

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Friday, June 12, 1987 10:00 a.m.**

Date: 87/06/12

[The House met at 10 a.m.]

[Mr. Speaker in the Chair]

PRAYERS

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 BILLS**

Bill Pr. 24

Jimmy W. Chow Bar Admission Act

MR. NELSON: Mr. Speaker, I request leave to introduce Bill Pr. 24, Jimmy W. Chow Bar Admission Act.

This Bill will permit Mr. Chow, who is a landed immigrant but currently stateless and not yet a Canadian citizen, to become a member of the Law Society of Alberta.

[Leave granted; Bill Pr. 24 read a first time]

head: **TABLING RETURNS AND REPORTS**

MR. ELZINGA: Mr. Speaker, I'd like to table with the Assembly copies of a news release paying tribute to our farming population on this Farmers' Day in Alberta.

MR. JOHNSTON: Mr. Speaker, I wish to file with the Legislative Assembly copies of the annual statements of the Alberta Resources Railway Corporation for the year ended December 31, 1986.

MR. GIBEAULT: Mr. Speaker, I'd like to table for the Assembly today material from the 1987-88 budget for the province of Quebec which refutes the statement made by the hon. Minister for Economic Development and Trade on June 8 that total government contributions . . .

MR. SPEAKER: Order please, hon. member. It's a tabling, not too much . . .

MR. GIBEAULT: I'd ask the minister to review the material and considering correcting the record.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. CAMPBELL: Mr. Speaker, it's my privilege today to introduce to you and through you to the rest of the Assembly, 38 grade 5 students from the Eckville elementary school. They're

accompanied by two teachers, Mr. John Walker and Ms Evelyn Lockhart, and four parents, Mrs. Lorna Koester, Mrs. Bea Engle, Mrs. Sharon Walker, and their bus driver, Mr. Larry Staples. They're seated in the members' gallery, and I'd ask them to rise and receive the welcome of the Assembly.

MRS. BETKOWSKI: Mr. Speaker, I would like to introduce to you and through you, Mr. Dan Love, who has just graduated from the Canadian Bible College in Regina and is en route to China as an English teacher. He is a close personal friend of the Associate Sergeant-at-Arms, Mr. Allen Gowler, and I would ask Mr. Love to please rise and receive the warm welcome of this Assembly.

MR. SPEAKER: Cardston, followed by Edmonton Calder.

MR. ADY: Thank you, Mr. Speaker. It's my privilege today to introduce to you and to the Assembly, 15 students from the grade 9 class in the Glenwood school. They are here today accompanied by two teachers, Mr. Doug Smith and Mr. Kelly Thomas, two parents, Mrs. Vicki Smith and Mrs. Kathy Thomas, who coincidentally are married to the two teachers. I'd like to have them rise and receive the welcome of the Assembly.

MS MJOLSNES: Mr. Speaker, it's my pleasure today to introduce to you and to members of the Assembly, 16 grade 6 students from the Athlone school located in the Calder constituency. They are accompanied by one teacher, Mr. John Bell. They are seated in the public gallery, and I would ask them to rise and receive the warm welcome of the Assembly.

head: **ORAL QUESTION PERIOD****Hunger Among Schoolchildren**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Minister of Social Services. In the minister's absence there have been reports and serious concerns about the problems of kids going to school hungry. The Minister of Education in question period related her feelings that the school system cannot feed hungry children but only teach kids about nutrition. At least they'll know what goes into the balanced diet their families can't afford.

This is serious enough that the Calgary public school board unanimously passed a resolution directing the administration to explore, in conjunction with the city, the private sector, and all interested agencies, a program to address the nutritional needs of schoolchildren. In view of the fact that hunger most often stems from a lack of income, has the minister decided to participate in the Calgary school board initiative to tackle the problem in a co-operative way?

MRS. OSTERMAN: Mr. Speaker, at all times obviously we would want to be co-operative with other jurisdictions in sharing information in whatever other area is available to us. With respect to the problem in this case that has been identified, it certainly is a grave problem as I have read about it. I don't have direct information communicated to me, and certainly whatever we can do to share information with the Calgary school board we will.

MR. MARTIN: Mr. Speaker, sharing information is great, but I think they'd like to share some food, and that may take some

money. There are a number of private agencies -- I'm sure the minister is well aware -- in both Calgary and Edmonton. For example, the Edmonton City Centre Church Corporation feeds some 2,500 hungry kids a very modest snack every day with no help from the provincial government. The food banks and the Milk Fund are other groups that are trying to pick up the pieces, again with no help from the province. I suppose she'll share information with them, though. But my question to the minister: in view of the seriousness of this growing problem, would the minister be prepared to help share the cost of some of these programs?

MRS. OSTERMAN: Mr. Speaker, so often -- and it is appropriate in most cases -- we are faced with treating the symptoms of a number of problems in our society. We certainly, looking at the amount of money that is available to families under social allowance, believe that there is very adequate funding available to families for the food for their children. If the money is not used to purchase food for their children, that is a problem that is very difficult for us to deal with, other than getting into every single family that finds itself in this position and possibly taking those children away from those families.

I think, Mr. Speaker, all of us must work very hard at first of all exerting some amount of peer pressure on those folks who we believe are expending moneys in other areas than on their children and for those who possibly lack the understanding or the skills to deal with the problem in terms of them doing the very best they can but not being able to understand what it is that should be purchased for their children. That's an area we can certainly speak to.

MR. MARTIN: Mr. Speaker, it's not only in the traditional inner-city schools where they're facing these problems. I'm told by school officials in both Calgary and Edmonton that it's spreading into the traditional middle-class areas. Is the minister saying then that the reason we have hungry children is simply because parents don't know how to handle their money? Is that the information she's giving to this Assembly?

MRS. OSTERMAN: Mr. Speaker, I'm not sure if the hon. Leader of the Opposition is telling me that there somehow is something very different and unusual about the thousands of families who in fact are letting me know -- and indirectly through other avenues -- that they are very proud of the fact that they are managing relatively well under the social allowance program. They certainly don't want to be there but having found themselves there, they are managing. One must draw their own conclusions in terms of the fact that there are some 3 percent of people who are on social allowance who find themselves going to the food bank.

MR. MARTIN: Well, Mr. Speaker, a supplementary question. The bottom line is that there are hungry children, and they're sure not going to learn in the schools if they're hungry. Rather than blaming parents and everything else, would this government at least be prepared to put some money into programs like hot lunches and snacks, instead of blaming everybody else, and doing something from this government?

MRS. OSTERMAN: Mr. Speaker, in discussing the problem that we have before us now, I don't believe that is a matter of ascertaining blame. The citizens of Alberta are among the most generous in Canada in funding social allowance and other

programs.

Mr. Speaker, we believe the dollars that are allocated are sufficient. It is not our view that we have to constantly treat the symptoms in a number of cases where people are not managing. What we must try to do is put whatever is necessary in place by way of introducing skills or information that hopefully put those people in a position to manage. For those that refuse to, I will not accept that we should not talk about it.

MR. SPEAKER: Thank you. Member for Edmonton Gold Bar.

MRS. HEWES: Thank you, Mr. Speaker. We introduced this issue several days ago. It's quite right; we should be dealing with the cause, not the fallout. Let's deal with the cause. It's not just families on social assistance, but let's keep the children front and centre. Will the minister or the government now finally take some initiative here and put together those institutions, those boards, those organizations involved to deal with and resolve the critical issue? We know how to do it, but we have to put the people together to prevent what's happening.

MRS. OSTERMAN: Mr. Speaker, at any time this government and the minister will be available to speak with the Calgary school board and others who are interested in working in this area. It has been my view that in so many instances where problems have been identified, quite appropriately the community in those areas has responded. If we can assist in co-ordination in other areas, we certainly will.

MR. SPEAKER: Second main question, Leader of the Opposition.

Workers' Compensation Board

MR. MARTIN: Yes, Mr. Speaker, I'd like to direct the second question to the Minister of Community and Occupational Health. Last fall, and we've talked about this in question period, the minister issued a directive to the Workers' Compensation Board which has literally resulted in hundreds of injured workers being arbitrarily cut off from receiving benefits. I suggest this constitutes blatant political interference in the administration of the Workers' Compensation Board. I want the minister to draw a line for us: how far is he prepared to go in dictating to the Workers' Compensation Board?

MR. DINNING: Mr. Speaker, I certainly don't accept the hon. member's suggestion about interference. I as a minister of the Crown am responsible for the operations and activities of the Workers' Compensation Board, responsible for reporting to my colleagues in government and in this Assembly. Where it is necessary to give the board directions with respect to policy on behalf of the government, I will do that.

MR. MARTIN: Well, a supplementary question. The minister's idea of interference is somewhat different. If he sent a directive saying you have to do that, surely that's interference.

Mr. Speaker, the minister directed the board to reduce benefits and cut off injured workers in order to save money. I suggest that he's contravened his own Act. Section 12 of the Workers' Compensation Act states clearly:

The Board has exclusive jurisdiction to . . . determine all matters and questions arising under this Act or the regulations and the action or decision of the Board thereon is final

and conclusive . . .

MR. SPEAKER: Question, hon. member.

MR. MARTIN: Why is the minister contravening his own Act?

MR. DINNING: Mr. Speaker, I gave no such direction with respect to reduction of benefits or cutting off of injured workers from benefits. What I did give direction on, on behalf of the government, was to review the cost of claims and review ways to reduce the cost of claims, because I felt and the government felt that there was no justification for a 20 percent increase in the cost of claims with a zero percent increase in the numbers of claims.

MR. MARTIN: Mr. Speaker, that's precisely what has happened. They've cut off injured workers because of this directive from this minister, contravening your own Act, Mr. Minister. My question is: in view of the havoc that this has created, that it's in absolute shambles over there, would the minister now be prepared to follow his own Act and review that directive and turn it over to the advisory committee, at least set up a select standing committee, to look at this very serious matter?

MR. DINNING: Mr. Speaker, once again, I don't accept the hon. member's suggestion about any disarray or disorganization. What I do accept is the responsibility to give the board the proper direction so that it undertakes its mandate of providing benefits to those who are entitled to them.

MR. MARTIN: Well, Mr. Minister, you have a pretty funny idea of how to operate with the Workers' Compensation Board. When you send off a directive, that's an order.

MR. SPEAKER: Order please. Succinct supplementaries are not happening. Could we have the question please, Leader of the Opposition?

MR. MARTIN: Well, Mr. Speaker, maybe we could get some answers to a very serious matter.

My question is: why didn't the minister at least send this over to an advisory committee, which is part of his Act, before he acted unilaterally in this matter?

MR. DINNING: Because, Mr. Speaker, I sought the advice and the counsel of my colleagues in government as well as a number of people in unions and in industry throughout the province. Those people were expressing concern to me. I saw the numbers, recommended to my colleagues that we take action, and we have done exactly that.

MR. TAYLOR: Mr. Speaker, a supplementary to the minister. If indeed he consults with his colleagues in government rather than an advisory committee and if indeed he insists on giving directions, will he not have the courage to bring a Bill into this House to abolish the board and run it himself? Will he have that kind of courage? [interjections]

MR. DINNING: Well, Mr. Speaker, as my colleague suggests, it's nice to have the views of the hon. leader of the Liberal Party. Those views are now on the record, and we know where he stands.

MR. TAYLOR: I'll be waiting to see whether he has the courage to follow his words.

Government Travel

MR. TAYLOR: Mr. Speaker, this question is to the Premier. Two days ago we made it quite clear in the House that this government has spent \$73 million more on travel than British Columbia over the last five years, and of course we pointed out specifically to the hon. flying minister from Medicine Hat of intergovernmental affairs that \$60,000 was in that direction. Now, it's of great concern that the cabinet this year, by themselves, spent \$620,000 on travel and \$150,000 on miscellaneous expenses, even with the Treasurer's announcement that this was cut 15 percent. I'd like to ask the Premier the question: in light of these many programs that are going begging for funds, whether it's food for children or the disabled having to go through means tests -- it reads like a litany -- how can he justify the continuing high level of travel by the cabinet and by the government at taxpayers' expense?

MR. GETTY: Obviously, Mr. Speaker, everything the government does is at taxpayers' expense. It's interesting to note the hon. member and his party continue to call for greater and greater expenses to the taxpayer. Every time they talk and ask for another program, more dollars, it's more at taxpayers' expense.

What I should tell him, Mr. Speaker: ministers have a responsibility to fulfill their departments' mandate. They must travel; they must get around this province. At other times they must deal with other provinces, other countries. We are going to do that. This province is not an inward-looking province. We are leaders in the world, and we're going to maintain that.

MR. TAYLOR: A supplementary, Mr. Speaker, to the Premier. Certainly the Liberal Party wants you to spend more money, but on children and on disabled and on seniors, not on yourselves. Now, can the Premier share with us whether he still allows his cabinet colleagues to travel first-class?

MR. GETTY: Mr. Speaker, first, coming back to the original part of his question, the people of Alberta support children, the disabled, and others to a greater extent per capita than any province in Canada.

Yes, Mr. Speaker, ministers often do travel first-class, and often it is a full working opportunity. We are going to continue to do that because of the nature of our jobs.

MR. TAYLOR: Well, Mr. Speaker, this is disgusting, to have the fat cats on the cabinet side traveling first-class. I suppose you don't want the peasants listening to you discuss issues.

Would he not even make a move then, if we're traveling first-class, would he not now -- they've been traveling first-class -- give an edict that there will be no first-class travel henceforth? Would he go that far?

