

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Wednesday, April 13, 1988 2:30 p.m.**  
Date: 88/04/13

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

[Mr. Speaker in the Chair]

**PRAYERS**

MR. SPEAKER: Let us pray.

Our Father, we thank You for Your abundant blessings to our province and ourselves.

We ask You to ensure to us Your guidance and the will to follow it.

Amen.

**head: INTRODUCTION OF BILLS****Bill 254****Public Service Pay Equity Act**

MR. TAYLOR: Mr. Speaker, there's a little bit of embarrassment I want to present a Bill, but I don't have a copy of it. You have it, Mr. Speaker? Okay, thank you.

I'm introducing Bill 254, the Public Service Pay Equity Act.

If enacted, this Bill would establish pay equity in the public sector and would help close the unacceptable wage gap between male and female workers in Alberta.

[Leave granted; Bill 254 read a first time]

**head: TABLING RETURNS AND REPORTS**

MR. RUSSELL: Mr. Speaker, I'd like to table the government's statement of social policy that was referred to in the throne speech, called Caring & Responsibility. Members will also note in Votes and Proceedings that there's a notice of government motion on the Order Paper so that all members will have a chance to debate it.

MR. ORMAN: Mr. Speaker, I'd like to table with the Assembly the third annual report of the Wild Rose Foundation for the year ended March 31, 1987, and I undertake to make copies available to all members.

MR. TAYLOR: Mr. Speaker, I'd like to table a report. It is a submission to the Alberta Minister of Hospitals and Medical Care by the Alberta Health Care Task Force of the Christian Labour Association of Canada, entitled Caring for our Elderly: An Inquiry into Working and Living Conditions in Alberta Nursing Homes.

**head: INTRODUCTION OF SPECIAL GUESTS**

MR. RUSSELL: Mr. Speaker, there are some special guests in your gallery today that I would like to introduce to members of the Assembly: Mr. Felix Clarin, the honorary consul general of the Philippine government for Alberta, and three of his col-

leagues. I'd ask that they stand and receive the warm welcome of the House.

MR. SPEAKER: Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Speaker. I'd like to introduce 32 adult students from the Alberta Vocational Centre in downtown Edmonton-Centre. They're in the public gallery with their teacher Mrs. Penrose. I'd ask that they please stand and receive the warm welcome of the members.

MR. SPEAKER: Minister of Culture and Multiculturalism, followed by Edmonton-Mill Woods.

MR. STEVENS: Thank you, Mr. Speaker. I'm pleased to introduce to you and through you to the members of the Assembly, Mr. Dick Jarvis of Jarvis Engineering Limited in Edmonton. Mr. Jarvis is the chairman of the Alberta Art Foundation, promoting Alberta's artists and art for the benefit of Albertans. He's in the members' gallery, and I ask him to rise and receive the Assembly's welcome.

MR. GIBEAULT: Mr. Speaker, I'm glad to make introductions today of two special Latin American visitors. [remarks in Spanish]

Mr. Speaker, I would like to introduce to you and other members of the Assembly, Mr. Mario Palestro. Mr. Palestro is a former deputy of the Chilean Parliament prior to the military coup in 1973. He is presently living in Venezuela. Mr. Palestro is on a national tour of Canada, helping Canadians to understand the current issues facing the Chilean people in their continuing struggle for freedom and democracy. [a s submitted]

I'd ask Mr. Palestro to please stand now and receive the warm welcome of the House.

Secondly, Mr. Speaker:

[remarks in Spanish]

I would like to introduce to you and the other members of the Assembly, Mrs. Sandra Bonillo. Mrs. Bonillo is the treasurer of the Honduran Farm Workers Association. She is presently on a national tour of Canada, helping Canadians to better understand the difficulties and challenges facing the farm workers in Honduras. [a s submitted]

I would ask Mrs. Bonillo to please stand and receive the very warm welcome of the House.

MR. GOGO: Mr. Speaker, Alberta was one of the first jurisdictions to introduce the page system in its Legislature, and we're honoured today to recognize a father of one of the pages Cecilia Paolucci. All members are well aware that we generally use high school students who utilize the opportunity to learn something about the parliamentary system and how our system of democracy works. Standing on my left, Mr. Speaker, is one of our pages Cecilia Paolucci, and in your gallery, who's journeyed up from Calgary-Bow to see his daughter in action, is the father of Cecilia, Mr. Carmen Paolucci. I'd ask him to rise and receive the welcome of the Assembly.

MR. BOGLE: Mr. Speaker, on behalf of my colleague and good friend the hon. member for the Whitecourt constituency, it's a privilege today to introduce 63 grade 8 students from the Mayerthorpe junior/senior high school. Interestingly enough, my colleague, who is currently chairing Hail and Crop Insurance board meetings, would really like to have been here, because

Mayerthorpe is his hometown. These students are accompanied by their principal Mr. Bruce Percevault, by teacher Mr. Lloyd Grosfield, and by parent Mrs. Wendy Grosfield. I would ask the group to stand and receive the warm welcome of the Assembly.

MR. YOUNG: Mr. Speaker, on behalf of my colleague the Hon. Neil Crawford, Member for Edmonton-Parkallen, I am pleased today to introduce 42 students to you and to hon. members. The students are from Avalon junior high school, grade 8, and are in the public gallery and are accompanied by teacher Gordon Smarsh. I would ask that they rise and receive the usual warm welcome of the members of the Assembly.

head: **ORAL QUESTION PERIOD**

**Monetary Policy**

MR. MARTIN: Mr. Speaker, to the Treasurer. The Canadian dollar had been trading in the low to mid 70-cent range compared to the U.S., and as I recall, the Treasurer expressed concern in his budget speech about the dollar rising to over 80 cents. Now, Mr. Speaker, obviously, if the Mulroney trade deal goes into effect, the Canadian dollar will move closer to the American dollar because of the interlocking economies. My question to the Treasurer: in view of the importance of this matter, will the Treasurer indicate what assumption he made regarding the value of the dollar in the budget that he brought down?

MR. JOHNSTON: Mr. Speaker, 78 cents.

MR. MARTIN: Seventy-eight cents. Thank you, Mr. Speaker.

Then to follow up from that 78 cents, in view of the fact that it's now over 80 cents, I believe 80.8 cents, and there's speculation that it's going to go higher, is the Treasurer not concerned that this will throw off his projections in his budget and create real problems for us?

MR. JOHNSTON: Yes, Mr. Speaker. I think from time to time we have made several public comments about the impact of the cross currency rate with U.S./Canadian dollars. We have done the following. First of all, it's not just one-sided. It is true that as the value of the Canadian dollar strengthens against the U.S. currency, because much of our commodity trade is denominated in U.S. dollars, we obviously must suffer something in terms of a loss of potential transfer into Canadian dollars. At the present time, 78 cents to 80.38 cents -- I guess, when I saw it this morning on my screen -- is not all that significant, given what we consider to be a very buoyant, optimistic outlook with respect to oil and gas generally.

However, on the other side, Mr. Speaker, it should be noted, as I've said to the Member for Edmonton-Meadowlark, that with some of our foreign currency exposure, obviously we're doing better. As the value of the Canadian dollar strengthens against the U.S. dollar, then of course we have an implicit profit on currency exchange rates. In fact, that has worked to our advantage since the fall of 1986 when we first entered the market. Nonetheless, as my budget has pointed out on behalf of our government, we drew attention to the clear fact that the value of the Canadian dollar, essentially this year being driven by interest rate and central bank protection, is a major trading concern to the province of Alberta.

MR. MARTIN: Well, supplementary question, Mr. Speaker.

As the minister is well aware, as our dollar goes up, it'll make it harder for our producers to compete on that market. Many analysts have pointed out that a higher Canadian dollar may be the price Canada has to pay for U.S. acceptance of the Mulroney trade deal.

Now, my question to this Treasurer: does the government take the view that if Canada wanted to push its dollar down through interest rates or whatever means, this would be acceptable to the Americans under the Mulroney trade deal?

MR. JOHNSTON: Well, there again. Mr. Speaker, you're talking fairly hypothetically. When you talk about currency in the context of international trade, it is a matter of fact that on a flexible exchange rate system the various currencies should vary with the economic power of the country that is associated with it. Unfortunately, that has not been the regime since the Louvre Accord, as you will recall, and there has been substantial intervention by most governments to maintain some ratio of exchange rates. Unfortunately, that has been the case.

But when you talk about exchange rates with respect to international trade and particularly the bilateral trade arrangements between Canada and the United States, you must remove all the other subsidies that are in place. Therefore, on a ceteris paribus basis you would find that if you took out the subsidies and allowed the dollars to float even closer together, recognizing the problem the member notes with respect to trade relationships, in fact Alberta still would have the competitive advantage because all the other subsidies in the other provinces would be removed and we could trade more effectively in the United States. It is probably to our advantage if that happens.

MR. MARTIN: Mr. Speaker, that's a whole other debate, but this is not hypothetical.

I'll direct this to the Premier, because yesterday in his meeting with Premier Bourassa I understand the Premier called on the federal government to use interest rate policy to drive the price down below 80 cents, as I understand it. I share that position with the Premier,

MR. SPEAKER: Question.

MR. MARTIN: Mr. Speaker, this is going to be very difficult under the Mulroney trade deal. My question to the Premier can the Premier advise whether the government has now abandoned its previous policy that currency values should be set by market conditions in the world? Because he said this on the 12th, and now they're talking about the . . .

MR. SPEAKER: Thank you, hon. leader. It's getting terribly long.

MR. GETTY: Mr. Speaker, certainly my comments aren't at odds at all with our position. As a matter of fact, throughout the world interest rates are falling, and Canada is out of step with other nations and the rest of the world on interest rates. We want to see a low interest rate policy in this country. I think it would help our economy; it would help the people. Of course, a high interest rate policy would not be used to prop up the dollar.

MR. SPEAKER: Thank you.

Westlock-Sturgeon, supplementary.

MR. TAYLOR: Supplementary, Mr. Speaker, to the Treasurer

and maybe the Premier. It's nonsense, because even the ex-Premier says the rising American dollar could ruin the trade agreement.

However, let's go back to something the Treasurer is forecasting in the budget, Mr. Speaker. It's with respect to the price of oil. Of course, as the American dollar goes up, what we receive goes down.

MR. SPEAKER: The question now is?

MR. TAYLOR: Mr. Speaker, the simplest economic theory . . .

MR. SPEAKER: Order, hon. member. These are . . . [interjection] Still order.

These are supplementary questions. Now the question, please.

MR. TAYLOR: Mr. Speaker, in view of the fact that when the American dollar goes up, we return less money to our coffers, can he make any kind of an accurate forecast now, in spite of the fact that the world price is going up but the American is causing the return to come down, whether it's going to equal out . . .

MR. SPEAKER: Thank you, hon. member. That is sufficient. [interjection] Order please.

MR. JOHNSTON: I'm having some difficulty just unraveling what it is I was asked, but if I understand it, Mr. Speaker, as I've said before, there's no question that the American dollar/Canadian dollar exchange rate on the foreign exchange market is being constantly watched by the province.

This isn't a new regime; this is something we've done going back to when Mr. Bouey was the governor of the Bank of Canada. I recall many discussions with him with respect to trying to keep our Canadian dollar in a competitive edge with American currency so that we maintain an opportunity to trade. Generally speaking, I think that over the last decade it has been fairly successful, as our merchandise trade account in Canada has been positive, although if you factor in the service account, it's negative.

But with respect to the trade of Alberta, a higher Canadian dollar tends to be negative. We've already indicated that my forecast is about 78 cents. It's off something like two- or perhaps three-eighths or two and some basis points right now, and obviously that has a cost to it. It's that cost we're recognizing as well.

Nonetheless, we are on balance optimistic that our revenue forecast will be achieved because the \$18.50 oil price I think is fairly generally accepted as a reasonable price. Moreover, it is a composite index reflecting not just the price of oil but the very bullish attitude we have with respect to both the volume and sale of natural gas, which means generally more natural resource revenues for this province.

MR. MARTIN: Mr. Speaker, I'd like to designate my second question to the Member for Edmonton-Glengarry.

MR. SPEAKER: Edmonton-Glengarry.

### Forest Fire Fighting

MR. YOUNIE: Thank you, Mr. Speaker. I'd like to direct a

question to the Minister of Forestry, Lands and Wildlife concerning forest fire dangers and some implications for his budget.

Last year the fire suppression budget was cut almost in half, and although this year the minister was wise enough to start the fire-watch season a couple of weeks early, not only in his budget did he not increase the budget for fire suppression, but he drastically cut three areas of the budget that deal with fire prevention. I'm wondering what forecasting methods the minister used to come to the decision that he could follow up an extremely dry winter with cuts to forest fire prevention.

MR. FJORDBOTTEN: Mr. Speaker, we look at what would be an average year. We've never had a crop failure in April yet. We don't know what the weather will be six months down the road or three months down the road, but you can be sure that for any forest fires there are in the province, we will take whatever action necessary to bring them under control. If there is extra money needed, I'll certainly be asking the Provincial Treasurer to provide it.

MR. YOUNIE: Thank you. There's a number of problems with that method of budgeting. Is the minister now announcing that he is intentionally bringing in a budget that underestimates what should logically follow from the kind of winter we've had, and he'll just go to the well of special warrants as the need arises?

MR. FJORDBOTTEN: Well, Mr. Speaker, I don't see any logic in that kind of an argument. If we budget for what would be a historical number, I think that's fair. There's no indication yet that we are going to have a severe weather situation this year. It's dry now, but of course we expect to have rains, and that could change the picture significantly.

MR. YOUNIE: We've got about four times as many fires burning now as this time last year. The minister saw fit to start the fire-watch season early, and fires are even coming back to life after last year because of the dry winter. I'm wondering how the minister can cut the three areas that deal with the most important part, which is the fast response capability of the firefighters.

MR. FJORDBOTTEN: There's no reduction in that at all, Mr. Speaker, in that our Helitack crews are there. We have four new aircraft for fighting fires that are now on-line. Our forest lookouts are being staffed, some effective today. We are taking all actions that are necessary, and I think that's the only logical approach.

