.

As well, there was discretion allowed to hospital boards for higher charges for preferred accommodation, and I believe that in the circumstances where a patient requested — and that was a choice of a patient — perhaps a private or semiprivate room not required for their medical treatment, they could get such accommodation but would have to pay a higher rate or higher amount. It seems to me quite fair to ask a patient to do that. Will that discretion be retained? Is there anything in this legislation that would prevent a hospital board from charging or allowing charges for that kind of preferred accommodation?

Thank you, Mr. Chairman.

MR. M. MOORE: First of all, with respect to a contingency plan in the event that medical service is not available, yes, we do have contingency plans being developed. We hope not to use them. They involve largely having the Alberta Medical Association and the College of Physicians and Surgeons assist us in moving doctors to certain locations

for short periods of time. That is done as a matter of practice now, if we run into a situation where we're short of a doctor at a hospital because of illness or whatever. The college has always been very good at finding someone to go, and we have no reason to believe that can't continue.

The extraordinary medical services fee, which I talked about on second reading, will be tough to administer. It's a new concept, and we expect to have a number of pretty knowledgeable medical people. Obviously, a number of them would have to be either doctors or very knowledgeable about medical services, assessing other kinds of requests that come in there.

Finally, with respect to user fees in hospitals, as members know, I did not change the Hospitals Act to prevent user fees or admission charges. We just felt that if we asked the hospitals to discontinue the admission charge of \$10 and gave the same amount of money to their annual grant, we'd have no problem there. We don't expect any hospitals to charge user fees, and I guess that's the same position we've taken over the course of the last year or so.

Finally, with regard to private rooms, I stand to be corrected on this, but I believe there would be no problem under the Canada Health Act or any of our legislation for hospitals still charging additional amounts for private rooms where it's requested by the patient and isn't medically required. I'm quite certain that's the case, but if it's any different, I would let the members know.

[Title and preamble agreed to]

MR. M. MOORE: Mr. Chairman, I move that Bill 27, the Alberta Health Care Insurance Amendment Act, 1986, be reported.

[Motion carried]

Bill 15 Employment Pension Plans Act

MR. CHAIRMAN: There are two amendments. Are there any comments, questions, or further amendments to the Act?

MR. STRONG: Mr. Chairman, I asked a number of questions with regard to some of the specifics of Bill 15. Does the minister have any response to those?

MR. CHAIRMAN: Minister of Labour.

DR. REID: I was waiting for the Member for St. Albert to sit down before I stood up, Mr. Chairman.

Yes, I have some answers. As members will recall, some of the member's questions related to the regulations and, of course, those are draft regulations which have currently been circulated. But perhaps I should explain, since they refer to some sections of the Act. First of all, in sections 19 and 21, in both cases the regulations merely prescribe time periods that are related to specific sections of the Act, namely 8(1)(h) and 8(4). Section 39 of the regulations: this again relates to section 58(b) of the Act, and section 58 of the Act contains the conditions for the payments of the surplus. That's why it's not included in the circulated draft regulations.

The member asked a specific question with relation to additional voluntary contributions. The Bill certainly does permit additional voluntary contributions. It provides for the

crediting of interest to those, and that contains no limitation as to the withdrawal of such contributions at times other than the termination of membership, retirement, planned termination or, of course, death. These limitations really relate more to the federal income tax Acts and regulations, and we didn't make any provisions and representations, because it really is a federal taxation issue.

With relation to another question to do with interest on contributions, I would like to clarify this one, because if there is any misunderstanding, we should have it on the record. In the case of excess interest on employer contributions to defined benefit plans, which after all are some 94 percent of the employees, these surplus funds will be used as is contractually required in whatever plan it may be. Of course, they either can be used to give additional benefits above those that are defined, or the employer, if it's permitted in the particular plan, may use them to pay for future contributions to provide the defined benefits. Or within the confines of section 58 of the Bill, they can be paid back to the employer. There are some fairly strict provisions for that, which are a decided improvement upon the current statute. The current practice of removing excess earnings is, of course, something that has been discussed before, and the provisions in the new Bill will, as I said, be an improvement on the current Act.