MR. GETTY: No, Mr. Speaker.

MR. SPEAKER: Final supplementary, leader of the Liberal Party.

MR. TAYLOR: No, I thought I had two more, Mr. Speaker. Is my count wrong? [interjections] Gee whiz. I had em down,

Mr. Speaker. Are you going to pull me back now?

Well, Mr. Speaker, then I'd like to ask: would he go this far? Obviously, he will not pull them back from first class. Would he set out guidelines for meals and for hotels -- none of this living like a bit of the exiled royalty running Alberta. Would he go that far? Set a limit on meals and . . .

MR. GETTY: Mr. Speaker, obviously the budget sets limits, and frankly the hon. member has gone through a budget debate. He knows that there have been dramatic reductions in the area of hosting and travel. That has been this government showing leadership.

Frankly, it's interesting that the Liberals are so bereft of policies to discuss that what they are now trying to do is try and drag up some kind of problems in travel, where I've watched ministers and public servants as well travel throughout this country, and it isn't fun. It's no great deal to sit around airports, to sit around hotel lobbies away from your families, away from your homes, your neighbours, representing people as MLAs. Every now and then it takes some cheap shot from a guy like Taylor to get into the issue.

MR. SPEAKER: Edmonton Highlands.

MS BARRETT: Thank you, Mr. Speaker. I'm not sure how traveling first-class alleviates the problems of sitting around airports, but I wonder if the Premier will . . .

MR. TAYLOR: They get free booze.

MS BARRETT: Yeah, right. I wonder if the Premier will give the commitment to this Assembly and to Albertans that he will put a stop immediately to first-class travel by executive assistants and high-level salaried employees?

MR. GETTY: Mr. Speaker, I should not have called him Taylor; it's the hon. Member for Westlock-Sturgeon.

Coming back to this question, Mr. Speaker, executive assistants and high-paid public servants do not fly first-class unless it's necessary in the conduct of their business with the ministers that are conducting business with them.

DR. BUCK: Mr. Speaker, a supplementary on the point the Premier just made. What are the guidelines for upper-level civil servants as to what level of travel they can have?

MR. GETTY: Mr. Speaker, there are guidelines. I don't carry them at my fingertips, but if the member wants to put it on the Order Paper, I'll get them for him.

MR. HYLAND: Mr. Speaker, a supplementary question to either the Premier or the acting minister of economic development. I wonder if either minister could outline for the Assembly the amount of business that was conducted on these trips, the amount of business that resulted in contracts to businesses in the province of Alberta, and how many jobs those contracts created throughout the province in that five-year period.

MR. GETTY: Mr. Speaker, there's no question that the province of Alberta has been breaking down doors and removing barriers all over the world for the businesspeople, often small businesspeople, of Alberta. Our files are filled with thanks for that from businesses in this province. We are able to lead this

country in trade matters. We've been able to establish many of the policies of the government of Canada with regards to other nations, and we're going to continue to do it. This government is a leader in Canada. We're going to continue to be that way.

Energy Industry Assistance

DR. BUCK: My question is to the Minister of Energy. I'd like to say to the Premier, as R.B. Bennett said, "We're going to blast our way into the markets of the world," or words to that effect.

To the minister. In the last year nearly \$3.8 billion worth of aid has gone to the energy sector from the provincial government, the federal government, and the Saskatchewan government in the form of grants, loans, royalty cuts, and tax reductions. Can the minister indicate what monitoring is going on as to what is being done with the \$350 million that the federal government has given the energy industry in the province? What monitoring is going on of those funds?

DR. WEBBER: Well, Mr. Speaker, I'm happy to say today, as all hon. members should know, although we hear a lot of gloom and doom from those that want to spread it, the oil and gas industry in this province is looking very optimistically to the future. The programs that were put in place last year are showing the results along with the stabilization of world oil prices. Just this past week we see drilling at 116 rigs and another 34 rigs on the move: 150. Compare that with last year when we had approximately 40 to 50 rigs that were drilling.

Land sales are going very well. The last land sale was some \$32 million, one of the larger land sales in some time, and the same thing is occurring in Saskatchewan. The land posting requests that we're getting are double what we can handle. The royalty holidays, the royalty reductions of over \$1 billion, and the five-year royalty holiday going up to November of this year, three years after that: all those programs are showing the results.

There's a mood in the industry that's very optimistic and positive, and we're seeing that mood being translated into announcements, with Amoco just the day before yesterday announcing a significant increase in their programs for enhanced oil recovery, increased drilling in the Lindbergh field. They are starting up steaming again. We see Mobil announcing that they are going to increase their drilling. Again today we see Shell announcing their intention to make application to the ERCB for work in the Peace River country. So, Mr. Speaker, all those programs are working, and the industry is optimistic, as we are.

DR. BUCK: Mr. Speaker, a supplementary question. He gave me the whole load; it didn't leave me many supplementaries. Can the minister indicate of the \$350 million that the federal government has offered, how much of that has already been used in the province of Alberta?

DR. WEBBER: Well, Mr. Speaker, the moneys haven't begun to flow under that particular program. They're establishing their offices in Calgary, and from what I heard the other day from the federal minister, it's planned that the first moneys would begin to flow during the month of July.

DR. BUCK: Mr. Speaker, a supplementary to the minister or the minister of manpower. Does the government have any indication or any ballpark figure as to how many potential jobs there

could be from the program after it's put into place?

DR. WEBBER: As I recall, Mr. Speaker, there were some 15,000 to 20,000 direct jobs that were expected from the announcement of that particular program. Of course, you have to consider the impact of the indirect jobs as well.

MR. PASHAK: Mr. Speaker, contrary to what the minister said, we all welcome the return to health of the energy sector. To the Minister of Energy: what steps is he taking to ensure that this improvement in the energy sector is orderly and not frenzied in such a way that it would lead to the kind of thing that happened last December and January: the death of nine oil field workers?

DR. WEBBER: Mr. Speaker, we've addressed the needs of the conventional oil and gas industry in terms of programs. The federal government responded in terms of removing the PGRT and the introduction of their particular program. We feel that governments have done all that is necessary for the industry to thrive now that world oil prices are stabilizing. We have a fiscal regime in place that is the best in North America. The costs of recovery are the lowest in North America, and therefore the returns are the best in North America, and the results are such that we will see the most activity in North America. So in spite of the hon. member's desire to see more and more government intervention into the workplace, we feel that the industry is satisfied with what has already been done.

MR. SPEAKER: Calgary Buffalo.

MR. CHUMIR: Yes. The \$350 million is a benefit in lieu of tax depletion, and we're looking for a federal announcement with respect to tax changes on June 18. I'm wondering whether the minister can tell this House whether he anticipates any negative changes, removal of any of the tax benefits enjoyed by the oil industry and upon which the continued prosperity of this province depends?

DR. WEBBER: Well, Mr. Speaker, I suppose we all could anticipate what might happen, but I think we'll just have to wait and see what actually does happen.

MR. SPEAKER: Calgary Foothills, followed by Edmonton Calder.

Women's Emergency Shelters

MRS. KOPER: Thank you, Mr. Speaker. My question is to the Minister of Social Services. With the impending reduction by one-third of the beds at the two Calgary women's emergency shelters, could the minister please advise if she has assessed this situation to find out why this closure is being proposed when there has been no reduction in funding?

MRS. OSTERMAN: Mr. Speaker, obviously, from the information provided to me, the shelter organizations in Calgary believe that there is an inequity in the funding that is available to them, notwithstanding the fact that their funding for this year is precisely the same as last. Apparently, they have a shortfall in community funding that would have normally been received by them. The president of the Council of Women's Shelters unfortunately is away for the week. It is my intention to speak to her,

hopefully this weekend, and reinforce our offer to assist them with the human resources audit which will help identify where the inequities are possibly existing.

MRS. KOPER: A supplementary to the minister. Is there truth then in the allegations that the Calgary centres are being penalized because they don't fit the model that presently exists?

MRS. OSTERMAN: Mr. Speaker, it is premature for me to make that observation. Certainly I believe strongly in the Council of Women's Shelters organization and their endeavours to find a fair model that would distribute the funding across the province. But last year was the first year they had an opportunity to work with this model. They also, I believe, at the time have experienced a growth in beds in the Calgary area. So it may well be that after further study, they believe the model ought to be changed, and I'd certainly be amenable to any change.

MRS. KOPER: A supplementary. Are there any steps being taken then in the interim, so that the 20 women per night that could arrive on the doorstep will not be turned away, nor their treatment postponed?

MRS. OSTERMAN: Mr. Speaker, if the beds are not available, and from time to time it is my understanding that that occurs, more particularly in the Edmonton and Calgary region than possibly in some of the other areas, though that has been expressed as a problem on occasion. But it is my view that what must be certainly given some publicity is the 24-hour crisis line available from Social Services. No women and their families will ever be without a place to stay as long as they contact us and hopefully get a referral, if they do arrive at the shelter, over to Social Services.

ANHON. MEMBER: A supplementary, Mr. Speaker.

MR. SPEAKER: Unfortunately, hon. member, government can't rise on a question initiated by government.

Edmonton Gold Bar, followed by Edmonton Avonmore.

MRS. HEWES: Thank you, Mr. Speaker. To the minister. It's interesting that we appear to have attempted to put a stop to family violence based on the level of funding from the government. Has the minister determined, while the funding remains the same, whether the demand has increased? Can you tell us if the demand for care in shelters has increased, or has it conveniently stayed the same as the funding has?

MRS. OSTERMAN: Mr. Speaker, the demand may well have increased, especially in the two metropolitan areas. With respect to that, Calgary had an increase in beds, I believe, last year as a result of the building of their new home. But it is certainly my view that the problem of battered women is not going to be solved simply by treating the symptoms of that. One battered woman is too many. What we must do is work hard at solving the problem before it presents itself in a way and manifests itself in a way that women and children are arriving at shelters.

MS LAING: Mr. Speaker, in view of the minister's concern of treating the problem, will she then commit herself to a province-wide education program similar to that that AADAC has in place that addresses the causes of this problem, which is an ac-

ceptance of violence against women and children and a lack of resources for those women and children?

MRS. OSTERMAN: Mr. Speaker, I would be interested in the hon. member's further detail of who she believes is accepting violence in this province as something that is okay. I have not met such a person. As with so many things in our society, we have people who are breaking the law and breaking very fundamental moral law. The citizens of this province overall decry that and have been generous in their funding, both in the community and through government, in addressing this issue. I believe that that certainly is spelled out by looking at the funds that have been made available in Alberta on a per capita basis, relative to the rest of the country. But I certainly have made a commitment to addressing the fundamental problem. We have people in the department and through the office of family violence that are addressing this problem.

Mr. Speaker, there are a number of organizations who want very much community-by-community to be working in this area. I can assure the hon. member that the department -- and I can assure the hon. member when she is interested -- has a commitment of staff to various projects. I certainly hope within the next several months to be able to make those announcements.

MR. SPEAKER: Edmonton Calder, followed by Edmonton Mill Woods, Calgary Buffalo, Edmonton Belmont.

MRS. KOPER: Mr. Speaker.

MR. SPEAKER: Pardon me?

MRS. KOPER: My final supplementary.

MR. SPEAKER: Well, yes indeed. The member had only used three, but it's an unusual practice. It's still within the numerical strength. [interjections] She has one left.

MRS. KOPER: The minister is aware that the Junior League of Calgary has proposed to donate some \$30,000, plus volunteers, to help study ways to reduce family violence and ...

SOME HON. MEMBERS: Question.

MRS. KOPER: Thank you. Should the government be assisting in this work to address some of the causes of family violence?

MRS. OSTERMAN: Well, Mr. Speaker, while that organization wasn't one of the ones that I was referencing in regard to the office of family violence and how staff would be working with a particular group, certainly I would encourage the hon. member to make sure that that group co-ordinates its activities through the office of family violence, so that we can receive the most benefits possible by that type of co-ordination.

MR. SPEAKER: Edmonton Calder.

Social Services Caseloads

MS MJOLSNESS: Thank you, Mr. Speaker. My questions are to the Minister of Social Services. In a June 5 position paper submitted to the government by the Alberta Association of Social Workers, it was reported that some income security workers

were carrying active caseloads of 325 cases or more and that as a consequence of these impossibly high caseloads, reduced service access for clients is resulting in increased frustration and anger among clients. As the minister's department recognized in a memo a year ago that increased client violence towards social worker staff was a problem, is the minister not concerned with repeated and worsening reports of violence against her frontline workers due to increased frustration and despair of ordinary Albertans on social assistance?

MRS. OSTERMAN: Mr. Speaker, as a result of the information gleaned last year -- and all hon. members will be aware that I had asked for reports from all the regions in terms of the delivery of services and, based on those reports, identified that certainly there should be far more frontline staff in place to handle the people that were coming to us for assistance. The increase in staff took place over the course of a number of months last summer and fall. What we did was set in place a new set of goals. As opposed to looking at a specific caseload, it was our belief that the fundamental thing that was being sought after was fast delivery of service to clients. In other words, the clients shouldn't be waiting days or weeks in order to access services that were needed, particularly financial services. So on that basis, Mr. Speaker, we have a new set of criteria in place. It is not a matter of caseload; it is a matter of service being delivered expeditiously.

MS MJOLSNESS: Well, Mr. Speaker, the caseloads remain high. As the department adopted a standard of 125 cases per income security worker in 1982 and as the caseloads are continually escalating in 1987, what actions is the minister taking to alleviate this situation, or does the minister not take her standards seriously?

