

LEGISLATIVE ASSEMBLY OF ALBERTA**head: INTRODUCTION OF SPECIAL GUESTS**

Title: **Thursday, June 2, 1988 2:30 p.m.**

Date: 88/06/02

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

[Mr. Speaker in the Chair]

PRAYERS

MR. SPEAKER: Let us pray.

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

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

Amen.

head: INTRODUCTION OF VISITORS

MR. RUSSELL: Mr. Speaker, I'd like to introduce to you and to members of the House, a distinguished visitor in your gallery and a good friend of the province of Alberta, the Commissioner of Yukon Territory, Mr. John MacKinnon. I'd like to ask Commissioner MacKinnon to rise and receive the welcome of the House.

head: NOTICES OF MOTIONS

MR. SPEAKER: Member for Highwood.

MR. ALGER: Thank you, Mr. Speaker. I rise to give oral notice of my intention to move, following the completion of routine orders and before the calling of Orders of the Day and pursuant to Standing Order 40, the following motion:

Be it resolved that the Legislative Assembly recognize the week of June 5 to 11 as Senior Citizens' Week in Alberta and express to all senior citizens in our province the gratitude and appreciation of all citizens of Alberta for their contributions, past and present, that have made our province strong, viable, and the sparkling jewel in the necklace of Confederation.

Mr. Speaker, I have copies for all members.

head: TABLING RETURNS AND REPORTS

MR. KOWALSKI: Mr. Speaker, I'd like to table today a document entitled Environmental Handbook for Pipeline Construction.

MR. SPEAKER: The Minister of Advanced Education, followed by the Minister of Public Works, Supply and Services.

MR. RUSSELL: Thank you, Mr. Speaker. I'd like to table two reports today required by statute: the annual report of the Students Finance Board and the annual report of the Southern Alberta Institute of Technology.

MR. ISLEY: Mr. Speaker, I'm filing today the annual report for 1987 of the Alberta Association of Architects.

MR. YOUNG: With great respect, Mr. Speaker, I introduce to you and to members of the Assembly, representatives of the northern Alberta chapter of the society for amyotrophic lateral sclerosis, a disease sometimes referred as Lou Gherig's disease, a disease which attacks the motor neurons, which carry signals to the muscles of the body. Some of us are familiar with that disease because that is the one of the hon. Member for Edmonton-Parkallen, Neil Crawford, a colleague of ours. All of the volunteers with us today have been directly affected, personally or through a spouse, by this disease. To promote National Cornflower Week, which is the week of June 1 to 7, and to create awareness and promote research, we have with us today president Barbara Gaboury Bustillo, who started the northern Alberta chapter; secretary Agnes Primrose, editor of the newsletter; public relations chairman, Bernadette Coonie; Mr. Stew Bertles, who was diagnosed with the disease in March of 1984, and his wife, Pat. I would ask that they rise and receive the warm and cordial welcome of the members of the Assembly.

MR. ADAIR: It's my privilege and honour today to introduce to you, Mr. Speaker, a group of 35 students, teachers, and parents from the Manning elementary school, the grade 6 class. The students are accompanied by teachers Mrs. Leslie Snyder and Charles Knauft, parents Erica Whillans, Marlene Finnebaaten, Marilyn Campbell, and Reverend George Belcher. I would ask them to stand and receive the warm welcome of this Assembly.

MR. SPEAKER: Rocky Mountain House, followed by Red Deer-South.

MR. CAMPBELL: Thank you very much, Mr. Speaker. It's my pleasure today to introduce to you and through you to the rest of the Assembly, 42 grade 6 students from the Caroline school. They are accompanied by Mr. Appel, Mrs. Benz, Mrs. Smith, Mrs. McFarlane, Mrs. Ouderkirk, Mrs. Winter, Mrs. Haney, Mr. McNutt, Mr. Leavitt, and Mrs. Luchka. I would like to add that Mrs. Luchka is retiring this year after many years in the teaching profession. I'd like at this time to have them rise -- they are seated in the members' gallery -- and receive the warm welcome of the Assembly.

MR. SPEAKER: Red Deer-South.

MR. OLDRING: Thank you, Mr. Speaker. It's a pleasure for me to introduce to you and through you to the Members of the Legislative Assembly, 39 bright, enthusiastic, and model grade 6 students from the St. Thomas Aquinas school located in the constituency of Red Deer-South. They are accompanied by their teacher Jeanette Thompson and by parents Mrs. Pugh, Mrs. King, Mrs. Harvey, Mrs. Laverick, Mrs. Foss, and Mrs. Peters, and their bus driver Mr. Lloyd Bowie and his wife, Evelyn. I would ask them to rise in the public gallery and receive the warm reception of this Assembly.

DR. WEBBER: Mr. Speaker, I'd like to introduce to you and through you the members of the Assembly, the gentleman in the public gallery who was co-ordinator of the Olympic projects for the University of Calgary and did a magnificent job: Mr. John Tewunoin. I would ask John to rise and receive the warm welcome of the Assembly.

MR. GIBEAULT: Mr. Speaker, I'd like to introduce to you and to the other members of the Assembly this afternoon, Mr. Rolando Gutierrez, who is the Canadian representative for the Farabundo Marti Front for National Liberation and the Democratic Revolutionary Front in El Salvador. He is currently on a western Canadian tour, visiting with various Albertans and other people to discuss the current situation in El Salvador. He is accompanied today by Mr. Leonel Viscarra of the FMLN support group of Edmonton. I'd ask the two of them to stand and receive the warm welcome of the House.

head: **ORAL QUESTION PERIOD**

Pay Equity

MR. MARTIN: Mr. Speaker, yesterday the minister responsible for women's issues announced a \$70,000 study titled An Alberta Dialogue on Economic Equity for Women. My question is to the Minister of Labour, who's responsible for the Human Rights Commission which, I point out, almost a year ago announced that they endorsed the concept of pay equity and announced its willingness at that time to go ahead with the study. My question to the minister. In view of the announcement yesterday -- and hope springs eternal that maybe there's a shift in government philosophy -- I wonder if the Minister of Labour will clarify whether the government now endorses the concept of pay equity legislation.