The matter of defining "common-law spouse" isn't in section 61, which I think was the question by the Member for St. Albert; it is in section 1(hh)(ii). The administrator of a plan cannot impose requirements in addition to those included in section 1(hh). After all, Mr. Chairman, it is the Superintendent of Pensions who is responsible for making sure that people get the benefits to which they are entitled, not the administrator of a given plan. For this reason, we don't feel there's a requirement for a formal appeal mechanism.

I think the next item the Member for St. Albert went on to was section 1(m)(i). The point he made there may be valid in that it is true that while a collective agreement plan usually requires the employer to make contributions, it might be that the plan or a trust agreement or some agreement might require it. I would anticipate that with the complexity of the statute, which was well addressed by the comments of the Member for St. Albert, we are going to be back in the Assembly within a year or two with some housekeeping amendments, and I would certainly take his suggestion in this particular relationship under consideration for such a housekeeping amendment when we are back for those.

He also had some questions about access to certain documents and, of course, this is one area where the new statute will considerably improve the situation that currently exists. I think the member suggested four additional documents. We feel that the suggestions he made are probably not required at this time. But the regulation-making power does exist, and we can certainly add the need for audited financial statements if this turns out to be necessary with the new investment roles that are going to be considered over the next couple of years.

The matter of cost certificates is already covered under section 8(4)(f), and it contains all the required information without getting into the details of actuarial evaluations, which are sometimes related more to the employer's financial planning than to the benefits the employee will get. This also applies to the request for financial reports of the money managers. This would only apply where it's a defined contribution plan rather than a defined benefit plan, and

even in most multi-employer plans that are jointly trustee, this kind of information is really provided. The list of assets held, of course, applies again only to defined contribution plans.

The matter of the term for vesting is one that is a classic two-edged sword. If one shortens the time for vesting too much, one complicates the administration of the plan. Very short-term employees would have vested contributions which would probably add to the cost of the plans and thereby probably result in reduced benefits for those who stay a reasonable length of time, like five years. Five years is admittedly a compromise position between what some other jurisdictions — the federal plan has now been passed at two years. I think Manitoba intends to introduce two-year vesting in 1990, and some other provinces are currently proposing it but have certainly not enacted it and are running behind this province in introducing legislation. The other problem is that for very young people anything less than five years for vesting may impose a penalty on them, in that they may wish to withdraw the benefits and use them elsewhere. Of course, the five years in the Alberta legislation is a standard that is set. In a collective agreement, if employers and employees wish to have two years, there is nothing to stop them from doing so.

I think the next item of significance was the locking in. There was a mistake in the interpretation by the hon. member, in that this section only covers the locking in where an employee moves from one plan to another plan of the same employer. It would not apply otherwise.

In section 22(2) the member was obviously under a misapprehension as well. It's quite clear in section 22(1) and (2), if they're read together, that an employee who is within a class of employees for which a plan is maintained is eligible to join that plan after two years of employment, providing that they have earned 35 percent of the maximum earnings under the Canada Pension Plan in those two years. This applies to both full-time and part-time employees, whereas the federal Act defines full-time and part-time employees and therefore relates the earnings test only to the part-time employees.

The matter of preretirement survivor benefits. In the Bill before the Assembly at this time, there are several options available to the spouse. I think it's reasonable that those options should be available to make it compulsory that the plan pays a pension immediately. If the plan had only been in place for a limited length of time, the accrued benefit would, of course, be quite small. In the combined group insurance that the hon. member was talking about, there is the rolling in of the pension benefit and the other insurance benefit. This is a pensions Bill and does not apply to other insurance benefits. There is, of course, nothing to stop negotiation of a plan that will in total provide the benefits that the member was talking about, but these regulations and the requirements under this Bill relate to pensions only.

The member referred to other items. Reporting of delinquencies to the superintendent: we feel there are sufficient actions available to the superintendent, and these can be taken under sections 66 or 67, so they're not also included in section 40. The matter of the fees that the member mentioned: I think it should be pointed out that such fees have not been increased since 1974, and they will still be lower than those of Ontario, Quebec, and the federal government's requirements. Of course, they may be changed by regulation.