MRS. OSTERMAN: Mr. Speaker, I have just said to the hon. member that we are measuring our services based on serving people and not the measurement of how many cases any particular person may be carrying.

MS MJOLSNESS: Well, Mr. Speaker, if caseloads are high, then they're not going to be delivering the services. In view of the fact that social workers have expressed a desire for protective measures such as a warning system to indicate those clients which have demonstrated violent behaviour, two workers going out on home visits, and a commissioner in each district office, will the minister be implementing these security measures?

MRS. OSTERMAN: Mr. Speaker, first of all with respect to the caseloads, it very much depends on the service that is required. In a high percentage of instances what the people who are coming forward are in need of is strictly financial assistance in the short term. That does not require a lengthy discussion or counseling with a social worker. Again, it is my view that what is important to be addressed here is the type of service and the availability and timeliness of it with respect to clients. I am not receiving complaints from people who are saying, as I was a year ago, that they were not having services delivered in a timely manner.

Mr. Speaker, with respect to what is happening in the violence area, since last fall I have had no reports of violence in respect of the various offices. Certainly we had some of those reports prior to that, but I believe the social workers are still commenting on a situation that was in existence at a previous

time.

MS MJOLSNESS: Well, it's obvious the minister hasn't spoken to some social workers recently.

Final supplementary, Mr. Speaker. As the minister is placing impossible demands on social workers, expecting ever higher levels of performance, why is it then that the department does not take responsibility for these expectations by at least providing support to social workers when they are assaulted?

MRS. OSTERMAN: Mr. Speaker, in our society, when people have been assaulted, obviously those who have done the assaulting have charges laid against them, and that has been the case in instances that I recall last year. I would still say in reference to the member's assumption that somehow we are not concerned about the social workers: we are. If the social workers are going to their organization and citing instances that the department and the minister do not know about, then obviously nothing can be done about those instances. I would be pleased to receive and have enumerated for me the occasions that the social workers, on an individual basis across this province, believe haven't been handled appropriately by senior staff.

MR. SPEAKER: Edmonton Gold Bar, followed by Stettler.

MRS. HEWES: Thank you, Mr. Speaker. Surely the minister understands that people who consider themselves aggrieved don't always send in a written complaint; they act.

If the object of the first exchange is speed, let's talk about follow-up, Mr. Speaker. What are the minister's criteria for frequency of contact, home visits for follow-up, and are they being met?

MRS. OSTERMAN: Mr. Speaker, contrary to how a number of people, particularly in the opposition, may view our society, as relatively the same -- in other words, individuals should be treated the same -- it is not our view at all. It is our view that individuals on a case-by-case basis must be assessed in terms of what their needs are, and on that basis the visitation and counseling occurs.

MR. DOWNEY: A supplementary to the minister. While I commend the criteria she uses in the interview process for timely delivery of services, my question would be: in the interview process is the interview sufficiently thorough to determine that actual need exists and that funds are not being directed where they should not be?

MRS. OSTERMAN: Mr. Speaker, it is our view that based on the interview process, based on the form that is used, in which an individual must provide information on which it will be developed one way or the other as to the eligibility of a client, it is all in place and appropriate. Unfortunately, in possibly a small number of instances where a client does not provide accurate information, we have no way of ascertaining that unless it is reported to us by outside sources or alternately is discovered in the process of visits with the client, particularly home visits.

Compensation for Japanese Canadians

MR. GIBEAULT: Mr. Speaker, my question is to the Minister of Federal and Intergovernmental Affairs. During and after World War II there were some 21,000 Canadian residents of

Japanese origin, most of whom were Canadian citizens. They were forcibly evicted from the coastal region of British Columbia, dispersed across the country, forced to live in internment camps under appalling conditions, many of them ending up in southern Alberta. Clearly this was a terrible injustice in our history caused by racial prejudice and lack of political leadership.

My question to the minister: since the minister of state and the National Association of Japanese Canadians are currently negotiating methods to redress in some way these violations of rights and freedoms that were inflicted on these Canadian residents and since this will impact on thousands of Albertans, can the minister outline for the House his government's position on this matter?

MR. HORSMAN: I didn't quite get the last couple of words in the hon. member's question. With the Speaker's indulgence, perhaps without incurring the loss of a supplementary, could I ask that to be repeated?

MR. SPEAKER: With the due caution that it's a federal issue.

MR. GIBEAULT: Mr. Speaker, since the impact of this decision will be affecting thousands of Albertans, can the minister advise the House what his government's position is on the matter of the negotiation of redress for Japanese Canadians?

MR. HORSMAN: Yes, Mr. Speaker, it is a federal government responsibility obviously and is now under discussion between the federal government and various organizations. There is no involvement on the part of the government of Alberta in this matter, either financially or otherwise. To my knowledge no request has been made to our government for any participation in this process either by individual Albertans of Japanese origin or by organizations representing those people.

MR. GIBEAULT: A supplementary question to the minister. Would he tell the Assembly if he and his government favour as a very start some public acknowledgement that injustices were committed against these Canadians of Japanese origin?

MR. HORSMAN: It's my understanding, Mr. Speaker, that the federal government has already done that. Both the previous Liberal government and the current Progressive Conservative government have indicated that to be the case. That of course, once again, is a matter solely within the responsibility of the federal government.

It was the federal government of the day that launched the actions which resulted in the resettlement of many of the people of Japanese origin living on the west coast, not the government of Alberta in any way, although many of the Japanese Canadians have settled in Alberta and of course form a very important part of the economic life and the social fabric of southern Alberta in particular. I have personal knowledge of the great contribution they've made to this province.

MR. GIBEAULT: A supplementary to the minister. Since some 4,000 Japanese-Canadian Albertans are interested to know whether this government cares about their plight, can the minister tell the Assembly what representations he has made to his federal counterparts in making amends for this injustice and if those representations included reminding the federal government of Mr. Mulroney's statement of May 16, '84 when he said, and I quote, "If there was a Conservative government, I can as-

sure you we would be compensating Japanese Canadians."

MR. HORSMAN: Mr. Speaker, the hon. member is clearly out of order in addressing these questions to myself and to our government. This is a federal government responsibility entirely, and the federal government moved on this matter during the course of the Second World War under a responsibility under the Constitution of Canada, which is clearly that of the federal government.

Mr. Speaker, we have the greatest sympathy for people who have been dispossessed of their property for any reason whatsoever in this country. But it is not the responsibility of this government, and for the hon. member to try and . . . [interjection] The hon. Member for Edmonton Highlands constantly interrupts me, and during the course of her interruptions, her voice gets shriller and shriller and shriller. But I would ask, Mr. Speaker, for the common courtesy of being allowed to respond to the question, which I was in the process of doing. If the hon. members in the New Democratic Party wish to turn this Assembly into a shouting match situation, such as we see in the federal House of Commons, fine, but the people of Alberta will recognize that for what it is.

MR. SPEAKER: The time for question period has expired. Might we have unanimous consent to complete this series of questions, if they are in order, because the Chair has had great difficulty allowing any of the three questions that have so far taken place.

MR. MARTIN: It's representation, Mr. Speaker.

MR. SPEAKER: Immaterial, hon. Leader of the Opposition. The question to the House is: is there unanimous consent?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed?
Edmonton Mill Woods.

MR. GIBEAULT: Final supplementary, Mr. Speaker. The record is clear: this government doesn't seem to care about Albertans of Japanese origin. But let me just say . . .

MR. SPEAKER: Order please, hon. member. This is a supplementary question.

MR. GIBEAULT: Indeed. Will the minister and his government lend support to the position of the National Association of Japanese Canadians in their call for reasonable compensation for the injustices they suffered? Yes or no?

MR. HORSMAN: Mr. Speaker, that representation made by the hon. Member for Mill Woods is despicable, because he alleged that we do not care about citizens in this province. That is not true. No request has been made to this government by either individual citizens of Japanese origin or by the organization mentioned by the hon. Member for Edmonton Mill Woods for any participation by this government in that process.

I applaud them for what they are doing in dealing properly with the government of Canada. But to try and bring this matter into this Assembly, Mr. Speaker, and through innuendo or in direct comment to try and imply that this government does not care for the citizens of Alberta of any ethnic background or ori-

gin is just despicable.

MR. SPEAKER: Hon. member. [interjections] There may well be a point of order in a moment or two. Additional supplementaries on this issue, that are germane to the topic and in order?

All right. The Chair recognizes a point of order. Edmonton Mill Woods.

MR. GIBEAULT: Mr. Speaker, I'd like to table for the Assembly the current letter that was sent to the Premier. . .

MR. SPEAKER: That's hardly a point of order, hon. member. [interjections] Order please. The time for tabling occurs at a different part of the day, and if there is indeed a point of order, perhaps the hon. member would like to cite *Standing Orders* or *Beauchesne* so that we might get on with it. Thank you.

The Chair would like to apologize to the House for an inadvertent variation in procedure today which occurred in the line of questioning by the Member for Calgary Foothills. While the Chair did allow the member to have a main question plus three supplementaries, the Chair apologizes that it is indeed the general flow of the House that the member is to ask all four questions at the first part of having to introduce the topic and not to come back in. So the Chair apologizes for that inadvertent action today, and it is clearly not a precedent of the House.

ORDERS OF THE DAY

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Member for Lethbridge West, followed by Banff-Cochrane,

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. GOGO: Mr. Speaker. I've received a communiqué, and I don't know whether the hon. member is in the galleries. But we have a special guest with us today, Mr. Gerald Peacocke, a Member of Parliament for New South Wales. He's visiting across the Commonwealth and is presently serving on the select committee on small business in his own Legislature. As I say, Mr. Speaker, I'm not aware if he's in the gallery; I suspect he is. I would ask the hon. member to please rise and receive a very cordial welcome from members of this House.

MR. STEVENS: Mr. Speaker, I'm pleased today to introduce to you and through you to the members of the Assembly, 71 bright and eager young students from the Springbank school in the Rocky View school division just west of Calgary. They are seated in the members' gallery, and they are accompanied by their teachers, Mrs. Moira Thompson and Mr. Milt McKay, and three parents: Mrs. Sue Deyell, Mrs. Jackie Bishop, and Mr. Gregg Martin. Mr. Speaker and members, as they rise to receive the Assembly's welcome, for those who can see in the members' gallery, I think you'll observe that they are all wearing a very special sweater reflecting Springbank school. Would they please receive the Assembly's welcome.

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

Bill 55
Nova, An Alberta Corporation
Amendment Act, 1987

[Adjourned debate June 10: Mr. Pashak]

MR. PASHAK: Mr. Speaker, when I adjourned debate, I was looking at some of the early history of the Nova corporation, going back to the days when it was known as the Alberta Gas Trunk Line, and I was commenting on the desirability of shares. At first these shares were only available to Albertans. At that time, I believe there was a limitation of 20 shares; the shares were selling at \$5.25. At some point in the debate I'd be interested in hearing from the Treasurer as to what those shares might be worth today.

After its initial years as a company that was essentially set up to provide Albertans with an opportunity to share in the prosperity it was envisaged would ensue from the development of the oil and gas industry, the company was also set up to help producers market their gas. So it was a company that was established essentially for the purpose of benefiting Albertans; perhaps not all Albertans because not all Albertans were in a position to buy shares. But certainly it did have an Alberta bias, if you wish. Then the company, under an active new management team, got involved in looking at pipelines, building pipelines outside the province. They got involved in the whole question of bringing Arctic gas down to the United States, the lower 48. They got involved in a massive way in the petrochemical industry, and that required them to broaden their mandate, which took place in 1974.

Now, they still are developing along those lines. They've become an important player on the world scene almost. Their petrochemical products are sold into the United States market. I guess that would be the biggest market for Nova at the moment, and they also sell to Pacific Rim countries. They do need an infusion of capital, and that's one of the reasons why I believe this Bill was introduced. At the moment there are two types of shares basically: a class A type that is widely held, and a very limited number of class B shares that contain the essential voting rights. There are limited voting rights attached to the class A shares. Even the announcement of this Bill has led to a flurry of trading in the stock market. I believe within the last few days almost 2 million shares have traded hands. The price of the shares has gone up; it's on a bit of a roller coaster. So the intent of the Bill in some sense is already being realized. But the consequence of this is that this company, which is now approximately, as I understand it, 90 percent held by Canadians, will now be open to general investment from around the globe, so we'll see a greater degree of foreign participation in this company.

Now, there are some good sides to this obviously, and there are some good points to the Bill. Included in the Bill would be a provision that would keep this company located in Calgary. There's an amendment to its name, which I suppose would make the name easier to deal with. It's not quite as cumbersome as Nova, an Alberta Corporation. But there is a downside, and that's where I have some concerns about this Bill. It has to do with the whole question of foreign ownership, as I predict will likely happen. There'll be a dilution of Canadian ownership of this company.

Now, foreign ownership can be good in some circumstances. Foreign investment in the United States allowed the United States to develop in the late 1800s. But the kind of capital that poured into the United States was essentially loan capital, much of it coming from Great Britain. Here in Canada we've done something that no other nation in the world has ever done. We've encouraged a great deal of equity capital to come into the country -- that's ownership capital -- and in the short term it obviously brings some prosperity. But for that short-term gain there's often a long-term pain, and the pain is that we have to pay dividends on that investment. The same would be true of Nova now. I'm concerned that they're expanding the board of directors. There'll be a reduction in the voice of Albertans proportionately on that board so that we begin to lose some small measure of control at least of the company.