MR. YOUNIE: Mr. Speaker, unless we were told something untrue in estimates last year, fire prevention, fire detection, and fire suppression deal with the quick response capability. I am wondering if the minister feels that after such a dry winter we can still count on the rains. Does he have some kind of supernatural prediction that this dry winter will not lead to more fires? That is the logical assumption upon which he should base a budget.

MR. FJORDBOTTEN: Maybe, Mr. Speaker, the hon. member would table what his forecast would be to suggest it's going to continue to be dry.

MR. TAYLOR: Mr. Speaker, speaking of something positive . . . [interjections]

MR. SPEAKER: Order please.

MR. TAYLOR: Has the minister considered a cloud seeding program along the foothills, something the Minister of Agriculture throws out but could be a great deal of help now?

MR. FJORDBOTTEN: Mr. Speaker, there has been a lot of research done in the past in increasing snowpack in the mountains. That research has not been that conclusive as to lead us to believe that that would be the result. There are some indications that it is. Targeting is always a problem in that particular area.

The Minister of Agriculture may wish to supplement.

DR. CASSIN: A supplementary to the minister of forestry. We're all aware of the dryness in southern Alberta, but most of our forests are in northern Alberta. Could he comment on what the situation is in northern Alberta? [interjections]

MR. SPEAKER: Order please.

MR. FJORDBOTTEN: Mr. Speaker, there isn't the snow cover in the forested areas. In the southern two-thirds of the province it certainly has gone, but the northern part of the province is different. I get nearly daily reports on the forest fire situation that's across the province. To give you some indication there are 23 fires that are under control, there have been 55 fires extinguished to date, and we have a crew and equipment on-site to handle any one of them. It's certainly far too soon to press the panic button on what the future may hold in the forests.

MR. SPEAKER: Thank you.

Member for Westlock-Sturgeon, main question.

### Care of the Elderly

MR. TAYLOR: Mr. Speaker, the first question today is to the Minister of Hospitals and Medical Care. One of the prime purposes of any government or anyone in charge of society is the proper care of our elderly. A recent report, the one I just filed today, certainly raises questions as to whether or not our elderly are being properly looked after, particularly when you realize that the average that we spend on the elderly per person in our homes today is only one-third to one-half of what we spend on our prisoners.

The first question to the minister is: in view of the fact that the government's inspection system is one of the things criticized so much in this report, could the minister tell this Assembly how often inspections occur in the nursing homes?

MR. M. MOORE: Mr. Speaker, I could refer the hon. member to a report that was tabled in this Assembly, I believe last Friday, called the Alberta Health Facilities Review Committee annual report, 1987. This is about the sixth or seventh report of that committee that's been filed in this Assembly, and the committee has been in existence for a good number of years and operates under an Act of the Legislative Assembly.

In the back of the appendix to this particular report is an outline of the number of nursing homes, auxiliary hospitals, active treatment hospitals, and senior citizens' lodges that were visited by the committee chaired by the hon. Member for Cypress-Redcliff. It should be noted that contrary to the comments in the report that was released yesterday, the Health Facilities Review Committee on every occasion makes their visits without notice,

contacts staff, contacts patients, has discussions with every aspect of the facilities they are looking at. They also make periodic reports to the minister responsible; in the case of nursing homes and auxiliary hospitals, to myself. We act upon the recommendations received from the committee.

I find the balance of the report lacking in a number of areas about knowledge of what's really happening in the nursing home and long-term care situation in Alberta.

MR. TAYLOR: Mr. Speaker, while I compliment the committee, a hardworking committee -- there's no question that it was touring the province -- what I'm talking about are professional inspectors, the inspectors hired by the government of this province, whose sole duty is to drop in unannounced to examine nursing homes. How many of these do we have operating, and how often do they inspect?

MR. M. MOORE: Mr. Speaker, I hope the hon. member isn't suggesting there's something nonprofessional about the people who are members of this committee. I'd be prepared, Mr. Speaker, to stack them up against anyone in this province when it comes to the requirements to properly inspect a nursing home, an auxiliary hospital, find out what patients think, find out what relatives and friends of patients think, and find out indeed what the staff think. They've been doing an excellent job. Some of them have been members of this committee for many years; many of them are professionally trained people. There is simply nothing nonprofessional about this group of people.

Now, the staff of my department certainly do visit nursing homes and hospitals from time to time for various reasons. Some relate to inspection of records and nursing care requirements and those sorts of things. They often go with the knowledge that they are coming known in advance because they want to discuss matters with the management of the nursing home. They want them to be there and be prepared. The nature of their work is slightly different from the Health Facilities Review Committee, whose job is to go in and find out without any announcement what the actual conditions are. In my view, they have been doing an excellent job, and as indicated in the outset of their report, the improvements in the nursing home picture in this province since the Hyde report of 1982 have been very, very significant. There isn't any question; our long-term care system in this province is second to none in Canada.

MR. TAYLOR: Mr. Speaker, the minister can be as sanctimonious as he wants, sticking up for his friends. The point is that there's a lot of people in this province who do not think these homes are properly inspected.

Would he go this far? Can he tell whether or not the inspection procedure includes interviews in private with the employees and people who are off shift at the time?

MR. M. MOORE: Mr. Speaker, the visits by the Health Facilities Review Committee to nursing homes, auxiliary hospitals, active treatment hospitals, and lodges does include visits with every facet of the operation: management, workers, patients, friends and relatives of patients. As I've said, they've been doing an excellent job of covering the province with very limited resources for quite a number of years and have given us a lot of good information about making improvements.

In addition to that, in case the hon. member hasn't had an opportunity to read it I refer him to the committee on long-term care and a copy of the report *A New Vision for Long Term*

Care: Meeting the Need, that is the most comprehensive study of the long-term care system in this province that's been done in several years and again points out a number of improvements we could make, some of which are agreed to by the report the hon. member tabled today, others of which are different. But again, I commend the hon. member's attention to reading this report

MR. TAYLOR: Mr. Speaker, the Mirosh report is an effort to save the government money, not to improve the inspection system. He himself mentioned, "as much as funds will allow." Would the minister consider setting up an office under the auspices of the Ombudsman's office? It would have the responsibility of not only investigating nursing homes but be advocates for those people in the nursing homes.

MR. M. MOORE: Mr. Speaker, the hon. member's preface to his question is absolutely ridiculous. This report recommends additional funding in a number of areas, and recommends some changes that will be appropriate for the care of our senior citizens. Maybe what the hon. leader ought to do before he starts mouthing off about what's in it is read it, because it's a very good report with a lot of excellent recommendations, and we'd like at some point in time to know what the Liberal Party thinks of it

REV. ROBERTS: Mr. Speaker, when is the Minister of Hospitals and Medical Care going to follow up on the Hyde commission recommendation, which is that there be a review committee solely directed to nursing homes in this province? Not a Health Facilities Review Committee looking at all 300 health facilities in the province but one just narrowing in on nursing homes, a recommendation of the Hyde commission itself.

MR. M. MOORE: Mr. Speaker, yes, that has been considered, but it was rejected because we didn't believe there was any point in creating a duplication of the existing committee, which again is doing an excellent job. The facts of the matter are that we have over the years enlarged that committee and made sure it did have the capability and members appointed to it who were capable of adequately providing for nursing home visits. There would be no magic at all to creating another committee to do the work that's already being done by the hon. Member for Cypress-Redcliff and his committee.

MRS. MIROSH: Mr. Speaker, to the minister. Has this task force ever contacted members of your department with regard to specific issues or professional people with regard to funding or inspections or method of training staff, et cetera?

MR. M. MOORE: Mr. Speaker, as near as I can determine, unfortunately this particular task force that tabled a report yesterday did not contact any members from my department. That may be why some of their recommendations do not reflect a number of current things that are happening. For example, we currently have a study with regard to patient classification that's going on in the field that would classify patients at different levels of nursing home care and fund them in that regard. A number of nursing homes and auxiliary hospitals are actually involved in that study. There are a number of other areas where had the group in fact contacted knowledgeable people, they would have recognized that there were certain things happening now that they have expressed concern about

### Principal Group Inquiry

MR. R. SPEAKER: Mr. Speaker, my question is to the Provincial Treasurer. On March 18 last I raised a question with the Provincial Treasurer about the payment of legal costs for the Connie family in the Code inquiry. The minister indicated at that time that he thought fees were being paid by government, but outside of the House I understand that there were questions with regards to that. Could the minister clarify that at this time?

MR. JOHNSTON: Yes, Mr. Speaker, there was apparently an interesting conflict of understanding of what was being discussed. But the answer I gave to the member in the House is my understanding of what is happening, and that is that a portion of Mr. Cormie's legal fees while in attendance at this public hearing, this near public inquiry, is being paid for by the government.

MR. R. SPEAKER: Mr. Speaker, supplementary question to the minister. Could the minister indicate whether the challenge of the jurisdiction and the powers of the Code inquiry would also be legal costs paid on behalf of the family?

MR. JOHNSTON: That's a very important question, Mr. Speaker. What we have done as a matter of policy in this government, going back over the some 17 or 18 inquiries that have been held -- and don't hold me to that number; there have been quite few public inquiries held, and the Code investigation is essentially close to a public inquiry -- is that the government because of the need to have public understanding of these issues and the very complex nature of the discussions, generally pays for the entire costs of the proceedings before the inquiry, under the jurisdiction of the inquiry. So in that context we are consistent with our commitment and precedent that in the case of anything coining before the Code inquiry, essentially those costs are covered by the government

Now, when Mr. Connie attempted to make a change in the petition before Mr. Justice Berger, to argue under the Constitution in particular that the Legislature was ultra vires with respect to the Business Corporations Act, in fact our legal advisors and the people who advise the government drew to the attention of Mr. Cormie's lawyers that this must be paid for with his own funds, and that is the case.

MR. R. SPEAKER: Mr. Speaker, supplementary. Some of the legal counsel are complaining that they're losing money in terms of the hearing. Could the minister indicate what rate has been established for the lawyers?

MR. JOHNSTON: Well, Mr. Speaker, somebody from behind says it's difficult to make that convincing argument. I'm not going to get into a debate on whether or not lawyers are losing or not losing money. I can only indicate to you that the lawyers' bills for January for this inquiry, for example, total some \$800,000. They go to a variety of people; there are several that are there. You saw the special warrants which went through the House. They are also in my budget considerations. Plus this year's budget, '88-89, includes a provision for all the costs that are associated with the inquiry, including part of the liquidation fees. Therefore, Mr. Speaker, I think it's safe to say that we are making ample funds available to the lawyers to ensure that they properly carry out the conduct of this investigation. That, I think, is the commitment and clearly that's what's taking place.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to clarify my last question. I left it in general, but in a specific sense could the minister indicate what the hourly rate of fee can be and how that is established? Was it a negotiated fee at the beginning of the hearings, or was the fee established on precedent in other circumstances?

MR. JOHNSTON: Mr. Speaker, you'll notice that in Mr. Berger's order itself, it says that reasonable costs essentially approved by the Treasurer will be allowed. What we have done is direct the attorney who is representing us, our lawyer, to ensure that all the hours are audited, that the fees are reasonable, first of all. Secondly, at the outset of the investigation we negotiated with the various attorneys an hourly rate, and it seems to me that that hourly rate may well be below the normal billing rate. But remember that in the case of a normal billing hour a lawyer is attempting to recover not just his own time but the administration time. Therefore, when you're in front of an inquiry, obviously an hour there is probably worth a little more to the lawyer than an hour in his office, where he has the expense of overhead. There are various rates. Those rates apply to the number of lawyers who are involved, and obviously the rate is tested by the experience and credentials of the lawyer involved.

MR. SPEAKER: Thank you.  
The Member for Vermilion-Viking.

DR. WEST: Yes. To the Treasurer. Has the Code inquiry been given any direction as to the time frame or the limitation of time in which it's to conduct this inquiry?

MR. JOHNSTON: Well, Mr. Speaker, we have not imposed any time. What we have suggested at all times is that the amount of time required will provide the fullest amount of information possible.

MR. WRIGHT: Will the Treasurer undertake to us that if fees are thought to be unreasonable, his counsel will be instructed to request taxation of them by the clerk of the court?

MR. JOHNSTON: Yes, Mr. Speaker. First of all, you mean taxation in the professional sense. Yes, that would be our course of action.

MR. TAYLOR: Mr. Speaker, a supplementary to the Treasurer, who read from a list of what he has paid for lawyers; \$800,000, I believe it is. Could he read from that list how much money has been paid to Mr. Connie's lawyers?

MR. JOHNSTON: Mr. Speaker, I'm just simply giving the order of magnitude with respect to the numbers. I'm sure that at some point we'll make a disclosure in the public accounts or somewhere as to the legal fees. I don't think you can break it down between the time spent on Mr. Cormie versus time spent on any of the other witnesses. It's not that kind of a control. We're here to find out what is happening, to unveil the truth in this process. We're not being accountants out of this. We're trying to get the fundamental understanding so the people of Alberta, particularly the contract holders, have a fair understanding of what happened and where the causes are in this unfortunate failure.

### Water Resources Management

MRS. McCLELLAN: Mr. Speaker, my question is directed to the hon. Minister of Agriculture. Due to the lack of winter moisture and, consequently, spring runoff, the groundwater situation appears to be approaching a critical point, particularly in southern Alberta. Could the minister tell me if his department is considering any action to respond to this very serious situation?

MR. ELZINGA: Yes, Mr. Speaker. I'm more than happy to report to the hon. member that we have put together an inter-departmental committee that is examining the moisture levels on a day-to-day basis, recognizing the serious concerns that have been expressed to us. We've also put together a feed inventory supply on a provincewide basis, and we have been notified that there are sufficient feed supplies throughout the province. We are presently working very closely with the Minister of the Environment and the Minister of Transportation and Utilities in putting together proposals for further support for both the rural component and the community component in the event that they are necessary.