DR. REID: Mr. Speaker, there has not been a change in the philosophy of this government since its inception in 1971. It has a great interest in the equal treatment of all groups of Alberta society. That basic precept was entrenched in the first piece of legislation that was passed by Premier Lougheed's government. Those precepts continue to be those of this government and will continue to be so.

MR. MARTIN: That's a little discouraging, Mr. Speaker, in view of the announcement yesterday. But my question: the Human Rights Commission has obviously been brought on board by the government, because the Premier's office is today distributing the council's news release applauding the government's action. I'm not so easily impressed, because there is a concern. And the concern is this: the fact that the human rights council is an advocate of pay equity while the minister responsible for women's issues is not. My question is a simple one to the minister. Will he explain to the Assembly why the government refused to allow the Human Rights Commission to do the study and instead decided to do it in-house through the Women's Secretariat?

DR. REID: Mr. Speaker, the hon. leader of the New Democratic Party is at odds with the facts. The Human Rights Commission is not an advocate for pay equity, as the hon. member is describing it. They did make a request to look at pay equity as part of the wage gap. The decision of the government, as exemplified by the announcement yesterday by the minister responsible for women's issues, is that rather than look at one small potential aspect of the wage gap, we are going to address the total wage gap and also the totality of the interest of women in the work force as well as in the home.

MR. MARTIN: Mr. Speaker, the minister is just wrong, because back on August 25 the Alberta Human Rights Commis-

sion announced that they were for pay equity. They were for pay equity. They also asked for the study. My question, though, to the minister. Clearly they are for pay equity, and I want to know: why is it, then, that the minister responsible for women's issues, who has come out against pay equity, is the one sponsoring this study rather than the Human Rights Commission, which has announced that they're for it?

DR. REID: Mr. Speaker, I don't know whether it's by intent or not, but unfortunately the leader is giving a very wrong impression to Albertans of the position of the Alberta Human Rights Commission.

MR. MARTIN: Mr. Speaker, read your own press releases that come out of it then. By this minister's answers I have to take it that pay equity for women -- I say this from this end -- is one of the main ways to achieve fairness and economic equality for women, and we don't need a \$70,000 study to find that out. I'm asking the minister this: isn't it a fact, then, that this study is just a stalling device and that this government has no intention in the near future of bringing in pay equity, by this minister's answer?

DR. REID: Mr. Speaker, it would appear that the hon. leader is judging others by his own standards. The situation is that this government is very serious in this study. We have persistently over the last 17 years had a great interest in the equality of all groups within Alberta society, including women as opposed to men. The gender wage gap does exist. There is probably a multitude of reasons for it. If there is a factor which could be regarded as discriminatory which could be corrected by the so-called concept of pay equity, then we would be interested in finding that out. But rather than just address that potential, we are also addressing the others that are included in the press release by the minister responsible for women's issues.

MR. SPEAKER: Thank you.

MR. TAYLOR: Mr. Speaker, pay equity has been studied to death. Would the minister show some leadership and get behind the Liberal Party and support Bill 254 on the Order Paper, which calls for pay equity in the public sector? Just get your little toe wet; it's not that far. It's not going that far.

DR. REID: Mr. Speaker, within the public sector of Alberta we have already introduced a considerable number of programs specifically aimed at enhancing the possibility of women joining the public sector, being promoted within the public sector, and getting additional training within the public sector. Those programs are well established; they have resulted in a tripling of the number of women in the senior management roles. There is currently in the province of Alberta as much as 45 percent women in the positions which lead to future management roles. That has already been done. The hon. member is addressing an issue which in the public sector is not required. We are already doing what we can, and the women in the public sector know that. It is unfortunately true that it takes time for people to be promoted through the public sector, but that is happening, and the statistics prove it.

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

Highway 40 Development

MR. YOUNIE: Thank you, Mr. Speaker. In spite of the Premier's protests that Highway 40 will not see winter openings, the minister of transportation has met with a B.C. lobby group which proposes a new highway from Elkford, B.C. to the Highwood junction on Highway 40. This proposal is based on the assumption that Highway 40 would be open during the winter and would also deflect 1,000 cars per day in summer from the already depressed Pincher Creek-Crowsnest corridor. As a courtesy I sent a copy of the proposal to the ministers I've planned to ask questions of. In view of the potential for damage to tourism in the Pincher Creek-Crowsnest Pass area and at Head-Smashed-In Buffalo Jump, built with taxpayers' dollars, will the Minister of Economic Development and Trade guarantee that a thorough economic study will be done on this proposal, or better yet will he reject it here in the House today?

MR. SHABEN: Mr. Speaker, matters related to road building and transportation are the responsibility of the Minister of Transportation and Utilities, and I'm sure he'd be able to respond.

MR. ADAIR: I might have a supplementary.

MR. YOUNIE: You've got one coming. I thought the economic damage to the Pincher Creek-Crowsnest area would be the responsibility of the minister whom I asked the question of.

To the Minister of Forestry, Lands and Wildlife. Is the minister aware of the fact that the narrow pass through which this highway will go is a major migration route for the Highwood elk herd and other wildlife from B.C. to the winter range that we now protect in the Highwood area, and a highway in this pass would disrupt that migration and endanger the viability of an already drastically reduced herd?

MR. FJORBOTTEN: Well, Mr. Speaker, I've received no information whatsoever with respect to that highway, and if there's some suggestion made, my department, of course, as always will do an intense overview to make sure that everything is done that can be done to protect wildlife.

