

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Tuesday, April 26, 1988 2:30 p.m.**

Date: 88/04/26

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

[Mr. Speaker in the Chair]

PRAYERS

MR. SPEAKER: Let us pray.

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

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

Amen.

head: INTRODUCTION OF BILLS**Bill Pr. 9****Hungarian Cultural Society of Edmonton Act**

MR. EWASIUK: Mr. Speaker, I request leave to introduce Bill Pr. 9, the Hungarian Cultural Society of Edmonton Act.

The purpose of the Bill is to exempt the property of the Hungarian Cultural Society from municipal taxes.

[Leave granted; Bill Pr. 9 read a first time]

Bill Pr. 7**The Alberta Conference of the Seventh-day Adventist Church Act**

MR. OLDRING: Mr. Speaker, I request leave to introduce Bill Pr. 7, The Alberta Conference of the Seventh-day Adventist Church Act.

The purpose of this Bill is to provide for the constitution and powers of the Alberta Conference of the Seventh-day Adventist Church.

[Leave granted; Bill Pr. 7 read a first time]

Bill Pr. 12**Canadian Southern Baptist Seminary Act**

MR. ALGER: Mr. Speaker, I request leave to introduce Bill Pr. 12, the Canadian Southern Baptist Seminary Act

The purpose of this Bill is to provide for the constitution and powers of the seminary.

[Leave granted; Bill Pr. 12 read a first time]

Bill Pr. 13**German Canadian Club of Calgary Act**

MR. SHRAKE: Mr. Speaker, I request leave to introduce Bill Pr. 13, the German Canadian Club of Calgary Act.

The purpose of this Bill is to exempt the property of the German Canadian Club from municipal taxes.

[Leave granted; Bill Pr. 13 read a first time]

Bill Pr. 14**Austrian Canadian Society of Calgary Act**

MR. NELSON: Mr. Speaker, I beg leave to introduce Bill Pr. 14, the Austrian Canadian Society of Calgary Act.

This Act would exempt the Austrian Canadian Society of Calgary from all municipal and school taxes for as long as the facilities are used by the Austrian community in educational, recreational, social, and cultural capacities. In order to protect and further multiculturalism in our society, I believe that the government in co-operation with the municipalities should commit itself to consider ways in which it can help these groups meet their many obligations to the community at large.

[Leave granted; Bill Pr. 14 read a first time]

Bill Pr. 15**Polish Canadian Cultural Centre of Calgary Act**

MR. NELSON: Mr. Speaker, I beg leave to introduce Bill Pr. 15, the Polish Canadian Cultural Centre of Calgary Act, which would exempt this facility from municipal and school taxes for as long as its facilities are used to fulfill the various social, cultural, and educational needs of the Polish community.

If we do not support this and other cultural societies through tax relief and grant programs, we risk fraying the multicultural fabric of our society, which we say is important to us. This will allow all cultural societies to be treated equally.

[Leave granted; Bill Pr. 15 read a first time]

head: TABLING RETURNS AND REPORTS

MR. YOUNG: Mr. Speaker, I wish to table the 14th annual report of the Alberta Educational Communications Corporation, as required by statute. It is for the year April 1, 1986, to March 31, 1987.

MR. TAYLOR: Mr. Speaker, in filing a couple of items yesterday, the Minister of the Environment stated that Alberta was "the only jurisdiction anywhere in the world with a Beverage Container Act" I would like to . . .

MR. SPEAKER: Hon. member, filing is just simply the title, please.

MR. TAYLOR: Thank you, Mr. Speaker. I would like to file with the Assembly, in order to educate the minister and other members of the Assembly, four copies of the Beverage Containers Act of Nova Scotia and four copies of the Beverage Containers Act of New Brunswick, the other side of the world.

head: INTRODUCTION OF SPECIAL GUESTS

MR. SPEAKER: The Leader of the Opposition.

MR. MARTIN: Thank you, Mr. Speaker. I'd like to introduce to you and to members of the Assembly, some 24 grade 8 students from Parkdale school in the constituency of Edmonton-Norwood. They are accompanied by their teacher John Beaton. They are seated in the public gallery; I would ask them to stand and receive the traditional warm welcome of the Assembly.

DR. WEST: Mr. Speaker, it's my pleasure to introduce to you and through you to the Members of the Legislative Assembly, 19 grade 12 students from Central high school in Sedgewick in the constituency of Vermilion-Viking. They are accompanied by Mr. Greg Martin. May I add that he makes a special effort to ensure that the students of that area visit the Legislative Assembly to watch parliamentary democracy in action. May I wish these grade 12 students an abundance of health, happiness, and success upon graduation and ask them to stand and receive the warm welcome of this House.

MR. SPEAKER: Calgary-North West, followed by Red Deer-South, followed by Bow Valley.

DR. CASSIN: Thank you, Mr. Speaker. It is my pleasure today to introduce to you and through you to Members of the Legislative Assembly, a fine group of 90 students from the Fred Edward Osborne junior high school in my constituency of Calgary-North West. Accompanying them are their teachers Dale Martin, Mrs. Teresa Simon, Mrs. Dawn Jones, and Mr. George Stathakis. I notice that some of them are wearing their Calgary Flames T-shirts. True to the spirit of Calgary, even in defeat we support our team. I would now ask that they rise -- they're both in the public and members' galleries -- for customary applause.

MR. OLDRING: Thank you, Mr. Speaker. Earlier this afternoon I had the honour of introducing Bill Pr. 7, The Alberta Conference of the Seventh-day Adventist Church Act. Here to witness this historic day for the Alberta Conference of the Seventh-day Adventist Church are Mr. Don Corkum, president, and Mr. Lloyd Janzen, director of youth and health, both constituents of Red Deer-South; Mr. Gerry Chipeur, lawyer from Milner & Steer here in Edmonton who helped draft the proposed Bill; and Mr. Peter Miller, a lawyer from Calgary who was also involved in the drafting. Mr. Speaker, these gentlemen are located in the members' gallery, and I would ask them to rise and receive the warm reception of the Legislative Assembly.

MR. MUSGROVE: Mr. Speaker, it's my pleasure today to introduce two members of the Brooks & District Chamber of Commerce. Sitting in the public gallery are Nancy Dickie, manager of the Brooks & District Chamber of Commerce, and Gordon Musgrove, the president. I'd ask them to rise and receive the warm welcome of the Assembly.

head: ORAL QUESTION PERIOD

Labour Relations Code

MR. MARTIN: Mr. Speaker, to the Premier. The Minister of Labour says that section 81 of the labour code reflects a definite government decision to ban consumer boycotts in support of working people involved in labour differences. The Premier, on the other hand, on numerous occasions said that he does not have to answer for this decision because it will be debated at some time in the Legislature. We want to know which it is. My question, then, to the Premier: is the Premier saying that the Minister of Labour is misleading the House, perhaps inadvertently, in suggesting that a policy decision has already been made?

MR. GETTY: Mr. Speaker, I'm sure the Leader of the Opposi-

tion knows how legislation proceeds through this Legislature. It is introduced at first reading; it then proceeds to second reading in principle. Then every clause is studied by committee; finally, third reading, and then Her Honour the Lieutenant Governor to approve it.

It seems to me that at the subsequent stages that are available to the House, the concerns that the Leader of the Opposition and some members of his caucus have expressed can be brought to the attention of the House. As always happens, the House listens and sees whether or not there are valid arguments being made and then, perhaps, adopts that point of view. We'll just have to see as the legislation proceeds.

MR. MARTIN: Well, Mr. Speaker, we can't have it both ways. As the Premier is aware, Bill 14, the medicare Bill, last year was introduced, and because of opposition questioning hopefully the government came to their senses and stopped it. We're trying to save the government some embarrassment again. My question to the Premier is section 81 government policy or not? That's what we're trying to find out, because one minister says yes; the Premier says, oh, he's going to sit and wait and see what the debate is. Which is it?

MR. GETTY: Mr. Speaker, I won't hold my breath for the Leader of the Opposition to work very hard to prevent the government from having any embarrassments.

I would say, Mr. Speaker, that the answer I gave to his first question still stands: let's see how it proceeds through the House.

MR. MARTIN: Mr. Speaker, you have the Premier saying that we'll see how it goes, and you have the minister saying that it's government policy, so I'm going to go on the assumption, because they haven't withdrawn it, that it's government policy.

It's already been noted in this House that one of the reasons the Gainers dispute came to an end was because of the consumer boycott; they were hurting. My question to the Premier is it the government's intent, then, deliberately to tip the balance in protracted labour disputes in favour of management?

MR. GETTY: Mr. Speaker, as I recall, the Gainers dispute -- while the Member of Edmonton-Highlands may be saying what reasons she felt, and *now* the Leader of the Opposition, that it ended, frankly I think it ended because we worked with both sides as a government in a positive way and brought them to a peaceful and happy solution.

MR. MARTIN: Yeah. Peaceful and happy solution, Mr. Speaker. That is a bit of a joke, a sense of humour by the Premier there.

But my question is again to the Premier because he has to accept responsibility for government policy: is it the government's intention to bring in section 81, and is it their intention to tip the balance in favour of management, which is precisely what this Bill does? Is this what the government is trying to do?

MR. GETTY: Well, Mr. Speaker, I've answered it. I'll try it again. The government intends to bring the Bill in, yes, and it will proceed through the House, and as usual it goes through all the stages. We certainly feel that all labour legislation should provide a level playing field so that both management and labour can negotiate from an equal basis their responsibility, and then they can come to an agreement [interjections] It may be

that the legislation will prevent . . .

MR. SPEAKER: Forgive me, hon. Premier; I just want to have the back row sort of quieten down a bit so I could hear the answer. Thank you.

Hon. Premier.

MR. GETTY: As I was saying, Mr. Speaker, perhaps the legislation will prevent grandstanding by the Leader of the Opposition on the picket lines. If there was anybody who did not help the solution to the Gainers strike, it was that political grandstanding by the Leader of the Opposition down there. It didn't help anybody. It was the government who helped the workers and that problem to be solved.

MR. CHUMIR: I await the government's attempts to have me arrested when I get out on a picket line.

Now, I'd like to address this supplementary to the Attorney General, Mr. Speaker, and I'm wondering whether he could tell us what formal process is in place for assessing in advance whether government legislation infringes on the Charter of Rights. Was this process followed in respect of this specific legislation?

MR. HORSMAN: Mr. Speaker, obviously, legislation which is proposed by the government goes through a lengthy process of consideration relative to all aspects of its proper framework within the Constitution of Canada both in terms of the constitutional responsibilities laid out in sections 91, 92, 93, 92(a), and so on, and the Charter of Rights. And that, of course, has been done.

MR. MARTIN: I see the government policy is going to throw the opposition in jail, Mr. Speaker.

I'd like to designate my second question to the Member for Edmonton-Centre.

Hospital Funding

REV. ROBERTS: Mr. Speaker, yesterday in the debate on the Department of Hospitals and Medical Care budget much of the smoke and mirrors cleared away with respect to operating funds for active treatment hospitals in the province. When the new Mill Woods and Peter Lougheed hospitals and the new Lethbridge Regional hospital are taken out of the equation, the result is not a 6.7 percent increase for all other active treatment hospitals but only a 2.2 percent increase. Will the Minister of Hospitals and Medical Care today, for all the board members, administrators, and others who run the acute care hospitals in this province, confirm that all that they can expect is a 2.2 percent increase, which is far less than inflation is running this year?

MR. M. MOORE: Mr. Speaker, the hon. member, I believe, was in the Legislature yesterday during committee study of the estimates of the Department of Hospitals and Medical Care, at which time I fully explained the budgetary provisions for the current fiscal year.

REV. ROBERTS: What the minister didn't explain was why he got a 3.5 percent increase and Tory backbenchers got an 80 percent increase and hospitals remained the same at 2.2. Will the minister assist the hospitals as he has by an added 2.5 percent

for the registered nurses' increase? Will that 2.5 percent increase also be passed on for increases for registered nursing assistants, for health science administration people, for increasing . . .

MR. SPEAKER: Thank you, hon. member, for your succinct supplementary.
Minister.

MR. M. MOORE: Mr. Speaker, the hon. member is engaging in a duplication of the exact debate that was held in committee yesterday. I appreciate that you were not in the Chair at the time, but I'm perfectly willing to enter into that debate if the question period is the proper time to do it.

REV. ROBERTS: Well, Mr. Speaker, the minister did not mention in the debate yesterday that last year's budget forced 879 full-time equivalents to be cut and 620 beds to be closed.

Is the message the minister is sending out to all hospitals this year -- whether they're the Misericordia, the Royal Alex, the Calgary district, Drumheller, or wherever -- that they must continue to lay off staff and to close beds for this upcoming year? Is that the message they are getting this year?

MR. M. MOORE: Mr. Speaker, we announced in early January that there would be a 1.5 percent increase in the global operating budgets for hospitals. After the Alberta Hospital Association had made a settlement with the United Nurses of Alberta, we indicated to the hospitals that they should provide us with advice as to how they were able to adjust their budgets to accommodate the salary increases they were having to pay. We said to all of them, "Let us know what your concerns and problems are in terms of being able to deliver services that you have delivered before, without reducing any services and without reducing any beds." That dialogue is presently taking place between my office and the Department of Hospitals and Medical Care and some 128 hospitals across the province.