MRS. McCLELLAN: A supplementary. According to the calls I've had from the constituents in my area, Mr. Minister, they suggest that it is becoming very critical. Do we have a time frame?

MR. ELZINGA: Well, as I indicated to the hon. member, we are working on this on a day-by-day basis, and we are examining areas presently whereby we can offer greater assistance in the event that it is necessary. I wish to leave the hon. member the assurance that in the event that it is necessary, we will be very reactive to the serious concern that she has been expressing.

MR. FOX: Mr. Speaker, a supplementary to the Minister of the Environment. I'm wondering which guidelines he would use to determine whether or not it's appropriate to reintroduce the emergency water well program that was instituted through his department in the last serious drought in Alberta.

MR. KOWALSKI: Mr. Speaker, yesterday in the House in response to the Member for Vegreville I indicated that as the result of a requirement to provide water to residents in Duvernay, we did have a program in place to provide emergency service. I would like to point out today that as a result of the efforts of the Member for Dunvegan, we're going to be making special assistance available to both the hamlet of Tangent and the town of Spirit River to ensure that emergency water would be supplied to them. So the criteria is need as expressed to the government. In addition to that as my colleague the Minister of Agriculture has already indicated, he and I and the Minister of Transportation and Utilities are looking at additional responses that might be required pending a lack of moisture from up above.

MR. TAYLOR: Mr. Speaker, back again to the Minister of Agriculture and further to the question of Chinook. Would the minister, in view of the repeated statements by himself and his associate minister that cloud seeding does not work, table any evidence in the House by any of his technical experts that say cloud seeding will not work? Everything I read says that it will. Would he table it?

MR. ELZINGA: Mr. Speaker, the associate minister responded to the Member for Westlock-Sturgeon. I believe, last week. There is a diversity of opinion as it relates to that issue, as the hon. member is aware. If the hon. associate minister, under whom this does fall, wishes to add in addition to what she passed on to him last week, I'm sure she'll take that opportunity.

MRS. CRIPPS: Mr. Speaker, I might add that there was a weather modification report done by the Alberta Research Council, and it's been tabled.

### Premier's Travel

MS BARRETT: Mr. Speaker, I'd like to try for at least one more occasion to get through to the Premier on the issue of his flight compliments of NOVA. Yesterday in the House the Premier tried to sell it to Albertans as an issue of neighbours helping neighbours. My question to the Premier is this: is he not concerned that there was some sort of judgment error made by his office when they didn't distinguish between the Premier in his private life and the Premier as a guy whose got a lot of clout in Alberta, when they made that call to NOVA?

MR. GETTY: Mr. Speaker, as I said yesterday, it was a case of where I needed help and somebody helped me, and I appreciate it very much.

MS BARRETT: Mr. Speaker, perhaps we can ask it another way then. Does the Premier not understand or acknowledge that he got an awful lot of help compared to the sort of help that average Albertans give other average Albertans on a day-to-day basis?

MR. SPEAKER: With respect, hon. Premier and Member for Edmonton-Highlands, the Chair is very concerned that this is now the third day that this matter has been raised. The Chair would draw to the attention of various members of the House some references in *Beauchesne* that should at least be examined. Section 357(dd): questions should not

deal with matters not officially connected with Government or Parliament, or which are of a private nature.

Also section 359(8):

A question that has previously been answered ought not to be asked again.

There are a number of other references that might be cited from *Erskine May* and perhaps will have to be cited later in the day. Nevertheless, again care should indeed be brought to this matter.

MS BARRETT: Mr. Speaker, the important reference in this matter is that the Alberta government has got money in the NOVA Corporation. Can the Premier imagine under these circumstances, with the Alberta government having money in NOVA, that NOVA would say no to the request from the Premier's office?

MR. GETTY: Mr. Speaker, as I said, it was a case where I needed help. Frankly, whether NOVA would say no in another case, I don't know. I actually think that if even the members in the opposition knew all the details, they'd have offered to help.

MS BARRETT: Mr. Speaker, that's right. The issue is not the personal matter that brought the Premier back to Alberta. The

issue is the clout that his office exercised.

MR. SPEAKER: Thank you, hon. member, about the issue. Could we have the question, please?

MS BARRETT: Is the Premier not at all concerned and not prepared to take any remedial action, given that . . . [interjection] You know, most questions, Mr. Backbencher . . .

MR. SPEAKER: Thank you, hon. member. [interjections] Order please. The question is directed to the minister, not to a backbencher. Please have the question.

MS BARRETT: It was a question. I was asking: is -- which is a good prepositional phrase here -- the Premier not cognizant of, sensitive to, aware of, and able to respond to the concern of Albertans that he took advantage of his office in summoning and accepting . . .

MR. SPEAKER: Thank you, hon. member. That is sufficient.

MR. GETTY: As I said already, Mr. Speaker, it was a case of somebody needing help and somebody offering help. I appreciated that help very much because it really did assist

MR. SPEAKER: Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. There is another issue concerned in this case. Could the Premier please indicate whether he is concerned that this trip confirms in the minds of eastern Canadians that the Alberta government is in bed with large oil companies in this province, thereby weakening Alberta's ability to negotiate effectively with eastern Canadians on energy policy matters?

MR. GETTY: It was difficult to follow the reasoning, Mr. Speaker. I find no relationship to the fact that when I needed some help, another Albertan helped me. Whether that somehow detracts from the government's ability to negotiate with eastern Canadians on energy matters, not at all. I don't see any relationship.

As a matter of fact, I recall just yesterday dealing with the Premier of Quebec, when he committed very strong support for the development of the Alberta oil sands. He feels very strongly about the need for self-sufficiency and will be following up to place his backing on the further development of our oil sands and also on the deregulation of natural gas. He is certainly a leader in eastern Canada who is perfectly prepared to negotiate with us and help us.

MR. SPEAKER: Thank you.

The Chair recognizes Calgary-Buffalo, followed by Calgary-Fish Creek.

### Government Appointments

MR. CHUMIR: Thank you, Mr. Speaker. This is to the Minister of Labour. The Individual's Rights Protection Act is a fine piece of legislation intended to promote equality of opportunity and treatment amongst Albertans regardless of religion, race, colour, sex, and other matters. Now, under the Act the Minister of Labour makes appointments to boards of inquiry set up to investigate allegations of discrimination. I'm wondering

whether the minister can explain why he has appointed seven men to chair these boards and no women in the last half of the year and why since 1980 23 men and only one woman have been appointed to these boards. This is hardly a sterling example of equality of opportunity in this area.

DR. REID: Mr. Speaker, I'm glad the hon. member recognizes the introduction of the concept in this House by this government and in this province. The appointment of those who take these cases is not based upon anything other than their suitability to take the case and to function well. The implication that is made in the member's question is an unfortunate one.

MR. CHUMIR: Mr. Speaker, with only one woman deputy minister and few women in senior government positions we know that the government is not overly sensitive to seeing that women advance. I'm wondering whether the minister can explain what his department or any other government department is doing to ensure that qualified women are considered and given equal opportunity for senior jobs in government service and in these appointments. What are you doing about it?

DR. REID: I think rather than waste the time of the Assembly on this, I'll send the hon. gentleman information. I've quoted in the past. There are indeed special programs within the personnel administration office. Those programs have been working well, and the increase in the numbers of women in senior management positions is very significant. But I'll send him the statistics if he hasn't noticed them before.

MR. CHUMIR: Mr. Speaker, recent appointments as chairmen of these boards have included such independent political figures as Dan Pahl, chairman of last week's PC convention; Peter Knaak, former Edmonton MLA; and David Manning, former VP of the PC Party. Now, will the minister confirm that since he has been Minister of Labour, the appointments to boards are made from the PC political patronage list in the Attorney General's office?

DR. REID: No, I can't confirm that, Mr. Speaker. Indeed, there are eminent members of the Bar who belong to parties other than the PC Party, whose affiliation the hon. gentleman is well aware of, who have taken prominent roles in commissions of inquiry and other suchlike in this province. There is no attempt to parcel these out amongst the various parties according to the numbers. It may well be that the number of lawyers in this province who belong to the PC Party is in excess of those who belong to the Liberal Party. That I cannot control.

MR. CHUMIR: That's very comforting, Mr. Speaker.

I'm wondering whether the minister would undertake to this House to review the process of appointing chairmen to these boards, so as to ensure greater sensitivity to the role of women and minority groups and not just the benefits of male members of the Progressive Conservative Party.

DR. REID: Mr. Speaker, I will confirm to the hon. member that we will continue to appoint very capable people to these boards, in the interest of justice to Albertans.

MR. SPEAKER: Edmonton-Highlands.

MS BARRETT: Thank you, Mr. Speaker. I wonder if the

Labour minister would reconsider the position he's just enunciated, in light of the fact that when people were being introduced in the Assembly a few nights ago, one of his own cabinet colleagues commented that members of certain appointed boards were all Conservatives. Will that make him reconsider the issue?

MR. SPEAKER: Calgary-Fish Creek.

### French Language Rights

MR. PAYNE: Thank you, Mr. Speaker. I'd like to direct a question, if I may, to the Premier, with respect to his recent meeting with Premier Bourassa. While recognizing that their meeting dealt with a range of issues, some of which were touched on in an earlier response, and that the meeting was probably planned prior to the Mercure decision, could the Premier share with the Assembly what points of agreement he and Premier Bourassa may have reached regarding this province's legislative response to the Mercure decision?

MR. GETTY: Mr. Speaker, I did have a very good meeting with Premier Bourassa, and I must say that on behalf of all Albertans I told him how much we appreciate him coming and visiting with us. We talked about many things, including Meech Lake and free trade and energy and other federal/provincial and interprovincial matters.

But in the area of French language he expressed to me that he felt the Saskatchewan legislation, which I told him was one of the things we were considering as information, was an improvement over the status quo and that he'd be meeting Premier Devine today to discuss it in more detail. He also appreciated the Alberta position that Alberta legislation with regards to language rights will be made by Albertans in the Legislature here and that we do not try and tell other provinces how to conduct their affairs and language, and he did not feel that he had any right to interfere in any of ours.

We did have a good discussion on many matters, and I must say that there are a great deal of things between the province of Quebec and the province of Alberta where we feel we are supporting one another.

MR. R. SPEAKER: Mr. Speaker, supplementary to the Premier. In the Premier's remarks outside of the Legislature in terms of the French language question, the Premier indicated that he would like to preserve the nature of Alberta; in other words, preserving the Alberta nature. Could the Premier indicate, in terms of a statement of clarification on that matter, what he meant by it?

MR. GETTY: Well, Mr. Speaker, the way I answered that matter was that we wanted to preserve the rights of Francophones in Alberta but also preserve the way of life as we know it in Alberta. By that I mean that we are not going to have dramatic changes in Alberta's way of life imposed on us from anywhere.

I must say, Mr. Speaker, when I'm talking about Premier Bourassa who was a visitor in our province, how disappointed I was with the French-Canadian association of Alberta, whom I thought were rude and discourteous -- disgraceful conduct -- in the way they attempted to treat the Premier of Quebec visiting our province. I'm sure that that display of petulance by Mr. Arès is not reflective of the position of most Alberta Francophones. I do not believe they would support him in that nar-



row, petulant action at all.

MR. SPEAKER: The time for question period has expired. Might we have unanimous consent to complete this series of questions?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed?

The Member for Calgary-Buffalo, followed by Athabasca-Lac La Biche.

MR. CHUMIR: To the Premier. Under the Meech Lake accord the Premier agreed to preserve the rights of Francophones in this province. I am wondering if he could tell us what specific rights it was that he had in mind to preserve when he agreed to enter into the Meech Lake accord?

MR. GETTY: Mr. Speaker, those will be the specific rights that are in the legislation when the Attorney General introduces it.

MR. PIQUETTE: Mr. Speaker, did the Premier and Mr. Bourassa agree to abide by the Supreme Court decision in respect to minority language rights both in Quebec and outside of Quebec?

MR. GETTY: Mr. Speaker, I could confirm on behalf of this government that we will always abide by Supreme Court decisions.

MR. SPEAKER: Thank you.

There are a number of procedural issues to be dealt with, and perhaps the one that might be dealt with first would be: could we have unanimous consent of the House to revert to the chairman of the Private Bills Committee to present the list of petitions?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.

The Member for Drumheller.

#### head:            **PRESENTING            PETITIONS**

MR. SCHUMACHER: Thank you, Mr. Speaker, and to members of the Assembly for their indulgence.

I request leave to present the following petitions that have been received for private Bills:

1. the petition of the Alberta/Northwest Territories Command of the Royal Canadian Legion for the Royal Canadian Legion Alberta Property Act;
2. the petition of the Calgary Olympic Development Association for the Canada Olympic Park Transfer of Title Act;
3. the petition of John and Wendy Ibbotson for the Paul Mark and Cheryl-Lynne Mary Ibbotson Adoption Act;
4. the petition of Warren S. Forest for the Warren S. Forest Bar Admission Act;
5. the petition of Felix Callejon and Silvia Callejon for the Patricia, Alejandra, and Marcello Becerra Adoption Act;
6. the petition of the Old Sun Society of the Blackfoot Reserve for the Old Sun Society Community College;
7. the petition of the Alberta Conference Corporation of the Seventh-day Adventist Church of the County of Red Deer for the Alberta Conference of the Seventh-day Adventist Church Act;
8. the petition of LaVerne Erickson, Terrance Schlinker, Wesley Wikkerink, Douglas Madge, Gordon Cousins, and Raymond Schultz for the Rosebud School of the Arts Act;
9. the petition of Dr. Fred Jajczay for the Hungarian Cultural Society of Edmonton Act;
10. The petition of Joni Marie Lumley for the Brandon Paul Lumley Limitation Act;
11. the petition of the city of Edmonton for the Jewish Community Centre of Edmonton and St. John's Institute Repeal Act;
12. the petition of the Canadian Convention of Southern Baptist Denomination of the town of Cochrane for the Canadian Southern Baptist Seminary Act;
13. the petition of the German Canadian Club of Calgary for the German Canadian Club of Calgary Act;
14. the petition of the Austrian Canadian Society of Calgary for the Austrian Canadian Society of Calgary Act;
15. the petition of the Polish Canadian Cultural Centre for the Polish Canadian Cultural Centre of Calgary Act;
16. the petition of Alistair Mackintosh for the Leslie Roy Peck Adoption Act.
17. the petition of Victor Peter Hetmanzuk and Nestor Zenon Papish for the St. Vladimir's Ukrainian Orthodox Congregation at Calgary Tax Exemption Act.