MR. YOUNIE: Well, to the minister of transportation, who should have been telling you about the proposal some time past. Is the minister giving any consideration to this proposed highway 43, which would be environmentally ill-advised and economically damaging for the Pincher Creek-Crowsnest area?

MR. ADAIR: Mr. Speaker, I've been waiting, as you may have noticed, for a moment or two to get up on my feet to correct some of the misimpressions that the hon. Member for Edmonton-Glengarry has left with us. I would suggest that about a year and a half to a year and three-quarters ago, I met with a group from British Columbia -- the district of Elkford and the Elkford community and a number of other chambers of commerce -- to discuss at that time the possibility of joining up through Kananaskis Country and Peter Lougheed Provincial Park the trail that is used by the utility companies. At that particular point in time, Mr. Speaker, we indicated we would not -- we would not, underlined -- entertain anything that would see that expanded to a road surface. However, almost two years ago . . . [interjection] Yes, and I'll re-emphasize that.

At that particular time one of the suggestions they made to us

was that they would go back and consider what other alternatives may be available to them, looking at a joining up of some route along Highway 40 with the B.C. highway 40 -- which is what this document is; it's from the good people of British Columbia -- to see whether there was a possibility of joining up somewhere along Highway 40 through a pass at that time not yet identified. Yet there was an identification that there was a possible pass through and near Fording pass, I think they called it, or Fording had a plant in there.

Mr. Speaker, I think it's important that I indicate, too, that at no time were there any discussions predicated on Highway 40, as it is known in Kananaskis Country, being open all year long. I'd like to correct that impression left by the hon. member, because he's mistaken,

MR. YOUNIE: Well, in talking to the group on the phone, they said their presumption is that Highway 40 would be open because they want quick access to Mount Allan, and they said they thought they were following the best advice of the minister.

In view of the Premier's statements on May 5 that "there is no plan to open [Highway 40] in the future," and again, "there is no intent of opening it on another winter occasion," and assuming that his statements still stand, will the Premier confirm that his commitment means that such a proposal as this would be . . .

MR. SPEAKER: Hon. member, please; we're getting into paragraphs on this final supplementary. The question, please.

MR. GETTY: Mr. Speaker, I think it's typical, isn't it, of socialist thinking, where they believe in state control and big government, that they would want immediately to step on the individual and people who have an opinion to express and would shoot them down without even listening. That is typical of socialist thinking. [interjections]

MR. ADAIR: It's a lot of gas, Mr. Speaker. I should also correct another comment made by the hon. Member for Edmonton-Glengarry, and that is the fact that Highway 40 is presently open from Grande Prairie to the boundary of Kananaskis park and from Highwood south to the Pincher Creek area. So the portion that we're talking about being closed is that portion within Kananaskis Country south of Peter Lougheed Provincial Park, not the entire highway from one end of the province to the other. The Fording pass proposal, as is outlined on this particular document, would come in south of that junction, which is already open and has been open for longer than I'm years of age.

MR. CHUMIR: I'm wondering -- to the minister of transportation -- if he could tell us what arguments he sees and hears in favour of changing the long-standing policy of closing Highway 40 and which would militate in favour of opening it.

MR. ADAIR: Well, Mr. Speaker, on that particular point now we're talking about the closure of the Highway 40. The opening of Highway 40 was because of the XV Winter Olympics, a very successful event held in the city of Calgary. [interjections] That's right. Well, Calgary has won something. They won the world over in the Olympics. They may have lost the Stanley Cup, but back to Highway 40.

The main premise of Highway 40 and the position of the government has been that that section of highway has remained closed up until the time we allowed it to be opened for the

Olympics. I think it's fair to say that we're prepared to look at any proposal that may see either a tightening up of those particular times; in other words, from December 1 to June 1. It may be that it could be December 15 to May 21, just ahead of the long weekend. If that's of some advantage to my colleague the Minister of Tourism to assist in bringing tourists into the area, we would certainly consider that. I don't think that at any time we have ever said anywhere that we would have that highway open on an ongoing basis for ever and ever. We're very conscious of the sensitivity of the area.

MR. SPEAKER: Thank you.

MR. BRADLEY: Supplementary question, Mr. Speaker, to the minister of transportation. Would the minister give a commitment to see that Highway 22 south from Longview to Lundbreck is paved first, then Highway 40 from the Highwood junction to the Crowsnest Pass is paved, prior to giving any consideration to a further east-west access route through the Rocky Mountains?

MR. ADAIR: Well, if I was going to give a commitment, I would have to give it to the entire length of Highway 40 that is not presently paved, as well as 22 that's being worked on. I'm not prepared to do that right at the moment, Mr. Speaker, in light of the dollars that we have within the budget of the Department of Transportation and Utilities.

I think, however, that I should point out that in our discussions with the group from British Columbia, who were attempting to see whether there was some way or some means or some avenue or some route to connect with that area for their side -- and that's for the Elkford area north -- we were prepared to sit down and listen to their presentations and judge them on the basis of what they may present to us. I have had nothing since the meeting that I had with them about a year and a half ago.

MR. SPEAKER: Thank you.
Westlock-Sturgeon, main question.

Livestock Forage Concerns

MR. TAYLOR: Thank you, Mr. Speaker. My main question today is to the Premier and concerns a great deal of our province which is drying out and burning out while our federal and provincial Tory politicians just talk, talk, talk, talk. Now, since cattle are our immediate problem, because the crops -- although dried out, the need for aid doesn't come up till closer to fall. Has the government finally prepared -- now, this is a straight yes or no, because they've been asked earlier -- a list of community pastures, grazing leases, and Crown lands in the Peace River country and the Rockies, where we still have grass to be able to send cattle to if the cattlemen can arrange it?