The next matter I'd like to address, Mr. Chairman, is that we have not imposed the joint trustee concept on non-

negotiated multi-employer plans or on single-employer plans. The imposition of these requirements might well lead to a reduced number of plans, as the non-negotiated plans might not occur if the requirements are made too onerous. That, of course, would act to the detriment of the employee.

Mr. Chairman, I think I have addressed the specifics that the member raised. He did raise some general points. We've always indicated in the annual report the number of terminations, but we avoid giving detailed financial information about any specific plan that may be terminated because, essentially, it is the information of the members of the plan and not the general public.

I think that addresses all the points that were raised by the hon. member during second reading.

MR. CHAIRMAN: Are you ready for the question on the amendment?

MR. WRIGHT: I'm sorry. On the amendment, Mr. Chairman?

MR. CHAIRMAN: The question on the amendment. The hon. member can raise questions on any part of Bill 15 or its amendments.

MR. WRIGHT: I see. So we aren't just debating the amendment at the present time?

MR. CHAIRMAN: We're debating the Bill with some amendments. The hon. member can speak to any part of the Bill he wishes.

MR. WRIGHT: With the amendments, yes.

Mr. Chairman, I have a couple of specific points. The first is that it seems to be the case that there is no provision, as there is in the Act similar to this in Manitoba, that where there is a plan of 20 or more workers, they have a right to form a fifty-fifty worker/owner advisory board to oversee pension operations and investments. It seems to us that that's a wise provision. It's fair to the beneficiaries and to the other contributors to the plan, or perhaps the sole contributor to the plan, being the employer. Since it can't be mere coincidence that nearly all the other provisions of that Act are embodied in this Act, I wonder why that provision isn't in here.

The second question I have is one of natural justice, so to speak. It's in an important section of the Bill, section 58(c). This section deals with the vexed question of the payment out of surplus funds. The restriction on this is a familiar one: the administrator has to have received permission from the Superintendent of Insurance that after transfer of the allegedly surplus assets, the plan will continue to meet the solvency tests. Nowhere in the section, Mr. Chairman, does it require notice to the employees of the organization, who of course are those that in case a mistake is made will be the most directly affected as being the pending pensioners. It may be that a particular application will strike the pensioners or their organization in a different light from how it strikes the superintendent, just as we've seen in the province of Ontario in a couple cases recently. The employer had in fact received the permission of the Superintendent of Insurance, or whatever he's called in Ontario, yet the courts stopped the further implementation of the plan. I think the money had already been transferred in the two cases in question but nonetheless required to pay to them

back. So it's plain that the opinion of the superintendent is not always beyond dispute.

My respectful suggestion to the minister is that there be words inserted requiring notice to the employees or their organization of the intention on the part of the administrator or fundholder to transfer any surplus assets to the employer. It's only fair dealing, I submit, Mr. Chairman.

Those are my two points.

MR. STRONG: Mr. Chairman, I'm just going to run over some of the points I've put down here. We had some discussion with regard to additional voluntary contribution. I think basically the question I asked the minister was this. There was input to the federal legislation through the superintendent of pensions. What I asked the minister precisely was: what type of input does the Superintendent of Pensions or somebody from his department have with respect to the withdrawal of voluntary contributions at any time and not just at the time of death, plan termination, or retirement? That was a specific question to the minister that I still haven't got the answer to.

If I may, I'll just run through the rest of them. The next one that I brought up was with respect to interest and surplus earnings on employer contributions. From what the minister indicated to me — I haven't had a chance, and I'll read the Blues tomorrow — the inference I got was that the minister is still going to allow the withdrawal of surplus assets by an employer on that employer's contributions while paying interest on an employee's contributions or voluntary contributions.

MR. CHAIRMAN: Order in the committee, please.

MR. STRONG: The question with respect to spouse. The point I made in second reading was that there is a definition in there to turn around and say that the administrator must make the decision when it comes to deciding whether the spouse is considered for benefits as a spouse. What I asked the minister is the question of appeal of an administrator's decision denying benefits. There's nothing in the Act that allows for that appeal.