Thank you, Mr. Speaker,

MR. SPEAKER: The Chair has received notice of a purported question of privilege to be spoken to by the Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. I rise pursuant to Standing Order 15(2) to call to the attention of the Assembly what I believe to be a breach of privilege by the hon. Provincial Treasurer. This question of privilege arises out of remarks made by the hon. Provincial Treasurer on Tuesday, March 29, 1988. He was responding to Written Question 145, placed on the Order Paper by the Member for Calgary-Buffalo. The question inquired as to whether or not the government was aware of the existence of a report prepared by Mr. Shortreed and, if they were aware of it, whether or not the government would table a copy.

In responding to the written question, the Hon. Dick Johnston said that, yes, the government was aware of the report but that, no, the government would not table a copy of it. Mr. Johnston said that the reason the government would not table the report was because, in his own words as reproduced in the Votes and Proceedings for that day,

This report is a matter of public record already. It is now before the Code inquiry as a public document.

It was in this remark that I believe the hon. Provincial Treasurer misled the Assembly. In fact, the report is not yet in the public record. It is not yet a public document before the Code investigation. It is not possible for me or my staff or, I assume, any other member of this Assembly not authorized to do so by the Provincial Treasurer to go to Mr. Code and ask for and receive a copy of that report.

It is true that the government has forwarded a copy of the report to Mr. Code. It is true that it is the intention of Mr. Code's investigation to make the report public by entering it in evidence at some future point. But it's not true that the report is now, or was on March 29, a public document. It remains at this time, and was on March 29, a document unavailable to myself or any other hon. member of this Assembly.

The hon. Provincial Treasurer's remarks of March 29 are even more unfortunate when one recalls that the written question appeared on notice March 18 and was thereafter printed in the Orders of the Day every day up to and including March 29. In other words, the question could not have been said to have come by surprise upon the Provincial Treasurer, thus leaving him insufficient time to prepare. Further, the hon. Provincial Treasurer, on the government's behalf, could have chosen simply not to answer the question, but he did not. He chose, for whatever reason, to answer it. In so doing, he necessarily accepted the parliamentary responsibility to answer the question correctly. In other words, his answer ought not to have misled hon. members, but that is what happened.

There is one other matter I must address, Mr. Speaker, and that is the matter of whether or not I have raised this question at the first available opportunity, as implicitly required in Standing Order 15(6). Following upon the hon. Provincial Treasurer's remarks of March 29 in this regard, I made an inquiry of the Code investigation and requested a copy of the report. Not having received a reply to my inquiry by the end of last week, I turned over the matter of my request to our caucus research staff for further investigation.

It was yesterday afternoon, following the Oral Question Period, when I heard back from the research staff. They had contacted the clerical staff at the Code investigation, requesting the report, and had been turned down. They thereafter worked their way up the hierarchy of responsibility within the investigation, finally speaking yesterday with a Mr. Jim Eamon, one of the two investigating counselors. It was Mr. Eamon who confessed that the investigation did indeed have a copy of the report but had not yet entered it in evidence and therefore would not make it available. Today was the first opportunity available to me following my receipt of this report by our research staff to raise the matter here in the Assembly.

Thank you, Mr. Speaker.

MR. SPEAKER: The Provincial Treasurer, speaking briefly. [interjection] Standing Orders don't provide for that kind of debate. It's the member who raises the issue and the member aggrieved.

MR. JOHNSTON: Mr. Speaker, first of all, I think it's appropriate to waive the formal notice. I'm not too sure if I received formal notice. Secondly, Mr. Speaker, I think it's appropriate also to waive as to whether or not this was raised at the first appropriate time. I think the explanations given by my colleague across the way are reasonable, and I think he's attempting to do what he thinks to be reasonable.

Mr. Speaker, let me just review what it is that has taken place here. Now, it is of course coincidentally interesting that a question of privilege is being raised on a question by Mr. Chumir, who with myself and my colleague have had a long debate with respect to privilege, but I don't think it's in that context that it's raised. What my colleague from Calgary-Buffalo raises, though, is whether or not (a) I'm aware or the government is aware of the report, and whether or not we'll table it. Essentially within the answer, Mr. Speaker, attempting to follow

the parliamentary guidelines given to us by those authorities including *Erskine May* and *Beauchesne*, wherein I was not at all attempting to elaborate on the answer but simply trying to provide the most precise, appropriate answer possible in pursuit of getting on with the proceedings, what I finally answered was, "... yes, we are aware of it." I answered the question fairly directly. And "... will the government table a copy? The answer is no." And it isn't true, Mr. Speaker, as recorded in *Hansard* of 191. I did go on to say:

This report is a matter of public record already. It is now before the Code inquiry as a public document.

What seems to be drawn into question, Mr. Speaker, is whether or not this document, which was in the possession of the government and therefore would be described as private, is now public. By my definition, of course, it is in fact public. The hon. member by his own stipulations indicated here quite clearly that Mr. Code and the Code inquiry, which is a public inquiry, as a matter of record do in fact have the document. By definition the word "public" in this case clearly means that it's held by others. I mean, it's not held by the government in the privacy generally given to documents and to memorandums and to reports given to the government; it has been given up by the government into the public domain, and therefore by definition, Mr. Speaker, it is in fact a public document.

Now, I didn't go on to say that it's at the whim or decision of the Code inquiry to do what it wishes with it. Of course, that is up to them. If they want to give it to the member in his noxious pursuit of noninformation, I guess they can do that. Nonetheless, Mr. Speaker, I simply submit to you here that this member is taking up the valuable time of this House to pursue a nonissue -- a nonissue, Mr. Speaker.

I recall, Mr. Speaker, when I first saw this, the quote of another great Alex, Alex Pope, by the way, from 1712 -- I think he might stay in the public domain a little longer than the Alex across the way -- who said:

What dire offence from [political] causes springs,

What mighty contests rise from trivial things!

That comes from the *Rape of the Lock*, Mr. Speaker. That's exactly what we have here, Mr. Speaker: triviality; pursuit of time valuable to the discussion of important issues, including my estimates, taken up by the members across the way.

MR. SPEAKER: First, the Chair wishes to thank the Member for Edmonton-Kingsway for complying with Standing Orders in having given a written statement, delivered to the office of Speaker at 11:22 this morning.

There are a number of points to be noted very briefly. First off, appropriate notice has been given. Secondly, it is a slightly unusual circumstance, but not out of order, that the Member for Edmonton-Kingsway has raised it even though the original situation arose in the response of the Provincial Treasurer to Question 145 placed on the Order Paper by the hon. Member for Calgary-Buffalo. The Chair must indeed, like other members of this House, adhere to the Standing Orders of the House, and indeed the whole question of urgency is one which the Member for Edmonton-Kingsway has addressed. Nevertheless, the Chair is not persuaded of the matter of privilege being raised at the earliest possible moment since a considerable period of time has elapsed since the matter was brought to the House. In addition, under *Beauchesne* 19(1) there's another point that really comes into place with respect to the issue of privilege.

A dispute arising between two Members, as to allegations of facts, does not fulfill the conditions of parliamentary privilege. So on both those counts then, the Chair does not regard the that-

ter as having conformed to the question of urgency.

The Chair, however, would like to go on and make one additional comment and bring to the attention of all members of the House that the Chair is again a bit concerned that an official press release has been released to the media outside the House prior to the House coming in and being able to deal with the issue. The Chair is of the opinion that perhaps consideration could be given to such distribution of information taking place immediately after the matter has been dealt with by the House, because there is always the possibility that the House might not deal with the matter on that day.

MR. JOHNSTON: Mr. Speaker, it's unfortunate. I should raise a question of order here, because in fact the latter point you make with respect to the news release I was not able to address in my own comments before you appropriately cut me off. Does that mean that I am now not able to raise this question?

MR. SPEAKER: Is this a point of order then?

MR. JOHNSTON: Yes. [interjection]

MR. SPEAKER: Hon. member, this is not a discussion argument. This is a new point of order, in the understanding of the Chair. Then the member could speak to that

MR. JOHNSTON: Mr. Speaker, I could give the citations, as a matter of fact, under the privilege section, because I believe this to be a greater challenge of privilege than in fact the one raised by the member. However, if I make the argument about proceeding on a trivial basis, which I think is now in the record -- because if it's that member across the way who is taking up this time, I won't impose upon the House to the same extent he has. But let him never do it again.

MR. SPEAKER: The hon. member for Edmonton-Kingsway, speaking to the point of order, not to the original issue.

MR. McEACHERN: To the point of releasing the press release?

MR. SPEAKER: Yes.

MR. McEACHERN: Well, if that's all I'm allowed to speak to, Mr. Speaker, there are a number of matters of fact based on the original point I raised that have not been answered yet, and I would not see why I shouldn't be able to make them clear. Both you and the hon. Treasurer called . . .

MR. SPEAKER: Hon member, that's precious close to challenging what's already been decided. If you wish to make comments to the point of order about the press release, fine; we're willing to listen.

MR. McEACHERN: I guess I will put out whatever press release I feel like putting out if that's all you've got to say.

#### ORDERS OF THE DAY

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

MR. SPEAKER: Member for Red Deer-North.

MR. DAY: Thank you, Mr. Speaker. It's a pleasure to introduce today a lady who spends considerable energies working in Red Deer, both in a full-time job and with various women's and community groups. She also serves the constituents of Red Deer-North by working in my constituency office. I'd ask Mrs. Evelyn Kobel to rise and receive the warm welcome of this Assembly today.

head: **COMMITTEE OF SUPPLY**

[Mr. Gogo in the Chair]

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

#### Treasury Department

MR. CHAIRMAN: The government estimates before hon. members today have been designated by the Leader of the Opposition for discussion, estimates on page 363 of the government estimates book. The responsibilities of the minister are stated on page 363 and authority for the programs on page 366 of the government estimates book. The Chair will entertain all questions with regard to the votes to be put. Perhaps hon. members wishing to speak to the estimates, either in the form of comments or amendments, could indicate to the Chair.

It's customary for the sponsoring minister to make opening comments to his estimates. Hon. Treasurer, do you care to make some opening comments?

MR. JOHNSTON: Mr. Chairman, members of the Assembly, let me first of all begin by saying that it's a great pleasure to provide whatever additional information or assistance I can to have a full understanding of the estimates of the department of Treasury. The department of Treasury covers a wide range of government activities and touches probably most of the prevailing policy questions facing us. Now, I'm sure the members here will try to define what it is we want to do in the next hour or so within the context of the Treasury Department, and I'm sure that will be the way in which the questions are handled. Nonetheless, Mr. Chairman, I'll attempt wherever possible to answer the questions, and those I cannot get to because of time I will deal with in the normal, traditional fashion of providing written responses.

Needless to say, the past year has been a difficult one for us in Treasury. We have had to deal with, as I said, last year a paradigm shift in the way in which the government operates, one where we had abundant resources and generally a high level of expenditures and an increasing total expenditure curve. We've had to turn that around in the past year, and of course, as you see in this budget I think we have made the transition from the corrections of 1986-87 to the proper fiscal position for government in the year 1987-88. And along with all other governments in Canada, we're facing increasing pressure in the expenditure side and generally having to be more careful about the management and productivity and efficiency of government as a whole.

Now, when it comes to discussion of efficiency and productivity, I will just take a note to express my thanks to two groups of people. Certainly the people in my own office, Mr. Chairman, have been exemplary in that area of efficiency and productivity. People fail to realize how difficult it is to work in a minister's office. They tend to think it's a luxurious, perk-ridden job, but in fact it's a very difficult process, and I have to extend

my appreciation to those people in my office over the past year. Certainly Sharon, Arlene, Randy, Myles, Loretta, and John Jacobson, of course, must be mentioned. At the same time, Mr. Chairman, I should also note that I've never seen a more dedicated group of bureaucrats -- and that's not in a pejorative sense -- civil servants or professionals who have been involved in the Treasury Department unstinting in their time, certainly willing to help and to assist wherever possible, and truly a good group of professionals, led by the AI and AI, if you like. Just remarkable people. I will never be able to extend adequately my appreciation to them. Just a delight and a fine group of people.

Well, I think the information provided in the documentation, Mr. Chairman, is fairly direct and fairly straightforward. I thought I might spend a couple of seconds on two other areas which aren't normally touched on but have been germane or areas of interest lately. One deals with the question of guarantees, and I thought I might just look at those for a moment. Let me indicate that the total guarantees are in part disclosed in the public accounts. I would add to it some additional information which takes it from the \$735 million amount that's disclosed there, indicate that at December 31, 1987, by our Budget Address, the total amount of guarantees of the province totaled \$1.195 billion. As I have said publicly, obviously the size of guarantees is of concern to a Treasurer. We use the guarantees, as have been debated here, to assure that diversification in economic activity is found in Alberta, and more recently we have used the guarantees to assure that the forestry industry in particular has moved ahead in a significant way.

Other guarantees, of course, are seen in the student loan section, about \$104 million. Of course, the farm credit stability program and the small business program have, in fact, taken up a significant amount of our guarantees, the farm loan program being one of the larger items, and of course that farm loan guarantee is in place to assure that the banks will provide those loans to the farming community for 20 years at 9 percent. So the practice there has been important in the diversification, strengthening the sectors, and has been helpful, I think, to the overall growth of our economy, an economy, by the way, which is predicted to grow at roughly 4 percent by some experts. My own expectation is closer to 3 to 3.5 percent.