I recognize that that really is a federal problem, that it can't be dealt with by provincial governments, and so with that one reservation, Mr. Speaker, I do support the Bill.

MR. TAYLOR: Mr. Speaker, in speaking to this Bill, I find it a very difficult nut to crack, or whatever the word is, because we have come so far since those high hopes Premier Manning and others had when he set up the old Alberta Gas Trunk so many years ago. To refresh the memory, it was pretty well along the lines of what the Member for Calgary Forest Lawn has said. But it was designed for two principle reasons, and I'm afraid this goes one more step away from those reasons.

One was to keep any federal regulatory body from sticking its nose into gas pricing in Alberta. This was just after a major landmark ruling in the United States where the Supreme Court had ruled that regulation of gas could go all the way back from the burner tip for the consumer to the wellhead. So the government of the day, and quite rightfully so, said, "One of the ways to stop that is to make sure that whoever is taking the gas to the burner tip doesn't go all the way back to the well." So he ordered that all gas would be delivered at the Alberta border to a prospective purchaser outside Alberta. Consequently, we needed a system to transport the gas to the border, and rather than go to a free competitive market, as governments are wont to do often, they decided to go for something that was entirely separate from the present companies. He put together Alberta Gas Trunk, Mr. Speaker, to deliver gas from the producers to the border and therefore circumvent any regulatory bodies on the national scene -- or even international for that matter, as we've seen the U.S. government in years since make rulings that affect our prices -- and he would have a border price.

[Mr. Deputy Speaker in the Chair]

Now, this government, of course, rejected the border price a while back with the accord, much to their sorrow, and like this guy that's six feet off second base with a strong catcher at home plate, they're now busy scrambling back before they get picked off. They're trying to put in a border price again, which is right as the way it should be done, and the Liberal Party consistently reminded them since May '86 that to deregulate and do away with the border price was foolish. But if we're going to have a border price, it's nice to have a delivery point. One of the concerns I have here is that if this becomes part of an organization that is worldwide or Canadianwide and although it will give some pride maybe to Canadians, it just may open up -- I'm not a lawyer; as a matter of fact I know very few lawyers that are versed in this -- but it may open up the possibility, and I think

I'd be interested if the Provincial Treasurer has investigated whether it will open up the possibility for the national regulatory authorities to come back right to the wellhead, whether we are not losing something here.

The second part: when the Alberta Gas Trunk was originally set up. Mr. Speaker, it was to transport gas within the province from all the reserve holders on an equitable basis. The old formula used to be 1 billion cubic feet for every mile you expected the line to come over to pick up your gas. But it was on an equitable basis so there would be no hanky-panky or no playing around as to whose gas should be picked up first or later. Now if we go into an organization that's going to sell more shares and become in effect a multinational, I'd be interested whether the Treasurer perceives there would not be some problems down the road where the new Nova company, who have a duty to transport all Albertans' gas, would not start playing with the regulations in such a way that it would benefit either some of the major shareholders in this new multinational -- the Nova corporation -- or even obvious ones like Husky that's already there and operating. In other words, I think the old, I guess you would say, immunity -- or "virginity" might even be a better word -- that the old Alberta Gas Trunk had of not any alliance with anybody, not out to shaft anyone, just to transport gas at a markup on a fair and equitable basis, could be jeopardized by this. I just wonder, Mr. Speaker, if he has looked at that.

I'm also concerned, as we look further into it . . . The purpose for this is rather obvious. They want to expand their share base capital. Right now and up to some years the present Premier changed the old Alberta Gas Trunk and brought into the House the fact that the Alberta Gas Trunk could use its profits to expand and move around Canada. So I must say that this Conservative government has already blown apart Alberta Gas Trunk's original principles back in the early '70s under the present Premier when he was minister of energy. Nevertheless, it has been entrenched for some time, and I'm afraid that this next stage will only accomplish for the Nova corporation what's already been accomplished for Husky, which is virtually a foreign controlled company now with a Hong Kong family having 45 percent and a Hong Kong Canadian relative. I believe, having the other 10 percent. Now, admittedly Alberta Gas Trunk has said that only 15 percent will be allowed to vote. I'm not positive, and here again I'd like to ask the Treasurer another question. Has he checked: although only 15 percent of the shares can vote, could a group own 30, 40, or 50 percent of the shares and still only vote 15 percent? In other words, is the limit strictly on the size of the vote or is it a limit on the shareholders too at the same time? It's one of the things I can't quite figure out looking through this, although it might be there and I just missed it.

But there certainly is no question that the main reason to do this, to change it from the old system where the old system meant that the board of directors was controlled by both the government and the gas producers with very few shares, and that those that had put the equity in it were in a minority position -- ostensibly this is to go back to being like any oil and gas company where those that are putting the money up for the shares should control the company. They've varied it to a certain amount to show that the Alberta government will always have a window on the gas transportation within Alberta and whatever oil production this company gets into by having four directors. But I don't think that takes away from the fact that the principal reason for putting this together is to be able to tell new shareholders coming in, many of them probably foreign

owned that never liked the idea that they as shareholders could be outvoted by a group here in Alberta -- they would want to have the majority control, not the particular one but all of those altogether.

What bothers me is that over the years probably, particularly with the brand of government we have both in Ottawa and in Edmonton where they say there's no nationality to a dollar -- if it's not nailed down, sell it to the foreigner if he'll give you some money to it -- with that type of concept we would end up with essentially either a foreign-owned corporation or a corporation that is controlled by a number . . . Even 15 percent spread amongst the five or six big sisters can put control of the company entirely outside Alberta, except for the four directors. And unless it was a Liberal government, those four directors wouldn't fight that hard anyhow. I know I'm painting a black scenario here, but I'm worried about whether we're not started on a slippery slope going down to an organization that is in charge of our gas transportation within the province becoming foreign owned or at least dominated by groups that are not of the Alberta government's or the Alberta citizens' making.

Now, all of this may be all right, Mr. Speaker, if indeed the government has -- and I'd be interested to know if the Treasurer has -- an alternate plan, if indeed the possibility exists that this government wants to divorce the Nova corporation from their total right to transport gas in this province, or maybe even the thought that Nova corp would sell off its pipeline distribution or pickup system in Alberta to another corporation that would be entirely producer and taxpayer owned or owned by the government. I don't know. All these are just thoughts I'm throwing out. But what I'm saying is that unless they have some long-term plan, my knowledge of the international oil industry and my knowledge of capital markets around the world would be that we're on a slippery slope here that we're going to lose control of in the years ahead. The present management has been very aggressive and imaginative, but there's nothing saying that they'll stay around either.

I don't think there are enough safeguards in here for the Alberta public and for the Alberta gas producers as it now stands if we go along the line that they've put out. I'd be interested in hearing -- I'd very very interested in hearing, Mr. Speaker -- just what the Treasurer contemplates: if he would share with us not necessarily his vision or his nightmare but what he thinks this is going to roll into down the road, how it will affect the producers' right in equity to make sure that the reserves are delivered without manipulation or picked up without any preference shown to others, and also how it can be turned over to border in the years ahead without giving an opening for the national government to come in and try to regulate our wellhead prices in Alberta.

Thank you.

MR. DEPUTY SPEAKER: May the sponsor of Bill 55 close the debate?

SOME HON. MEMBERS: Agreed.

MR. JOHNSTON: Mr. Speaker, I appreciate the comments from those who have contributed and had a look at the legislation. In my view, as I said in opening comments, it provides an opportunity for this corporation to become a fairly significant player in the diversification of Alberta and, through the private sector, allowing the expansion of Alberta opportunities to take place outside of Alberta both on the national scene and on the

international scene, and both in the gas transmission field and in a wide array of other opportunities the company now has entered into.

[Mr. Speaker in the Chair]

Obviously, because of the history of this company and the key role it plays in Alberta, having been one of the first successful government backbenchers whereby the private sector participated in the initial offerings of the corporation, there is a heartfelt interest in this company. It is identified with Alberta. That's why, in providing these recommendations to the Assembly in this Bill, Nova, the amendment Act, we attempted to balance very carefully that heartfelt feeling that I described. But at the same time we had to ensure that legitimately the interests of the players were protected. I saw the players being the shareholders of the corporation, essentially the gas group themselves, and then the province. Essentially we'd carved this legislation to provide that protection to all those constituent groups. As I said on introduction, I think from the government's point of view we have managed to put in place, through an Alberta piece of legislation, a significant set of safeguards which ensure the future of the corporation both in terms of it being an aggressive company on international markets but also being an Alberta company with all the safeguards that are necessary.

It should be noted that those safeguards are reflected in Alberta legislation, not in any other piece of legislation and not in the Corporations Act. Those fundamental safeguards that I outlined before require the consent of this Assembly to change or to alter. Moreover, should there be any kind of disposition of the assets or merger/amalgamation or possible takeover, that also requires the consent of the government by order in council. So you see, Mr. Speaker, that while the Act is now descriptive in the sense of those protections, it may also be at some point prescriptive if in fact we found that it was necessary to come back into the Assembly to seek some changes to ensure additional or adequate protections. That always is a possibility with respect to this corporation.

Yes, it is possible, Mr. Speaker -- speaking on the question of directorship -- that we may well have a board which is not composed entirely of Albertans, as the current board is. But in fact the current amendment speaks to that very point, suggesting that the board can move from 15 to 20 directors but ensuring always that the majority of those directors are from Alberta. Why is it you would want to have directors from offshore, outside of Alberta? Obviously, as I've indicated, this company is a very major part of the diversification of our province, and already in its other areas, including manufacturing, research, technology, oil and gas exploration, and petrochemicals, it is serving a wide market, and it is from time to time necessary to bring to the board expertise and regional representation. Therefore, to ensure that its international profile as well is maintained, I think it's a wise opportunity for us to change the makeup of the board to allow offshore, other Canadians, or in fact even other Americans to participate on this board, remembering always, though, that the control of the board is with the class A shareholders, remembering always that the majority of the board must always be Albertans no matter how they move the numbers from 15 to 20, and further remembering that the province has the right to appoint four members to that board.

Now, the other area of safeguard, Mr. Speaker, deals with the question of the rate-setting sections. I think the Member for Westlock-Sturgeon legitimately raised the question of the fear

that the federal jurisdiction would encroach or infringe on our own jurisdiction. I should note that, as the member is well aware, there have been some significant constitutional cases with respect to what it is the province can do in setting rates for natural resources which flow outside of this province, outside of its boundaries. Potash and Cigol are two of those cases which are significant. But as well, the constitutional amendment package -- November 5, 1981, brought into place April 7, 1982 -- also provided additional protection on the energy section with respect to the province's role in setting those rates. Moreover, the province of Alberta itself has a significant caseload of history with respect to that constitutional definition.

What I'm saying is that I am fairly confident the law is now in favour of the province's reinforcing once again the jurisdiction of the province over the rate-setting of natural resources and to some extent transmission to our borders certainly, and that therefore is reinforced. But I should note, Mr. Speaker -- and I'm sure the Member for Westlock-Sturgeon has noted -- that the so-called rate-setting sections that have always been in the Nova Act remain in the Nova Act and have remained unchanged. The point for that of course is to ensure that the stability of the constitutional sections is protected and that whatever it is we've written in law as legislators historically is sustained and likely subject to the same interpretation by other courts as we have now experienced. So the utility sections are the same therein.

Now, I do believe that the company will continue to play a role in the export of gas from this province, a major role as well, and that will continue to be one its strongholds. I see significant diversification in the petrochemical industry. Although the Member for Calgary Forest Lawn mentioned that the price was moving, it has moved significantly from its lows, probably predicated on the opportunity for expansion of petrochemical sales into the United States markets and also a significant firming of petrochemical prices as well. I think the announcement by this company to expand its plant in Joffre is more indication of the need for this kind of diversification in the petrochemical area, and I was very pleased to see the leadership by this entity to do just that. I think the decision to move to Joffre with another updated, upscaled plant will in fact force the rest of the industry to upgrade as well because of the marginal cost considerations here. Nonetheless, the petrochemical future and the initiative taken by this company in petrochemicals puts Alberta and the petrochemical industry, a very major diversification for this province, into the forefront for the next decade in terms of sales and pricing and value added for our province.

I think I've dealt, Mr. Speaker . . .

MR. TAYLOR: Six companies with 15 percent each.

MR. JOHNSTON: That's right. Thank you, Member for Westlock-Sturgeon. With respect to the ownership, we have gone to quite a considerable extent to ensure the ownership sections of Nova are protected.

I mentioned when I introduced the Bill that I sought the advice of Glen Acorn, well known to all of you here, who has done a lot of work for the province, not just this government but previous governments, in the area of energy legislation. I would say that as one who has worked with Mr. Acorn, I've always respected his opinions in a variety of areas, including jazz, but moreover, with respect to energy legislation, I think he is a superb person and has a great deal of information in that area. He has been one of the writers of the legislation for all the energy

Acts in this House. Moreover, Mr. Speaker, he has written or consulted on two significant pieces of legislation which contain similar sections as to the protection of shareholders, and those are the PWA Act and the Alberta Energy Company Act.

The sections in the Nova Act, although they may well appear to be cumbersome and somewhat long, are designed to ensure that that control is not misused or mismanaged. Therefore, there are considerable and extensive sections which deal with association as between corporations defining and controlling that and, moreover, providing the stipulation that you shall not vote 15 percent more, notwithstanding the number of shares you own. So you could, as the Member for Westlock-Sturgeon indicates, have 16 or 17 percent, or an association of other companies have even more than that, but you would only ever be able to allow it to be voted 15 percent.