REV. ROBERTS: Well then, is the message the minister is sending out to the hospitals and those who work in them -- whether they're health science people or registered nursing assistants -- that they, too, must stage an illegal strike to force hospitals to come to the table for just and decent wages in the province, and by going on an illegal strike, only then will the minister come up with the appropriate funding for these in the hospital sector as well?

MR. M. MOORE: The hon. member again doesn't know what he's talking about. The member may recall that the staff nurses association at the University of Alberta hospital and the Cross Cancer board entered into meaningful negotiations and obtained a settlement without in fact being out on strike which was the exact duplication of what was finally concluded between the AHA and the UNA. So any suggestions that anyone was dragged into a reasonable settlement are just not factual at all. The facts of the matter are that our hospitals in this province are funded better than any other hospitals in the country.

There are some cost-effective measures that can be taken. Yesterday we heard, in fact, from the hon. Member for Edmonton-Strathcona and others in this Assembly about ways in which we might save additional funds by employing registered nursing assistants to a greater extent than registered nurses. There's a number of things that can be done. I've said to the

hospital board chairmen and their chief operating officers across the province that they have to take out a sharp pencil and look hard at where they can save additional dollars, and if they are unable to find any way to provide services, then we'll certainly look at the concerns they have.

MR. SPEAKER: Supplementary, Edmonton-Gold Bar.

MRS. HEWES: Mr. Speaker, why not practise a little prevention? We preach it enough.

MR. SPEAKER: Is that the question?

MRS. HEWES: Has the minister discussed any of his current priorities with the AHA which would allow for some flexibility rather than require them to come begging as individual hospitals to him?

MR. M. MOORE: I've had a number of discussions with the Alberta Hospital Association, yes. But it's rather difficult for the association to make the case for each individual hospital because they vary so much in terms of the additional requirements they might have. Some of them have perhaps a lower caseload than they had a year ago and some of them much greater; some have less discretionary revenue for a variety of reasons. The other thing that happens, Mr. Speaker, is that on the salary settlement there was one increment which was an increase of about 2.5 percent for nurses with more than six years of service. It depends how many nurses they have in that category. So each hospital is a little different, and I think the hospitals would agree that it's more appropriate to discuss these matters on an individual basis.

Beverage Container Legislation

MR. TAYLOR: Mr. Speaker, my question today is to the Minister of the Environment. After the embarrassing show of ignorance yesterday about the Beverage Container Act, I believe it's necessary to maybe delve in a little deeper into other recycling issues.

For instance, Mr. Speaker, the Alberta dairy board must decide whether or not to allow four-litre plastic milk jugs which are virtually indestructible to be used in this province, and the decision is in the next couple of months, I believe. Now, to the Minister of the Environment. Given that many states which allow milk jugs to be used are preparing legislation encouraging other forms of milk containers, will the minister be recommending to the dairy board that they do not approve the four-litre plastic jug?

MR. KOWALSKI: Mr. Speaker, I have no idea what the Leader of the Liberal Party is talking about when he says embarrassment from yesterday. I would ask him to clarify that, please, because I think that he has embarrassed himself by making such a statement with respect to the minister.

MR. TAYLOR: The first question was -- he said he had no idea, Mr. Speaker, about what I'm talking about. I know that. Let's hope that he wakes up by the time the third supplementary comes.

We're speaking with regard to four-litre milk jugs that are now being looked at by the Alberta dairy board, whether or not they can be used. Since most environmentalists favour the plas-

tic -- hopefully down the road, biodegradable -- envelope or pouch, could the minister tell the House whether he's not going to recommend to the milk board that from now on four-litre would be in plastic pouches?

MR. KOWALSKI: Mr. Speaker, I remain troubled by the leader of the Liberal Party's first statement that he made. I'm not sure what the opportunity is for an hon. member to react to an erroneous statement made by the leader of the Liberal Party. The leader of the Liberal Party can sit in his chair and make any statement he wants to make, but he'd better stand up and be counted. I would like nothing better than to challenge him again on his lack of information, his erroneous statements that he's now perpetuated at least on one occasion.

With respect to containers that the Dairy Control Board might choose to regulate in the province of Alberta, that matter lies completely within the confines and the jurisdiction of the Alberta Dairy Control Board. The dairy control industry in this province comes under a marketing board system, and should the Dairy Control Board wish to allow four-litre pouches, five-litre pouches, six-litre pouches, there's actually no difficulty from an environmental perspective with respect to this matter. The item is not covered under the beverage container system in our province of Alberta. Needless to say, of course, what we want to see happening with all products and all containers in our province is that they eventually become biodegradable.

MR. TAYLOR: Mr. Speaker, back again to the chairman of the local flat earth society. Could I ask the minister . . .

MR. SPEAKER: We don't have one.

MR. TAYLOR: You have a lot of them over there, Mr. Speaker. I'll introduce them to you someday.

Mr. Speaker, to the minister. Is he aware that the use of plastic jugs has been barred in many American states due to the fact that their use picks up household products like turpentine and other toxic wastes and they can't be used again? Will he not at least realize that? If he can stop the use of plastic jugs, would he stop that?

MR. KOWALSKI: Well, Mr. Speaker, not only are some jurisdictions in North America basically working towards that particular arrangement; the country of Italy currently has a proposal before its parliament that would basically say that by the early 1990s all plastics will be illegal in the country of Italy. As I understand, it's for debate before the parliament.

That's not an issue that's just related to one or two areas of the world. Plastics have become a commodity of great convenience to citizens in North America. They are used in great amount of attention in our province of Alberta, and I have already indicated that eventually we would hope that in essence plastics would become biodegradable and that they would self-destruct in our environment within a short period after the time that their usage has been finished. That is a matter that a lot of people in the western world are spending a great deal of time attempting to resolve.

MR. SPEAKER: Thank you.

A final supplementary.

MR. TAYLOR: A final supplementary, Mr. Speaker. Obviously, if the minister will not move to keep the plastic jugs out

of Alberta, will he at least go as far as to bring them under the Beverage Container Act? You know, the only one in the world: remember that one?

MR. KOWALSKI: Mr. Speaker, finally we get to the rub of the whole question. Alberta is the only jurisdiction in the world -- I repeat it again -- that has a Beverage Container Act, irrespective of the fine research that the hon. member usually shows up in this Assembly with, usually an article from the *Edmonton Journal*, which certainly is not considered in Alberta to be a source of fine accuracy or anything else.

Might I provide, Mr. Speaker, just a little more amplification to what it is we're talking about when we talk about a Beverage Container Act? First of all, we talk about product; secondly, we talk about the extent of the product. Contrary to the new researcher that the leader of the Liberal Party has now, some columnist by the name of Mark Lisac, who doesn't ask the question, "Do you have beer bottles and whiskey bottles involved in . . .

MR. SPEAKER: Thank you. I don't want us to milk this issue to its final . . .

Edmonton-Glengarry on a supplementary, followed by Redwater-Andrew.

MR. YOUNIE: Thank you. Another area of recycling to ask the minister about: I'm wondering if the Minister of the Environment will insist that the new Alberta Newsprint mill use deinked recycled newspaper in the production lines so that they don't have to log off an area of caribou habitat?

MR. SPEAKER: Thank you; with due respect, the issue deals with milk containers.

Redwater-Andrew.

MR. ZARUSKY: Thank you, Mr. Speaker. Since the leader of the Liberal Party is against progress and free enterprise in this province . . .

To the Minister of Environment. Can the minister tell me whether the materials used in the plastic pouch and the plastic four-litre container are different or are the same?

MR. KOWALSKI: Well, Mr. Speaker, I haven't had the good fortune yet of taking a look at the four-litre pouch or the container, so it's difficult for me to ascertain quantifiably and scientifically if there is any difference in terms of their chemical makeup. But surely it goes without saying, to repeat once again, that one of the things we would like to see happen with plastic products is that we eventually move to biodegradable plastic products so that in essence they do not become a lasting negative with respect to our environment.

You know, Mr. Speaker, while I'm up . . .

MR. SPEAKER: Thank you.

The leader of the Representative caucus, followed by Lloyd-minster, then Edmonton-Calder.

Agricultural Assistance

MR. R. SPEAKER: Mr. Speaker, my question today is to the government with regards to government announcements on agriculture. On April 7 in response to my question in the House, the Associate Minister of Agriculture said that an an-

nouncement regarding the Agricultural Development Corporation would be forthcoming. My question to the minister is as follows: until such an announcement is made, would the associate minister consider placing a hold on foreclosures, quitclaims, and land sales by the Alberta Agricultural Development Corporation to stop the loss of any young farmers in that interim period of time?

MRS. CRIPPS: Mr. Speaker, as I've said on a number of occasions in the House, that request is simply not logical, because many people want to get on with the decision-making that they are involved in and don't want us to impose a moratorium on them.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. Would the minister consider an mechanism that could be optional in terms of the farmer and the loans officer who is dealing with the various young farmers in the field as of today, pending the announcement that is to be made shortly?

MRS. CRIPPS: Mr. Speaker, the Agricultural Development Corporation is working on a continuing basis through their loans officers with their borrowers, those current and those currently not in a current position.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Agriculture with regards to the drought program. A number of calls have come to my office from constituents and southern Albertans indicating that the regional offices of Agriculture are referring my constituents back to the MLA to get information on the drought program. Could the minister indicate whether that is an accurate directive from the minister, and is this a change in the usual procedure?

MR. ELZINGA: Mr. Speaker, we indicated when the hon. Premier announced this water program that we were hoping that this week we would have out the application forms and the informational brochures or at the very least we would have them out next week. As the hon. member can appreciate, we just announced the program last Thursday. It does take a period of time for the information to flow through to our district offices. We're more than happy to work through the MLAs or through our district offices. If the hon. member doesn't want to work with his farmers, we're happy to do so. But if he wants us to do so, we're more than happy to do so also.

MR. R. SPEAKER: Mr. Speaker, that's not a fair statement; the minister knows that every MLA wants to serve his or her constituents.

My final question, Mr. Speaker, is to the Minister of the Environment as chairman, I believe, of that drought committee. Could the minister indicate when this full description of the various programs will be made available to the Legislature for the benefit of the MLAs and, as well, various regional offices across the province so that constituents can take advantage of the program?

MR. KOWALSKI: Thank you very much. Mr. Speaker, the other day when the program was announced, there was a press release that went with it, along with details in terms of what the program was. As a follow-through to what the Minister of Agriculture said, within a matter of days from now there will be pamphlets that will be printed and will be available. The hon.

member can rest assured that all members of the Assembly will be getting a complete package of all of the applications along with the descriptions that go with it.

MR. SPEAKER: Athabasca-Lac La Biche.

MR. PIQUETTE: Yes; to the Associate Minister of Agriculture, Who among the agricultural organizations in Alberta are against placing a debt moratorium on farmers being foreclosed by ADC? I've never heard such nonsense. You indicated that they are against that. Which organizations?

MRS. CRIPPS: Mr. Speaker, the hon. member is requesting that we treat people who have not made their payments differently than we treat people who have been making their payments. Is that correct?

MR. TAYLOR: Mr. Speaker, it's also supplementary to the associate minister. It's not a case of making the payments; it's whether they can make their payments. Could the associate minister check with the debt adjustment board to see whether or not she could not give back to that debt adjustment board the same power they had in the 1930s, which is the power to set aside a foreclosure?

MRS. CRIPPS: Mr. Speaker, we've heard the same question, I think, on four different occasions in the House, and I've said on every occasion that communication between the borrower and the financier is the solution to the problem, not legislation.

MR. SPEAKER: The Member for Vermilion-Viking, final supplementary.

DR. WEST: Yes; a supplemental to the minister. I've had several people approach me who have gone through the Farm Debt Review Board and their moratorium of some 90 days and have said that it has influenced their credit rating with banking institutions and other institutions. Will you assure this House that you will not implement a moratorium in ADC that will affect the credit ratings of those who are trying to restructure their debts in the future?

MRS. CRIPPS: Mr. Speaker, one of the considerations that we are giving to all of the solutions we're talking about has to do with making sure that other financial institutions do not in fact restrict credit because of some decision that we make as a government, and I can give the member the assurance that we will continue to do that.

MR. SPEAKER: The Member for Lloydminster, followed by Edmonton-Calder, then Edmonton-Meadowlark.

Summer Farm Employment Program

MR. CHERRY: Thank you, Mr. Speaker. My question is to the Minister of Agriculture. Can the minister indicate what programs have been put in place concerning student employment in agriculture?

MR. ELZINGA: Yes, Mr. Speaker. We announced yesterday that we are going to continue on with the 1988 summer farm employment program. It's the 17th year this program has been in effect, and we're delighted that we continue on with offering

its service, not only to the farmers' regional needs as it relates to employment but also to the further education of the students themselves.

MR. CHERRY: A supplementary to the minister, Mr. Speaker. Can the minister tell the House how many students will be employed under this program?

MR. TAYLOR: One, two, three, four, five.

MR. ELZINGA: I'm glad to see that the hon. Member for Westlock-Sturgeon can count.

Mr. Speaker, we are projecting that there will be 870 students employed during these summer months. During these 17 years that it has been in operation, 31,000 students have accessed this program, whereby we as a government pick up 50 percent of their wages to a maximum of \$300 per month.