The next question I brought up was with regard to section 1(m) and the definition of "employment," in which the Act calls for employer contributions required by the plan. That is not normal. The minister touched on it. The requirement is normally under a collective agreement that assigns or dictates what that contribution is going to be. The plan sets out the rules for that pension plan. That wasn't answered to my satisfaction. [interjection] Relax. You'll get your turn. Get up and ask some questions. Maybe you'll help Albertans for a change.

The other point that I brought up, Mr. Chairman, was with respect to section 8(4)(g), where it says "any other prescribed document." I brought up what I feel are four additional prescribed documents that should be contained in this legislation and not contained in regulations. It should be clearly and precisely laid out in that Act as to what those prescribed documents are, not somebody that's going to make a decision further on down the road with what is prescribed and what's not prescribed, what is accessible and what's not accessible. That's why I brought those four issues up.

I believe the four issues were audited financial statements, latest actuarial evaluation reports, all financial reports of money managers, and a list of all assets held on behalf of the beneficiaries of those plans, for clear, precise access to

information, not that some bureaucrat is going to say down the road, "Well, sorry, we can't give you that information." We've had many examples of that. Just recently Gainers had to go in front of the Labour Relations Board and then, in front of the courts, to turn around and tell them as employees and beneficiaries of those trusts exactly what they were entitled to and weren't entitled to. The Labour Relations Board had to make that decision and, further, get it backed up in the courts. I think it's a tremendous waste of both parties' time and a tremendous cost to put those beneficiaries or those unions or those employees' associations under in order to be entitled to freedom of information that should be available.

The other point that I brought up was with respect to vesting. It's my understanding that the majority of other pension legislation, including the federal pension legislation for Canada, dictates two years' vesting. The minister did respond that it would cost significantly more to reduce to a two-year vesting period. I do not believe that's the case, Mr. Chairman, but I will research that and bring it back at third reading.

It's my belief that if the minister directed his Superintendent of Pensions to institute definitions of what full- and part-time employees are, it would make it a lot easier for the people in this province to determine whether or not they're entitled to benefits under the pension legislation that we have and what category they fall into, whether full time, part time, or casual. Again, it's my feeling that if there is a pension plan established for full-time employees in this legislation, part-time employees should be entitled to the identical of what those full-time employees get and not have some employer abusing their rights and denying them pension benefits because they're classified as part-time or casual employees. If that definition isn't in there and isn't precise, that's exactly what is going to happen. They're going to be denied not only pension benefits but the health benefits that go along with them. I think that's an insult to all working Albertans.

Another thing the minister didn't respond to is in section 31, preretirement survivors' benefits. I believe I asked the minister a question as to whether or not it was his feeling that those benefits should be paid immediately on the death of either partner. I think the minister said that if we pay it earlier, the benefits are going to be significantly lower. That is totally dependent on the type of plan that employer has set up. In our case, within my organization, the united association, benefits paid are 100 percent of accrued death benefit prior to retirement and 75 percent after retirement. I think that should be mandatory. Widows don't need those pensions when they're 55, 60, or 65 years old. They need them immediately. They should be given them immediately, not put off.

I brought up another question in regard to commuted value. Commuted value can be reduced. It wasn't clear in the legislation whether the commuted value was going to be reduced by any amount of life insurance that's paid as a benefit and withdrawn from it.

The other question I brought up was within section 44 of the proposed legislation. The question I asked the minister was: where the Superintendent of Pensions has been notified of delinquent employers not paying what they are supposed to be paying, what action is that Superintendent of Pensions going to take in regard to delinquent employers? If employers are delinquent, they should be assessed not only back benefits but also some type of fine for not paying those moneys. This gets almost right into bankruptcies and receiverships

under the federal legislation. That's why it's important. It should be in this Act. In addition to that, this minister as well as this government should be making representation with respect to the Bankruptcy Act in Canada to broaden those terms out and increase those amounts.

Notification should be mandatory within the Act and not prescribed by the regulations. I believe it's mandatory within the Act to notify the Superintendent of Pensions as an administrator, as a company running those funds — whatever. That notification should be contained in the Act, not in the regulations, to make damn sure that each one of those employees is going to be notified 30 days prior to any Superintendent of Pensions dealing with a termination or plan windup.