We have asked the corporation what the current ownership is, and apparently over the past three to four years the largest individual ownership, as I recall, was of the order of 11 to 12 percent. Obviously the market wanted an open end and the company wanted another interval, but the province thought that 15 percent was a reasonable figure. It is true that five or six corporations who satisfy the nonassociation sections could well band together and probably vote their shares, but there are also other opportunities in these sections to provide the province with some extra rights. Moreover, if we saw that becoming a problem, we could always come back to the Legislative Assembly because those control and protection sections are found in the Alberta sections, the Alberta Act, as opposed to being in the Business Corporations Act. Therefore, we could legislate whatever kind of protection we wanted if in fact we saw some ominous sign on the horizon suggesting a takeover, a merger, or some kind of cartel arrangement trying to get control of the company.

So I'm not saying that the sections are pure or perfect, but I am saying that they've gone an awful long way to protecting the so-called Alberta interests and to ensuring that the widely held company, held by Albertans primarily, is protected.

So, Mr. Speaker, with those words and with the advice of others across the way, who I think join me in commending this corporation for its success and looking forward to future opportunities for growth ahead, I would move second reading of this piece of legislation.

[Motion carried; Bill 55 read a second time]

Bill 56

Financial Administration Amendment Act, 1987

MR. JOHNSTON: I'm sorry, Mr. Speaker; the notes were coming fast and furious there.

Let me begin by saying, Mr. Speaker, that the Financial Administration Act is one we've had some exchange with over the past two years, primarily because the major section in this Act deals with the increasing of the debt limits for the province, moving them by \$1 billion to \$6.5 billion up from the current level of \$5.5 billion. In doing so, Mr. Speaker, we are projecting into perhaps some time in April or this time in 1988, assuming that we are factoring in all the possibilities that might face us over the next year, and attempting to hedge any possibility of bumping up against the current limit of \$5.5 billion. But I think it's important to provide a notice to Albertans that we are now in the process of continuing to go to the markets, that there's a need to borrow, and that the debt limits of the province now are

well over, at the present time, approximately \$3.6 billion, with an expectation that by the end of this next year they'll go very close to \$5.5 billion or \$5.6 billion. That's in line with our plan wherein we are running operating deficits but planning for a reduction of the deficits over the period, and hopefully by the end of the four-year planning period we'll be able to end with a balanced budget and start after that to reduce the accumulated deficits.

So I guess the major policy question or contentious issue in this piece of legislation is in fact the increase of that debt limit. It is in line with the information reported in the budget. It's in line with the plan we've provided for all Albertans. We are now prudently attempting to reduce the size of that deficit in any event, and I think that should be a significant objective of all governments, recognizing other governments, including the Third World countries, are now suffering dramatically from the impacts of profligate spending and high debt. We will not do that in Alberta.

Let me also say, Mr. Speaker, that the other sections deal with some of the updating. I don't like to use the word "housekeeping," but some are fairly nominal corrections; others allow us to redefine certain instruments in the world currency market or exchange market which are now contemporary and allow us to invest money in swaps and hedges should it be necessary for us to protect ourselves from the current changes in the debt markets both on currency and on interest rates.

Those, Mr. Speaker, are the essential amendments to this piece of legislation. Therefore, I would now move second reading of the Financial Administration Amendment Act, 1987, Bill 56.

MR. SPEAKER: Before the Chair recognizes Edmonton Kingsway, might we have unanimous consent of the House to revert to the Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? The Member for Stettler.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. DOWNEY: Thank you, Mr. Speaker. It gives me pleasure this morning to introduce to you and through you to members of the Assembly, 27 bright, young grades 6 and 9 students. They come to us today from the picturesque village of Big Valley. They're accompanied by their teachers, Miss Cathy McCrindle, Dr. Larry Jacobs, and two parents, Mrs. Barbra Schram and Mrs. Lois Innocent. I would ask that they rise in the public gallery and receive the warm welcome of the Assembly.

head: GOVERNMENT BILLS AND ORDERS (Second Reading)

Bill 56

Financial Administration Amendment Act, 1987 (continued)

MR. SPEAKER: Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. Just a few comments at second reading. The Treasurer is asking for an extra \$1 billion of borrowing power from the \$5.5 billion he asked for

last year. Just to point out one of the differences between this Bill and last year's Bill -- and I can't help thinking that maybe the fight we put up last year had something to do with it -- the Treasurer brought in a budget last year that projected a some \$2.4 billion deficit but asked for borrowing powers of up to \$5.5 billion, and we said, "That's nonsense; you don't need that much margin. Surely, you can get by on less."

Partly he was right in the sense that the budget has turned out, according to his latest pronouncements, some \$3.3 billion, but that's still quite a long way from \$5.5 billion. In fact, the \$1.9 billion they're projecting this year -- those two numbers added together would just come in under \$5.5 billion. So really, if things were tightly run and if his projections were really accurate, he probably wouldn't need this extra \$1 billion. But in view of last year and the fact that they needed some extra, I don't see that we'll hold them up on the extra billion just so he's got a little bit extra to play with.

In fact, if you look at the budget, page 38, the unmatured debt at December 31, 1986, of the Alberta government is \$3.4 billion, which is more than the \$3.3 billion he was projecting for the end of the fiscal year. So with another three months there, and this one's supposed to last us through till March 31 of '88, I think perhaps he's going to need the extra billion.

There are a few other little details and questions I'd like to ask in Committee of the Whole, but those are all the comments I wish to make at this stage in second reading of Bill 56.

MR. SPEAKER: Edmonton Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. I would like to make two comments on the principle of this Bill. I would like to reiterate the points made by the Member for Edmonton Kingsway. We in the Liberal caucus also have a concern with the level of debt the government is proposing. It doesn't seem to add to use the term that would be understood by a chartered accountant. Presumably we had \$3.5 billion of deficit debt last year. This year we're projecting \$1.9 billion. That adds up to \$5.4 billion. In fact, the government is asking for another \$1.1 billion. It seems to be either extremely poor anticipation of expenditure versus revenues, which in itself is a problem, or it would have to suggest that the government has not budgeted properly, which is equally a problem. It is therefore the fact that we would not support this particular portion of the Act.

Secondly, I would like to comment on the implication of raising money through debt financing, the implication for interest charges. This Bill does not address that matter. In fact, what this Bill does is say the government can go out and raise the money at whatever rate it would choose to raise the money. And if we look at the Alberta capital bond issue as a case in point, the government chose to raise \$1 billion of money from Albertans in two weeks, regardless of what that cost in interest charges. Anyone who knows the financial industry will be aware of the fact that to raise \$900 million to \$1 billion in two weeks is not a remarkable achievement unless it is done through effective marketing. It is not a remarkable achievement if it is done through buying that money by inflated interest rate charges. Any private-sector financial firm that went out and bid 1 percentage point higher than the market was bearing -- at the very least 1 percentage point higher than the market was bearing -- would not be in business for very long. But with respect to the Alberta capital bonds, it's not just 1 percent.

Let me give you an analysis of what I mean. At the time the Alberta capital bonds were issued, they were issued at 8.5 per-

cent, and Royal Trust's rate on the market was 7.5 percent -- its interest for six-month money, which is in fact what this money is. It is interesting to note that the Bank of Commerce rate for six-month money was 5.75 percent, so the biggest spread that could be considered over markets, if you consider that Alberta capital bonds would be comparable, even less risky than Bank of Commerce investments, being conservative we could say 2.75 percent. That is almost 3 percent. It's in the order of \$25 million a year in excess interest rate charges to the people of Alberta.

That is money that didn't have to be spent in interest rate charges, that will be spent because this government went out on a public relations exercise to convince Albertans that they were doing them some kind of favour by raising money through Alberta capital bonds. The fact of the matter is that these bonds are perhaps the most secure investment in the market. They have flexibility that is not offered by any other financial instrument in the market today, and so they shouldn't even be offered at 5.75 percent. Analyzing the market and understanding what people are willing to pay within that market would dictate that that product, the Alberta bonds, should probably be competitive at about 5.5 percent. It is more secure than the Bank of Commerce, [interjection] Is it getting to you, Steven? This is more secure than the Bank of Commerce. It is more flexible than the Bank of Commerce six-month money as well, and yet what did we do? We went out and offered to buy that money, and I emphasize buy that money, from the public of Alberta for 8.5 percent.

I'm hearing comments from the back bench of the government. I can understand why, because if I were on your back bench, I would be extremely concerned about what this says for the quality of fiscal management of your government. You have launched yourself on a public relations exercise that is going to cost Albertans a minimum of \$9 million a year more than it has to and a maximum of \$30 million a year more than it has to. This is a government that can't find money for community schools, it can't find money to feed kids in Calgary and elsewhere, in Edmonton -- schoolchildren who aren't being fed enough -- but it can find \$30 million overnight without any Legislature review to buy money, to buy debt financing at rates far higher than any reasonable financier in the public sector would ever consider doing. You talk about wanting to bankrupt a financial company; let's talk about wanting to bankrupt a government. You can laugh, Mr. Treasurer, but it's absolutely a fact.

MR. JOHNSTON: That's wrong, Grant. Check the treasury bill market today.

MR. MITCHELL: We're not talking about the treasury bill market. [interjections] What we're talking about is what the ...

MR. SPEAKER: Order please. Perhaps the comments could be directed through the Chair with respect to the Bill under discussion, and I'm quite certain the Chair and the House will allow the Treasurer to sum up.

MR. MITCHELL: Thank you, Mr. Speaker.

Enough said on that point. I would also like to raise a flag about section 72(1) and point out that it's difficult to understand the redefinition of guarantee meaning "a guarantee by the Crown or a Provincial corporation," as opposed to the guarantee of the Crown or a provincial corporation of a debt. This seems

to open the possibility of guaranteeing up beyond debt, and it would be interesting to know what guarantees we would be speaking of.

I would also like to point out, finally, that another feature of this Bill that is lacking is that it doesn't address the matter of government guaranteeing private-sector debt on behalf of bank financing for various projects. Depending on how you add it up, it is conceivable that Alberta currently has a contingent liability in the order of \$1 billion or \$1.5 billion. Nowhere is that liability reported on the government's books, as far as I know, and if that isn't the case, perhaps the Treasurer could point that out. But I think it should be in legislation that the government not only has an obligation to report on the commitments made for guaranteeing debt but that those commitments should also be an explicit part of this Legislature's debate.

Thank you, Mr. Speaker.

SOME HON. MEMBERS: Question.

MR. SPEAKER: The Provincial Treasurer, summation on second reading.

MR. JOHNSTON: Mr. Speaker, I won't go into any long debate about the principles of this Bill. They're well known. We've had a long opportunity now over the past, I guess, nearly three months to debate the fiscal policies of this government on the General Revenue Fund, on the estimates, on the Capital Fund, on the heritage fund, on the appropriation Acts, on the Financial Administration Amendment Act, 1987, today, and clearly we are determined to hold the line with respect to the size of government expenditures and determined to deal with the size of the provincial deficit.

And of course we think it's appropriate that we provide as much information as possible to the people of Alberta to allow them to form their own opinions. The people of Alberta are doing just that, Mr. Speaker. There's no doubt that what the people of Alberta want right now is a strong plan, firm determination about how the future course of this province will be operated on the fiscal side, and a resolution to deal with the size of the provincial deficit. And that, Mr. Speaker, is essentially what we're doing.

No matter how you cut it, no matter how you can flail the principle of dealing with that size of government spending, that is what we're determined to do, and that's the course of action that we're now embarked on. It's a reasonable course. It's a balanced course. It uses the resources of the province and provides a longer term plan to work it out. We're using all and maximizing all the advantages which now exist to this province to accomplish that end. So no matter how you cut it, no matter how you criticize the plan, it is a plan which is supported to a great extent by all Albertans, and it's a plan which we think is necessary at this particular time.

Mr. Speaker, last night in the House I did explain quite thoroughly how I came about the rate analysis for the Alberta capital bonds, and that was a different debate. I know not even you want to hear that speech again. I'm sorry that the Member for Edmonton Meadowlark was not able to listen to those words. I'll simply provide one piece of information on the table. As I related last night, six-month Canadian T bills are now selling as of the last market -- and everybody claims that these capital bonds are six months -- are now selling at 8.83. If you have 8.83 minus 8.5, it seems to me you've got a .30 saving. So whatever the criticisms are, Mr. Speaker, the Member for Ed-

monton Meadowlark does not know what he's talking about. And that is now well understood by the people of Alberta, and even better understood by the people of this Assembly.

So, Mr. Speaker, I move second reading of Bill 56, Financial Administration Amendment Act, 1987.

[Motion carried; Bill 56 read a second time]

MR. YOUNG: Mr. Speaker, I would request unanimous consent to move Bill 20, now at third reading, back to committee stage.

MR. SPEAKER: All those in favour, please say aye?

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed? Carried.

[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: Would the Committee of the Whole Assembly please come to order.

Bill 20 **Marketing of Agricultural Products Act**

MR. CHAIRMAN: The hon. Minister of Agriculture.

MR. ELZINGA: Mr. Chairman, I would move the amendment that is presently being distributed to further clarify amendments that were moved the other evening in Committee of the Whole, and the support of the Official Opposition ...