MR. CHERRY: A further supplementary, Mr. Speaker. Can the minister indicate where the information can be obtained on the program?

MR. ELZINGA: Mr. Speaker, as with the majority of our agricultural programs, they can access the information from our district offices. I should share with members of the public and hon. members here, too, that in the event that they wish applications, we can see that they are distributed to them from our office so that each individual MLA can access the application forms also. But I would suggest that they access it in a hurry as it is a very popular program, and we only go to a maximum of the students I indicated earlier.

MR. CHERRY: Final supplementary, Mr. Speaker. Can the minister indicate whether a farmer can hire a relative, such as a son and a daughter for example?

MR. ELZINGA: No, Mr. Speaker, one cannot access this program and hire a family member. The students have to be at least 15 years of age, but family members cannot access it because it does cause additional administrative problems.

Private Adoptions

MS MJOLSNESS: Mr. Speaker, my questions are to the Minister of Social Services. In 1984 the provincial government brought forward a new Child Welfare Act to minimize departmental involvement in private adoptions. Members of the public at that time expressed great concern, and the New Democrat opposition at that time also raised the possibility that the Bill would mean that unwed mothers would be pressured to sell their newborn children through baby brokers. The government was forced to back down and change the Bill, but it did not learn its lesson. To the minister. Is the minister's understanding that the legislation that she will soon introduce will eliminate private adoptions, or is it her intention to privatize her department's adoption services?

MRS. OSTERMAN: Mr. Speaker, I answered that question yesterday.

MS MJOLSNESS: I didn't hear an answer to that question yesterday.

Supplementary to the minister, Mr. Speaker. Will the minis-

ter tell us if when she introduces this legislation, it will end the possibility of private agencies bidding against each other, trying to coerce distressed mothers to give up their babies for adoption?

MRS. OSTERMAN: Mr. Speaker, in response to the hon. Member for Edmonton-Gold Bar yesterday, as well as to the hon. member who's asking the questions, I indicated that the legislation would be framed in such a way to deal with the best interests of the child.

MS MJOLSNESS: Well, Mr. Speaker, it would be nice to get some straight answers from the minister.

Supplementary to the minister again then. Will the minister assure us that through the amendments to this legislation her department will conduct home study reports on prospective parents and will not open up the private consultants having a conflict of interest?

MRS. OSTERMAN: Mr. Speaker, the hon. member is raising all sorts of problems that she sees in something that apparently she has conjured up in her own mind. I can assure the hon. member that she'll have every opportunity to debate the legislation when it comes forward in the House.

MS MJOLSNESS: Well, Mr. Speaker, I can assure the minister that I haven't made this up in my own mind. There are a lot of concerns out there.

Final supplementary to the minister. Will the minister, then, at least assure the Assembly that adoptive parents will not be charged finder fees; in other words, that she will not allow a two-tier system to develop based on the ability to pay?

MRS. OSTERMAN: Mr. Speaker, I think the most important matter we have to address is the best interests of the child, and I can assure the hon. member that we believe we have taken the child first and foremost into consideration.

MR. SPEAKER: The Chair recognizes . . . [interjection] In a moment. The Chair will recognize Calgary-Fish Creek, followed by Edmonton-Gold Bar, and point out that the last question raised by Edmonton-Calder is identical to the question she raised yesterday.

Calgary-Fish Creek.

MR. PAYNE: Thank you, Mr. Speaker. I'd like to suggest that there's another side to the equation that's been raised by the hon. member. I wonder if I could ask the minister on behalf of a great many parents who would like to adopt: can she clarify for the House that procedures and policies are in place to avoid undue pressure being placed by social workers on young mothers who for various reasons may be incompetent to provide the upbringing their child should have?

MRS. OSTERMAN: Mr. Speaker, this is a matter that has been raised with me on a number of occasions, because it's obviously a very difficult and to some degree subjective matter as to whether or not the young people, particularly the children who are having children, are getting objective information on which to base their very, very serious decision about whether or not to give up their child. Mr. Speaker, we hope that that is occurring, and I will be taking further measures by way of production of information that will be available to every parent who is think-

ing of giving up a child.

MR. SPEAKER: Edmonton-Gold Bar.

MRS. HEWES: Thanks, Mr. Speaker. Will the minister tell us how many commercial adoption businesses -- we hope licensed -- now exist in Alberta and the percentage of total adoptions they are carrying out in the province?

MRS. OSTERMAN: Mr. Speaker, that is detail that will have to be requested on the Order Paper, and I believe that I would be able to supply it.

MR. SPEAKER: Thank you.

The Chair recognizes Edmonton-Meadowlark, followed by Calgary-North West and Calgary-Forest Lawn, if there is time.

Vencap Equities Alberta Ltd.

MR. MITCHELL: Thank you very much, Mr. Speaker. Recently Vencap sent \$18 million to the United States for the purchase of Sherritt Gordon Mines' stock. Such an investment is inconsistent with Vencap's stated role of providing additional equity capital for financing new business start-ups in Alberta and of funding the expansion and diversification of existing businesses in Alberta. To the Premier. How does sending \$18 million out of Alberta further this stated role for Vencap?

MR. GETTY: Mr. Speaker, the Minister of Economic Development and Trade handles Vencap responsibilities for the government.

MR. SHABEN: Would the hon. member repeat the question, please?

MR. MITCHELL: I'm happy to repeat it. Clearly, nobody is handling Vencap. I will repeat the question, and this is my first question. How does sending \$18 million out of the country for the purchase of Sherritt Gordon Mines' shares further the stated role of Vencap?

MR. SHABEN: Mr. Speaker, we have on a number of occasions dealt with questions in the House that relate to Vencap. The hon. member, I believe, by now is aware of the legislation and the structure of that company and that the company is arm's length from government. I believe that it is within the capacity of any member of the Assembly to express an opinion upon a particular action or activity of that company, and the hon. member is free to express an opinion on that investment, as is anyone else in the House.

MR. MITCHELL: Two hundred million dollars of Albertans' money, and the Premier can't pick up the telephone to get this company back on track. Would the Premier please indicate to us whether it would not be more appropriate for this kind of investment to be undertaken by the Heritage Savings Trust Fund, leaving Vencap to do what Vencap should do and not having Vencap do what other agencies of this government might be inclined to do?

MR. GETTY: Mr. Speaker, if the hon. member is making an argument for something new to be considered, perhaps he should put a resolution on the Order Paper and make his case.

MR. MITCHELL: Would the Premier consider the possibility of this kind of investment being taken more appropriately through a joint venture subsidiary with a company like Sherritt Gordon Mines, with the money being directly invested in that subsidiary and remaining in Alberta to be invested in Alberta and to create jobs here?

MR. GETTY: Well, again, Mr. Speaker, the hon. member is raising an initiative which he'd like the House and the government to consider. I think there are appropriate ways to do it, and I would welcome the opportunity for him to put such a suggestion on the Order Paper and let the House consider it.

MR. MITCHELL: I'm overwhelmed.

Can the Premier please give us some indication of how quickly he will act on these suggestions in an enlightened manner, since it seems that time and time again this government is losing focus on what economic development priorities should be pursued and instead seems to wander aimlessly from idea to idea without a . . .

MR. SPEAKER: This supplementary seems to be wandering a tad too.

Please.

MR. GETTY: Well, Mr. Speaker, it's the hon. member who's delaying putting it on the Order Paper.

In terms of the government's economic development initiatives, let's be very clear. This government promised the people of Alberta that we would turn the economy around and get Alberta building again. The government has undertaken policies and programs to make that happen. This government promised the people of Alberta that we would diversify this economy, and we are making it happen. This government has laid out a plan for the people of Alberta for the growth of our economy, for balancing our budget, and for reducing taxes. We're making those things happen. The people of Alberta know that when they have a government that gives them a plan and then lives up to it, that's the kind of government they like.

DR. BUCK: I wonder if they'd like to buy a \$3 million golf course, because I can certainly sell them one.

Mr. Speaker, to the minister of economic development. My understanding is that Vencap was really interested in the high-tech metals section of Sherritt Gordon. Is the minister in a position to indicate if that's really what it was that they were trying to get: an increase in the new technology in the metals field?

MR. SHABEN: Mr. Speaker, of course, the government isn't involved in the decision-making of Vencap, but Sherritt Gordon's presence in Alberta is tremendously important. It commits the largest effort of any private-sector company in Alberta to research and development, and a great deal of its research and development has resulted in highly skilled jobs in Alberta and results in export of that technology. The company itself is important, and it is important to us that the decisions with respect to how that company operates in the future are made in Alberta.

MR. SPEAKER: Leader of the Opposition.

MR. MARTIN: Yes, Mr. Speaker. To the minister of economic development. The original mandate of Vencap was to provide venture capital to diversify the economy and help small busi-

ness, not buy into major companies. My question to the minister is: what would it take for this government to withdraw that \$200 million and set up their own venture capital fund, so they would diversify the economy and help small business?

MR. SHABEN: Mr. Speaker, I believe the Leader of the Opposition's question is similar to the question raised by the hon. Member for Edmonton-Meadowlark. It would be appropriate for the member to place a resolution on the Order Paper so that the members could debate it, and perhaps some ideas may evolve from the House that would be useful and might be considered by the government.

DR. CASSIN: Mr. Speaker, a supplementary to the minister of economic development. Mr. Minister, Vencap has responsibility to other investors in the corporation besides the government. Should there be any disincentives to invest in other areas of the economy so that they wouldn't experience the problems of other financial institutions in western Canada?

MR. SHABEN: Mr. Speaker, I think the hon. member is alluding to the fact that there are thousands of Albertans who are shareholders in Vencap and that when the company was established and the legislation was established, it was the clear intention of the government to not interfere in management decisions. We have maintained that practice in practice as well as the requirement that is in place legislatively.

MR. SPEAKER: The Member for Calgary-North West, main question.

Seat Belt Legislation

DR. CASSIN: Thank you, Mr. Speaker. To the Minister of Transportation and Utilities. In July of 1987 this government passed into legislation the seat belt Act. Could the minister tell us whether at this point in time -- I realize that it's a short period of time -- his department has done an analysis of the effectiveness of this legislation?

MR. ADAIR: Well, Mr. Speaker, we haven't completed a final analysis of the legislation that took effect on July 1, but the statistics released relating to accidents in the province of Alberta certainly give us an indication that there may well be some savings, particularly in the types of injuries that occur. The injuries percentage is down 13.5 percent, and that's down from about 22,148 injuries in 1986 to 19,169 in 1987.

MR. SPEAKER: A supplementary.

DR. CASSIN: Yes, Mr. Speaker, again to the minister. Will there also be a cost-saving analysis carried out by your department?

MR. ADAIR: We're going to attempt to try and see if we can put together something related to costs. That's a difficult one. The difficult part, Mr. Speaker, is putting the actual cause on the seat belt itself. I think it's a combination of a number of things that have resulted in the decrease, and these are the use of seat belts from the July 1 period on; the awareness, through education, of the drivers; and then we've had an excellent winter as well.

MR. SPEAKER: Supplementary.

DR. CASSIN: Yes, Mr. Speaker, again to the Minister of Transportation and Utilities. Since the enactment of this law I've received some letters, and certainly in the last week from a child, asking if there'll be consideration of including school buses in this legislation.

MR. ADAIR: Mr. Speaker, as I said at the time that we were putting seat belt legislation in place, the reason that seat belts in school buses were not included at that time was the present design of the school buses. Until something has been designed that will be a safer use, I would see the continuation of the plan that is presently in place across Canada and North America, whereby it's safer to have the children, if I may use the expression, bouncing around in the school bus as it is presently constructed. When they come up with a new design, that would be considered at that time.

MR. SPEAKER: The Member for Calgary-Forest Lawn, followed by Westlock-Sturgeon.

MR. PASHAK: Mine wasn't a sup, Mr. Speaker. I don't know what the main . . .

MR. SPEAKER: Westlock-Sturgeon on a supplementary.

MR. TAYLOR: Supplementary, Mr. Speaker. Has the minister had any indication at this short stage with the apparent reduction in fatalities whether there is going to be any reduction in insurance premiums by the private companies?

MR. ADAIR: I have none at this time, Mr. Speaker.

MR. SPEAKER: Edmonton-Beverly on a supplementary, followed by Little Bow.

MR. EWASIUK: Mr. Speaker, to the minister. During the debate on the seat belt legislation, communication was passed on to the minister from the transit operators from both the cities of Edmonton and Calgary requesting to be excluded from that legislation. The minister at that time indicated that he would review the matter in six months and notify. What is his decision relative to that issue?

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you,
Hon. minister, followed by Little Bow.

MR. ADAIR: Mr. Speaker, relative to a review of any of the changes that will be made, that has started now and that is one of the ones that is being considered, I'm not giving any indication which way that may go. At the present time we have no reason to believe that we would be changing our laws, but that was one of the requests that was made by a number of parties in the province for us to consider.

MR. R. SPEAKER: Supplementary to the minister. Is the minister aware of a constituent from the Pincher Creek-Crowsnest

constituency who was stopped at a stop check and didn't have his seat belt on. As the policeman was approaching, the man quickly put the seat belt on. The officer approached and said, "Do you always wear a seat belt?" The man said, "Yes, I do." The officer said, "Do you always put it through the steering wheel?"

MR. SPEAKER: Is this a point of order, hon. member?