MR. GETTY: Mr. Speaker, as the hon. member knows, the government has a committee of cabinet and caucus who are involved in water supply and contingency plans for assisting our farmers and ranchers. The Minister of Agriculture would be dealing in the area the leader of the Liberal Party has just raised, and I'd ask him to respond.

MR. ELZINGA: Yes, Mr. Speaker, we do have, and I just reviewed that this morning. If the hon. member would like it, we're more than happy to forward it to him. Our assistant

deputy minister Mr. Bill Dent has that information tabulated in the event that he wishes it.

MR. SPEAKER: Supplementary.

MR. TAYLOR: Thank you very much, Mr. Speaker. I would love to see it.

I was talking to the Premier, though, as chairman of the agricultural committee. Now that we've located the grass -- after two weeks we've finally got the Premier or the minister knowing where the grass is. Maybe he was looking for the wrong kind; I don't know. But now that we've found it, is there going to be any form of a transportation grant in order to facilitate cattlemen moving their brood cows to where the grass is?

MR. GETTY: Obviously, Mr. Speaker, one of the concerns would be to make sure that it's needed, and then I would only point out to the hon. member that in every case that there's ever been a problem with forage for basic herds and for our farmers and ranchers, the government has moved to help them.

MR. TAYLOR: Mr. Speaker, to the Premier again. I want to get specific again. As you know, we have many grazing leases that the provincial government charges the ranchers for, but there's very little grass on it. Will the government go this far: cancel the grazing lease fees charged this year to those cattlemen south of the Peace River district?

MR. GETTY: Well, Mr. Speaker, one of the items that seems so interesting these days is that the people in rural Alberta, the farmers and ranchers, are not quite caught up with the kind of panicky comments coming out from politicians. In fact, my discussions with the farmers and ranchers as late as Sunday of this last week was that things are actually being handled very well. They're pleased with the initiatives. The one farmer said to me, "You know, unless you turn on the radio or pick up the paper, you don't realize how bad off you are even though things are going very well."

MR. TAYLOR: Mr. Speaker, he must be talking to a Tory in the middle of an irrigation district. I mean, there are all kinds of people without water. The cattle are not getting any grass. Would he go this far, the very simple solution: put a \$100 grant now for each brood cow to each cattleman to use as they see fit, to either transport the cattle to where the hay is, bring in hay, or put in some water? A \$100 grant per cow.

MR. GETTY: My only response to the hon. member, Mr. Speaker, is that he has raised one potential form of assistance. As I said earlier, the government has helped probably in a way much more effective than that in the past. We'd consider his representation. I appreciate the hon. member, who has a great deal of experience in this area, raising it with me, and I'll have the committees working on contingency plans give full assessment to his proposal. I only come back to the list of commitments that the government has made to farmers and ranchers in the past, and that is that every time they have needed help in natural or other disasters or problems that face them, this government has been there and helped.

MR. FJORDBOTTEN: Mr. Speaker, I'd like to supplement the answer of the Premier in saying that, typically, our government is ahead of the Liberal Party again, in that one of the areas of

discussion that we look at is where the grass is and how we can move cattle. One of the areas that's raised by the hon. member is: what would we do about grazing rates? It's too early to make that judgment yet. I expect June could be a wet month; that could change the picture significantly. But if the carrying capacity, when we assess it in July, is different, we always are prepared to work on that.

MR. SPEAKER: Thank you.
Member for Vegreville

MR. FOX: Thank you, Mr. Speaker. The Premier might be satisfied with the federal government's response to the drought situation, but I'll remind him that that same bunch of Tories gave five million bucks to the Ghermezians to build a water park in West Edmonton Mall. I'd like to ask the Premier why he isn't instructing his Minister of Agriculture to reinstate the feed freight assistance program that helps with the costs incurred in transporting hay from one part of the province to another part of the province. We've been making the suggestion for months.

MR. GETTY: Actually, Mr. Speaker, I already answered the question today. The hon. member may not be listening. If he had been listening, he would have known that, first of all, I did not make any comment about the federal government's program at all. Now, he may want to get his comments in about West Edmonton Mall, but I haven't referred to the federal government's program at all today.

The second thing, Mr. Speaker, I've said -- and it's been a fact in this province for many years. When assistance is needed, it's provided by this government, has been in every case. In cases there have been payments on a per-head basis, there's been assistance with grazing reserves, and there's been help with moving the forage to the cattle. Those are all things that may well need to be done. If they need to be done, they will be done. Again, the same as I responded to the leader of the Liberal Party: the hon. member makes a representation. Obviously, it's the kind of thing that would be considered in a total assessment of options, but come back to the fact that when it's necessary to help our farmers and ranchers, this government will do it.

MR. SPEAKER: Thank you.

Agricultural Concerns

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Agriculture. The drought situation that has faced us as farmers has brought on some unique and unusual circumstances to be faced by the crop insurance program and, as well, the hail insurance policy. For example, I had a farmer call me last night; his land is sandy and too dry to seed. The question he raised with me, and I raise this with the minister, is: would the government be prepared to adjust the crop insurance program so that if he does not seed that land and he practises good soil conservation, the crop insurance program would provide benefits to him as a person who has been a long-time subscriber of the crop insurance benefits?

MR. ELZINGA: Mr. Speaker, may I indicate my appreciation to the hon. Member for Little Bow for his concern as it relates to the dry conditions we are going through. As the hon. member

I'm sure is aware, the Premier and the associate minister announced yesterday some substantial changes to offset concerns as it related to fall-seeded crops. The specific suggestion the hon. member has given to us today by way of representation is going to be reviewed by our ongoing committee on Monday, June 6, in Regina, when they are getting together to examine further ways that we can offset some of the difficulty of the drought conditions.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Would Monday's meeting as well review the extension of the deadline for seeding in terms of an adjustment due to the drought?