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: The Chair is just waiting for the amendment. Government amendment number 2 proposed to Bill 20. Are there any comments, questions, or further amendments to this Bill?

Hon. leader of the Liberal Party.

MR. TAYLOR: I'm just having trouble; it's more for a point of information. You said amendment number 2? I just have something that says "Amendment to Bill 20." Is 2 ...

MR. CHAIRMAN: The Chair has amendment number 2.

MR. TAYLOR: Oh, that's the amendment to section 39. I see. I'm sorry.

[Motion on amendment carried]

MR. CHAIRMAN: As to Bill 20 as amended, are you agreed? All in favour please say aye.

Leader of the Liberal Party.

MR. TAYLOR: I'm sorry I didn't get more of a chance to

speak earlier on it, but I am concerned. Mr. Chairman, by the -- and I'm sure the NDP has already hit it on -- mandatory check-offs. The Alberta Cattle Commission has said that they oppose a provision which allows members to opt out of mandatory checkoffs. They feel that is a threat, which is unusual for a free-enterprise organization to in effect want a union shop or a closed shop. I think there should be some way of allowing a fair vote or a vote more often than is now done in the whole thing, because although it says a petition requesting termination of market must be signed by 10 percent of the producers, the whole definition of an eligible producer is. I still think, up in the air. Now. I may have missed something in the debates, Mr. Chairman, and an amendment is so voluminous that I probably will get my nose rubbed in it because it might be before me. But in trying to keep up on everything at once here, I have to beg a little bit of the mercy of the minister. If he could take a moment maybe just to explain before the vote comes as to his definition of an "eligible producer." I can see 10 percent kicking if off. That seems fair enough all right, but the definition of who is a producer and how often they can do this -- does it last four or five years? Surely they can't be bedeviled every few months. Just how long does it last, and who is a producer?

Thank you very much.

MR. ELZINGA: I'm more than happy to clarify for the hon. member for Westlock-Sturgeon and to thank him for raising this concern. Mr. Chairman, as he is aware, we have made certain amendments to those provisions whereby it is spelled out more clearly. What I'd be more than happy to do if the hon. member would wish is give him a detailed breakdown of not only the legislation but also the regulations which outline it in a very specific way, more specific than I could in the short time that's offered to me. But I leave the hon. member the assurance that I will follow up with it immediately today once the House adjourns to get him that information.

MR. CHAIRMAN: Are you ready for the question on Bill 20 as amended?

SOME HON. MEMBERS: Question.

[The sections of Bill 20 agreed to]

[Title and preamble agreed to]

MR. ELZINGA: Mr. Chairman, I would move that the Bill be reported as amended.

[Motion carried]

Bill 49 Tax Statutes Amendment Act, 1987

MR. CHAIRMAN: Are there any comments, questions, or amendments proposed to Bill 49?

Hon. Member for Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. Bill 49 is a major tax Bill, and we proposed one amendment which was defeated the other day. But I do have another one that I would like to propose to the Assembly, so perhaps I could have these passed out. Perhaps while they're being distributed, I could read the amendment and give you some idea of the intent, be-

cause perhaps it's not immediately obvious.

One of the things that bothered us about Bill 49 -- well, it's actually not written in the Bill, but it was the intention of the government when they brought it in that when they increased the tax rate from 43.5 percent of the federal tax to 46.5 of the federal tax, they indicated they intended to start collecting that tax in July and thus would have to collect it double till the end of the year to make up for the fact that they hadn't been able to collect it from January through to June.

Now, I realize that it takes a little while to put things in place, and I guess the government didn't want to sort of prejudge itself, but I do recall that in 1984 the government raised taxes on January 1 and then had the gall to claim a few months later, of course, that they hadn't raised taxes in the new budget that they brought in in March. But in any case, they could have instituted this tax. They must have known ahead of time they were going to do it and could have instituted it on January 1 if they really had wished to.

The 3 percent raise is an important amount of money and we realize the government is in a certain amount of economic difficulty, so we've decided not to make the protest against the 3 percent raise. But we do object to the idea of collecting it double for the second half of the year. That just does not seem to be quite cricket. So my intention in a layman sort of way would have been to say, "Well, let's put in some kind of provision that says they will just start collecting the tax on July 1." However, I was assured that that would cause chaos for T-4 slips and that sort of thing, so we had to word this rather carefully and a little differently than I would have anticipated initially. I will explain the wording. It says, "Section 31(1) is amended ..."

Mr. Chairman, I'm having an awfully hard time understanding what's going on in the House. Can we have some order around here?

MR. CHAIRMAN: Order in the committee, please.

A N HON. MEMBER: We've heard that speech 20 times.

AN HON. MEMBER: We've heard it before.

MR. CHAIRMAN: Order please. Edmonton Kingsway.

MR. McEACHERN: The comments that they've heard this speech before just show how much these people have been listening. This is a totally new amendment. It has never been raised before in the House, and the points that I'm going to make about it are totally new and different from anything I've ever said before. [interjections] If you guys would take this half as seriously as I do, we might get somewhere in this House. [interjections]

MR. CHAIRMAN: Order please.

MR. McEACHERN:

Section 31(1) is amended, and the proposed new section 3.02(3), by striking out "46.5%" and substituting "45.0% in respect of the 1987 taxation year and 46.5% in respect of the 1988 and subsequent taxation years."

Now, the only way to make it so that when the government starts collecting taxes under this provision in July, they collect only 3 percent extra tax to what was the practice before, was to reduce the change to 1.5 percent; in other words, from 43.5 percent, as it used to be, to 45 percent, rather than allowing it to go

up to 46.5, knowing that the government intends by regulation -- and there's nothing in the Act that says that -- to double up starting in July through to December. So the 1.5 percent doubled is 3 percent, and that means that in effect they would be collecting the extra 3 percent as of July, not an extra 6 percent as they intend to do at the present time.

Mr. Chairman, I don't see any reason why the government should start collecting a 6 percent change in taxes in July. The people of Alberta have been led to believe that they're going to be hit with some taxes, and the government has very carefully orchestrated so that the main increase in tax, the one that's going to stay around forever, is going to be the most onerous in July, after the House has quit sitting. Everybody's going to be away on holiday, people aren't going to be paying attention, and so the government's sort of saying that the main tax that they're trying to raise is not going to impact on people except in a sort of sly kind of way while half of them are away on summer holidays. They didn't have the courage to bring that into the House, say, last summer and set it up for January 1 or start right away, at least on April 1, which they could have done.

So, Mr. Chairman, it's our contention that this 3 percent increase is something we can live with, but to collect it double for the second half of the year is going to hit a lot of people very hard, and we on this side of the House don't think that makes a lot of sense. So we would like to have the Assembly accept this resolution. The people of Alberta would then only be faced with the 3 percent increase as of July 1.

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: There is an amendment before the committee. Speaking to the amendment, Calgary Mountain View.

MR. HAWKESWORTH: Yes, thank you, Mr. Chairman. I'd like to add my comments in support of the amendment just made by the Member for Edmonton Kingsway. You know, what is proposed is that this income tax would be doubled up for the period from July to January of 1988, so that the increase that's proposed is over the full year, but it's to be collected over a six-month period. So it's going to have double the impact by the way that it's going to be collected. Now, it's hard enough that this is an impact of several hundreds of millions dollars in this fiscal year, but particularly that that's going to start being taken off those pay cheques over that shorter period of time. What is that going to mean in terms of the take-home pay? It means that that money is simply not going to be available to them to spend in the Alberta economy.

What's particularly worrisome is that the latest information available to us, as far as retail sales and particularly department store sales -- at least as an indicator of what's happening in the Alberta economy -- is that Alberta is once again facing a decrease over the same period a year ago. If we take Statistics Canada's publication called *The Daily* for May 20, 1987, it gives the initial results of its monthly survey of department store sales by province and metropolitan area for March 1987. We see that Alberta's department store sales dropped by 9.5 percent between March 1986 and March 1987. Whereas other provinces such as Quebec rose by 2.7 percent, Ontario rose by 3.8 percent, and indeed the total for all provinces in Canada rose by 1 percent. So we're bucking severely the national trend which indicates what's happening out there in the Alberta economy, Mr. Chairman.

Then on top of that, while the economy is reeling with this

drop in the retail trade, we're going to hit it another time. But we're going to hit it not only by taking this money out of people's pockets; we're doing it by doubling up what we're taking for the period July to January 1988. So within the six-month period ahead of us, just when there seemed to be some signs that the Alberta economy might be recovering, just at that particular time, this tax increase is going to go into effect. And rather than easing in that increase by doing it from a July to January period, without doubling up, without trying to collect it retroactively -- it would be bad enough to do it that way -- the fact that this Treasurer is proposing to retroactively collect this tax since January 1, 1987, means that the economy and ordinary Albertans are going to be hit twice as hard.

Mr. Chairman, what the proposal is that's being made here by the Member for Edmonton Kingsway is that we state that the period from, in essence, July to January is the length of time by which this tax increase should come into effect and be collected; that we should not be retroactively going back into the previous six-month period and collecting taxes from people. That's just going to have double the serious impact that this economy does not need at this particular time. It's already reeling. An indicator that's very sensitive to consumer demand and consumer confidence indicates that Alberta has gone through a precipitous decline. Calgary was the worst of all cities in Canada. Their retail sales dropped 10.3 percent. Edmonton was the second worst drop in the country, down 9.3 percent.

So it just says to me, Mr. Chairman, that this is the wrong time to be hitting the economy. While it's reeling, while it's down, we should be easing the impact of this tax increase. Given that the government is going to proceed with the tax increase, there should at least be a minimal drop in that income to Albertans by easing in this tax increase as proposed by the Member for Edmonton Kingsway.

MR. TAYLOR: Just a short word in speaking in support of the resolution. I think just from the practical contents of the matter, in the budget as originally brought down in the early part of this year, with the envisaged prices for oil at that time and stating the aims and the objectives of the government, the income tax rate put in was correct, even though you may not agree with the government. You may say that it's silly to retire the deficit that early. We in the Liberal Party have said that the panic to retire the deficit at that speed was going to be at tremendous cost. But nevertheless, you're the majority and thus it was your right to do so.

But one of the reasons that I now come up to support this Bill is that if you rethink your objectives, if your objectives are still the same, to manufacture about the same size of deficit, to retire about the same amount off the overall and make some progress overall -- the price of oil is now running around \$19.85 U.S. a barrel yesterday, I believe. The forecast that the government used was \$17 a barrel -- that's what the Treasurer and everybody said; it's no particular secret -- which is quite reasonable. A \$17 estimate might have been optimistic; it might have been pessimistic at the beginning. But what's happened now is that it looks as if it's a bit pessimistic.

So what we're in, Mr. Chairman, is a case that we might have overtaxation now. If the price of oil continues around the \$19, \$20 mark, as it has every right to appear, we're going to be taking millions and millions out of the pockets of Alberta taxpayers for no reason, without the reason we had at the beginning of the year, for nothing more than maybe to create a surplus or to create a faster reduction of the deficit than we had in the past.

So I would support this resolution from the point of view that times have changed. And if the government was able to have a computerized tax collection agency and wanted to achieve exactly what they said they wanted to achieve when they first came down with the budget, they can do it quite easily with what the present rate is that the NDP have suggested. So therefore, Mr. Chairman, I would ask the Treasurer to run back to his computers again, run anew what the modern price of oil is. I think he would find that he could quite easily accept this resolution and in no way change the overall reduction of the deficit, the overall deficit, or the overall budgeting of the government itself.

MR. CHAIRMAN: Are you ready for the question on the amendment? Hon. Member for Edmonton Belmont.

MR. SIGURDSON: Yes, thank you, Mr. Chairman. I rise to speak to the amendment, as I believe it's an important amendment that just has to be considered. We're in a stage where over the last number of months we've seen a reduction in the number of people that are officially unemployed. We're not sure as to whether or not the unofficial stats are showing any decline. In fact, there may be some indication that the decline in the official stats is only due to the fact that people are going off unemployment insurance and onto welfare rolls or relying on the single income of a spouse in some instances.

But we do have some indication that the economy is improving. We have a little more confidence going on, but this Bill is going to restrict the amount of disposable income that could possibly be injected into our economy. We're at a time when for the last number of years, Mr. Chairman, too many Albertans have done without. We're at a time when in the past number of years, because the unemployment has been so great, many Albertans, instead of purchasing the products they would have hoped to have purchased, have postponed and may now be in a position where they might consider making some of those purchases. But this old tax that's about to have an increase is really coming at Albertans as a double whammy. Back when the Treasurer stood in this House, he said: "Yes, we're going to increase taxes a certain percentage, but we're not going to increase that tax until July 1. Then what we're going to do is double it up because we weren't able to collect that tax starting back in January. We're taking double the amount."

I would suggest that our phones are going to be ringing off the hook when people get their first cheque in July. They're going to say, "What the heck? Look how much my taxes have increased." Because they're not prepared for that. You know, we had an opportunity to make the tax increase less painful last April. We could have at that point collected an increase in taxes for a period of nine months, as opposed to waiting to July 1 to collect double the tax increase for a period of six months. Surely to goodness we could have done that and made that increase far, far less painful than the proposed increases that we're going to suffer effective July 1 of this year. I wouldn't be too terribly surprised if next March or February when the Treasurer stands up in his place, he says, "My goodness, we're reducing the tax back to the rate it should be," and takes credit for the reduction. I wouldn't be surprised at all to see the Treasurer stand up and take credit for that. He ought not to, but he probably will. And I betcha even the Member for Calgary McCall will be thumping his desk when that happens. I would hazard a guess, Mr. Chairman, that a number of members will thump their desks when the Treasurer stands up to take credit for some-

thing that shouldn't be done in the first place.