DR. WEST: I'd like to raise a point of order in reference to question period, to a question brought up by the Member for Edmonton-Centre, under Standing Order 23(h):

makes allegations against another member.

The member alleged that the Tory backbenchers, and I may have misheard, made an 80 percent increase last year. Even if it was intended to be 8 percent, that is misrepresented. All members of the Assembly, through Members' Services, take the same increase in salaries. To leave the impression with the people of Alberta or to insinuate that we took more in some areas I think is wrong. I would ask that the Speaker direct the member to do the appropriate procedure and retract what he has said.

MR. SPEAKER: The Member for Edmonton-Centre.

REV. ROBERTS: Mr. Speaker, if the member would only look at the budget for the Department of Hospitals and Medical Care, he will see in there that there is in fact an 80 percent increase in Payments to MLAs for work in the Department of Hospitals and Medical Care, which is exactly what I was making reference to. Thank you very much." [interjections]

MR. SPEAKER: Order please. Order.

During the course of the questioning the Chair did indeed refer to *Hansard* for yesterday afternoon in the examination of the estimates of the department. There again, the statement is made on page 629 that "payments to MLAs are going up 80 percent." That is slightly different from what the Member for Edmonton-Centre has now stated. Again, earlier in question period, the impression was left that simply the government . . . [interjections] If the Member for Calgary-Mountain View would care to examine the Blues when they come out, he will see that there are indeed certain operative words that have been left out in question period which have now been clarified by the Member for Edmonton-Centre, and the Chair thanks the Member for Edmonton-Centre for the clarification which just took place.

ORDERS OF THE DAY

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? The Member for Highwood.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. ALGER: Mr. Speaker, I'm pleased today to introduce three young men who have come up from the south to discuss plans for the Pine Coulee dam. They are Duane Southgate from

Nanton, the chairman of their economic development commission, and His Worship Ernie Patterson, the mayor for Claresholm, as well as Doug Leeds, the vice-chairman of Western Canada Irrigators. I would ask them to rise and receive . . . Mr. Speaker, I believe they've already risen. It would seem they left me while my head was down. I'm sorry, Mr. Speaker.

MR. TAYLOR: They were Liberals and embarrassed; that was all.

MR. WEISS: Mr. Speaker, they shall rise, but for how long?

Mr. Speaker, I'd like to take this opportunity as well, because I very seldom have the opportunity to introduce guests due to the geographic location of Fort McMurray. But I have the opportunity this afternoon to introduce Mr. Robert Prather, who's the superintendent of the public school board in Fort McMurray, as well as a dedicated member of the board of directors of Athabasca University. He's seated in the members' gallery. I'd ask him to rise and receive the cordial welcome of the Assembly.

MR. YOUNG: Mr. Speaker, I move that with respect to written questions and motions for returns, all those on the Order Paper stand and retain their positions.

[Motion carried]

head: **MOTIONS OTHER THAN GOVERNMENT MOTIONS**

MR. YOUNG: Mr. Speaker, I don't know how this is being communicated, but my understanding is that there has been agreement that in the unavoidable absence for very personal reasons of the hon. member Mr. Gogo, Motion 206 should stand and retain its place and the House will deal with Motion 207 this afternoon.

MR. SPEAKER: First, is there unanimous consent that Motion 206 will stand and retain its place on the Order Paper?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried unanimously. Thank you.

207. Moved by Mr. Payne:

Be it resolved that the Legislative Assembly urge the government of Alberta to consider introducing a motion in the Assembly for the establishment of a special select committee to study the problem of misappropriation of client trust funds by lawyers and the conflict that arises when lawyers act in the capacity of mortgage and investment counselors or brokers.

MR. PAYNE: Mr. Speaker, I'm sure you'd agree with me that many Albertans are confused by the complexity of our law. In general, I think it's safe to say that there's very little public understanding of the exact role and liabilities of lawyers. I think it's safe to say also that lawyers are often the chief adviser to their clients regarding a wide variety of issues that are in a strict sense not legal matters. For example, a lawyer who performs the legal work associated with most commercial and corporate matters such as the sale of a house or incorporation of a company is clearly acting as a lawyer. But when a lawyer takes a

more active role and starts to initiate certain business actions on behalf of the client, he's no longer merely acting in the capacity as his client's lawyer. These services are supposed to be provided by a licensed mortgage broker, investment counselor, or real estate agent, and there can be tragic consequences if the lawyer embezzles and loses the client's money entrusted to him to engage in these business activities. Unfortunately, some of our constituents assume that these investment or brokering services are part of a lawyer's duties and permit the lawyer to invest their money even though the lawyer is not licensed to perform this function.

[Mr. R. Moore in the Chair]

There appears to be, I guess, what can only be called a loophole that has caused a great deal of heartache for many Albertans. The law provides compensation for loss of money stolen by a lawyer if the money was entrusted to that lawyer for reasons related to the practice of law. Albertans are also protected by legislation that provides compensation when registered mortgage investment or real estate agents embezzle their clients' money. I decided to introduce Motion 207, Mr. Speaker, because I feel the government should examine the problem that arises when a lawyer embezzles money entrusted to him for purposes not related to the practice of law. However, if a lawyer or anyone else fails to register under the Act that governs that business activity, then the investor has no way to recover the lost money.

The purpose of this motion today is to urge the government to establish a special select committee to investigate two related problems concerning the legal profession in Alberta. These are, first, the misappropriation of client trust funds by lawyers and, secondly, the problems that arise when lawyers act as mortgage brokers or investment counselors for their clients. At the outset, Mr. Speaker, I would like to clarify and emphasize one thing before going on, and that is that the majority of lawyers, of course, are honest and the Law Society does an excellent job of monitoring and disciplining, where warranted, its members. This motion is not intended to cast aspersions on the Law Society or lawyers in general.

Mr. Speaker, if any client loses money through a lawyer's incompetence or criminal conduct in the course of his duties as a barrister and solicitor, the Law Society will compensate that client in full from the Law Society's assurance fund. This fund was established 48 years ago to make restitution to the victims of dishonest lawyers. Authorized under section 76 of the Legal Profession Act, it compensates for losses incurred while a member of the Law Society is acting in his capacity as a barrister or solicitor and has misappropriated or wrongfully converted money or property that has been entrusted to or received by him. Mr. Speaker, some 4,500 lawyers contribute varying amounts each year to that assurance fund. The fund currently holds, I believe, something like \$4 million, and the Law Society assumes unlimited liability for losses incurred by a lawyer acting in the capacity of a lawyer. Now, if the fund cannot pay all the losses in one year, such as occurred in 1981, all practising lawyers are obligated to contribute to the fund to make up the shortfall.

[Mr. Musgreave in the Chair]

The Law Society formulates and enforces regulations governing the practice of law in the province. Now, these regula-

tions include strict rules for lawyers conducting business with clients or engaging in other activities. A comprehensive set of guidelines governing most foreseeable situations is set out in four booklets, that I've been able to locate, Mr. Speaker. They are, one, The Lawyer's Professional Conduct Handbook; two, Lawyers Doing Business With Clients; three, Outside Interests and the Practice of Law; and four, Impartiality and Conflict of Interest. Now, all lawyers know these rules and are aware that they must tell clients whether the service they are providing is one that comes within the professional capacity of a lawyer. The Law Society deals severely with infractions of these rules, I am told. Since 1981 the Law Society has passed even stricter regulations concerning Law Society audits of lawyers' trust funds.

But the fact remains that if a lawyer chooses to act illegally by dealing in mortgages, investments, or real estate without obtaining a licence, there is little anyone can do to stop him until it's too late. Here's the nub of the problem: if a lawyer steals or loses a client's money while acting outside of his approved capacity as a barrister and solicitor without registering under the legislation governing that business, then the problem arises. When a lawyer embezzles a client's money entrusted to him as a mortgage investment or real estate business agent, the assurance fund will not compensate the client for that loss. Now, this has resulted in substantial losses, Mr. Speaker, to some of our constituents who entrusted money to a lawyer under the mistaken impression that the relationship was one of solicitor and client. The magnitude of these losses, several million dollars, suggests that the government look at some solutions to ensure that citizens in a similar situation have some protection.

Calgary lawyer Peter Petrasuk and Edmonton lawyer Michael Liknaitzky were jailed for stealing more than \$4 million from clients in separate incidents. Petrasuk and Liknaitzky were convicted, disbarred from practising law, and sentenced to jail terms of 10 and eight years respectively. The Law Society paid compensation from the assurance fund to the swindled clients who had lost money held by the two former lawyers "in the course of their duties as barristers and solicitors." Most of that money was paid from the assurance fund, and the rest of the money was provided by an \$1,100 levy collected from every member of the Law Society of Alberta.

The problem arose with respect to those funds which were held by the two former lawyers for reasons other than those that were in the course of the practice of law as barristers and solicitors. After an investigation, the Law Society concluded that some of the embezzled money had been entrusted to Mr. Petrasuk in order for him to invest it on behalf of his clients. Now, this decision was based on evidence such as dividend payments over a period of years and the issuing of T-5 slips. The Law Society held that this was a business investment arrangement, not a solicitor/client duty, and refused to compensate the investors from the assurance fund. Most of the lost funds had been entrusted to Mr. Petrasuk to invest in mortgages or other investments.

Mr. Speaker, obviously Mr. Petrasuk should have been registered under the Mortgage Brokers Regulation Act before acting in this capacity. Unfortunately, Mr. Petrasuk was not registered under that statute and this was a criminal act. Mr. Petrasuk was of course charged, convicted, and sentenced, but there was no recourse for victims who were swindled by unregistered persons who dealt in mortgages without obtaining a bond. Instead of leaving the money in trust accounts, Mr. Petrasuk used the money to prop up his own business ventures, which eventually

failed. Now, because he was operating illegally with funds deposited with him for the purpose of investment, his clients have no way of recovering their money. They can't collect from, one, the Law Society's assurance fund, because Mr. Petrasuk wasn't acting in the normal course of duties of a lawyer when he lost his client's money. Secondly, they can't collect from the insurance that covers mortgage brokers registered under the Mortgage Brokers Regulation Act, because Mr. Petrasuk, of course, wasn't registered under this Act. And thirdly, they can't collect from Mr. Petrasuk personally because he's insolvent.

As a result, Mr. Speaker, several former clients of Mr. Petrasuk did not receive any compensation for a substantial sum of money that had been embezzled. Now, this group subsequently formed an organization called Victims of Law Dilemma, more commonly known by the acronym VOLD. Victims of Law Dilemma, VOLD, was established by Anjie Filipowich, a resident of Calgary who lost \$80,000 she had in Mr. Petrasuk's trust account. Petrasuk's former clients, who form the majority of VOLD members, claim they lost \$6.3 million between 1972 and 1980. The Law Society paid compensation of \$2.9 million, a shortfall there of \$3.4 million.

Now, the VOLD organization has been lobbying the province and a number of members in the Assembly today to increase the government's control over the legal profession and to make some changes in the Law Society. VOLD argues that changes are needed because they think the difference between practising law and conducting business is not apparent to a layperson. Changes are needed, they say, to protect laypersons from unscrupulous lawyers acting in other capacities without warning their clients that they are not licensed to provide that nonlegal service. VOLD argues that changes are needed also because they feel laypersons cannot get a fair hearing before the Law Society when challenging a lawyer because all the benchers are lawyers.

Now, VOLD's position is this. They would like to see an impartial committee established to hear submissions regarding this problem. They've also come up with a series of recommendations that they think will protect the public. The organizers would like to present these recommendations, examined by a select committee of this Chamber.

I'd like to outline each of these recommendations, because they summarize the issues a select committee would have to address should one be struck. But in the interest of fairness, Mr. Speaker, I will also briefly mention the drawbacks or deficiencies, as I see them, associated with each of these recommendations. I hope that all the members today will feel that this will be a fair and balanced representation. Recommendation 1:

That the Alberta government revoke the self policing power of the Law Society of Alberta.

VOLD argues that the rules governing lawyers should not be enforced by lawyers themselves. Personal feelings and professional collegiality has created an "us versus them" mentality that prejudices those parties who complain to the Law Society about a lawyer, they claim.

Now, the drawback to that recommendation, as I see it, Mr. Speaker, is that the independence of lawyers from the state is a crucial element of a free society. And I think overall, regulation by the government is contrary to the public interest. Lawyers have, I think, demonstrated that they can regulate their profession and protect the public. For example, the case has been made by the society that no person has ever failed to receive compensation for money embezzled by a lawyer acting in the

course of his duties as a barrister and solicitor. Now, I realize, of course, Mr. Speaker, that that has been challenged and will continue to be challenged for reasons I have stated previously.

Recommendation 2 from VOLD:

That an independent tribunal, outside of the Law Society, be established to hear complaints against, and prosecutions of, lawyers.

The objection to this, I suppose, Mr. Speaker, is that there is already a provision allowing appeals to a tribunal outside the Law Society. Unsatisfied complainants can appeal a decision of the benchers to the Court of Appeal. In 1981 the Legal Profession Act was amended to allow the Attorney General to appoint two nonlawyers to the governing body of the Law Society of Alberta. This is where complaints against lawyers are initially heard and decisions can be appealed to the benchers. Some lawyers, of course, must sit on disciplinary boards, because expert evidence regarding normal legal practice is necessary. I guess this is somewhat analogous to expert medical testimony at a medical malpractice hearing or trial. Lawyers, of course, are trained to recognize fraudulent legal dealings. Therefore, a significant case can be made, I think, for their participation and involvement in the disciplinary procedure or apparatus. However, Mr. Speaker, a case might well be made -- and I would hope other members this afternoon might make the case -- for yet another amendment to provide for even more non-lawyers to the Law Society's governing body.