As I said in the question period before, Mr. Chairman, we do have a set of guidelines with respect to guarantees. We apply the normal kinds of credit decision to most of the guarantees and, of course, wherever possible attempt to take back a fee for that guarantee, and that fee averages about .5 percent per annum and generally is collected on an annual basis. Moreover, we use the guarantee program to do such creative things as to ensure access to markets through the department of economic development by the export guarantee loan and in the other programs I've talked about. We also assure that we take appropriate provision for security, and of course that is always done by legal indenture against the assets themselves.

The second area, Mr. Chairman, which might be of note to the members deals with the question of the net debt outstanding in the province. Just a few words there. The total debt of the province, as I indicated in my budget speech, was approximately \$5 billion. Most of that is in the General Revenue Fund, some of that is in the Capital Fund, and other amounts of it are in something called the provincial loan fund. At the same time we have attempted, wherever possible, to put in place long-term loans or loans matching retirement in the farm credit program and the small business program, and at the same time have, on a modest basis, used the heritage fund to provide short-term as-

sistance. The heritage fund, of course, if it advances money to the General Revenue Fund or to the two loan funds, receives a reasonable rate of return on that, and obviously that provides dollars to the heritage fund.

At the last check I have, March 31, 1988, the farm credit program had about \$330 million worth of short-term promissory notes and, I think, another \$200 million in the small business program. So all told, we are reducing our exposure from the heritage fund to these funds but, of course, are using the foot in the heritage fund to assist us so we don't have to go to the market on a day-to-day basis, a very helpful opportunity of course.

Over the past year, Mr. Chairman, we have gone to at least two different markets. We entered the Swiss franc market in the fall of 1987, a \$400 million Swiss franc issue. I think it was the largest Swiss franc issue done in Switzerland up to that point and in fact by way of note, received some recognition as being the Swiss franc bond deal of the year. On that particular occasion, we have moved the coupon back into Canadian terms, and the effective rate of that is, by my calculations, approximately 7 point something percent all in costs.

At the same time, we've gone to the United States market and have borrowed there -- again, \$400 million recently in U.S. domestic. That one is not yet swapped, but it's the only one that has not yet been protected in terms of taking the currency risk out of both the principal and the coupon and bringing it back into Canadian dollars -- I think an appropriate policy for us, and we attempt wherever possible to adhere to that policy. As a matter of fact, without disclosing too much, I would imagine we'll start to watch the market fairly soon to see whether or not we can fully hedge our most recent issue.

So our activity has been far; it's been diverse. I should say that the market itself generally responds to our bond issues, and on most occasions we can raise money in any one of the international markets at a preferred rate, fairly close to the best sovereigns and in some cases equal to the best sovereigns. Certainly the creditworthiness of Alberta is not at risk.

The other set of liabilities I should just refer to for a moment, Mr. Chairman -- because if I were someone else besides the Treasurer, I would have an eye on them as well -- deals with the pension liability obviously. That amount is increasing. You've seen recently that the province of Ontario has done some studies to decide how it can cope with its outstanding liability, but here in the province of Alberta that liability is increasing at a very rapid rate. I think that's a policy question the government has to address fairly soon, and I intend, if possible, to make some recommendations to my colleagues. I should just note, Mr. Chairman, by way of a footnote that you'll notice the interest this year on outstanding debt has increased significantly.

Mr. Chairman, on the financial institutions side, this budget includes additional dollars for the regulation of financial institutions. In the detailed calculations you'll see increases. Some of those dollar increases, of course, will attempt to cover the cost of the Code inquiry. Other dollars will be used to provide an early warning information system in place. Of course, we have moved, as you well know, in 1986 from the Department of Consumer and Corporate Affairs essentially the people part of that department with respect to the financial institutions into Treasury. They are now hard at work on two big issues at least; that is, the question of credit union legislation and the question of trust company legislation. Both of those, as I indicated before, I will attempt to get into the House this year and have a full and adequate debate on. But I think they reflect generally, Mr. Chairman, the best recommendations from the membership

themselves in the case of credit unions and, I think, reflect the tests of control of financial institutions which have grown from experiences not just in Alberta but across Canada itself.

So on balance, from our department, I think we have been fairly effective in our management. I know that the gentlemen and the women in our department have had to tighten their belts a bit in terms of the budget itself, because overall our estimates are down 6.9 this year over last year, and we intend to hold the line wherever possible on our own expenditures.

In a very summary way, Mr. Chairman -- and I think it's just that, a summary approach to the department -- those are some of the salient features I'll be directing my attention to over the near term, but I do welcome any comments or criticisms or suggestions which may be forthcoming from the members.

Mr. Chairman, I appreciate the opportunity for these opening comments.

MR. CHAIRMAN: Thank you, Mr. Minister. Before we proceed, the Chair would draw to the attention of the committee that Standing Order 58(2) allocates 12 days dealing with the Alberta Heritage Savings Trust Fund. Although the administration of that fund is clearly within the responsibility of the Provincial Treasurer, it may be in the interests of the committee not to be putting questions on the heritage fund today. They may wish to reserve that for the 12 days that are allocated. The Chair makes that observation in the interests of all members of the committee wanting to deal with other matters.

Second point: as members know, the rules of the Assembly are applicable to the committee. Therefore, questions with regard to the Code inquiry the Chair will have to listen very closely to find out whether or not they would contravene rulings already made by Mr. Speaker during question period. I would simply ask members of the committee to consider that in putting questions.

The hon. Member for Edmonton-Kingsway.

MR. McEACHERN: Yes, thank you, Mr. Chairman. I'd like to start by suggesting that when you caution us about the heritage trust fund, the 12 days of estimates on the heritage trust fund are strictly to deal with the capital projects division and there is an awful lot of the heritage trust fund which is not tied up in the capital projects division. This might be in fact the only time one could ask the Treasurer some questions about that. So I don't see that one should avoid necessarily and totally the heritage trust fund.

MR. CHAIRMAN: Hon. member, the Chair only draws that to members' attention. It's obviously the responsibility of the Treasurer, and those questions are in order. I simply point that out for the interest of members.

MR. McEACHERN: Yes. Well, thank you. As to the Principal thing, one would craft one's questions rather carefully in relation to government policy perhaps.

In any case, I would like to thank the Treasurer for his opening comments. He did divulge certain bits of information that we've not really had before, although he left out one bit. He started telling us about how much he borrowed in Swiss francs, and he didn't update us on the total amount from the U.S. So perhaps he could just put that on his little list to tell us later.

I want to raise a few questions out of the estimates on the budget for the Treasury Department itself and then talk a little more widely about some of the other implications of that in

terms of other departments and policy, both for revenue and expenditures within the province, as the Treasurer has responsibility for the full implementation of both revenue and expenditure policy in the province.

One of the first questions I would like to ask -- on page 369 I see where we have quite a large increase, and the Treasurer did mention it, in terms of Regulation of Financial Institutions: from some \$1 million to \$7.58 million. He said that some of that was to go to the Code and some of it was to go to regulation. I wonder if he could give us a bit of a breakdown on that. I know that some of the Code money was probably paid out in the last fiscal year, so it's a little hard to get a feeling for how much of that increase might have been going to each of which. It's a fairly important question because, of course, one is concerned that the Principal kind of thing doesn't happen again and that regulations be properly dealt with.

We've heard the Treasurer say that he's engaged in talking with the federal and other provincial regulatory authorities across the country and that some new legislation is pending at the federal level, so I would be interested in how much the Alberta government is putting into that. I would mention that there was an increase, also, of some substantive amount in the Consumer and Corporate Affairs budget for Regulation of Securities Markets, and that, of course, is a step in the right direction also.

Another question I wanted to ask the Treasurer. I see that Employee Insurance and Compensation, again on page 369, is down by 74 percent. I wonder if the Treasurer could elaborate a little bit on what that's about.

On page 367 we see a decrease of 13.3 percent in the Revenues and Rebates section. I guess I'm wondering how much of that is a tightening up of departmental administrative sorts of costs and how much of it is a reduction in the handing out of rebates. So those are some of the particular kinds of questions I wanted to ask.

I would like to commend the Treasurer on at least increasing the amount going to Regulation of Financial Institutions, and hope that it is a substantive amount. It's certainly time, and very necessary. I'll get back to talking about financial institutions a little further along.

I want to start by talking a little bit about taxes in this province and elaborate a little bit on some questions I raised in the House but we didn't get to debate in very much detail or to lay out with some time and care. I want to start out by saying that having the flat tax of 1 percent is really not a very big deal when you consider that a family of four earning \$40,000 a year will see their tax bill cut by only \$183, whereas a family of four earning \$100,000 will see a tax cut of \$438. So again, the government follows that pattern of the federal Conservative government of seeing to it that those at the top end of the scale get the biggest reductions in taxes whenever there is a reduction. They brag a lot about taking people at the lower end of the income scale off the tax rolls or lowering their taxes, but the fact of the matter is still that we have a lot of people lining up at food banks, and the working poor that cannot afford -- and they're still paying taxes; people with incomes lower than the poverty line in this province and this country still paying taxes.

I want to also say that a government that raises taxes by a billion dollars for Albertans in one year and then turns around and gives them back some \$74 million -- about a \$185 average for a family of four earning \$40,000 -- is really not something to be all that proud of, or to scream and holler as if, wow, aren't they doing a wonderful job? The fact of the matter is the last

two years have been rather disastrous for the people of Alberta in terms of the taxes they've had to pay.

There is a downside to that in terms of the economy. It's all very well for the Treasurer to say that he wants to balance his budget, but the economy, in fact, suffers under those kinds of circumstances. In fact, the height of incredulity -- I could not believe that last year when the Treasurer brought in a budget with a \$1.9 billion deficit built into it -- and we know it didn't turn out to be that high, thank gosh; I'm glad it didn't. But to claim that he was running an expansionary budget was really something to listen to the Treasurer say.

One of the other things about the tax system we have in this province is the relationship between the corporate taxes and the taxes of private individuals. I'm going to say these numbers again slowly, as I did in the question period, because they were totally ignored by the Premier in answering; he talked about something else entirely. I'd like the Treasurer to look at them seriously and to consider his taxation policy in light of these facts.

In the first five years of Conservative rule in Alberta, individuals paid 63 percent of the income taxes collected and corporations paid 37 percent. In the next five years of Conservative government rule in this province, individuals paid 71.5 percent of the taxes collected and corporations paid only 28.5 percent. In the next five-year period the personal income taxes rose to 87 percent of all taxes collected and corporate taxes dropped further to a miserable 13 percent. But hang on; it gets worse. If you look at the figures for the last year that we have hard numbers for, the 1986-87 fiscal year, the forecast for 1987-88, and the estimates that this Treasurer brought forward for the year 1988-89, and if you consider all applicable credits, reductions, grants, rebates, et cetera, in all three classes and roll them all together, we get the amazing prediction that corporation taxes will amount to only 4.5 percent in that three-year period as an average and that individual taxes will be 95.5 percent of all taxes collected. An absolutely astounding and unconscionable set of figures, Mr. Chairman, and I would hope the Treasurer takes a second look at his corporate taxing policy and rebate system in this province.

Mr. Chairman, one of the things that went along with this budget was a claim by the government that they were relying on the free trade deal to diversify the economy. Now, it's one of the most incredible statements -- I've known all along that there was something fundamentally wrong about the direction of the Mulroney trade deal with United States, and it dawned on me what it was. It was when this government made the claim that the trade deal would diversify the economy. My understanding of international trade is that you trade with your trading partners because they have some kind of advantage in producing certain goods and services compared to what you do, and you sell them things that you have an advantage in. Unfortunately for us in Canada, it tends to be that we have raw materials which we sell rather cheaply, and we buy finished products back. I see that getting worse under free trade.

But trade, then, is a specialization process, a process of more and more specialization, not diversification. In order to get diversification, sometimes in a country you have to set up some protection and some barriers and say, "No, we will see to it that we do our own production" -- of automobiles, for example, like in the Autopact. So, Mr. Chairman, that's the fundamental flaw in the free trade notion. It is not a diversification technique for this country; it's a specialization technique. It makes us more hewers of wood and drawers of water. It does not give us a

chance to broaden our economy into manufacturing and secondary industries.

Also, one of the tilings about this budget that specifically relates to the economics of this province is that having bragged that he was stimulating the economy in the last budget and that free trade is going to diversify and stimulate the economy in this budget, we look at the budget and find that six of the economic departments, plus northern development, thrown together and added up and calculated, took a 3.7 percent reduction in the amount of money going to them. If you add inflation to that, you've got about an 8 percent reduction in the amount of money available for the various kinds of economic programs that would supposedly help keep the economy moving. So the Treasurer, by his own numbers, defies and contradicts what he says with words.

It's true that we have a lot of programs that give away a lot of money. I think of the Alberta stock savings plan; I think of the SBECs; I think of Vencap, the Small Business Term Assistance [Fund] Act, the farm credit stability program, MAP, the [inaudible] file -- an incredible variety of programs, programs to aid exports in certain cases and industries, and of course some very expensive embassies abroad, supposedly to help generate business. But I think it's time the government took a look at all those programs in total and had a little think about whether or not they're doing the job, or are they just setting up an incredible number of bureaucracies and an incredible number of opportunities for the government to hand out money to their friends, more or less in secret, and not even be accountable to the Assembly other than to stick a number in a paper somewhere and eventually we get to look at it in Public Accounts a couple of years later?

I think the government should really review all its various programs for handing out money. The rebates to oil companies has been very badly done and far overdone over the last 10 or 15 years. So the government needs to take a review of its policies. And for heaven's sake get out there and ask people what they think. This government seems to be afraid of public hearings, afraid to ask the people of Alberta for some input. They seem to do everything in secret. It's the sign of a dying government when that starts to happen, and you guys are looking for trouble. You're not in tune. The other day we had the president of the small business federation saying that you're totally out of touch, that 80 percent of small businesspeople totally ignore all the programs you have. They don't know anything about them; they don't want anything to do with them. And the government just goes on its merry way, handing out money under all these programs without really knowing whether or not they're doing the job or if that's what people want or if that's what's needed. We get very little accountability for all of that.