Mr. Chairman, this tax bite or tax grab is really obscene. It's a retroactive grab for people that just aren't going to be prepared for it. They're not ready to see the doubling of a tax that they're not at all prepared for. They knew that there was going to be a minor increase, a percentage of the federal levy, but now with the financial management of this government it shows that they're taking double that amount -- for just a period of six months, the Treasurer says, just a period of six months. Well, in that period of six months, when we see the disposable income -- because this really would have been a disposable income had it not been grabbed by the Treasury. That disposable income could have gone into the stores. We see an increase in employment in the service sector, but you know, Mr. Chairman, when the management in stores starts to see that the purchasing power is no longer in the pocket of the consumer because it's gone, it's been grabbed by the Treasurer, the manager of the store is going to make a management decision and say, "Well, we better lay off one or two folk because we can't afford it; nobody's buying." So this amendment seeks to correct that. It only tries to put dollars back into the consumer's pocket, as opposed to putting them into the money-grabbing hands of our beloved Treasurer.

Having made those comments, Mr. Chairman, I'd move the question on the amendment.

MR. CHAIRMAN: Ready for the question on the amendment?

HON. MEMBERS: Question.

MR. CHAIRMAN: All those in favour of the amendment proposed by Edmonton Kingsway to Bill 49, please say aye.

SOME HON. MEMBERS: Aye.

MR. CHAIRMAN: Opposed, please no.

SOME HON. MEMBERS: No.

[Several members rose]

MR. CHAIRMAN: Perhaps hon. members could wait until the Chair rules. The amendment fails.

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

[Eight minutes having elapsed, the House divided]

For the motion:

Barrett	McEachern	Roberts
Gibeault	Mitchell	Sigurdson
Hawkesworth	Mjolsness	Strong
Hewes	Pashak	Taylor
Martin	Piquette	Younie

Against the motion:

Ady	Drobot	Musgrove
Betkowski	Elliott	Nelson
Bogle	Elzinga	Oldring
Bradley	Fischer	Orman
Brassard	Heron	Payne
Campbell	Hyland	Reid

Cassin	Isley	Russell
Cherry	Johnston	Shrake
Clegg	Koper	Stevens
Crawford	Mirosh	Stewart
Day	Moore, M.	Weiss
Dinning	Moore, R.	West
Downey	Musgreave	Young
Totals	Ayes - 15	Noes - 39

[Motion on amendment lost]

MR. CHAIRMAN: Are you ready for the question on Bill 49?

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: Hon. Member for Edmonton Calder.

MS MJOLSNESS: Thank you, Mr. Chairman. [interjections]
You bet.

Mr. Chairman, what we're being asked to do in Bill 49, the Tax Statutes Amendment Act, 1987, is to endorse and support a Bill that will increase taxes to ordinary Albertans in this province. In light of what has happened in the past few years and the kinds of priorities that this government has been identifying in this session with their budget and now with Bill 49, there are many people in my riding that are offended by what this government is doing. They're offended because they're getting less and less but they're expected to pay more and more. Many constituents are just fed up with the directives and the policies this government is implementing, such as Bill 49. People have expressed to me that they wouldn't mind as much paying more if they were getting more, but they're not; they're getting less. They've expressed concerns that the money's not going to social programs or medical services or education. We've had cutbacks in all of those areas, and things are of concern to many, many people, the kinds of things that are happening in those areas. Many of the members on the government side are talking like these kinds of programs are luxuries. These people are really offended by this.

There are many people in my riding, Mr. Chairman, that are really hurting, and they're struggling to survive. They're experiencing very difficult economic times. I know that this government -- from time to time we hear them say that if people are experiencing difficulty in their lives, whether it be economic difficulties or psychological difficulties due to stress or whatever, they're doing something wrong; it's their fault, and perhaps they should move home with their parents, and that might solve a lot of the problems. Or as it has been stated in the employment alternatives program brochure, perhaps if we take a walk in the park some of our problems will go away. But as long as this government is in power, I don't believe that our troubles will go away, because we've seen poverty increase in this province, our medicare premiums have gone up, and the cost of education is going up to the individual person.

Now, Bill 49 is increasing our personal income tax. It's levying a 1 percent flat tax on all Albertans regardless of what their income is. As long as they're lucky enough to have a little bit of income, they will be hit with this flat tax. And, Mr. Chairman, they're even hitting renters, with the elimination of the renters' tax credit in this particular Bill. There are many residents in my riding that will be really affected by the elimination of the renters' tax credit. I've got a lot of young families that

can't afford to buy their own home, so they are renting right now; a lot of students that are facing higher tuition fees, and they'll be hit by this. A lot of elderly people living in apartments for whatever reasons will be hit as well. The government keeps saying that we don't have a sales tax, which is true, but we are being hit in so many other ways.

Bill 49 is taking a billion dollars out of the economy. This is money that people will not have to spend on food, on clothing, on shelter. My colleague from Edmonton Belmont has pointed out the number of jobs that could be lost if this Bill is passed. I would say to the government: surely you must be concerned about these issues, because as we all know, as unemployment increases, we have lower tax revenues, higher welfare costs, and higher social consequences and problems.

There are many businesspeople in my riding that are experiencing economic difficulty as well. As a matter of fact, some are so desperate that they've actually written the Treasurer hoping for some kind of assistance. That's how desperate they are, Mr. Chairman: to actually write the Provincial Treasurer. This government claims to support small business, but I would suggest to them that they go out into some of these ridings and talk to these small businesspeople, because they are having a hard time.

What does Bill 49 mean to someone in my riding that owns a restaurant or owns a small grocery store or a flower shop? We know that with the increases of taxes, people have less and less money to spend as consumers. And as a result of the high unemployment in this province . . . There's a greater number of people that are working, and yet they are living in poverty. They are experiencing increases every which way that they turn. These have a great effect on all the businesspeople in my riding, and I'm sure in other members' ridings as well. Bill 49 will only intensify the situation for these people because we will be decreasing the consumer spending power. And this particular businessperson will not only have the effects of less people being able to come in and purchase things from them but they will also be expected to pay increased personal income taxes as well.

I just wonder, Mr. Chairman, how difficult we want to make things for people. We have a deficit in this province; we know that. We also hear members say that we have to tackle this deficit in four years, that Albertans won't tolerate a deficit of any kind. Well, I would also like to say that Albertans won't tolerate a government who continually jeopardizes people's well-being either, because deficits are not only measured in dollars and cents, and I really think that's something that this government has to come to grips with.

Now, Mr. Chairman, does Bill 49 lay out an economic strategy to decrease unemployment in this province? No, it does not. Does Bill 49 introduce an overall provincial plan to perhaps consult with communities and the kinds of cutbacks that are being implemented in those communities and the kinds of effects that they're having on people? Does Bill 49 do that? No, Bill 49 does not do that. Does it address the serious problems in our agricultural industry? No, it doesn't do that. It's increasing our taxes. It's implementing a flat tax on everyone in this province that is lucky enough to have some disposable income. And again, it's eliminating the renters' tax credit, which I have difficulty with.

I would like to repeat that many people in my riding have come to me and they're very offended by the kinds of policies that this government is implementing, because they're expected to pay more and more and they're receiving less and less from a government that continually says that we have the best in the

universe, we have the best in the world. Well, people are not convinced. And I think that what's really significant is what's happening out of this Legislature and what's happening in the real world to real people.

Mr. Chairman, I cannot support Bill 49. Thank you.

MR. CHAIRMAN: Are you ready for the question?

MR. GIBEAULT: Mr. Chairman, Bill 49 cannot go by in committee without some further comments here on behalf of my constituents in Edmonton Mill Woods. We have a number of amendments here that are before us, the amendments to the corporate income tax Act and to the personal income tax Act. Many of my constituents have been looking at some of the numbers in the government's own budget highlight booklets, and they can see right in there that the general personal income tax rate for the ordinary average Albertan is 46.5 percent now. And then they take a look at the corporate income tax, and lo and behold, large corporations have that heavy burden of 15 percent; manufacturing and processing corporations, 9 percent.

Not only is there an unfair balance of the load just on the percentages, Mr. Chairman, but the base for calculating those percentages is very, very incompatible. You can't compare the two at all. Because when we look at corporations, before they figure their 9 percent or 15 percent of tax to be calculated and paid to the Treasurer, before they do that, they deduct their rent, they deduct the equipment, they deduct supplies, they deduct wages, they deduct entertainment expenses. Just about everything else that they might want to incur as an expense is deductible, and then whatever is left over as profit is subject to this 9 or 15 percent tax.

Now, Mr. Chairman, my constituents want to know from the Treasurer -- and perhaps he will be good enough to give us the answer -- why is it that we can't seem to arrange our tax structure in Alberta so that individuals can do the same thing? How about letting the workers in this province deduct their mortgages and deduct their entertainment expenses, their supplies for their household, and so on. Then whatever's left over, let's tax that. In other words, let's make this a level playing field, to use an expression that's so popular on the other side. Let's make the rules the same for both the corporate income tax and the personal income tax. My constituents would appreciate that very much, Mr. Treasurer, and I hope you'll be able to explain why you have not chosen the opportunity of using Bill 49 to accomplish just that.

The other thing, of course, that we need to mention in Bill 49 is not what is there but what is not there. If this government has any concern about fairness in the tax system -- and I have to say that I haven't seen any evidence that it has, but if the government does have any concerns, surely to goodness in our general revenue scheme here we should be looking at the whole issue of estate taxes. Now, perhaps the Treasurer didn't have a chance to read the current issue of *Maclean's* magazine here. But there is a column there on page 7 that I draw his attention to, written by one of their economics writers who says:

The point is that the rich are simply not pulling their weight in Canada. That fact is made even more annoying by the twin whammy of government deficits and pressure on Ottawa to institute copycat tax [rates] ... If we must follow the Americans down the taxation road ...

Referring to the tax reforms in the U.S., which the Treasurer, I'm sure, is watching with interest, as well as our own federal

tax rate reforms.

... then let us do so completely by reintroducing stiff estate and gift taxes, or by closing some of those trust loopholes that may allow indefinite deferral of capital gains taxes. While apparently not under consideration, such taxes are a meaningful way to attack concentration of power, level the taxation playing field and take pressure off government spending.

Mr. Chairman, I thought those were the goals that the Treasurer had for the province in the taxation regime, and I don't see anything in Bill 49 or any of the other Bills before us that addresses that. So I would like a few answers to that on behalf of my constituents.

MR. CHAIRMAN: Are you ready for the question? Hon. Member for Athabasca-Lac La Biche.

MR. PIQUETTE: Yes, Mr. Chairman. I also would like to indicate how a lot of the people from my constituency, in some of the recent meetings I've had in the constituency, have reacted to Bill 49. Especially when I made them aware of the fact that there'll be a double whammy in their personal income tax starting July 1, a lot of them expressed the same feeling as was expressed before. I think a lot of people realize there needs to be a tax increase, but it was the way that it was introduced. A lot of people are very upset that their paycheques starting in July are going to be very adversely affected, and they haven't prepared themselves. A lot of people I know are not even aware of these tax increases coming on stream.

I think that when we're starting to look at the inflation aspect in the last few years -- and very few of our paycheques have been increasing in terms of the average worker out there -- when they get hit with that double tax starting in July, you're going to see a lot of angry people. I'm not sure how many phone calls the government will be receiving here starting a month from now, but I think it's going to be quite dramatic when they realize how that tax has been introduced. Because really it's an increase of 7 percent starting in July as opposed to the 3 percent that most people are expecting to be paying, so that's a tremendous increase starting in July.

I think it's going to put to shreds whatever economic policies the government had in mind to create jobs. I think it's going to negate anything that they have in mind and probably put Alberta back, in terms of their job-creation program, by maybe another year or at least until the double whammy is removed. Next January, I guess, would be when it starts coming off. It's amazing why the Treasurer did not choose to really come honest with the public of Alberta and institute that tax on April 1. I think if he had done that, you would not have had the kind of dramatic tax increase that people will be facing.

I think the other aspect is the rental assistance program which has been taken out by this tax statute amendment Act. It's going to be really hitting the people who are the low-income people. People who needed this assistance have not had an increase in minimum wages, so they're very ill prepared to be able to make those kinds of adjustments in their budget. It's really an attack on the low-income earners of this province. And of course, when we look at the 1 percent flat tax which applies to all categories of taxpayers, whether they can afford that or not, the flat tax will be hitting all levels of our taxpayers. I think it's a very regressive tax measure when we introduce that. In Manitoba at least the flat tax was applied to a category of people who could afford it. Here we're talking about people at the bot-

tom of the income tax scale who are going to be paying the same as people at the top end.

So in closing, I would like the government and the Provincial Treasurer to really set up very carefully a monitoring system in the next few months which will seriously look at the negative effect on our economy, on our small business sector, of the effect of this Bill 49.

MR. CHAIRMAN: Are you ready for the question? Hon. Member for Edmonton Highlands.

power is rather tight, wail till
MS BARRETT: Thank you, Mr. Chairman. One final comment, which is that it's a real pity that the proposed amendments have been defeated, primarily because I think the government has gotten around the rule which protects against retroactive taxation, basically by way of doubling the tax that's going to come into effect on July 1, between July and the end of December. It's a very clever technique; you certainly can't tell the Provincial Treasurer that he doesn't have a high degree of imagination. But I think that if an election were called after the first paycheques that people receive this summer after the tax increase comes into effect, the Provincial Treasurer wouldn't be.