MR. ELZINGA: I will bring that to the attention of our officials who are meeting, I should have explained to the hon. member that the officials that are meeting are a federal/provincial team that are doing an overall assessment. They've been very involved with the proposals we have announced to date as it relates to the crop insurance. We will also raise them with the chairman of our Hail and Crop Insurance [Corporation] within the province.

MR. R. SPEAKER: Mr. Speaker, final supplementary to the minister. The newly introduced Soil Conservation Act states that it is the duty of every landholder to "take appropriate measures . . . to prevent soil loss and deterioration." To the minister: will the regulations of the Alberta crop insurance program be reviewed and adjusted to enhance new conservation initiatives in the province?

MR. ELZINGA: Yes, Mr. Speaker. This was highlighted in the statement that the Premier in conjunction with the associate minister released yesterday when we did announce our changes to hail and crop [insurance], whereby proper soil husbandry was going to be a key criteria of any changes that we did make, recognizing that our soil is one of our most -- if not the most -- precious resources that we do have.

MR. TAYLOR: Mr. Speaker, to the minister. He may remember, if he's looked at pictures, that there was a type of equipment to windrow or make large grooves in the drifting soil. It was prevalent and supplied by the government in the 1930s and '40s. Has he made any assessment to see whether any of that kind of equipment is available to loan farmers in order to stop soil drifting?

MR. ELZINGA: Mr. Speaker, it could be that our department has. I haven't, but I will follow it through for the hon. member.

MR. SPEAKER: Athabasca-Lac La Biche.

MR. PIQUETTE: Yes. Re the water assistance program. Why is the minister persisting in asking farmers to put a \$150 deposit to rent the pump from his department to pump dugouts? I've had a number of calls complaining about that.

MR. ELZINGA: Mr. Speaker, it's a normal practice. In recognition of the severe dry conditions we are facing, we reduced by 50 percent the charges that do apply to our pumping and piping equipment. I'm happy to report to the House that we've had some 540 applications to date to make use of that. We've serviced close to 400 of those already. The majority of the farmers

are very happy with the reduction that they are presently paying, and it is serving a very worthwhile need.

MR. SPEAKER: Olds-Didsbury, followed by Edmonton-Mill Woods, Calgary-Buffalo.

Crow Rate Benefit Payments

MR. BRASSARD: Thank you, Mr. Speaker. I'd like to address my remarks to the Premier. For many years this province has supported the need for payment of the western grain transportation subsidy, or what is more commonly known as the Crow rate subsidy, directly to the producer rather than the railway. I was very pleased, therefore, when I saw that the communiqué from the Western Premiers' Conference refers to an agreement on this method of payment. Would the Premier please advise members of the nature of this agreement that was reached at this conference?

MR. GETTY: Mr. Speaker, it is true that the matter of agriculture was the number one item discussed by the Premiers. I should just draw to the attention of the hon. member and all members that agriculture as a national priority was endorsed as part of our agreement, then the drought situation, deficiency payments for 1988, soil conservation methods. But then a breakthrough that we were able to make for the first time: all Premiers in western Canada endorsed the request by the province of Alberta and the province of British Columbia that individual provinces should have the ability to determine the method of paying the Crow rate in their province. This way, Mr. Speaker, we would have in Alberta and in British Columbia an opportunity to conduct a pilot project where we would have the payment go directly to our individual ranchers and farmers so that they could make the decisions, rather than to the railroads.

We're quite confident that if you follow up the western Premiers' recommendation, a pilot program will provide an opportunity to have the Crow benefit go to the farmers and ranchers and prove the position of the Alberta government, the British Columbia government, and the people of Alberta, the farmers and ranchers who are out there doing the work and know that the best way is to have those funds flow to them, not to the railroads.

MR. BRASSARD: My supplementary question, then, is to the Minister of Economic Development and Trade. Could the minister indicate what steps the government is taking towards achieving a pay-the-producer pilot project?

MR. SHABEN: Mr. Speaker, the steps have been carefully worked out. In 1981 the Progressive Conservative Party held a provincewide meeting in Red Deer with farm representatives from across the province, a two-day intensive meeting where we discussed agricultural issues. The key issue we discussed was the western grain transportation system and changes that were needed. Conclusion was reached that the Crow payment needed to be changed. We pursued that decision aggressively. The most recent has been a caucus committee chaired by the chairman of our agricultural caucus, the Member for Taber-Warner, who has conducted meetings throughout the province to assess the views of Alberta farmers on this important issue. The conclusion has been that Alberta farmers by about 70 percent favour a change of method of payment. This is in order to improve the

efficiency of Alberta agriculture in order to allow more value adding in Alberta and not distort agriculture. Therefore, we are working with the federal government, British Columbia, and the Alberta Wheat Pool to design the mechanism by which those changes might be implemented.

MR. BRASSARD: To the Minister of Agriculture then. With a change in the method of payment would it still be necessary for this province to continue the Crow offset program?

MR. ELZINGA: Mr. Speaker, it would be our plan, as we progressed into a method of payment that went directly to the farmers, to withdraw our Crow offset, because it is an offset to what we consider a very discriminatory practice on the part of the federal government whereby the payment does go to the railroads. We see this as a very big step forward. The minister of economic development has outlined the success we've met with to date, and we're delighted with that success, acknowledging that it's not going quite as fast as what we would have liked.

MR. SPEAKER: Final supplementary, Olds-Didsbury.

MR. BRASSARD: My final supplementary is back to the Minister of Economic Development and Trade. With regards to this initiative, what representations have been made to the federal government?