Mr. Chairman, the Treasurer is responsible for the policy of revenue development and the expenditures of this province. He was complimenting his own staff, and I've got to say they've been very co-operative any time I've phoned them up for information, although sometimes, of course, the question has to go all the way to the Treasurer and the information is not always forthcoming, as I think the government doesn't always want to explain exactly what it's doing with the taxpayers' dollars. I think that's really too bad, Mr. Chairman. The areas I'm thinking about that show that fairly clearly are things like the way the lottery fund has been handled recently. The government just recently announced expenditures of \$113 million out of the lottery and never even brought them to the Assembly to say, "These will go through the budget process and be debated in this

House." In fact, they've even brought in a Bill to supposedly make it legal for them to do that. Talk about an antidemocratic policy and totally unconscionable use of taxpayers' dollars. If ever a government was in a position to have a conflict of interest, it's under that program. I accuse the government of having that conflict of interest and of using that program in the most blatant way to hand out to whomever they think should get it, without having a policy, without having that policy debated here in the Assembly and without bringing in the actual estimates of who is going to get the money to be debated before this Assembly.

That's not the only area, however. There is a fair amount of the heritage trust fund that never really gets properly accounted for in this Assembly. For one thing, the government makes a lot of changes to the heritage trust fund and moves a lot of money around within the heritage trust fund, or in and out of the heritage trust fund, and does not make its intentions clear to this Assembly or to the committee that we all sat on. I'll just give you a few examples. AGT and Alberta Municipal Financing Corporation a couple of years ago each had a billion and a half of debentures out of the heritage trust fund. Now we find that AGT is down to just over a billion and the Alberta Municipal Financing Corporation is down to \$825 million. Now, that's not necessarily wrong to do that; it's just that it would be nice if the Treasurer would put some kind of idea forward to this Assembly as to his intentions with the heritage trust fund.

I might also add that it shows up on the third quarter of last year's report, the December 31 report, that the Alberta investment division now has money market securities of some \$200 million of totally new entries from the three-month period before that. Again, no rhyme, reason, or explanation.

The Treasurer, in introducing the Bills that made the Farm Credit Stability Fund and the Small Business Term Assistance Fund Act into this Assembly, indicated that they might use some heritage trust fund money for seed money. He now stands up today and tells us that there's over, I think it was, \$330 million in the Farm Credit Stability Fund and over \$200 million in the Small Business Term Assistance Fund. Now, Mr. Chairman, that's a long way from seed money. That's a lot of money, and that comes out of the cash and marketable securities section of the heritage trust fund. I guess the banks decided to some extent they didn't want to put up all the money for those two programs or something. There's just something going on there that we're not being told by this government, and I guess I would like some explanation from the Treasurer as to why that became necessary. Were the terms not acceptable to the banks, or did the banks just find that it was convenient? The way the banks set up those programs, mainly they rolled over their shaky loans, quite frankly, so that the government would be in the position of having to guarantee them.

There is another area where I think the Treasurer of this government is working outside this Legislature far too much. The Treasurer mentioned loan guarantees himself. Now, there are loans and loan guarantees both, and he was talking just about loan guarantees. But both apply in what I wanted to say. I think that the government should bring forward a Bill into this Assembly, either in the spring session or the fall session, indicating any commitment they're prepared to make to any corporation before they make that commitment, explain why it's needed, debate the issue, and at least bring in a set of guidelines. The Treasurer stood up and talked a lot about what kinds of guarantees they expect from these various corporations that get these loan guarantees, but he didn't say they had a reasonable

and sensible policy that they would like to bring forward into this Assembly and let us in this Assembly debate that policy and debate the specific cases of where we're going to put up loan guarantees to some of these major corporations.

Now, it may be true that to some extent they'll help to diversify the economy, but it's my belief that the government has got to the point where they are afraid the free trade deal is going to come down next January and, therefore, pre-empt any of those kinds of what could be considered unfair subsidies by our American counterparts under the free trade deal. So they are scrambling frantically around, finding people to set up pulp mills or whatever, and giving them money, hoping that they'll get them set up and started before the free trade deal comes in because they won't be able to do it afterwards, and that if the company puts enough money into it and gets the thing built first, at least they might be able to keep going for a few years and help the economy of this province through the transition of the free trade deal. Mr. Chairman, it's a poor way to run the economy of a province.

While we're talking about the economy of the province and whether it's a buoyant one or not, the government likes to brag a lot about the kind of economic activity going on here and how the economy in fact didn't collapse so badly as we might have expected when the oil prices dropped in '86. And that's true. But it's because of the small business service sector which has had very little to do with this government. It would have gone ahead anyway. They did what they did and hired the people, and that's where the job creation has been. Most of those jobs have been low paying. We've got a tremendous number of people in this province that are the working poor that are still paying taxes, and this government spends all its time handing out money to big corporations and bragging about how many jobs it's creating when, in fact, it's the small business sector that is creating those jobs. So, Mr. Chairman, there are a number of problems with how this Treasurer and this government are running this economy.

I want to turn for a moment to the Regulation of Financial Institutions and talk a little bit about some of the problems there. Obviously, they shifted some of the responsibility from the Minister of Consumer and Corporate Affairs over to the Treasury because they saw trouble on the horizon. They knew the mess that North West Trust was in, for example, and that they would have to pick up the pieces, and they felt the Treasurer would be the one to do that. They probably also knew about the credit union system and intended to take that over and sort that out as well.

I'd just like to say on the credit union thing, it was interesting that the Treasurer either decided to release the planned changes to the Credit Union Act or else accidentally released it -- and I'm not quite sure which -- but certainly it allows a lot of people to have a look at it and express their concerns. I will certainly do that when the Act is brought in. It has some good points in it, in fact, but it also has a few problems.

But what I would recommend to the Treasurer -- whether he did it accidentally or not -- he should do the same thing with the Trust Companies Act. Obviously, it's time to do some revision of trust legislation in this province to bring it in line with other provinces and the federal government. Given the mess and the number of trust companies that have gone bankrupt over the last five or six years in this province, the Treasurer would not disagree with that. In fact he said he is intending to bring in an Act. Now, it would be nice if he could get the Act together for the spring, but he said the other day: if the timing is right. So

I'm kind of guessing that he would rather wait a while and end up later rather than earlier. So what I would suggest to him is that he put out a working paper of proposed changes and let the financial institutions of the province, the chartered accountants and other interested parties, the banks and trust companies, and the Official Opposition and others, have a look at it and give him some feedback before he actually brings in a Bill. It would seem to me to make a lot of sense to do that, and would mean that we could run the parliamentary system the way it should be run.

The Treasurer made an interesting statement yesterday that I would like to take him up on, about the Battleford case being before the courts in Saskatchewan. My understanding of that court case was that it was here in this province and that the litigants, the people who had money in Battleford, actually tried, and it took them something like six years to get it before the courts in Alberta, partly because the government kept stalling them and wouldn't let them bring it to court; found one reason after another to stall it. They brought a case -- for those of you who don't know -- against the Law Society and the government of Alberta for falling down on their regulatory duties in the case of the Battleford Mortgage corporation.

By the way, they finally did get a judge. I think it took something like 14 judges who had connections with the Law Society who were rejected before they could find one who was supposedly qualified to hear the case. That was right here in the province, and the Treasurer's telling me that it was in Saskatchewan. So I think he should get in touch with the Battleford people and find out a little bit more about their case. It has some interesting problems that are a little different than Principal but also are not unlike in some ways.

These people have asked for a mere \$100,000 to be able to carry their case to the next level, either the Supreme Court of Alberta or, hopefully, to the Supreme Court of Canada, because they think they have a good case. And the interesting thing is that there's a small group of them and they have more money involved, in most cases, than do the people in Principal. Therefore, they can get together and make a court case.

One of the problems with Principal, as we know, is going to be that when the Code inquiry is over, who's going to sue whom, or who has the money? We can't bring a class action suit, for instance, in this province, because there's no legislation allowing it. And even if we could, could the Principal people get together and follow up the Code investigation? So there are some interesting parallels but some interesting differences there. I recommend to the Treasurer that he turn to the people in the Battleford case -- and I've got some contacts if he wants to ask for them -- and offer them the \$100,000. It's a heck of a lot less than the \$10 million, and you would learn a lot from the case by having it before the courts -- again, to find out just what should be the law in terms of what are the government's responsibilities in regulating the financial industry.

Of course, there were other financial institutions that collapsed as well, and I'm not going to dwell on very many of them, but there was the CCB which this government threw some money into and threw it away. It's interesting that some of the people being sued in that -- because there's now a court case to do with the directors and managers of the CCB -- are now over in the new North West Trust that the Provincial Treasurer set up. There was Northland, Abacus, Dial, Tower, Fidelity Trust, and so on -- a long list of failures in this province -- and so we must address that issue in this Assembly.

North West Trust is one of the more interesting ones, and I

wanted to say a few words about it. North West Trust has supposedly been bailed out by the provincial government and made an \$8 million profit, I was glad to hear, this last year. We've had an annual statement sort of glossing over what happened in 1985 and 1986 and sort of saying that that's all water under the bridge and now everything's hunky-dory.

Well, I have a question for the Treasurer, and that is: what's happening with Softco? Why haven't we had an annual statement on Softco; that is, No. 354713 Alberta Ltd. corporation? The Treasurer, when he set up that company, did take, supposedly anyway, the poorer of the real estate properties off the hands of the new North West Trust.

The Treasurer also said that this wasn't going to cost us anything, but I note that the Treasurer also put \$100 million investment into North West Trust in preferred shares. I also note that the Treasury Branch which had loaned some \$650 million to North West Trust between the years 1983 and '85 is still in a certain amount of economic trouble, probably partly as a result of that, because the CDIC money didn't quite cover all their loans to that corporation.

So, Mr. Chairman, the Treasurer has a heavy responsibility in the regulation of financial industries area, and I think there's a couple of things he could do in the Principal case. For instance, they could use our 35 percent solution without violating, in any way, the Code inquiry. There's no connection between that suggestion and what's happening with Code. Also, the government could clarify its stand on the negligence issue. I'm wondering if the Premier will renege, since the Conservative convention put forward an idea about that business of negligence and who should pay.

I guess I would just say that I'm really looking forward to that trust companies legislation and I hope it makes it into the spring session.

MR. CHAIRMAN: Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I'd also like to thank my colleague from Calgary-McCall for allowing me to precede him.

To the Treasurer, I would like to begin by stating my congratulations for his budget. I have always been impressed by the technical expertise of this Treasurer, and was quite encouraged when I discovered that he would be the Treasurer of this government. He is a capable expert in the area of fiscal and monetary matters for this province, misdirected as that capability is from time to time.

But I am amazed once again at the other feature of this budget, its public relations feature. It is a masterful public relations document, and I am surprised, but pleasantly surprised, to see that the Treasurer has much broader capabilities than even I had expected him capable of demonstrating.

I found myself on budget night being quite seduced from time to time by the view from the peaks of this budget, which was in those few brief moments as he presented that budget a very, very positive view. What of course, time indicated to us -- the time to reflect upon this budget indicated that there are many valleys, and it seemed so much that he was taking money from one pocket, putting it into another pocket so that he could make a public relations point. One area that particularly illustrates his ability to do this, I believe, is the area of economic development and small business.

It is important for this government to balance its budget. Excessive expenditure in the first 15 years of its regime has led



to a point where we have a serious deficit problem, a deficit that is not reflected, I believe, as clearly and as adequately as it should be. There are hidden areas, even, of deficit in this province. One area in particular is the unfunded pension liability. But it is also important to keep in mind that it is very unlikely we will balance this budget simply by cutting costs and that we may in fact create more problems than we are trying to solve. It is important not to be as excessive in cutting as we have been in spending to get to this problem. It is very important that this government keep in mind the need to invest in the future and not cut for the sake of cutting.

When it comes to economic development, we have a classic case of failure to invest in the future. We have a classic case of taking money from one pocket so that we can demonstrate somehow by putting it in another pocket that something is being done positively. For example, in the area of developing, anticipating the free trade context within which small business entrepreneurs may find themselves in this province, on the one hand the government has cut funding to the development of markets and products. On the other hand, it has increased exporter assistance for small businesspeople. The net effect is nil. While the environment is changing dramatically, the funding commitment has not changed. Small business has been neglected. Large business has not been neglected; in fact, it has been emphasized. This is an overall area of philosophy, if you will, that has not been addressed adequately in this budget by this Treasurer.

I would like to move on to some specific points. One area of concern in the conduct of the Treasury Department relates to the Treasurer's responsibility for fiscal accountability by his government to this Legislature. There are a number of areas where that is lacking.

Loan guarantees. He has stated that the outstanding contingent liability of this government due to loan guarantees is over \$1 billion. And I do appreciate his concern with that; I think that is well founded. The concern I have that goes beyond that is that the Legislature should be able to review the process of these loan guarantees in some structured way.

Secondly, the conduct of the Public Accounts Committee I think should be a concern of this Treasurer. The Public Accounts Committee has consistently been unable to review the expenditure of all departments. It seems inherently obvious that for a government to be managed effectively, it has to be accountable. If previous-year expenditures of each and every department are not reviewed in the public forum offered by the Public Accounts Committee, this process of accountability cannot be undertaken as effectively as it should be.

Lottery funds. Over \$100 million has been spent recently by this government, committed by this government. Those funds are, by any reasonable definition, public funds. They should be reviewed by this Legislature. We are not disputing . . .

MR. CHAIRMAN: Hon. member. The Chair hesitates to interrupt the hon. member. He's dealing with Bill 10 on the Order Paper. The Chair should perhaps correct the hon. Member for Edmonton-Meadowlark. Although it would appear to fall within the responsibility of the Provincial Treasurer, there is clearly a Bill on the Order Paper dealing with lottery funds that the hon. members will have an opportunity to address. I'd ask the hon. member to bear that in mind.