MR. CHAIRMAN: Are you ready for the question on Bill 49? Hon. Member for Edmonton Kingsway.

MR. McEACHERN: Just a last point on the general debate on this Bill. It seems to me we've talked about tax reform across the country quite a lot, and it seems to me there's an area that has not been raised by this Bill or by the Treasurer, by any of us, for a long time, and that is the area of estate taxes and death duties. I think it's an area that we should be looking at again. With those comments, I'll let the Bill go.

MR. CHAIRMAN: Are you ready for the question?

[The sections of Bill 49 agreed to]

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that the Bill be reported.

[Motion carried]

Bill 56

Financial Administration Amendment Act, 1987

MR. CHAIRMAN: Bill 56 has been called for committee study. Are there any comments, questions, or amendments to any section of this Bill? Are you ready for the question? Hon. Member for Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. I talked briefly to the principle of the Bill earlier this morning, but there are a couple of other things I wanted to raise.

Maybe I'll just go back to a point on that. I want to make it very clear that the government is asking, according to their figures, for a billion dollars more than they need. Now, that's not so bad as what they did last year when they asked for \$5.5 billion and said that they only needed, I think it was, \$2.4 billion. Nonetheless, it's very clear that either they don't quite trust their accounting and analysis of what happened last year or

underestimated it. Well, we know they did that. Even when they say \$3.3 billion, actually the Speech from the Throne indicates that at December 31 the accumulated debt of the province was \$3.4 billion. So by the end of March when the end of the fiscal year ran out, it could well be \$3.8 billion. That plus the \$1.9 billion that they're anticipating for the coming year does require that they need more than the \$5.5 billion borrowing power.

However, the fact is that they could if they wanted to, and if the numbers do continue to show that the \$5.5 billion borrowing the fall session of the Legislature -- assuming we have one -- to ask for the further money. They would not, I think, run out before that time. But so they choose to do it now; that's okay. I guess we'll accept that and say that it does at least give them a little margin.

Now, a couple of fairly specific questions. The Treasurer is already borrowing quite a lot of money out of the heritage trust fund on short-term debentures, and I guess I'm rather curious. This short-term debenture thing -- I don't know, three months, six months, a year, whatever -- once that one debenture time runs out, he can of course turn around and reborrow with another debenture or short-term security, whatever term he is using. I guess what I'm wondering is what is the interest rate that we're paying ourselves when we borrow this money out of the heritage trust fund? Are we trying to maintain a 14 or 15 percent return on the heritage trust fund money that we're borrowing and so we're going to pay ourselves that much, or are we going to bring it down to 9 percent or that sort of thing? So I just can't resist asking the Treasurer to explain a little bit more about this \$2.3 billion borrowing power that he has given himself by order in council and explain just how he's working that.

The other question I have is to do with the section on debt in the Bill. It starts on page 4, section 74(1), and it talks about the government taking on guarantees or promising indemnities, and then if they have to come through, who has the authority to say when somebody should be paid out to make good that indemnity? I guess what I can't help wondering is why there isn't a schedule here, instead of saying, for example -- and I'll read part of the section:

(2) No guarantee of payment of a debt shall be given unless it is

- (a) given by an Act,
- (b) authorized by the Lieutenant Governor in Council, or
- (c) if the guarantee is given or authorized other than as provided in clause (a) or (b), approved by
 - (i) the Provincial Treasurer, the Treasury Board or the Lieutenant Governor in Council if the total amount to be guaranteed under that guarantee is less than \$500,000.

And then in section (ii), just

the Treasury Board or the Lieutenant Governor in Council if the . . . amount . . . is [between] \$500,000 . . . [and] \$5,000,000.

And it goes on to say in (iii) that just

the Lieutenant Governor in Council if the total . . . is [over] \$5,000,000.

I am wondering why it shouldn't come before the Legislature when you start getting into larger amounts of money. Should the government be giving out guarantees on loans to, say, hundreds of millions of dollars without bringing it before the Legislature? And perhaps even at \$5 million one should be thinking

in terms of bringing it before the Legislature. It seems that no amount of money, a guarantee, is big enough that the cabinet thinks that they should come to the Assembly and ask them to back that guarantee and to agree with that loan guarantee.

So those are just a couple of the concerns I have in Committee of the Whole on this Bill.

Thank you, Mr. Chairman.

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: Are you ready for the question? Hon. Provincial Treasurer.

MR. JOHNSTON: I'll take a second to answer the two questions, which may be provided to the Member for Edmonton Kingsway. First of all, the interest charged on advances from the Heritage Savings Trust Fund to the various other funds is set at the rate at the time. Depending on how long the loan is, it would be set off the one-year money or short-term money. But it's a very short-term arrangement and therefore reflects the market conditions of the time.

With respect to the debt section, section 14 . . .

MR. CHAIRMAN: Order in the committee please.

MR. JOHNSTON: Section 14 essentially is put in place. It eliminates the potential duplication of approvals by the Lieutenant Governor in Council and by Treasury Board, the Provincial Treasurer, and simply clarifies the fact that there does not need to be that duplication.

As to whether or not they should come before the Legislative Assembly for guarantees, of course you can see that if we had to come here for guarantees, which on a routine basis happens daily, weekly, or monthly it would be impossible for us to proceed with some of the initiatives which I think are important in terms of economic diversification.

MR. CHAIRMAN: Ready for the question?

[The sections of Bill 56 agreed to]

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 56 be reported.

[Motion carried]

Bill 55

Nova, An Alberta Corporation Amendment Act, 1987

MR. CHAIRMAN: Are there any comments, questions, or amendments to any section of this Bill? Hon. Member for Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. The Member for Calgary Forest Lawn laid out a fairly straightforward analysis of our position on Bill 55 in second reading, and that will do at this stage.

MR. CHAIRMAN: Are you ready for the question on Bill 55?

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: Hon. Leader of the Liberal Party.

MR. TAYLOR: Sorry, Mr. Chairman. I nearly ended up getting up with my back towards you there; I had to move so fast.

I had a couple points I wanted to make. One. I voice some concern about the 15 percent clause of ownership in Nova, in that could we have the seven big sisters all take 10 or 15 percent each and end up owning a whole company? The minister said that was indeed possible. Of course, that may be something he can look to down the road. I'm sure the management of Nova would be even more interested than we are in making sure that didn't happen. So you might send a little signal down to them, next time you're on their corporate jet traveling first-class plus, that they think about that possibility.

But what I've also thought about -- I maybe chatted a little bit with the minister off the record; I think I'll put it on the record now -- is that the whole question of the transportation of gas within this province was originally set up by the government of the day, and rightfully so, to be transported without fear or favour and without apparent prejudice by an organization that was not tied into any other corporations or any other consumers or purchasers or whatever. We've come a long way since that.

If you want to take an analogy and see what happened, we had the same thing in the early 1900s in the United States, wherein the U.S. found that they had to separate the ownership of actual oil and gas and refining from the utility companies because the utility companies, having sort of a cash cow, then had a vested interest that was just very difficult to control. This is what we're approaching here in Alberta with Nova. Congratulations to its management and to whatever other reasons -- they've had some help from government. They have branched out. They now want to get out of the nest and fly in the international finance community to raise money.

They also want to operate in the international community of drilling wells and having upgraders and petrochemical plants. In other words, the little collection agency that was not connected to anyone, that was going to collect and transport the gas to the border without fear or favour from the small, the weak, and the strong in Alberta, no longer exists.

Now, possibly we can go back again to the U.S. and study their development and note that in the divestiture proceedings against many of the larger corporations -- one of which I was a corporate officer of for some years, so I was very familiar with it -- the utilities were pried away from the corporations and resold to other bodies. Quite often they were local government. So I just would like to put on the record, Mr. Chairman, the possibility that our pipeline gathering system of Nova go back to the old Alberta Gas Trunk idea. In fact, under an arbitrated price this government may resurrect -- it would be almost like doing it over again, going all the way back to the 1950s -- another Alberta Gas Trunk that would buy out the assets of the Nova corporation in the pipeline area only. Leave Nova in all the rest -- oil, Husky upgraders, petrochemicals, whatever it is -- just the pipeline system and do exactly what the old Alberta Gas Trunk did: sell shares again.

The public has shown when they bought the recent bond issue of the provincial government that they'd like to get in and invest. Have that guaranteed return of 13 or 13.5 percent, but with a management and an ownership that is unconnected with the other corporations operating in Alberta, with a board of directors that indeed is controlled by the producers and by the

government, with the third going to the shareholders, with the sole purpose being to transport gas without fear or favour to the various consumers within and without Alberta. In other words, a trunk system. Let's go back to that.

And I think Nova corporation might surprise you. They might well commit if they get an arbitrated price because it would free their hands to operate in the world economic sector, competing with many other corporations. And it would get us and the producers of Alberta back to where we were in the 1950s with -- it obviously has to be a fair method. I'm not saying that Nova is unfair now, but what I'm saying is that we've built in so many conflicts of interest, so many possibilities now, particularly with the new financial owners coming in, that the Alberta government is going to be hard put, as well as some of the small producers, to make sure that equity maintains in the marketplace.

I would like to suggest before I close out -- and it's not an amendment we can put to this Bill, but at committee stage you're allowed to wonder around. I've heard other cabinet ministers and the Treasurer often complain that they never get brilliant ideas from the opposition. Well, we do, but most of the time they are not of the intelligence level to recognize it. But this time I am taking enough time to point out very clearly an age-old system that can be used. It was used in the excited states of America, a good free enterprise country; it's been used around the world. When a corporation builds past the stage where it's no longer in your control, the idea is to take the part that you want to control, take that part that's so important to the producers and gas sellers in Alberta, and pry it loose again on a fair and arbitrated basis. Let's start over with a new Alberta Gas Trunk and let Nova go on to great and wonderful things, that of spreading the word of Alberta throughout the world community.

Thanks.

MR. CHAIRMAN: Hon. Member for Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. In looking through my notes, I did discover that I had a couple of questions out of second reading that the Treasurer did not answer. In fact, his answers were very excellent on a number of points, but there were just a couple that I wish to raise.

The four members of the board that will be appointed by the government is fine, but what about the four that are going to come from the natural gas industry? I'm not quite sure that the election mechanism will necessarily guarantee that. Perhaps there is something in the Business Corporations Act under which those election appointments will be made that guarantees there will be four of them from that industry. That was one question.

Related again to the board of directors, it says that the majority of the board must be Albertans, but a majority is really like nine out of 17, and that could be running it pretty close, one or two people away. So I'm wondering if it shouldn't have been built in that two-thirds should have been Albertans or something of that sort. It does seem to me that it exposes us to quite a lot of risk of more and more foreign control or influence on a corporation that probably, if Manning had been of a different persuasion and had been really using his head for the benefits of all Albertans, would have started out a Crown corporation in the first place. The way it was set up, it would have made more sense.

The other question I wish to raise is that I see a quote here by a Mr. Pierce that says that now the new arrangements will allow

them to partner with anybody on whatever terms you can work out, yet the Treasurer has assured us that he will control any mergers or takeovers. I just wondered why the officials seemed to have that not too clear. I guess it maybe allows more flexibility than they've had up to now, but I'm sure he didn't misunderstand the Treasurer. I'd just like a comment or two.

MR. JOHNSTON: Mr. Chairman, first of all, let me indicate, the Member for Calgary Forest Lawn asked me to check and see what the value of a \$5 investment in '57 was. It's been reported to me by my staff that the \$5 share is now worth \$114, has split 12 for 1.

With respect to the directorship, Mr. Chairman, it is an important element and an important question. Obviously, you could pick any number you wanted from zero to a maximum of 100 percent to ensure Alberta ownership or Alberta protection for those shareholders. Well, let's remember one or two things. First of all, the shares will be voted by the common shareholders now, so they will have the right to appoint those directors. I can assure you that the Alberta government will appoint Alberta directors. Moreover, with respect to the text from the gas company, you will notice that the section indicates clearly that four of the directors . . . [must] be individuals who, in the opinion of the Board . . . have been directly or indirectly involved in the development, operation or management . . . gas producer.

Well, I think that probably involves everybody in Alberta. You can say you have been involved in the gas and oil business at some point, and I think that's the kind of people they'll draw upon.

Of course, that section for production, for the gas producers, is similar to those back in the class "B" section.

Mr. Chairman, with respect to the last thing, about Mr. Pierce, I think he's only talking about joint ventures, which are a normal kind of business arrangement in the oil and gas sector.

MR. CHAIRMAN: Are you ready for the question.

SOME HON. MEMBERS: Question.

[The sections of Bill 55 agreed to]

[Tide and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 55, Nova, An Alberta Corporation Amendment Act, 1987, be reported.

[Motion carried]

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 the following Bills and reports the following: Bills 49, 56, 55. Reports the following with some amendments: Bill 20.

MR. SPEAKER: Does the committee agree with the report?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

MR. CRAWFORD: Mr. Speaker, the Assembly will sit on Monday night, and the business will be those one or two Bills that may be read a second time; in particular, the Dairy Industry

Act. Apart from that, we'll be in committee and, potentially, in third readings. I should say that some of the private Bills will be up for second reading and committee as well, if the government Bills are done.

[At 1 p.m. the House adjourned to Monday at 2:30 p.m.]