MR. SHABEN: Mr. Speaker, there have been extensive representation and discussions with the federal government, most recently when the hon. Mr. Bouchard, the new federal Minister of Transport, was in our province. I raised the issue, and we had an opportunity to discuss it and agreed that we would meet again on a more formal basis to pursue those discussions.

MR. TAYLOR: Mr. Speaker, I'm just wondering whether this has been thought through. The free trade agreement quite clearly says that the Crow rate subsidy cannot be used to put any agricultural products into the U.S., just for export. So how in the dickens are you going to get away with paying the Crow rate subsidy direct to the farmers without infringing on your free trade Act, your pet Act?

MR. SHABEN: Mr. Speaker, it's obvious that the Member for Westlock-Sturgeon has partially looked at the issue, but as we've explained on a number of occasions, another reason for changing the method of payment is that by only applying the Crow benefit to export grain, that would attract the potential of countervail from the United States or from other countries. The advantage of paying the producer is that you remove that threat.

MR. FOX: Mr. Speaker, it's nice to have the opportunity to address at some length in question period a matter of federal jurisdiction that impacts on the province of Alberta. But I'd like to ask the Premier if he's aware that changing the method of payment to the so-called pay-the-producer method will have the immediate and direct impact of transferring the burden of the \$21 a ton payment to the farmer who delivers grain to the elevator at the time of sale.

MR. GETTY: Actually, that would not be the case. In fact, Mr. Speaker, by paying it to the farmer or rancher, you would have the opportunity for individual Albertans to make their own choices. One of the concerns, I know, of the socialist govern-

ment is they don't like individual choices or individuals to make those decisions. [interjections] It's interesting that the . . .

MR. SPEAKER: Fine. Hon. Premier, that's fine. If they don't want to hear the answer, we'll go on to the next question, which is Edmonton-Mill Woods, followed by Calgary-Buffalo, followed by Calgary-Fish Creek.

MR. GETTY: I just want to say one more thing, Mr. Speaker. [interjections]

MR. SPEAKER: That's fine; that's fine, folks. I've got lots to do this afternoon too.

The Chair had indeed recognized Edmonton-Mill Woods.

Health Care in Rural Alberta

MR. GIBEAULT: Thank you, Mr. Speaker. My questions today are to the Minister of Hospitals and Medical Care. While urban Albertans are generally well served by medical practitioners, northern communities in this province, in particular native communities, have often had difficulty attracting and keeping doctors and other health care professionals. However, there are many foreign medical graduates who have passed the Medical Council of Canada's evaluating examination and are willing to serve in smaller rural communities but are being blocked, because they can't get access to internships, from getting licensed and serving those communities. So I'd like to ask the minister this question. Since he's been aware of this problem for almost two years, what discussions has he had with the College of Physicians and Surgeons, his federal counterpart, and within his department to try to remove these roadblocks so that qualified physicians can serve the health care needs of northern Albertans?

MR. M. MOORE: First of all, Mr. Speaker, the hon. member is not correct in his assumption that problems exist only in northern Alberta. The facts of the matter are that there has been for many years difficulty in attracting physicians to small communities, and particularly one-physician practices. We have an equally difficult problem in south-central Alberta and other parts of the province as we do in northern Alberta.

But leaving that aside, the question of whether or not I should intervene to urge the College of Physicians and Surgeons to qualify doctors from other parts of the world to practise in this province that have not been able to meet the standards laid down by the College of Physicians and Surgeons in Alberta is something I simply would not do. I believe very strongly that our citizens are entitled to the very best medical care, and that includes the qualifications of medical doctors. Members know full well that there are many, many countries in this world whose educational requirements are far below those that exist in Canada and Alberta.

On the other hand, I have encouraged the college very much to try to push Canadian and Alberta graduates of medical schools out into our rural community and have discussed at length with the Alberta Medical Association the problem of doctors congregating in Edmonton and Calgary and even suggested on several occasions that we might have some allocation of billing numbers to force doctors into smaller rural communities. That was set aside over the course of . . .

MR. SPEAKER: Thank you, hon. minister. We have great con-

cern about the time of the question period.
Edmonton-Mill Woods.

MR. GIBEAULT: Supplementary to the minister. He knows that internships cost money, and that's really one of the things that has to be addressed. But the question I want to ask him is simply this: given that this problem affects so many doctors and physicians and other health care professionals from a variety of ethnocultural backgrounds, can he advise us what initiatives he's going to take to ensure that this government's stated commitment to multiculturalism is going to have some impact on the health care field and is not just tokenism?

MR. M. MOORE: Mr. Speaker, the hon. member needs to know that this government isn't going to put in place some system of qualifying doctors for residency or for practice that mitigates against people who were born and raised in this country. To have some kind of a program that will allow immigrant doctors to practise and get privileges ahead of people who went to our own medical schools is not something I'm interested in doing. That's a typical NDP possibility, but it's certainly not one that we would entertain.

MR. GIBEAULT: I guess he doesn't care about the needs of people in northern Alberta. But let me ask him this. Would he investigate the case of Dr. Moustafa Abdullah, who is an Egyptian doctor who lives in Fort Vermilion who has the support of the Tall Cree Indian Band, the school division, and several other people there? He wants to practise; he wants to serve; he's passed the Medical Council's evaluating examination. But he can't get an internship to . . .

MR. SPEAKER: Hon. member, order. The question's been asked, without going through all the qualifications of the particular individual.

MR. M. MOORE: Mr. Speaker, I'm well aware of that particular case and several others. The matter is entirely one for the College of Physicians and Surgeons, which has full responsibility for licensing doctors to practise in Alberta.

MR. GIBEAULT: Final supplementary to the Premier, Mr. Speaker. Given that the Premier has spoken frequently about the value of multiculturalism and how the greatest asset of our province is our people, will he make the commitment, will he direct his commission on future health care or his multicultural commission, or both perhaps, to address this issue so we can put an end to this gross waste of qualified medical expertise in this province?