With respect to the fees, the minister indicated that the fees hadn't been increased since 1974. Well, that's just fine. We have a significant amount of money in increased fees here with the unemployment, the lack of contributions coming into many of the pension funds. In this province those fees are a detriment, and I'll just remind the minister, through you, Mr. Chairman, that every time this government increases fees to the general public out there, specifically as they apply to pension plans, those fees are paid out of those pension plans. The payment of those fees is going to reduce the benefits that are paid to the beneficiaries of those pension plans. I'd like to remind the minister of that. That's not just to turn around and say: we haven't had an increase since 1974. When the minister is putting increases through, what he has to recognize is where those moneys are coming from. They're coming right out of the pockets of the beneficiaries of pension plans. That's where they're coming from. There's no reason for the increases in fees that we see to be paid. I think it's totally unrealistic.

The other point I made was with respect to the multi-employer pension type of plan and the single-employer pension type of plan. The minister said that it would be a significant hardship on employers to jointly trustee single-employer plans. I don't believe that, Mr. Chairman, because what you'll find in the majority of smaller single-employer type pension plans is that most of those pension plans are set up on a money-type contribution, either through an RRSP or some format like that. The pension plans I'm referring to are those plans that have 50 to 100 employees. Those employees should be entitled to sit on that board of directors to say where their money is going to be invested, how it's going to be invested, what it's going to be invested in, what the rate of return is, and who's going to get the surplus asset. That's their business as well as the employer's business.

I personally don't think that going to jointly trustee plans right across the board, whether it's multi-employer or single-employer, is going to be any hardship. It's going to inform those employees about their pensions; that's what it's going to do. For us in this province to continue allowing those employers the total right to administer any type of pension plan on behalf of their employees, withdraw any assets if they're surplus, without giving some consideration to increasing those pensions, is wrong. Many people are trying to survive in our province on fixed pensions. Where those fixed pensions 10 years ago were set at \$200 a month in the event of death, they haven't changed one nickel; they're still \$200 a month. What does a widow do to pay her property taxes? What does she do to pay her income taxes? What does she do to buy her groceries? There should be some format for increasing those pensions, and in any valid, significant, meaningful pension plan those are instituted.

They're instituted in many of the building trades plans within the construction industry, where pension increases are granted on a yearly basis as a share of the surplus assets and a surplus investment income that we in the industry make on those funds. That is where the money goes: to those retired lives that basically built the province of Alberta for all of us to enjoy. Now that's not being done in many of those of single-employer type plans. It should be mandatory.

[Mr. Schumacher in the Chair]

The other questions I brought up, Mr. Chairman, were with respect to requests for plan terminations or requests for surplus assets. The minister gave a reason that I don't think is significant enough to warrant not itemizing and naming those employers that have asked either for plan termination or to withdraw surplus assets. Those should be listed. They should be available to the public. This should be public information to advise anybody who is a plan member or a beneficiary of a pension plan just exactly what the employer is doing, how much money he is taking out, and whether he's changing the total concept of that pension plan. That's what has to be made available to those employees, and that's what's not taken care of within this Act totally. It has been partially addressed, but the total issue of freedom of information has not been addressed, and that's what we're dealing with here. That information has to be accessible.

In addition to that, I asked the minister a number of questions. One was with respect to the termination of the R. Angus plan. It's my belief that the R. Angus plan was set up as a percentage of gross over the last five years' earnings at retirement. If that plan is being changed from that concept to a straight money purchase plan, the employees, the beneficiaries of those pension trusts, are going to get hurt. Now that shouldn't be legal. Those people, those plan members, should be fully aware of how that change is going to affect them, and to expect those employees to have the expertise required to make the determination as to whether or not they're getting treated fairly — they're not capable of it. They should be protected. One of the issues I brought up, I think, was with respect to item 27(10). In speaking of that actuary, he said there was a loophole in that legislation where an employer was able to do that. What I'm wondering is: is that R. Angus change the same type of change he referred to in speaking to me?