Recommendation 3 from VOLD would

amend the Mortgage Brokers Regulation Act so that lawyers are no longer exempt from the rules governing all other mortgage brokers.

Now, it seems to me, Mr. Speaker, that removing this provision will not protect clients from lawyers who conduct business without registering under the appropriate Act. This limited provision only exists to permit lawyers to do the legal work associated with mortgage transactions. In these situations the client is entitled to the protection of the assurance fund, because lawyers are only exempt from the Mortgage Brokers Regulation Act when they're acting for a client in the course of their practice as a barrister or solicitor. The fact remains, however, that this exemption and the Legal Profession Act have no authority over persons who act as mortgage brokers, investment agents, or real estate salesmen without being licensed. This exemption does not apply to a lawyer who registers under the Act and engages in business as a borrower, lender, or business entrepreneur, as many, many lawyers have done.

Lawyers acting as mortgage, investment, or real estate agents are required by law to register under the relevant Act. Failure to do so is an offence in Alberta. Clients obviously should check before entrusting their money to any person, lawyer or non-lawyer, who intends to act as an agent in such a matter. The Law Society argues that they should not be obliged to compensate persons because the mortgage, investment, or real estate agent who embezzled their money also happens to be working as a lawyer. Members who are familiar with the Order Paper will of course be aware that there is an opposition private member's Bill on the Order Paper now, Bill 215, An Act to Amend the Mortgage Brokers Regulation Act, which would drop the lawyers exemption clause from the Mortgage Brokers Regulation Act.

VOLD recommendation 4:

That lawyers be bonded if they want to provide mortgage broker services or investment advice.

Mr. Speaker, the VOLD problem arose because Mr. Petrasuk chose to operate outside the law by providing services without

obtaining a licence. This requirement would not protect clients from an unscrupulous lawyer who chose to operate outside the law without obtaining a bond. This does not solve the problem that some lawyers are providing business services without being licensed, which the client assumes are part of his law practice. Bonding won't cure this incorrect perception. Furthermore, bonding companies limit the amount of risk they will accept, whereas the Law Society operates with unlimited liability. Clients could lose some protection if bonding replaces the assurance fund.

The fifth and final VOLD recommendation, Mr. Speaker, is:

All monies given to lawyers be placed in escrow (held by a third party).

I've reflected for some period of time on this final recommendation and regret that I can't enthusiastically support it, because I feel it would create unneeded delays. It would add a new dimension to the problem, because the holder could, in fact, abscond with the money.

In conclusion, Mr. Speaker, I'd like to make the point that the VOLD recommendations have a lot of deficiencies, and in the interest of a balanced presentation today, I have tried to speak to those deficiencies. But the overall objective of the VOLD recommendations, I feel, is sound and certainly noteworthy. I believe a select committee is indeed needed to look into this very complex matter and to assess the need or the means for providing more protection for Albertans caught in this type of unfortunate situation.

Mr. Speaker, there's still considerable time left to us for the balance of the afternoon, and I look forward to the comments of government and opposition members to my motion. Thank you.

MR. ACTING DEPUTY SPEAKER: The Member for Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Speaker. This is indeed an issue which does need thorough review. Indeed, the regulation of the legal profession generally and of the operation of our legal system needs to be thoroughly assessed. I have spoken of this before here in this House and elsewhere. Indeed, I made a motion in this House last year for review of the legal system and its operation.

Most lawyers, I agree with the mover, do act responsibly and ethically. As a member of the profession, I have seen this and understand it. The legal profession does, however, realize that there are problems with respect to the governance and operation of the profession. In this regard, I have spoken to and corresponded directly with the benchers and made suggestions with respect to some of the problems that I believe need to be addressed, many of them the same as are of concern to the VOLD group. I can say that I know the benchers by and large are aware of the problems and are concerned as well. However, for the purpose of inspiring much-needed public confidence in the legal system, there is a need for a more objective review of the situation. I therefore find myself supporting the motion, although I would prefer to see it more broadly based and covering a broader range of topics. Indeed, this would provide me with an occasion to suggest that we need a broadening of our committee system in this House in general in order to provide the members of the Legislature with the time, the authority, and the resources to review a variety of issues, including those relating to the legal system on an ongoing basis.

The federal government in recent years has implemented a system which I think is working in a much, much better and

much more effective way. We have seen a recent review of the Bank Act and banking charges, and I think that is providing a great service to the community. Our system, if I may say so with language that is even understated, is next to useless. I find our system to be a great waste of time, and I would suggest that we would do well and serve the community well to review it.

Now, the specific issue being dealt with in this motion, that of the use of trust funds being held by lawyers, is a difficult one. Indeed, there are problems in the system. I must state, as has the mover, that in many ways our Law Society covers and deals with losses arising from defalcations by lawyers in a manner which is, in fact, fairer to the client than do most other jurisdictions in this country. For example, there is no limit on the degree of loss covered, whereas, if I understand correctly, Ontario has a limit of \$50,000. However, notwithstanding this, this is only a relative and comparative compliment that I'm able to pay our system. There are still many problem areas.

Without being definitive, I am concerned about firstly the fact that under our Legal Profession Act there is no requirement -- and I underline the word "requirement" -- that the Law Society reimburse clients when a loss has taken place in respect of a lawyer acting in his or her capacity as a lawyer. The focus of reimbursement is a voluntary one, and the result of this is that the aggrieved client, who may be denied reimbursement, has no access to our courts. When you look at the realities of the system, with different panels of lawyers and benchers making a decision, one can find that from time to time there is a difference in the way the rules may be applied. There can be arbitrariness despite the best of intentions, and I believe the client does need and does deserve the right to have access to an objective court who can look at the whole system, look at all the situations of reimbursement taking place, and make the assessment as to whether or not the particular client has been treated fairly and in an equal manner.

A second concern I have is that there is an inadequate understanding amongst members of the public as to the rules that relate to the instance of reimbursement. There is not a realization that in some instances the lawyer may be acting as a businessperson in which reimbursement will not be made in the event of defalcation, as opposed to a situation in which the lawyer is acting in strictly his or her professional capacity.

Now, there are differing ways and possibilities of addressing these matters. I've given some thought to them. Each of the solutions, unhappily, is difficult to police. A clever scoundrel can circumvent the most technical of rules, I have pressed for these and other matters to be addressed openly and to be reviewed responsibly, I believe that in many areas of our public life in this province too many matters of public interest are dealt with and decided in the back rooms without an adequate public discussion of the principles and the problems that are at stake. This motion here is another initiative in pressing to have this matter objectively and publicly assessed so that we can see, in open forum, what is and is not possible and what can and cannot be done, and I accordingly support it.

In closing, I would like to make a few comments on some specific items. If I heard correctly, the hon. Member for Calgary-Fish Creek both said at different stages of his presentation that all benchers are lawyers, and at another stage he indicated that there were lay benchers. I think it's clear that we do, in fact, have two nonmembers of the profession who are on the benchers. I believe that this is not adequate and that we could use more of this public representation. I thought that should be clarified.

A second point is that the legal profession is moving in the direction of improving its procedures, albeit somewhat slowly. By way of example, a move that I am very supportive and gratified to see evolving is that soon all disciplinary hearings are anticipated to be held in public. I think that overall, notwithstanding some problems, this would be a positive move.

Finally, while I am supportive of greater public representation upon and input to the benchers of the Law Society, I do believe that the principle of self-governance is a sensible principle from which we as a community derive a great deal of benefit and generally effective although not quite good enough regulation. The benchers, by and large, from my experience with them, are well motivated. They work hard; they know what they're dealing with. They're not easily fooled, as would be nonlawyers. As with all groups, there is a need for watchdogs, but there is an important principle of independence of the Bar from which we all as a community benefit, and I think that this degree of independence on behalf of our lawyers, the capacity to stand up to government on behalf of individuals as and when the case arises, is best maintained by an at least modified, if not pure, system of self-governance.

I won't comment on the other recommendations in light of time parameters, Mr. Speaker, and in light of the desire of others to make their comments, other than to say that as with most other aspects of life, there's no free lunch. Each of the proposed solutions presents problems of their own, and from my assessment, problems which are usually greater than those which they would solve. But they do point out the need for a fair review of all of these issues and, indeed, an open review. I am accordingly supportive, as I have been for some time, of this motion.

Thank you.

MR. ACTING DEPUTY SPEAKER: The Member for Edmonton-Strathcona.

MR. WRIGHT: I'm obliged, Mr. Speaker. I, too, support the motion. There is no greater proportion of honest lawyers than there are honest anybody else. It's human nature that there will be scoundrels in every profession, and the law is no exception.

I think we all know the joke, Mr. Speaker, about the ship that was wrecked in shark-infested waters. All the crew and all the passengers were lost save one passenger, the only lawyer aboard. When he came ashore, he was asked to what he attributed his safety, and he said, "Professional courtesy." Now, I'm not one of those who think that that is any more than a joke and not instead a story that might be probable, and yet I feel that a committee or independent tribunal such as this is a good idea.

The hon. Member for Calgary-Fish Creek has, in fact, very fairly pointed out that bonding is not the answer, because it would be open to precisely the same objections on which the Law Society bases its decision not to pay out to those who entrusted their money to the individual in his capacity -- in the opinion of the Law Society -- as a nonlawyer. In addition, the bonds would have limits, and our assurance fund has no limits. Yet it is a matter of great argument as to whether a lawyer at any given time is handling the money as a lawyer or as an agent for some other purpose. If at least the exemption from the operation of the Mortgage Brokers Regulation Act was removed, that would help, I believe, in regulating the problem.

These replies and others have been made to those who have suffered the losses that the hon. member has referred to by the Law Society itself. Perhaps all the answers the Law Society has made are true, but they are suspect, because they are interested,

obviously. So the idea of an independent body to investigate these complaints and to make recommendations such as are entailed in this motion is good.

I know the hon. Member for Calgary-Fish Creek would be disappointed if he did not have a quibble from a lawyer, and mine is this. The motion asks for a special select committee to be struck, and as I read the Standing Orders, there is no such creature; there is a special committee only. So he might consider removing that in some way from the motion. Canadian practice -- at least the House of Commons and our Legislature -- seems to talk of standing committees and special committees; English practice speaks of select committees. I don't think there's any such thing as a special select committee.

MR. ACTING DEPUTY SPEAKER: The hon. Member for Olds-Didsbury.

MR. BRASSARD: Thank you, Mr. Speaker. I would like to address this motion for one very specific reason. I think the idea behind Motion 207 would be important at any time; however, given the events of the recent Principal Trust inquiry, I think it is particularly timely. I find myself in total agreement with some of the statements of the hon. Member for Calgary-Fish Creek, who introduced this motion. I'm also in agreement with some of the comments that were made by the hon. Member for Calgary-Buffalo. However, I am also in disagreement with a number of statements they have made, and I'd like to talk about some of them.

Public awareness and public accountability are two very important terms. It seems that with increasing frequency the public is turning to the government to reimburse them if a company or an individual with whom they deal or have invested with goes belly-up. Mr. Speaker, I think the line must be drawn between an individual's responsibility and the responsibility of the government.

As we have learned, Motion 207 came about as a result of lobbying by a group called Victims of Law Dilemma, or VOLD. The individuals who make up this group have one thing in common: they were all defrauded out of a considerable amount of money by lawyers who were not acting under their mantle as a lawyer. Mr. Speaker, I can understand how these individuals were defrauded. I feel that there are some relationships which must be based on absolute trust. One is the relationship that I have with my doctor. Another is the relationship I have with my lawyer. Now, I know absolutely nothing about medicine, and I must trust my doctor to be the expert and to prescribe treatment for me when I am ill. I also know very little about legal matters, Mr. Speaker, and should I need representation, then I must trust my lawyer to represent me.

The lawyers that were dealing with the Victims of Law Dilemma were not acting as lawyers; they were acting as investment counselors outside their legal practice. What must be made clear to consumers -- and I think the Law Society is attempting to do this -- is that individuals should not be going to a lawyer for anything but legal advice. Lawyers are trained at law. They are not necessarily family counselors or investment counselors.

Mr. Speaker, I'm sure all of my colleagues have heard the old adage: he who represents himself in court has a fool for a client. Whether that is right or wrong, we have come to need and depend very much on the expert advice of our lawyers. It would be very easy for lawyers to take us all for a ride. However, there are provisions which prevent this from happen-

ing. Lawyers acting as investment counselors or mortgage brokers are obligated to register as such under the relevant Act if it is their intention to work in the real estate, investment, or brokering business rather than simply doing legal work in the course of their legal practice.

As we have heard, the Law Society of Alberta is a self-regulating, self-policing body, similar to the college of physicians. Its mandate, in part, is to protect the public against misconduct, and the society can reprimand, fine, and even disbar a lawyer if he or she is found guilty of misconduct. In addition, if it is found that a client loses money through a lawyer's negligence or misconduct, the Law Society has a fund for victim compensation. The Law Society is an appointee of the government and is therefore responsible to the government for its actions and decisions. At this point in time the government has indicated there will be no change in the legislation setting out the basis for compensation and that the government will not compensate persons who utilize lawyers as investment counselors, brokers, or take them on as investment partners or associates.