MR. GETTY: Obviously, Mr. Speaker, when you have commissions to handle things and get the people, highly respected members of our public, to hold hearings and then to make recommendations, you hardly direct them then what to do.

MR. SPEAKER: Calgary-Buffalo, followed by Calgary-Glenmore.

MR. CHUMIR: Thank you, Mr. Speaker. It's really not an issue of discriminating against Canadians. Can the minister tell this House why we keep bringing in doctors from South Africa, England, and elsewhere every year to serve rural areas when we have a base of immigrant doctors who have passed their exams

but just can't get the qualifications through the absence of internships? It's the system.

MR. M. MOORE: Mr. Speaker, the hon. member needs to recognize the difference between a doctor who is able to come into our country or our province and fully qualify him or herself through the College of Physicians and Surgeons to practise medicine and then go into some rural community, as opposed to an immigrant doctor or refugee doctor who still has to take out residency and qualify in some other ways. We like to encourage Alberta and Canadian graduates to move into smaller communities, but when that doesn't occur and a rural community is able to contact a doctor from some other country who can be qualified quickly or is fully qualified to practise medicine here, then that occurs. It would be wrong to simply say, "No, they cannot come in to service that community" because we hope that somewhere down the road a refugee doctor or some other immigrant doctor may be able to qualify.

I add once again, Mr. Speaker, that we are in no way discriminating against newcomers to this province in terms of their ability to practise medicine. But there is a set of standards, and those standards simply must be met. Anything less would be a disservice to the people of Alberta.

MRS. MIROSH: Mr. Speaker, to the Minister of Advanced Education. Can the minister tell the House how many graduates from the school of medicine we have in Alberta that are qualified to take these jobs in rural Alberta, or anywhere in Alberta?

MR. RUSSELL: I'm not sure whether the hon. member is asking for the specific numbers or what percentage of each class is qualified.

MR. SPEAKER: Main question, Calgary-Buffalo.

Smoking Policy in Government Buildings

MR. CHUMIR: Thank you. This is to the Premier, Mr. Speaker. The federal government has just passed two pieces of progressive legislation with respect to smoking, which is in contrast to the provincial government, which allows almost unrestricted smoking in many government buildings, including this Legislature and this Chamber, which is the most public room in the province. However, I do understand that you can't smoke in vaults in this building, which means that you can hold a smoke-free meeting in a vault. Now, I'm wondering whether the Premier can tell us why his government does not have in place a comprehensive policy which provides for the right to breathe clean air by those working in and doing business in government buildings. Why is it left to each department?

MR. GETTY: Mr. Speaker, having suffered all these years with smokers around me, I take the hon. member's representation. But I would point out to him that this is the Legislature; this is where laws are enacted. The hon. member has the same right as anyone else to introduce legislation. Introduce it and convince the House.

MR. CHUMIR: Well, we will. But I'm wondering: will he commit his government, then, to supporting legislation similar to the new House of Commons Bill 204, which provides that every employer under federal jurisdiction, including the government, shall provide a smoke-free environment for employees,

subject, of course, to the right to provide designated smoking rooms for use by smokers? Will he support that type of legislation?

MR. GETTY: Mr. Speaker, no one would be more offended more quickly than the hon. Member for Calgary-Buffalo if we somehow dictated the way MLAs would think and vote on legislation.

MR. CHUMIR: That sounds very wimpish. I'm wondering whether the government, then, would simply agree to have the matter looked into and to set up an all-party committee of the Legislature without delay in order to bring forward proposals for comprehensive government policies to the fall sitting of this Legislature.

MR. GETTY: Well, Mr. Speaker, the hon. member, as I said earlier, can move a motion, a resolution if he likes, or move legislation. And there's no magic about the fall session; this may be the fall session of the Legislature.

MR. CHUMIR: That is a red herring.

Well, I have in fact raised this matter with the Government House Leader, to no avail. I'm wondering whether in the meantime, as a matter of leadership, the government would support an initiative, if I introduced it to this House, to prohibit smoking in this Legislature and in this Chamber.

MR. GETTY: Mr. Speaker, in a way it's the question that he asked in the second supplementary, and I'll give him the same answer. If the hon. member wants to move a resolution or present legislation, nobody would be more reasonable about it than I would, since I have never smoked all my life. Therefore, I would ask him and see whether his arguments are good enough to carry the Legislature. That's the system working.

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried unanimously.

Additional supplementaries? Member for Stettler, followed by Edmonton-Centre.

MR. DOWNEY: Mr. Speaker, I'd like to direct a supplementary to the hon. Solicitor General, in that any action taken legislatively with regard to smoking in the Legislature will adequately protect the civil liberties of all the citizens of Alberta.

REV. ROBERTS: Mr. Speaker, since smoking is the number one cause of premature death due to heart disease, what actions similar to the federal House is the Minister of Community and Occupational Health taking to remove smoking in public places, government, or elsewhere? What initiatives is he taking here in Alberta that are as bold?

MR. DINNING: Well, Mr. Speaker, I had the opportunity to introduce in the Assembly some 27 young Albertans last month who participated in a provincewide contest that promoted a smoke-free life-style. It was a very successful campaign, and that's where we're starting our efforts, in the schools with stu-

dents in this province so that they learn about healthy life-styles.

MR. SPEAKER: The time for question period has expired. We have a request under Standing Order 40. Member for Highwood, speaking to urgency.

MR. ALGER: Thank you, Mr. Speaker. I request unanimous consent under Standing Order 40 to move the following motion.

Be it resolved that the Legislative Assembly recognize the week of June 5 to 11 as Senior Citizens' Week in Alberta and express to all senior citizens in our province the gratitude and appreciation of all citizens of Alberta for their contributions, past and present, that have made our province strong, viable, and the sparkling jewel in the necklace of Confederation.