MR. MITCHELL: Thank you, Mr. Chairman. Of course, it's my understanding that were lottery funds to be presented prop-

erly for review by this Legislature, it would probably cost the Treasurer some extra money, and we would of course advocate that any money that would be required in that regard should be allocated. I hate to miss the chance to suggest that

Finally under the heading of accountability, I am concerned with the format of the budget. While it certainly represents an improvement over budgets presented in the early '70s, it still limits the amount of information, the detail that is available to members of the Legislature, members of the public, and it becomes very frustrating at times to determine what each element, for example, is designed to do. We in our caucus and, I'm certain, my colleagues in the opposition would find it very helpful to have greater detail in the presentation of this budget

The financial industry has been raised; I would like to touch upon it briefly. Now, "briefly" may be appropriate because in fact we have a very limited financial industry. Fourteen billion dollars' worth of financial firms have failed in this province; \$14 billion worth of capital market decisions and more are therefore being made elsewhere in this country.

I am encouraged to see that the government has taken steps with respect to credit union legislation. There seem to be some positive things to be seen there. I'm encouraged by steps being taken with respect to the restructuring of the Alberta Securities Commission. We await with some anticipation the new trust company legislation, which the minister has mentioned just recently in the House. Could he please give us some idea as to what the major increase under the regulation of trust companies vote will be allocated to? Could he specify whether and what portion of that will go to staffing? What will be the mandate of that staff? What portion of that will go to developing the legislation? What portion of that will go to the review of past failures of financial institutions in this province beyond Principal Group? Clearly, we'll know every single detail about Principal Group. We will not know very much about why the other firms that failed in this province failed.

With respect to trust company legislation and, more broadly, the regulation of the financial industry in Alberta, could the minister please comment on whether he is aware of a move at the federal level, at the interprovincial level, of creating a structure that can review the regulation of the financial industry across this country? Financial firms incorporated elsewhere operate in Alberta; they may or may not operate consistently with Alberta regulations, whatever those will be. Is there not a place for a federal, interprovincial, intergovernmental level of co-ordination?

The new legislation for the trust industry. Could the minister please inform us as to whether it will give his government the power to move in and regulate, take over, groups of financial firms? The Principal Group case indicates that this is necessary. If I could just underline for a minute why that argument can be made, it is clear, I think, that there is some empirical evidence that the good parts of the Principal Group of Companies prior to the June 30 delicensing of First and Associated had a value in the order of perhaps \$170 million or \$180 million had they been available for sale on the open public markets. A major eastern brokerage firm valued the mutual fund management company for sale at between \$120 million and \$140 million. Very likely the trust company had a value of \$15 million or \$16 million. The computer and other assets probably had a value in the order of \$20 million for sale in public markets. If you add that up, that's \$180 million prior to the delicensing of First and Associated. The moment you delicense them, you erode confidence. Confidence is everything in the financial industry. The

carcass is sold six weeks later for \$15 million.

Had the government been able to move in, take over the entire group of companies and sustain the weak companies. First and Associated, long enough to sell the strong companies, perhaps \$140 million, \$120 million could have been achieved that way without requiring a bailout, without requiring the use of public funds, but at the same time achieving enough capital to ensure that nobody had to lose money in First and Associated. Could the minister please inform the Legislature . . .

MR. CHAIRMAN: Order in the committee, please. Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. . . . as to whether or not he is contemplating legislation that would accord his government sufficient power to act in that way when required?

Finally, what specific initiatives is the minister considering to encourage the creation of financial firms? It is very important, but only one part of the equation, to create an environment within which financial firms in this province can operate in a secure fashion. But initiatives must go beyond that to create an environment that encourages the development of financial firms.

Heritage Savings Trust Fund. Three consistently established objectives have not been met. One is liquidity; it's not liquid. Second is contribution to diversification; only 10 percent of its assets have really ever been directed to doing that. And the third one is the replacement over time of nonrenewable resource income. Clearly, the quality of income in the Heritage Savings Trust Fund is suspect. Could the minister please provide his assessment of those objectives? And secondly, could he please offer his comments on the need to restructure the fund?

We have proposed that two pools should be created within the Heritage Savings Trust Fund: one to earn real, quality income; a second one to focus on diversification initiatives. In order to protect the fund from political influence, which I believe has led to its failure to achieve the objective outlined for it, is the minister considering the establishment of private-sector/public-sector boards that are appointed by the Legislature and can only be replaced within their five- or 10-year term on the basis of a two-thirds vote by the Legislature? Is the minister considering that kind of direction for the Heritage Savings Trust Fund to buffer it from undue political influence?

Loan guarantees. Could the minister please provide us with a ratio based on his experience with loan guarantees to this point or experience elsewhere in the country, a ratio of outstanding loan guarantees to realized liabilities? That is to say, how many have failed given how many have been approved, and what is the ratio or the equation by which we can begin to assess what the actual liability to the government will be? With respect to criteria for approving loan guarantees, the minister has assured us that they exist. Could he please specify those? And could he clarify a comment he made in the Legislature last week where he said that wherever possible, personal guarantees are achieved, required? Could he please define those cases where it is possible and those cases where it wouldn't be possible?

Collection of corporate tax. Could the minister please indicate to the Legislature: what would it cost to have the federal government collect Alberta's corporate tax? What do we gain by doing it ourselves? Could he itemize those gains? And finally, could he indicate his awareness or lack of awareness of the concern in the business community with the extra red tape of filling out yet another tax return?

The hotel tax. What has been raised? Is it worth its impact on tourism to raise whatever has been raised?

Pensions. What is the long-term cost of the current \$5.5 billion unfunded liability that I understand has been portrayed in today's dollars? Over the period of time over which that liability will be paid out what will it in fact cost in absolute dollars? Could he provide that? I guess what I'm looking for is the discount rate used. What action is the Treasurer taking to do something about the long-term liability that exists in the government's pension fund?

Alberta capital bonds. Could the minister please indicate how it is that he determines whether to issue an Alberta capital bond issue to raise required funds versus going to international markets? What advantages or disadvantages does he assess in making that decision? And secondly, could he indicate with respect to future Alberta capital bond issues whether he will be considering an Alberta-based firm to lead the issue, if possible, one; and two, to be the registrar of the bond issue rather than utilizing an Ontario-based firm? Is there any potential for creating . . . [interjection] Could he take responsibility for that fact as well? Could he please indicate whether there's any potential for utilizing the Alberta capital bond issue and the international issues that he pursues to create a bond market in Alberta?

Finally -- sorry; second from finally -- could the minister please indicate: what is the total anticipated cost of the Code inquiry? Secondly, what is the anticipated total cost of the dissolution? I am now referring to the receivers and so on, and what their costs will be.

Finally, with respect to Alberta Government Telephones, this is, of course, a very important issue: the question of government commercial enterprises in competition with the private sector, its negative impact versus the positive requirement for government enterprise in certain areas, particularly those areas which may succumb to monopoly control were they left in the private sector's hands. One issue that seems to have been skirted and not to have been addressed directly is the fact that AGT makes money, or has recently. Is the Treasurer concerned with a move to reduce AGT's competitive activity -- such as the selling of computers, the selling of computer software, and so on -- to the extent that that might reduce the profitability of AGT and therefore put greater pressure on his need to raise taxes elsewhere? Could the minister please provide an assessment of that particular question?

Thank you very much, Mr. Chairman.

MR. CHAIRMAN: Calgary-McCall, followed by Edmonton-Strathcona.

MR. NELSON: Thank you, Mr. Chairman. I would just like to take a few moments here today to speak to the Treasury.

First of all, Mr. Chairman, I would like to say that comments of the Member for Edmonton-Meadowlark with regards to the ability of our Treasurer are certainly not without an echo from myself. I think the Treasurer is one of the most capable people in this Legislature, and I have the highest regard for his ability. I'm sure that with the departmental support that he has and the support of his office, the quality of the Treasury Department has never been in better hands.

[Mr. R. Moore in the Chair]

Mr. Chairman, I have some concerns also and certainly some

comments I want to make with regards to some of the items that have been discussed. We all share in the concern about loan guarantees within the province, about the liability that it sometimes or somehow can create. However, it's interesting to note how legislators, and especially members opposite, continue to harp about creation of jobs and creating industry and assisting and what have you in the province. These loan guarantees assist the province to develop its resources and economic opportunities for Albertans for the longer term viability of Alberta and its citizens.

Now, let's just think about this from an objective, reasonable way, I guess. Assume that the government decides that they don't want to get involved, that there are no loan guarantees. What are the options? Possibly no development of industry, and then, of course, we're all concerned about the development of jobs and opportunities for Albertans. Then I would suggest that the opposition may have some reason to bellyache; mind you, they'll bellyache anyway,

Mr. Chairman, in providing loan guarantees for these industries to bring opportunities to Albertans, they're not borrowing money from the Treasury; they're borrowing money from outside financial institutions with certain guarantees from the province. And those guarantees, I expect, are met with certain forms of agreement that will protect the interests of the Treasury in any event, such as banks have personal guarantees. Unfortunately, if we want to talk about small business, many of these guarantees that are provided by lending institutions are not very well drafted and, in fact, are misleading to our small businesspeople. Hence the reason for my presentation of an Act that's before the House now to amend the Guarantees Acknowledgment Act. That's about the only plug I'm going to get in this session on that Act, so I might as well take advantage of it

So, Mr. Chairman, I have no difficulty in supporting the idea of loan guarantees and support for our business community, whether it be extremely large businesses who in the long term will probably be much more viable and successful for the province and for the Treasury insofar as the liability is concerned -- there may be many small businesses under the same circumstance.

It's interesting to note in the Budget Address the Treasurer gave us that in 1988-89, \$185 million more will remain in Albertans' pockets. This is due in large to the fact that during the 1987-88 budgetary period Albertans were asked to pay for those services that they have demanded. They were asked to pay for the debt that has been created through that demand. Now, let's be honest, Mr. Chairman. Albertans have demanded an extremely high level of services that they have gotten used to. It is very difficult for the Treasurer and the government to say "no." None of us likes to say no to our constituents when it comes to many programs that we have been used to and that those constituents have been obtaining for many years. However, due to the fact that certain revenue has been lost to the province, in particular through the loss of some resource revenues, I believe in the longer term those constituents are going to recognize good fiscal responsibility and will in the next number of years appreciate the fact that a government did say no and did in fact take the bull by the horns and indicate that they could not afford certain things.

It's interesting, Mr. Chairman, that in examining the Treasurer's expenditures and, of course, his revenue projections, the past year has been an experience in how well government can round out its ability to balance a budget. Sometimes a little pain -- "p-a-i-n" for my colleague next to me, who is rather startled

by the word "pain" -- goes a long way to reflect to the enhancement of our economic opportunities. If one looks at the increase in the number of people actually employed in jobs in Alberta, the highest in its history, if one reflects that there were 17,000 new business incorporations in 1987, if one reflects on the unemployment rate of the province reducing on a percentage basis and, I guess, the many other economic indicators, including the upbeat price of oil in the last two or three days -- and the indications from many are that it would continue to rise -- it is my assessment that the economic fiscal plan of the Treasurer is not only sound but is being reflected by the business community and the citizens of this province.

The diversification initiatives that have been enhanced by the loan guarantees, which we've already commented on briefly, but also many of the initiatives taken by the Minister of Economic Development and Trade and other ministries ensure that our province remains a leader in this country insofar as economic activity,

I do have some concerns relevant to the budget, though, and the Treasurer might take my comments into consideration when we're examining things such as capital projects, Mr. Chairman, it's my assessment, recently having had some input into the development of a structure in the province and having examined some other structures, that if the Treasurer were to indicate to the ministers responsible to take and use and develop the same projects in this fiscal year with 10 percent less money, I think you'd have a quarter of a billion dollars left over at the end of the year and, in fact, would develop the same structures without enhancing some architectural edifice for somebody to put their name on to service their own needs instead of those of the community. It is my view that we can develop people services and people places without creating edifices for the enhancement of an architect or planner and, in fact, for the edifices of some of our bureaucrats in public works and services. I believe that very strongly, and I've indicated so to the Premier recently because of the experience I've had in dealing with this issue directly. I think there's a quarter of a billion dollars that could be returned to the budget just from capital projects alone. I believe that in a very sincere way, and in fact, I'm being kind, because I think there would be more.

Mr. Chairman, it's interesting to note the issue brought up by one of the members who previously spoke about handing money out to our friends in secrecy. I don't know that there's a heck of a lot of things secret about the financial situation in government. Usually, if you want the information, it's there, it's accessible, and certainly we can retrieve it through public accounts and other means if we wish to. I have a little concern about how the member deals with this secrecy bit, because I really don't feel that there's a secrecy in the financial organization of this province.

Those members who are afraid of public hearings -- well, that's tough. I'm sure the members opposite are a little fearful of them, but I know that the MLAs on the government side spend a considerable amount of time in their constituencies dealing with town hall meetings, public meetings, dealing with issues of concern to the province and to their community. That input is not used to be put on a chair and sat on; that input is given to our ministers, to our government, through the means available: by letter, through caucus meetings and what have you. So I would suggest that all members make the same type of effort as the government members in achieving some of these methods of retrieving information from their constituents.

Mr. Chairman, I would just like to return to one item very

briefly here with regards to the saving of money on capital projects, and it might be an interesting note for members of the Assembly. When we talk about building edifices, when you place brass into buildings, it requires daily attention or it tarnishes and becomes a real eyesore. It's beyond me why we would use brass, especially in an eating area in a college where it's handled with a considerable amount of hardship -- I guess you could use the term. In any event, I just want to give that as an example of what I feel is waste in developing some of these edifices.

Mr. Chairman, I would like to make a comment to the Treasurer on his handling of the Principal affair. I think that considering the cost it's developed for the taxpayer of this province to assist those people who have found themselves in an unfortunate situation -- to assist them in coming to the bottom line as to what actually happened through the collapse of this financial institution is commendable. It is without saying that the government has acted very promptly and very quickly in addressing this issue without any nonsense. You know, I guess we could all have gone to the community and made a bunch of brownie points on it, but quite frankly, it's going to be interesting to see the end result of this hearing, for which the government has promised to deal with it appropriately.