Mr. Speaker, I stand behind the government's position on this issue. I really believe it would be highly irresponsible and unreasonable for the government of Alberta to guarantee the personal investments of every Albertan. It follows, too, that it would be highly unreasonable, if not impossible, to expect the government to compensate all victims of fraud. Nor do I feel that the Law Society of Alberta should be under any obligation to reimburse clients of lawyers who did not act in their capacity as a lawyer. The Law Society has very clear rules for lawyers who are involved in other businesses or occupations. Lawyers are governed by The Lawyer's Professional Conduct Handbook, which deals with outside interests, impartiality, and conflict-of-interest rules. Obviously, Mr. Speaker, even though laws and rules are laid out, there will always be some individuals who will deviate from what is morally and ethically correct. All the rules, committees, and threatened punishment in the world will not discourage some individuals from doing wrong.

I know that the Law Society has done a great deal to counteract the bad publicity it received as a result of the misappropriation case mentioned earlier. One of the most important of these efforts is the fact that they hired a public relations consultant to clean up and defend the image of lawyers. The consultant recommended that more be done to educate the public about the operations of the Law Society. As a result of that recommendation, the society began publishing a newsletter which is distributed to lawyers, the media, key government and corporate personnel, and most of all, Mr. Speaker, the newsletter is available to the general public. The newsletter contains reports on disciplinary findings, ethics rulings, Law Society assurance fund claims, and changes to the law. I think it is exactly those sorts of efforts that are necessary to show the public that the legal profession is doing as much as possible to inform them how the legal profession functions and operates. It is important that the public is aware of exactly what a lawyer can and cannot do for a client.

Motion 207 calls for the establishment of a special committee to study the problem of misappropriation and the conflict that arises when lawyers in business dealings outside their capacity as solicitors endanger their clients. Mr. Speaker, I don't feel that we need such a committee. For one thing, they are costly and time consuming. Also, we have learned from the Principal experience that taxpayers who have not been involved or adversely affected will undoubtedly complain that their

money is supporting those consumers who did not take the time or who did not know that they should investigate the details and players in the business deals that they are part of. Clients should be aware of the duties of a lawyer and the responsibilities of a client in a solicitor/client relationship.

This is just an idea, Mr. Speaker, but perhaps the Law Society could undertake the publication of a pamphlet to be available in every lawyer's office, which would explain the general responsibilities of the client and the lawyer. It is my belief that the Law Society of Alberta is doing a great deal to educate the public as to the duties and responsibilities of both the lawyer and the client. I feel that ongoing good public relations between the Law Society and the public will help ensure that clients will do their homework and be aware of exactly what they are getting into before they enter into a solicitor/client relationship.

I am aware, Mr. Speaker, that this does nothing to help those people who have already fallen victim to fraudulent, crooked lawyers. However, it is my feeling that it is important to stress to the public that it is in their interests to investigate and be sure that they actually receive the services they require from a reputable lawyer who will represent them in courts. I guess what I'm saying is that it is indeed a case of "buyer beware." You go to a lawyer for legal matters; you go to an investment counselor for investment purposes; and if you start mixing the two, I think you're asking for trouble. I don't feel that I or my fellow Albertans should be responsible for those kinds of decisions in any way.

Thank you, Mr. Speaker,

MR. ACTING DEPUTY SPEAKER: The hon. Minister of Labour.

DR. REID: Thank you, Mr. Speaker. I would like to make some remarks both as a professional myself, although not a lawyer, and also as the minister responsible for professions and occupations.

Mr. Speaker, the professions, and there are a number of them, have a long history and a very successful history of looking after their clients or patients. Self-governance, as we regard it in Alberta and in Canada, is a responsibility. It is not a gift and it is not a right, and the professions themselves all carry a very considerable load when they take on that responsibility. The fundamental basis of professional legislation and its purpose is the protection of the general public; it is not for the protection or the benefit or promoting the interests of the professions. The protection of the general public is so that they are not subjected to incompetence that might damage their physical or financial well-being and that they have some assurance of the calibre of the people who have a given designation. It's for this reason -- and it's now a policy in professional legislation in this province -- that all the professions have to be answerable and accountable to the public.

Other members have already mentioned the requirement to have lay representatives on the governing bodies of professions, the requirement that there be an annual statement that is made public, that in most cases there be lay representatives on the disciplinary committees, although that does not apply at the first instance in the law profession. All of these provisions are made, Mr. Speaker, so that the general public are protected, and hopefully they should know that they are protected. The legislation is not the possession of the profession that it deals with. The legislation is a public Bill; it is the possession of the public.

Professional legislation in all cases should observe the prin-

ciples of natural justice, both for the client or patient and also for the member of the profession. This means that there should be a suitable complaint mechanism; it should be advertised, publicized, made available to the general public by the professional entity in any case of complaint. That system has to be fair, and the disciplinary process has to be fair, both for the person who feels that they have been ill-treated physically or financially and also for the member of the profession. It's a basic precept that there should be natural justice. It's necessary that the complaint mechanism be available to the general public so they know how to initiate a complaint if they feel they have a justifiable one.

There's another aspect to this, Mr. Speaker, and that is what is called scope of practice. In the legislation there has to be a sufficiently clear definition of the scope of practice, and especially if there is an exclusive scope of practice granted to the profession concerned. That definition has to be there so that the general public will be as aware as possible of what services are offered by that profession. Now, in the nonexclusive scope areas obviously there will be some overlaps between professions. That's not a particular problem as long as it is two separate people who are practising the two professions where there's an overlapping scope, and in some cases that may be the case between lawyers and accountants, between physicians and nurses, and that type of thing.

The importance of delineating exclusive scope is so the client or patient will be aware of the services rendered by that professional, but it is also to make sure that the individual who is seeking the services should be aware of when they are not being treated as a client or patient within the limits of that profession. Where the problems arise is when a single individual belongs to two professions or when a professional steps out of the professional scope of practice and into nonscope activities. The poor client or patient may then be seriously misled or may indeed suffer some consequences as a result.

An example of two professional standings was the situation before the repeal of the Naturopathy Act, where half the naturopaths in this province also were practising as chiropractors. It caused serious difficulties for the patients, in that they didn't know when the individual was practising as a chiropractor and when they were practising as a naturopath. And they found out when they got a bill from the individual practitioner as a naturopath, because that was not covered under the Alberta health care insurance program the same way that chiropractic is. Also, it caused a difficulty to the governing council of the chiropractors when they tried to discipline an individual, and the individual practitioner said, "Oh, I wasn't working as a chiropractor in that instance; I was working as a naturopath." The disciplinary body then have got a real problem on their hands. It's for that reason, in the new Chiropractic Profession Act, that that duplicate registration is done away with.

The problems we're addressing today relate to another variation on this theme, and that is where the individual -- Messrs. Petrasuk and Liknaitzky, if we wish to address those particular individuals -- stepped out of their role and their scope of practice as a lawyer and stepped into nonlegal functions. Now, the misappropriation of funds by a lawyer out of the trust account when they are functioning as a lawyer has already been addressed by our legal friends, both Liberal and New Democrat, and I'm sure we'll hear from some of the lawyers in the government caucus as well. When the funds are misappropriated well within the defined scope of practice of a lawyer, then the Law Society has got the self-insurance fund which pays the losses,

and if they exceed the ability of the fund, then, as most lawyers in this province found to their sorrow, there is an extra assessment which can amount to several thousands of dollars, depending on the loss that's been incurred by a client.

The really serious flaw that is described and that has been addressed by the motion put forward by the Member for Calgary-Fish Creek is where the advice or practice that has been given or rendered is outside the scope of practice of a lawyer. In that case, then the Law Society's fund is not available to the victim, and that victim has no other recourse. Indeed, it is doubtful if the member of the profession could be disciplined for what they have done outside the profession unless there is a specific clause in the regulations in the statute or in the bylaws of the profession. Where the individual practitioner does not make absolutely clear to the client that they have left the lawyer/client relationship and have stepped into a relationship of adviser, financial adviser, mortgage broker, or whatever and client, where that change is not made absolutely clear to the individual, then there is an inference that somehow the Law Society is responsible for the actions of that member of the Law Society when they have stepped away from the practice of law. That is an unfair load on the Law Society, Mr. Speaker, and it would be very difficult to justify to the Law Society that they should make up the losses of the individual client under those circumstances.

Mr. Speaker, in my previous career and as minister responsible for professions and occupations -- in both roles I'm a great believer in self-governing professions. When the Legislature passes a statute and gives that responsibility to a profession, then it should leave that profession to exercise that responsibility. Government and the Legislature could never take on that role and fulfill it, even if they were stupid enough to try. We have to leave it to those self-governing professions, but we have sometimes to give them advice. Professions rely on codes of ethics, and those codes of ethics are the possession of the profession. They are the most precious possession of the profession, because it's those codes of ethics that dictate to the members of the profession how they should function in their relationship with their client or patient and with each other. There is no substitute in law for a good code of ethics properly applied.

In the case of the Law Society of Alberta, they have applied their code of ethics to the general benefit of all Albertans, with a record that is not exceeded by any other profession. Some of my legal friends might be surprised to hear me say that as a physician, but if you look at the record of the Law Society and their disciplining of their members and their application of their code of ethics, it has been very greatly to the benefit of Albertans.

For that reason, Mr. Speaker, I do not support the concept of government or the Legislative Assembly as the provincial parliament getting into the middle of the code of ethics and the relationship between lawyer and client, or any other profession and client or patient.

There is a piece of advice I would offer to the Law Society, and it is somewhat akin to the conflict that could exist if a physician wished to also dispense drugs to their patient and charge for them. I know that that's a habit of some other professions; optometrists and chiropractors do it. However, in this particular case the line is so fine between the legal function as recognized by the client and the nonlegal function as not recognized by the client that it is not as simple as having one's back manipulated and then be given the vitamins or to have one's chest listened to and then be given the capsules instead of a prescription.

For that reason, Mr. Speaker, I think it would be advisable if

the Law Society were to seriously consider as part of their responsibility for administering the Legal Profession Act in the province of Alberta -- if they were to look at putting into their code of ethics that no lawyer shall practise in their registered law office anything other than the legal profession work within the scope of practice of a lawyer. For any other advice the client should be referred to an appropriate other person or advised to go seek such advice, and if the individual lawyer wishes to practise outside the legal profession, then they should do it outside their law office. If they wish to have two offices, be my guest: one office as a lawyer, with that designation on the door or on the brass plate, and the other office as a financial counselor, mortgage counselor, or whatever it may be. But surely it is impossible for the average Albertan to understand the fine point of when the lawyer has crossed that line. For that reason it is up to the lawyer as a professional to make sure that the client understands the difference. The best way to do that is to physically separate the offices where the two functions are administered.

Thank you.

MR. ACTING DEPUTY SPEAKER: The Member for Red Deer-North.

MR. DAY: Thank you, Mr. Speaker. As we look at this motion today and we understand that really the impetus for the motion has come as a result of a citizens' action group called the Victims of Law Dilemma, to do with the Petrasuk case, I might just say at the start of my remarks that I commend the Member for Calgary-Fish Creek for responding to constituents. It does show, indeed, that the representative process is an effective one to use, because here was a group of people with a concern and they've voiced their concern and now found their representative who's able to effectively represent that concern for them. So I commend the member for taking that action.

I'd also like to say that I certainly have the greatest sympathy for anybody who lost money to do with this case in particular since this is the case from which the whole motion has come. Anybody who has been defrauded and scandalized, anybody who's put their trust in somebody and has had that trust breached I believe has suffered severely, and I have the greatest sympathy for them. I'd also add to that that I have only the greatest contempt for anybody who would knowingly and deliberately steal money from people in whatever method they choose, whether it's breaking into their house or whether it's breaking into their confidence and getting them to entrust money to them. The courts have indeed in the Petrasuk case determined that there was deliberate and fraudulent behavior. When we think of the number of people, individuals including widows, in this province who lost money at the hands of these people, then I would suggest that sentences of eight years and 10 years are far too light. I have only the greatest sympathy for those who indeed lost much money in this tragic incident.

I'd also, before we look at what could be done to maybe avoid some of these things happening, just like to address the fact, and the Member for Olds-Didsbury already touched on it, in terms of people saying when they lose money, which is a tragic thing to happen -- but often there is a quick retort that the government then should have to pay and the government should have to make up the loss. It's very important that we understand and that all citizens understand that whenever the government pays for something, whatever it is -- whether it's education or social services or making up a deficiency where somebody lost

money -- where do they get that money? Well, any way you look at it, it all comes down to taxes.

Government gets its money from people. Now, you might say: "Yeah? Well, some people don't pay income tax, and so they're actually not paying taxes." But yes, even the person who doesn't pay income tax, for instance, probably buys gasoline; gasoline has taxes built into it. So it's very important that if somebody fraudulently takes money from me, and I come to the government and say, "I want you to give it back to me," what I'm really saying is, "Government, I want you to tax my neighbour because I lost some money." That's really what we're saying when we're saying that the government must pay. The government, whatever it pays for -- those who say to raise taxes, what we're really saying is: "Mr. Government," or Mrs. Government or Ms. Government, as the case may be, "I want you to take more money from my neighbour. I want you to take more money from the small businessperson at the end of the street running that grocery store," That's where government money comes from, so we've got to be careful when we say that the government must pay, because in effect the people pay.