Thank you.

SOME HON. MEMBERS: Question.

MR. ACTING DEPUTY CHAIRMAN: Does the hon. Minister of Labour wish to respond?

DR. REID: Very briefly, Mr. Chairman, and mostly in relation to the points made by the Member for Edmonton Strathcona. I think I covered the matter of the smaller plans in my remarks. One of the benefits of the Confederation we live in is that when items are discussed across the country, as this type of legislation has been over a period of time, there are differences between the legislation in different provinces. I discussed the matter of the trusteeship in my initial remarks, and I think we'll just wait and see what the difference is between the Manitoba experience and the Alberta experience.

In relation to the additional remarks by the Member for St. Albert, I think if he goes over the Blues he will find that in actual fact I did address some of the questions he

repeated. There were two matters that I want to address specifically. One was that in relation to section 22(1) and (2), he is absolutely mistaken in the point he is trying to make, in that it's quite clear that section 22(1) and (2) provide that an employee who's within a class of employees for which a plan is maintained is eligible to join the plan if they earn 35 percent of the maximum earnings allowed under the CPP. Whether or not they are a full-time or part-time employee, the same provision applies, and that provision is 35 percent of the maximum earnings under the CPP. There is the choice of the employer if they wish to have separate plans for a full-time and a part-time employee, but they must give the same benefits.

The other one was the unfortunate implication that in the new legislation it would be possible for an employer to change the plan unilaterally. That is not the case. I think other than that, the hon. member will find I addressed the questions in my initial remarks.

MR. STRONG: Mr. Chairman, I'd just like to respond to some of the minister's statements. I don't believe I am mistaken. I think I know exactly what I'm talking about. With respect to 22(1) and 22(2), what it does is set guidelines in there, but it still doesn't define fully the meaning of a full-time, part-time, or casual worker. That's the question. What's the definition of a part-time or casual worker for the purposes of this Act? Within the federal legislation both those are fully laid out and fully defined. We don't have that in our Act here. What we do in this Act is almost by implication turn around and say to an employer, "If you stay under these limits, you don't have to worry about paying that casual or part-time employee any benefits." That's what the question is. Certainly I don't think I'm mistaken in bringing that forward here in this Assembly. That is very important.

We have an strike going on right now in the province of Alberta with the Alberta Liquor Control Board employees. One of the issues of that strike is benefits for the part-time or casual employee. If we addressed that in this legislation, perhaps the minister would have one less problem on his hands and one less strike in the province of Alberta, if we were going to be fair to those employees. I'm not mistaken in what I'm saying. I know exactly what I'm talking about.

The other thing we addressed here was the small plan. Most small plans are money-purchase type of plans, totally different from a true pension type of plan, whether it's a

multi-employer or single-employer type of plan like the Gainers plan. They are totally different animals and have no bearing on each other. The cost of structuring jointly trusted boards: even if the minister would put a number in, that any employee plan over 50 plan members must have jointly trusted boards — perhaps then we'd be getting someplace.

MR. ACTING DEPUTY CHAIRMAN: Are the members ready for the question on the amendments?

[Motion on amendments carried]

[Title and preamble agreed to]

DR. REID: Mr. Chairman, I move that Bill 15, the Employment Pension Plans Act, be reported as amended.

[Motion carried]

[Mr. Gogo in the Chair]

MR. CRAWFORD: Mr. Chairman, I move that the committee rise and report.

[Motion carried]

[Mr. Speaker in the Chair]

MR. GOGO: Mr. Speaker, the Committee of the Whole has had under consideration and reports Bills 30, 39, 40, 41, 45, 46, 22, 42, 48, and 27, and reports Bills 24 and 15 with some amendments.

MR. SPEAKER: Having heard the report, does the Assembly agree?

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, tomorrow evening the Assembly will sit in committee study of Bills. Likely the order of the Bills to be considered in committee will be as follows: Bills 21, 23, 49, 50, and 18. If there is time after that, Bills 13, 17, and 35 will also be considered.

[At 11:46 p.m., on motion, the House adjourned to Tuesday at 2:30 p.m.]