I think that until such time as that decision and the recommendations come from the inquiries that are in place -- albeit Mr. Code, the Ombudsman, or through the courts -- we should await that decision, and then maybe we'll have something to debate about or question. Just maybe those people who have had some hardships created through that situation will find that they will be satisfied in some way, shape, or form. So I think we should just wait and see, because it's in capable hands. I think we should deal with it in that way.

When I hear members talking about expending a few bucks, a mere hundred thousand dollars, and then talk about how there are so many working poor in the province, I'm troubled by that. A mere hundred thousand dollars to me is not a mere hundred thousand dollars. If that be the case, I wouldn't mind having it right here, because I could sure use it. So could many of the other people in the province, the so-called working poor. I'm one of those working poor, so I would like to have my pocket enhanced too. [interjections] I knew I'd get to them sooner or later. That's all right; I haven't called you Commies yet, so just don't get excited.

The other comment I'd like to make -- even though you are -- is that I think we need to examine the forms that businesses and, in particular, small businesses are asked to deal with. I feel that there are some duplications of information required by government -- the Treasury, taxation, what have you -- that may be examined for development, where one form, if any, would necessitate the actions and the information that may be required by government. That again may be a cost saving to the government, and we may be able to further enhance the ability to balance this budget at a sooner time than was originally planned and then get on with reducing the debt of the province.

Under the present fiscal regime and the fiscal plan of this province it is my belief that we can not only balance this budget in a shorter time frame than has been identified, but I believe that in two or three or four years after that we would remove the debt of the province and re-establish our position in the financial markets with a triple A rating and also further enhance the Heritage Savings Trust Fund, which will further enhance the development of opportunities within the province, including a northern Kananaskis if that be the will of the government.

Certainly there are so many opportunities available to this province, provided we continue with responsible fiscal management. Mr. Chairman, I believe that under the present administration and the Treasurer in particular, whom I have to commend -- and I also have to commend the Premier for having the guts to get out into the community and create an environment of fiscal responsibility and take the political heat for it. I'm sure that others, in particular the Commies, I guess, if that's the term you want me to say for you, and the socialists further on down, would not have the political will to tell people the truth about the financial environment of the province. The fiscal environment of this province is in excellent shape. Mr. Chairman, I believe that through the management and the leadership shown by the Treasurer, the Premier, and this government, not only will the province be in better fiscal shape in a short time frame, but I think the people of this province will not only recognize it but they will be better off financially, in their own pockets.

Mr. Chairman, I thank you for the opportunity.

MR. ACTING DEPUTY CHAIRMAN: Edmonton-Strathcona.

MR. WRIGHT: I'm obliged, Mr. Chairman. My remarks will be confined to votes 1 and 2, departmental support and revenue collection.

Under departmental support I wish to talk about the unseen part of the agenda here. The seen part are the rates, what is imposed, what the measures are that will raise the province's money. What I wish to talk about is the unseen half; namely, the methods that are used to raise the money, what the loopholes are, what the breaks are that ordinary Albertans do not get that rich Albertans do get but which we never talk about in this Assembly because we simply use the federal system to collect our money. Their loopholes are our loopholes.

We have it within our power to do something about it because we can collect our own provincial tax and impose our own provincial tax system. In fact, we used to do that completely before some time in the '70s, I guess, when the then Premier brought in a separate rule for corporations. But, in fact, that resulted in an even easier ride for corporations than is obtained federally. So whether that was a reason or not, I don't know, Mr. Chairman, but the result was the exact opposite of what ought to have been the case.

At any rate, to get to the point here, it is the case in Canada as a whole, and I suspect that the same is true in Alberta, that the top 20 percent or so of income earners earn 45 percent of the national income. The bottom 20 percent earn about 4 percent. I believe the figures are approximately the same in the province of Alberta.

In the case of ownership of wealth the top 20 percent own 68 percent of all the wealth, the bottom 20 percent less than 1 percent. In fact, it's less than nil because the bottom 20 percent have liabilities that exceed their assets. The astonishing figure is nationally, and again I think it holds true provincially, Mr. Chairman, that the top 10 percent own half the wealth.

Now at the same time, an astonishing number of Albertans, something like 25 percent, are living below the poverty line as designated by Statistics Canada. The extent that ownership of wealth distorts the process of the life we live is such a fundamental thing that sometimes we don't even realize what it does. It distorts the ability to get into the news, to put a fair statement before people, because you have the money to manipulate the media. I don't mean that in any crude sense. I just mean the

ability to publicize your point of view, whether it is in the press or in lobbying the government or, generally, in advertising. You can manipulate opinions all the more easily, and you have much readier access to the levers of power. That's what wealth gives you.

[Mr. Gogo in the Chair]

Someone worked out a pictorial representation of the differences in wealth that are true of Canada and, roughly speaking, of Alberta in the form of a march that lasted for an hour. I don't know whether you've seen this illustration. For the first 10 minutes, representing, of course, one-tenth of the population, no one appears aboveground at all, because their liabilities exceed their assets. Then after 15 minutes there are a number of people three feet high, representing those that have an excess of assets over liabilities of \$18,000; they're worth \$18,000. That's three feet. And so on it goes. But the astonishing thing is what happens in the last second, because in the last second of the hour appear people like Ron Southern, for example, who is eight miles high.

Now, the point of this is that in this province we don't tax wealth; in Canada we don't tax wealth. It's only the wealthy that can afford the real big tax breaks. I won't go through the scheme there; it's too detailed. But I think we all know the way that a really wealthy person can borrow money, expense the interest, cancel out the dividends from their holdings with the interest, and virtually live tax free. I'll return to something in that connection in a moment. But I'll just note that someone like -- well, I suppose one shouldn't name names. But there are many people who pay no income tax who are extremely wealthy, while a single woman who is a nursing home worker with an income of \$24,000, which is not a negligible income, pays over \$4,000 in tax.

Now, there is a remarkable lack of progressivity in the tax system that we go along with in Canada and, therefore, in Alberta. In the first place, those provinces that have sales tax are especially regressive. We don't have a provincial sales tax, but I haven't heard it being stated that we would withdraw from our share of the transaction tax when and if that comes in as it's promised. But that is a form of sales tax, and it bears much more heavily on those who have a small income than those who have a large one. The situation is getting worse. Mr. Carter's scheme of calling a buck a buck however you earned it was completely a failure; it just did not sit well with the wealthy industrialists in this country who are the paymasters of both the old-line parties, the Conservatives and the Liberals, both provincially and federally. So it got nowhere. Mr. Benson's proposals met the same fate.

Mr. Wilson's proposals have met with much more favour because they are comparatively toothless, and we are quite prepared to go along with them. He calls for a simplified tax system. Ha! His main way of simplifying it is to reduce the number of tax brackets; I think they're reduced from 10 to three or something like that. But that occupies half a page out of some 300 pages in the Income Tax Act. Ha! All the rest are the really complicated ones, the loopholes. Their loopholes are our loopholes. We hear nothing from this government dissociating themselves from the really shocking ability of those in Canada who have money to keep it -- lots and lots of money. We hear no dissociation from this Treasurer from the regime whereby a single person earning \$7,000 in 1985 now pays \$300 more in taxes per annum, whereas a person earning \$80,000 pays \$706

less. Where is the fairness there? That is Conservative tax reform. I say that Robin Hood has not disappeared; he's simply working for the other side, taking from the poor and giving to the rich.

Now, the problem with talking about all these things is -- and I'm sure my speech at present is no exception -- that it's rather boring, and that's how the government gets away with it. The iniquity of the inequity is hard to bring home because you have to go into figures and deal with complicated concepts. But the results in the end are simple: the tax system that this budget imposes or goes along with is extremely unfair and results in ordinary people in Canada bearing a higher tax load in relation to the rich than, I think, all western industrialized countries. That is not to say that the tax bill of the average Canadian and Albertan is exceptionally high; it isn't. We are fortunate in that respect. I'm talking about the relative weight of the burden, the fairness of it.

Returning to wealth taxes, the estate taxes have gone. The deal there was to have a capital gains tax, but the capital gains tax only taxes half of the capital gain, and for a short while there was a threshold of half a million dollars, which was quite absurd. It's now reduced to \$100,000. Homes are exempt from it anyway, which is fair enough except that there is no limit to the value of the home which is exempt, providing it is the ordinary residence of the taxpayer. So a millionaire who lives in a \$2 million home has just as much exemption for that home as you or I who live in a \$100,000 home.

When we come to corporations, Mr. Chairman, the situation is nothing short of scandalous, because corporations owe in deferred taxes -- and I'm sure there's a fair share of them in Alberta -- more than \$30 billion, which is the national deficit for one entire year. These taxes are called deferred taxes, as if at some time in the future they were supposed to be repaid, but we know that the majority of them will never be repaid. That is the whole intention. But if they really are deferred taxes, why do the corporations not pay interest on them? Why does not this Treasurer impose an obligation to pay interest on those taxes borrowed from the taxpayers of this province? He does not.

Getting back to a wealth tax, we have none in Canada. It makes us in Canada the country, of all the western industrialized countries, that taxes wealth least. We're tied with Italy in that respect. Even a very small wealth tax -- 2 percent, let us say, per annum -- brings in a large amount of money. That's to say that the net value of the holdings of a person is taxed at 2 percent. Now, if they lay out their money reasonably, they're earning a lot more than 2 percent on that, so it's not as if their holdings have shrunk by 2 percent. But the amount of money raised by a low rate like that is remarkably high, some 80 percent of what the abolished estate tax would have raised.

A complete scam for wealthy persons is the use of the charitable foundation. Again, these are things that are never adverted to at the provincial level, yet they are matters that we take advantage of that enable the wealthy to control corporations.

Mr. Chairman, I do have quite a deal more to say, and it is late, but I must leave some time for the Treasurer to reply to what has been said so far, not much time but . . .

MR. CHAIRMAN: Edmonton-Highlands.

MS BARRETT: Mr. Chairman, I would appreciate a response from the minister, so I'd defer.

MR. JOHNSTON: Well, Mr. Chairman, there have been a considerable number of comments made with respect to the broad question of Treasury; the fiscal responsibility, the whole question of tax policy in particular has been raised. Perhaps I'll try to hit some of the salient points which were drawn to my attention.

If you forgive me for not being all that well organized, it probably does reflect to some extent the way in which the questions were raised, but let me make one or two comments here. [interjections]

MR. CHAIRMAN: Order in the committee. Excuse me, minister. Order in the committee, please, especially in the northeast corner.

MR. JOHNSTON: Mr. Chairman, with respect to the tax policy -- if I can just quickly organize some of these general areas -- the tax policy itself . . . I don't want to trot out all the political slogans which are convenient and open to us; I think you know them as well as I. But I can say that what underscores our position is a sincere attempt to do some of the following: first of all, to maintain the very lowest personal income tax regime of any province in Canada and to avoid using the sales tax regime to collect additional dollars for the province.

Now, in doing that I have to be somewhat careful, because each year the personal income tax regime tends to change slightly, and we're now in the process of seeing each province bring down its own budget. But I think it's fair to say that within a very few narrow limits Alberta will have the lowest personal income tax regime and certainly overall will have the lowest tax regime of any province in Canada. I try to do that without sloganism. In any event, that is a clear objective, and I think that does address what is a felt responsibility of this government as well; that is, that we should wherever possible put the dollars back into the hands of the consumer, allow the individual to have the disposable income. That tends to be an attraction, I think, for generating investment in new jobs in this province.

At the same time, the subset of that is that we wherever possible attempt to deal with the low end of the distribution in terms of the tax impact, and I think we have been conscious in our efforts to ensure that by way of tax policy we always ease up or provide relief for that in the distribution. And sure, it's not possible to do it perfectly, and it's not always possible to have a general tax reduction which doesn't affect the high income earner as well. But our policies here have been fairly clean -- first of all, with respect to the sales tax -- that is, the less regressive of the taxes, which we are not applying in this province -- second, with respect to the flat tax itself. That tax was directed at taxable income and, therefore, was perhaps less regressive than some taxes which were in other provinces applied at the net income or gross income level. But in our adjustments this year we have shown clearly that the major impact, the large percentage reduction in terms of the income levels, will benefit the lower income individuals. Certainly it's our best guess that about 500,000 Albertans who would normally be

taxed in other provinces will be exempt here.

At the same time, we imposed last year a temporary surtax, and that surtax applies to high income Albertans, not to low income Albertans. Moreover, we have gone on in other areas to provide additional specific assistance to those areas where income distribution has been a problem; that is to say, we have redistributed from one group to another. Certainly senior citizens must be seen to be that area.

With respect to the use of the corporate tax system and the personal tax system, I think it's appropriate to say that in terms of our own economic objectives and the policy outlines of this province, we would like to see some incentives here. I don't want to make a strong argument that the tax system is the best way to attract investment, but it is certainly one of the areas which is considered by the private sector when they go to locate a head office. For that reason many head offices have in fact been located here.

I think there is a faulty analysis in Edmonton-Meadowlark's presentation when he suggests that we have done something unforeseen with respect to the distribution of taxes. What he has failed to do is to really fully factor in the full impact of the total revenue of the province as opposed to simply dealing with the total tax of the province. It's one of those spurious kinds of analysis which can suit any argument if you want to use the stats right.

With respect to capital taxes, however, I'm not altogether sure that we haven't got a capital tax. It may be a bit oblique to suggest that we have a capital gains tax unless that does equate to a capital tax. To some extent it's part of that but I don't believe that I would want to levy a capital tax in this province, simply because it would detract from investment.

Mr. Chairman, I think that even with rapid staccato I may have some trouble satisfying all the questions before the afternoon is over. What I will do is provide written answers wherever possible.

Thank you, sir.

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

[Motion carried]

[Mr. Speaker in the Chair]

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

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

[At 5:29 p.m. the House adjourned to Thursday at 2:30 p.m.]