The motion is asking that a special select committee be established to study the problem of lawyers acting as mortgage and investment counselors. That's really the nub of the issue; I think we've got to focus on that. It is instructive to note that in this particular case the Alberta Law Society did disburse \$2.9 million in compensation to the Petrasuk victims; \$2.9 million was disbursed by the Law Society, but again, only to those who sought Petrasuk's services as a lawyer. Those who entered into business relationships, investment relationships, did not receive compensation. That's really the issue right there: is there anything that can be done to address that particular problem? That's what we have to look at.

Also, the Member for Calgary-Fish Creek has mentioned the four recommendations of the VOLD group, and I won't touch on those, I believe he's dealt with those thoroughly.

I do heartily endorse an initiative that he touched on that would allow more nonlawyers on the society's . . .

AN HON. MEMBER: Bench.

MR. DAY: Bench is the word I'm looking for. Thank you. It's important to notice that lawyers are still subject to the same criminal and civil laws as any other person in our society. Often they're actually dealt with more severely by the courts than other citizens just because of the very fact that they're lawyers. Over and above the operation of the normal and ordinary courts, both criminal and civil, the Law Society superimposes their set of rules and ethics upon all of its members. Each of this province's lawyers, of which there are approximately 4,500, contributes \$250 a year to their compensation fund to compensate in the event of a lawyer doing something he shouldn't be doing and therefore his client winding up without his money. Payouts made to the victims of both the lawyers in this case total \$4.8 million. That year in order to cover those payouts all Alberta lawyers had to contribute actually \$1,100 to the fund.

How widespread are these types of cases in Alberta? Well, in 1981 there were two cases that involved theft from trust accounts in the range of \$300,000 to \$400,000. There was one theft of \$25,000, and there were a few recorded in the area of \$10,000 or less. My advice -- and I would follow the lead of the hon. Minister of Labour in his remarks -- would be to give advice to the Law Society at this point which, number one, would help their own position in the eyes of the public, and number

two, I believe would more greatly protect the public from the type of incidents that have happened.

You know, we're always hearing nasty little jokes about lawyers, and I'm glad it was a lawyer opposite who told the joke about his own profession. But that does belie something, and that's the fact that there is a general cynicism, let's say, in the public about lawyers in general. Now, I don't believe lawyers in general merit that, but because of things that happen, there is that underlying cynicism that is out there, and I would suggest to the Law Society that they continue to take steps to overcome that in the interest of their own profession. We know, actually, that they did take some steps. In September of 1987 the Law Society hired Summa Communications Ltd. out of Vancouver to basically help enhance their own public image in the wake of that bad publicity, and the Law Society has requested that the government amend the Legal Profession Act in certain areas. I believe in some of those areas we should as a government take a look.

The question has come up that there should be a regulation or a law saying that members of the Law Society can only put funds in chartered banks and get around the trust company route. In fact, in 1985 the Law Society tried to pass a policy whereby lawyers could only deposit clients' trust money in chartered banks. But that rule was tested in court and found to be discriminating against trust companies, and the Court of Appeal ruled that the society had stepped beyond its powers.

The Law Society does publish a newsletter called *The Advisory*. I think that's commendable. It publishes reports on disciplinary findings and rulings on ethics and Law Society assurance fund claims and changes in the law. My advice to the Law Society is to continue that type of public awareness and public education. We have been informed that the Attorney General has been assured by the Law Society that any time there was any doubt as to whether a claim related to a solicitor/client versus a business relationship, the Law Society would err in favour of the party making the claim. So they seem to be staying true to the dogma of: if there's any shadow of doubt, then lean towards the client. And if that indeed is the case, I appreciate knowing that. The public would appreciate knowing that, and those are the types of things that I believe need to be made obvious to the public.

In Ontario lawyers are not exempt from any of the other Acts: the real estate Acts or the investment Acts. They must be licensed and insured to do business in any of the three areas that we've been discussing. The Law Society of Upper Canada has very clearly segregated through strict regulations the activities of lawyers acting as investors and brokers. My feeling would be that we could look in that direction as some possible preventative measures that could be offered to the clients in these particular cases.

I know the motion is asking for a select committee that would afford the Law Society of Alberta a forum from which to once again pressure the government to amend the Legal Profession Act. That could happen if a committee were set up, but it's already been mentioned that committees are expensive and they're time consuming. We have to be sure that this would indeed be a case for a committee. My feeling is that what we're trying to achieve here or what this motion is trying to achieve could actually be achieved in some other ways.

The Legal Profession Act could be amended in some areas; for instance, making disciplinary hearings open to the public. In cases where lawyers are given fines and reprimands, those could be publicized. The number of lay benchers could be increased;

I've already touched on that. The Ombudsman's office could be used to oversee citizens' appeal cases. And again, the Law Society itself could do more to educate the public about its operations and how it functions, maybe producing a pamphlet that could be made available in every law office, but in some way enhancing the knowledge by the public of what goes on in the profession. The Member for Olds-Didsbury I believe has already commented on that aspect of producing a pamphlet. Education is a valuable tool.

Mr. Speaker, I think these are some suggestions which I would like to see us give consideration to. I believe that following through on these would avoid some of the difficult and very tragic things that have happened to people at the hands of a small minority of lawyers. I think we also must realize the very nature of the human being himself, in that we are never going to come up with legislation that will absolutely remove the possibility of any wrongdoing. That will never happen. But we can take some suggestions, many of which we've heard today, that I believe would enhance the protection that is available to people in dealing with various professions.

Thank you, Mr. Speaker.

MR. ACTING DEPUTY SPEAKER: The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I'd like to make a few comments this afternoon in reference to this resolution put forward by the Member for Calgary-Fish Creek, a motion that really doesn't, in my view, expect nor wish to see much come to pass. It simply asks the government of Alberta to consider doing something, introducing a motion into the Assembly, and then sometime -- maybe after that, if that were done -- a special select committee be set up.

Quite frankly, Mr. Speaker, if the government wanted to solve the problems referred to by the member in his motion, they wouldn't have to introduce a motion. They could simply set up a committee if they thought this was an important issue, an important problem, and they wouldn't have to introduce any motion in the Assembly. If that's what the member wants to see happen, that's really what he should have called for in his motion. So my initial reaction is that it's a very weak motion. I don't know how seriously the member feels that this is going to go or how seriously he wants to see it go. I don't think it really calls upon much to happen.

I wonder whether anybody really is taking these problems seriously. The member -- I will commend him for this -- makes some reference to a "conflict that arises when lawyers act in the capacity of mortgage and investment counselors or brokers." But I don't know whether anybody else in this Assembly ever even thinks that's a problem. I don't know what kind of letters other members get, but you know, these are the kinds of things that people write to me about. Here's an individual who is an executor of his late father's estate. He gave that money to a lawyer in this province. It was to be deposited in that lawyer's trust account until it was released to this gentleman as a beneficiary. This gentleman indicated that he instructed the lawyer to deposit those moneys in a trust company, and that's what was expected to be done. That lawyer did not follow those instructions and did as he pleased; it's a lawyer who has been mentioned earlier in the debate this afternoon who ended up in a prison in this province. Nonetheless, this individual did not get reimbursement through the Law Society.

Here's another one where someone went to the same lawyer

for legal advice in his legal office about a house sale transaction that his mother had problems with. His mother was assured that he was a lawyer in good standing, a member of the Law Society. No one was in any position to dispute his statements and believed him to be acting in utmost good faith. That individual asked for the money to be placed in a trust account. Again, it was misappropriated, and this person was out a considerable amount of money. Now, this person wants to know: "Put yourself in my position. How could you know what was a practice of law and what was not? How would you know whether the Law Society would *stand* behind one particular action of that lawyer and not other particular actions of that lawyer?" How would they know?

You know, it's all fine and dandy for people in this Assembly to stand up and talk about the proper role of a Law Society to regulate and discipline its members. It's another thing for them to stand up and talk about how members of the public ought to be aware of these conflicts that might arise from time to time. But put yourself in the position of these individuals. How are they to know all that? And having put their trust in lawyers, to end up losing thousands of dollars, going to the Law Society and the Law Society saying, "Well, we reject your claim." There were no written reasons given, in many instances, as to why their claim *was* rejected, and they see that other people are getting reimbursed and they aren't. I mean, there's just a whole series of questions that arise in people's minds for which they don't have answers.

Here's an individual who wrote to me that having taken his case to the Law Society, he has not "been able to obtain a suitable explanation for their decision." That doesn't seem to me to reflect the rules of natural justice. Another one here from a person in Calgary, again referring to this lawyer in Calgary who "misappropriated my share of the estate," he said, but could not get his claim accepted by the Law Society, presumably again because the Law Society decided that in that instance this particular lawyer was not acting as a lawyer but was acting in the position of an investment counselor or a mortgage broker. Well, that may be, but the point is that there's a conflict, and the public who put their trust in lawyers are not always aware of the conflict. It's fine to state here that the public should be better informed, but that just avoids the problem; it doesn't deal with it.

What are we going to do about those people who've lost thousands of dollars to these unscrupulous practices of a number of lawyers? What's the problem? Is the problem the public image of the Law Society? Is that how we tackle it? Is that how we're going to resolve this in the future: to hire some consultant to come in and advise the Law Society about how to improve their public image? Maybe somebody, somewhere, should start looking at what's the source of the conflict and start resolving that so we don't have any opportunity to repeat the problem in the future. That would seem to me to make more sense than simply trying to sort out the problems of the image that the Law Society and the law profession have attracted to themselves for the last number of years.

How about, for example, going to the Mortgage Brokers Regulation Act, which allows lawyers in their offices where they're practising law to also act in the capacity of a mortgage broker? Maybe if we solve that problem, then we wouldn't have these kinds of complaints being drawn to our attention, brought to our attention. We wouldn't have people losing thousands and thousands of dollars in life savings. Maybe we wouldn't have people who come to a lawyer, put their trust in

them, and end up not believing the profession and having a poor impression of the legal profession. I mean, I think all members of the House would want to see the profession of lawyers enhanced, but they've got to deal with this problem rather than avoiding it, by simply engaging consultants to advise them on how to improve their public relations.

How about the demise of the Battleford Mortgage Co.? There was a case of, I believe, 18 Albertans who put their money and their faith in lawyers. Again, because they were not acting as lawyers but as investment counselors or brokers or whatever, their claim was denied by the Law Society. That's been pursued through the courts; a decision has been rendered. I don't know whether those individuals are going to pursue it any further. Nonetheless, Mr. Speaker, it only underscores that this is a problem beyond just one or two individual lawyers in the province; it's a problem that touches on the lives of thousands of Albertans. I can take the principle surrounding the Battleford Mortgage case and extend it even further, to the collapse of other financial institutions in this province run by lawyers in this province. But that's perhaps going somewhat beyond the bounds of the motion in front of us.

It seems to me, though, that there's a problem. Whether other members of this Assembly wish to recognize that or not, I don't know. But there are people -- lots of them out there -- in this province who've lost thousands and thousands of dollars, and I would like to think that somebody, somewhere, is taking steps to ensure that's not repeated.

So what are we going to do? The Minister of Labour said that it's unrealistic to expect the Law Society to undertake the responsibility of reimbursing people who lose money when their lawyers are not acting as lawyers but are acting as mortgage brokers or investment counselors. Fine; if the Law Society does not want that responsibility, that's fine. Then why don't you separate, so it's absolutely clear that lawyers can never act in the two capacities at the same time? Then it will be clear to the public exactly where their responsibilities as lawyers end and where their responsibilities as a mortgage broker and investment counselor start. If the Law Society doesn't want that responsibility, then separate those rights or those powers that the lawyers have. There was a good suggestion made: if nothing else, separate the two offices. Separate the two so that if you want to practise as a lawyer, you do it in your lawyer's office, and if you want to practise something else, then you have to go down the street or in another part of the city or something, so at least it's clear when people are acting in one capacity or the other. But it seems to me that if the Law Society does not want to protect the public from the lawyers acting as something other than lawyers, then perhaps we ought to change the law or the regulations so that the lawyers can't act in those other capacities.

I'm also concerned, Mr. Speaker, about what happens when people have been defrauded of money, whether from someone acting in the capacity of a lawyer or a lawyer acting as other than a lawyer. I believe the steps that the public have open to them in taking their complaint to the Law Society need to be improved; that complaint mechanism needs to be strengthened. Why not have someone in the Ombudsman's office or someone separately funded by the Law Society who stands outside the process and then can act as an advocate for the public? They don't have all the knowledge that lawyers do. They're often poorly defended. They're not sure what their rights are, and the only thing they can do is to go to another lawyer to represent their interests. They've already been defrauded by a lawyer, and if they want to protect their rights, they have to go to an-

other lawyer. That potentially could put that second lawyer, again, into a conflict of interest in pursuing this claim as an advocate on behalf of those individual clients. Furthermore, already having been hurt by a lawyer, people are quite reluctant to go to another lawyer to seek redress. So somebody somewhere I think needs to be acting as an advocate for the public.

We have to ensure that the disciplinary process is fair; quite right. So why don't we have some requirement on the Law Society, once they've reached a decision, to give written decisions so people know why the Law Society reached the position they reached? I don't see why that could not be provided to people who've launched complaints against lawyers. I think the whole process needs to be opened up. If the Law Society disbars certain members, why can't those names be released to the public? Let's open up the process. If we want to restore public confidence in the disciplinary process, let's make it more fair and more open. That would seem to me to go a long way to improving the public attitude towards the Law Society and towards the profession of lawyers.

Some member -- perhaps, again, it was the Minister of Labour -- said that there's no substitute for a good code of ethics. I agree. Well, I believe a good code of ethics is important to have, and I know that the vast majority of lawyers in this province adhere to the code of ethics of their profession. But it seems to me that it's also important to remove potential conflicts of interest so that lawyers are not in a position where they can more easily defraud members of the public who come to them or who act in a way that is unclear to members of the public who come to them. I guess, Mr. Speaker, until we deal with that particular conflict, we're going to leave open the door for future difficulty for members of the public.

So it seems to me there's a choice that presents itself: either for the Law Society to broaden the terms of reference of their present assurance fund to cover clients' trust funds in all investment areas, including real estate, mortgages, sales and purchase of properties, estates and wills, et cetera, or simply to remove the potential area of conflict so that the lawyer would not be able to simultaneously wear two sets of hats, both as a lawyer and as a mortgage broker or investment counselor.

But until that problem is recognized by members of the Assembly and perhaps even some members of the Law Society of Alberta, I'm afraid that the potential exists still for members of the law profession to put their clients in a potentially very, very difficult situation in which they can experience the same difficulties others have already experienced in this province; that is, where their life savings and many thousands of dollars are lost by the misuse of those particular funds.

Thank you.

MR. SHRAKE: Mr. Speaker, to quote a famous old American philosopher, Will Rogers: once you've been a lawyer, you're never again fit for honest work, they say. That's perhaps being facetious.

I do want to commend the Member for Calgary-Fish Creek to bring this motion in front of us. This motion is to do a study, and I'm glad that is the wording in the motion, because it doesn't appear there's a quick fix on this. Nobody so far has suggested a solution for the problem that we have here.

The problem is not the trust fund, the money which goes into the trust fund. If the money goes into a trust fund and you're transacting a transaction -- say there's million-dollar building I'm going to build or buy or whatever, I have to put \$100,000 deposit up, and that money goes into a trust fund. So my

\$100,000 will lie there. But this here is in the hands of a lawyer. He could write a cheque on it and take it and run away. But that's not a problem, because if he does, the Law Society will cover that.

Where the problem comes in is where you get a large sum of money. Perhaps it's a widow or just a person who's got this money through dealing with a lawyer, and then the lawyer starts to advise them on investments. This is the tricky part of it. Now, there are some awfully good lawyers in this province; a lot of people rely on them for advice on their investments. It becomes very difficult for us to legislate that this lawyer cannot give advice to this client on . . . Or say it's a widow. The widow is not sure what to do with the money she inherited from her husband's estate. So can we really tell a lawyer, "You can't advise this lady; you can let her go out and do whatever you want, even though you know she's going to make some mistakes on it"?

There are some excellent lawyers that have given a lot of good advice and saved a lot of people a lot of agony and misery by getting them on the right track. In Calgary there I used to -- well, I know Tommy Walsh: from a very fine firm, former chairman of the Chamber of Commerce. He headed up the century Calgary committee back in 1975, and all of the dealings with him have been very good. I would never worry about handling money through him, having him advise me. Presently I have a lawyer named James Thornborough. If I passed away suddenly, the little dab of money I had -- I would expect him to give my wife, or I guess it would be my widow then, some advice on how to handle the money.

But the problem that comes is that your lawyers, just by the very nature of the profession they go into -- it seems to attract people who do like to speculate. There's a few wheeler-dealers. Then the very profession -- often a lawyer will help the person set up their company, and often the person who's setting up a company will actually give a percentage to the lawyer. So if you give 5 percent to the lawyer as you set up your company, how could you not have a financial dealing with your lawyer? What legislation could we ever put through here to prohibit that? Because a lot of the people doing business want to do that, and I don't think it's within our right to tell them they can't.

But then you get the other side of it. You get a lawyer who is dealing a little more in speculative things that are maybe a little more risky, and they are personally involved with their own money, their own funds. I guess this is what happened in Calgary and Edmonton. These people whom they have been advising, they take them in with them into the risky, speculative deal, and then when the deal collapses, of course you can't expect the Law Society to put the money in, because this was a business deal. But yet this was money that had formerly been in the trust account of the lawyer or the law firm. So there is the rub.

So I think one of the things we've got to have is that the deal has to be arm's length. For short, the lawyer advising a client should not be dealing as a lawyer and the advisor there; there is a conflict of interest. And unfortunately, most people who deal with lawyers have confidence in them; they have respect for them. Often these lawyers have a very high profile. So you do get this sense of confidence -- overconfidence -- and you throw caution to the winds a little bit, and you go into a speculative deal.

I think the rules for the lawyers should start hitting very close to the rules for an elected person, say a member of city council: must keep things at arm's length; cannot be dealing as

a member of city council or a member of this Legislature voting on the deal, which in this case would be the lawyer handling the deal and, on the other side, be financially involved themselves. There is what must be eliminated.

And as far as setting up a separate room, well, the lawyer could take you into the other room; it's only a few steps away. Or if you had this other office a block away, I'm sure they could drive down to the other room. That would solve nothing. I think the problem we've got here is to have the study done and set up some conflict-of-interest rules and have a severe punishment that the Law Society will kick out or at least suspend for a year anybody in the profession who acts as a lawyer and, on the other side, has their own business deal, takes the little old widow or whoever and gets her to invest her money into his speculative deal where he has a financial interest himself.

[Mr. Speaker in the Chair]

We have another little problem which I'll sneak in on this one as we go along; that is, once we have the problem of a bankruptcy, I often wonder why the assets take so long to be disposed of. I really wondered about that until I asked somebody. I asked a lawyer. The lawyer said, "Well, the lawyer that is handling these assets probably is supposed to dispose of them in an orderly fashion and get rid of them, get the money back and pay off all of the creditors." So I asked about a few. "Why has this one gone six years?" The lawyer smiled and said: "Well, that one had a lot of assets, over \$1 million. The lawyer is handling a percentage of the assets per year for every year you have an income." When I heard that I thought, "Holy smokes; that is not right."

One of the names mentioned here today was Petrasuk. I often wondered: did they ever take all of the assets -- there were a lot of assets -- and dispose of those and disburse the money, put the money back around to the creditors who had lost the money? I'd really like to know. If not, I'd really like to know why that has not happened.

Mr. Speaker, I think the thing we should do on this is go ahead and go with the Member for Calgary-Fish Creek's motion. We set up a committee, and we study this. We come back, and we find some good conflict-of-interest rules and put those into effect. I think it would protect the Law Society, because the Law Society doesn't have to then go into this problem of lawyers playing at both sides. But I do not believe that we can legislate that lawyers cannot give advice to their clients, because often they give good advice.

Thank you.

MR. SPEAKER: Member for Drumheller.

MR. SCHUMACHER: Thank you, Mr. Speaker. As one of the 4,500 or so members of the Law Society of Alberta, I would like to participate in this discussion. Of course, I'll endeavour to do it in as unbiased a fashion as I can, but I have declared my interest in the subject.

When the hon. Member for Calgary-Fish Creek asked me a couple of weeks ago whether I would like to participate in this discussion, I think I indicated to him that well, I guess I would, reluctantly but not with any great pleasure, because of course this whole matter has resulted from the defalcation of one Peter Petrasuk and Michael Liknaitzky.

That isn't to say that other lawyers have not performed defalcations with regard to trust moneys, because they have. Over

the years since 1907 when the Law Society was formed, no doubt there has been a lot of that happening. But I would like to think, and I believe it to be a fact, that on a per capita basis, on that measure, the Law Society of Alberta membership has been very, very good in dealing with clients. Of course, as has been pointed out, since 1940 they have voluntarily financed what is called the assurance fund.

Now, I know that certain members have referred to that fund in their interventions this afternoon, and listening to them, I think I got the impression that that was a fund that sort of came out of the air. Well, I want to assure hon. members that that fund did not come from any government or out of the air or grow on trees; it was contributed by members of the profession to make up for the losses suffered by their colleagues who didn't behave properly. As recently as 1980 that contribution was \$40, which was not too much of a burden. Of course, I guess that's an indication as to how good the profession has been in dealing with these matters. As has also been pointed out, since 1980 there have been substantial increases, and in fact in 1981 it cost every member of the profession \$1,100 for that purpose. Of course, that's a direct result of the Petrasuk/Liknaitzky scandal. Up to the present time that contribution has varied between \$300 and \$175 per annum, still significantly higher than \$40 as recently as 1980.

But, Mr. Speaker, the difficulty I find with the motion is that it asks for a study relating to lawyers stealing trust moneys. Well, I don't see where that has been indicated to be a problem, because where lawyers have stolen money from their clients as lawyers, they have been reimbursed and dealt with by the Law Society's assurance fund to the extent in those two cases of \$2.9 million, which was not insignificant. So I don't see why that problem requires study. The profession has been very active and good in compensating clients who have had money stolen from them by dishonest lawyers.

The other element is a suggestion that the mortgage brokers' Act, the Real Estate Agents' Licensing Act, and whatever dealing with investment counseling, those nonlegal matters -- I don't think we need an investigation into those Acts to see whether they should be amended. Suggestions have been made that you should, if you're going to do that kind of work -- of course, the way they are now, particularly the mortgage brokers' Act, allows a lawyer to deal with mortgages that have to be dealt with arising in the course of his practice as a lawyer in estates dealing with deceased persons' mortgages. The mortgage brokers' Act makes provision for a lawyer to deal with those mortgages without being registered under the mortgage brokers' Act.

But, Mr. Speaker, what it comes down to is an attempt by the hon. member to convince this Legislative Assembly to do something that will prevent lawyers from being crooked. I would suggest that if that could have been done, then every Legislature and the House of Commons, the Parliament of Canada, should have done something of a similar nature to prevent people from breaking and entering or from being impaired while driving or from shoplifting. It's just not possible for this government or any government or this Legislature or any Legislature to prevent a thief from being a thief, and that's what it comes down to.

Now, I guess one of the great advantages of what we're doing today is that it's being discussed, I don't know how well it'll be publicized; the keepers of the public good in that area don't seem to be around. But a lot of good has happened out of the misfortune of a number of people who suffered at the hands of Petrasuk and Liknaitzky, because more and more people are becoming aware of the fact that lawyers are only covered for

their defalcations as lawyers. As that becomes more and more and better and better understood, the better off the general citizenry will be. So therefore, I can't be critical too much of my hon. friend for bringing this matter forward, because the more this is talked about, the better the public can get an understanding.

I guess one thing a lawyer should be pleased with in this sense is that while we hear stories about lawyers and receive quite a few comments about that profession, really we should be quite pleased with the fact that so many people trust so many members of our profession. Unfortunately, they seem to trust them too much. You know, I have heard comments that people don't trust lawyers. Well, I would say the evidence is that some people have trusted them too much.

When you look at some of the individual situations, you can see certain similarities between the people who suffered at the hands of Liknaitzky and Petrasuk and those who are now suffering at the hands of Principal Group Ltd. We've all had comments made to us in our constituencies about: "The government shouldn't be bailing out people who went to Principal Group because they thought they could get an extra half a percent or a percent interest. They were willing to take the added risk, and government should not be bailing those people out." Well, some of these same people who are members of the Victims of Law Dilemma I would suggest were quite happy receiving the interest that they did receive from Messrs. Petrasuk and Liknaitzky over an extended period of time, which was significantly higher than they could have gotten on a more secure investment. They did receive in many instances T-5 slips showing interest income. A lawyer doesn't generally issue T-5 slips to his clients. They were there to invest their money, and they used a vehicle that shouldn't have been used.

But I'm suggesting that the advantage of this discussion is to publicize the fact that there are certain things they should go to lawyers for. Of course, the suggestion that these businesses and activities be held in different offices is all very well if the person followed the law, but it's quite obvious that the people who have defrauded these people were not prepared to follow the law. When you have people who are prepared to risk their profession, risk severe treatment -- it's been pointed out that the legal system deals with defaulting lawyers more severely than others because of the position they hold -- if they're willing to take that risk, then there's nothing anybody can really do to prevent them from taking that risk and breaking the law.

Thank you very much, Mr. Speaker.

MR. NELSON: Considering the hour, Mr. Speaker, I beg leave to adjourn debate.

MR. SPEAKER: Having heard the motion, those in favour, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Motion carries.
Deputy Government House Leader.

MR. KOWALSKI: Mr. Speaker, I would move that when the House adjourns this afternoon to return at 8 o'clock this evening, it do so in Committee of Supply.

MR. SPEAKER: Having heard the motion by the Deputy Government House Leader, those in favour, please say aye.

HON. MEMBERS: Aye.

reports.

MR. SPEAKER: Opposed, please say no. Motion carries. The Assembly stands adjourned until Committee of Supply rises and

[The House recessed at 5:25 p.m.]