Mr. Speaker, the reason I ask for the unanimous consent of the Assembly at this time is to make the citizens of Alberta, both rural and urban, aware of the upcoming week and urge them to also recognize our senior citizens during this special week.

MR. SPEAKER: Is there unanimous consent to urgency?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.
Speaking briefly to the motion, Highwood.

MR. ALGER: Mr. Speaker, as chairman of the Senior Citizens' Advisory Council it gives me great pleasure to proudly announce that the week of June 5 to 11 has been declared as Senior Citizens' Week in Alberta. This is the third year in which we have set aside a special week to honour the older citizens of our province. Spearheaded by the Provincial Senior Citizens' Advisory Council in conjunction with the Senior Citizens Secretariat, this week provides us all with the opportunity to express our special appreciation to our older fellow citizens for the contributions which they have made, are now making, and will continue to make to the life of our communities. The legacy of their vision, their tenacity, and hard work has meant an enviable life-style for those of us who benefit by being Alberta residents today.

The theme for the week will be "seniors active in the community." There are three objectives which I hope all of you will keep in mind as we celebrate this week. They are: to recognize and honour senior citizens in Alberta, to highlight the positive contributions which seniors are making in their communities, and to promote understanding and encourage positive attitudes towards seniors. The last objective, I believe, is most important. It is time we realize that the growing numbers of older persons in our province are not a problem but rather represent a rich resource of talent and strength in a triumph for our society.

May I take this opportunity to thank the Minister of Social Services, Connie Osterman, for all her assistance through the past year in this particularly pleasant portion in that particular part of the structure of her portfolio.

I urge you all to do your utmost to ensure that Senior Citizens' Week is a success in our province, and in keeping with that urgency, I further urge all members to support this motion.

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

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. The motion carries unanimously.

ORDERS OF THE DAY

head: WRITTEN QUESTIONS

193. Mr. R. Speaker asked the government the following question:

With respect to direct farm loan authorizations by the Alberta Agricultural Development Corporation, AADC,

- (1) what is the latest distribution analysis data for direct farm loan authorizations provided on page 7 of the 1986-87 AADC annual report, by region;
- (2) what is the historical distribution analysis data for direct farm loan authorizations from 1972 to date, by region;
- (3) what is the distribution analysis data for the regions described in the annual report as regions #1 South and #2 South Central, by municipal district or county, from 1972 to date;
- (4) how many AADC direct farm loans are one or more years in arrears for regions #1 South and #2 South Central and for each municipality or county in that region;
- (5) how many quitclaims and foreclosures were there in regions #1 South and #2 South Central, by municipality or county for the years 1984 to date?

MR. ISLEY: Mr. Speaker, on behalf of the Associate Minister of Agriculture I am providing the response to Question 193.

195. Ms Barrett asked the government the following question:

- (1) What is the budget for the Banff Television Festival for 1988, showing, but not limited to, amounts budgeted for
 - (a) hosting, hospitality, and entertainment;
 - (b) honoraria and expenses for sponsored visitors;
 - (c) costs associated with screenings;
 - (d) prizes and other awards; and
 - (e) all costs associated with script writing and scriptwriters?
- (2) What actual amounts were expended for the Banff Television Festival in each of the years in which it has been mounted, showing for each year but, as above, not limited to expenditures in each of the categories noted in clause (1)?

MR. STEVENS: Mr. Speaker, I wish to file the response to Question 195.

196. Mr. Wright asked the government the following question:

Of the grants made or announced by the Minister of Culture and Multiculturalism to the Alberta Foundation for the Literary Arts and amounting to \$800,000 for television and audio purposes, according to the minister's letter to the foundation's chairman of April 21, 1988, how much is intended for script writing and how much for other purposes, detailing same?

MR. STEVENS: Mr. Speaker, I wish to file the response to Question 196.

head: **MOTIONS FOR RETURNS**

MR. YOUNG: Mr. Speaker, I move that motions for returns 190 and 197 stand and retain their place on the Order Paper.

[Motion carried]

head: **MOTIONS OTHER THAN
GOVERNMENT MOTIONS**

212. Moved by Mr. Oldring:

Be it resolved that the government of Alberta urge the federal government to dissolve the current federal parole system and implement a system that better protects society.

MR. OLDRING: Mr. Speaker, I'm wondering if I can have unanimous consent of the House to make a verbal amendment to Motion 212?

MR. SPEAKER: The amendment being?

MR. OLDRING: Being,

Be it resolved that the Legislative Assembly of Alberta urge the federal government to dissolve the current federal parole system and implement a system that better protects society, as opposed to "the government of Alberta."

MR. SPEAKER: Is there unanimous consent to that amendment?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.

Speaking to the motion as amended by unanimous consent, Member for Red Deer-South.

MR. OLDRING: Thank you, Mr. Speaker. It's a pleasure for me at this time to be able to introduce Motion 212, now reading:

Be it resolved that the Legislative Assembly of Alberta urge the federal government to dissolve the current federal parole system and implement a system that better protects society.

Mr. Speaker, I know that some here this afternoon might question why we would be bringing a matter before this Legislative Assembly that perhaps is more pertinent to the federal government than to the provincial government. But I have to say that there are some things in this province and this country that I feel very strongly about. One of those things is impaired driving, and I'm very pleased with the actions we've been able to take there to date. Another one of those things is the parole system. It's something that's certainly troubled me over the years. It's something that the constituents of Red Deer-South have brought to my attention on numerous occasions and have shared some real concerns with me. I felt that perhaps by discussing it here in the Assembly this afternoon, we could send a message and some direction to our federal counterparts. The message is really meant in a constructive way and a helpful way, and it really is being brought forward only to assist them as much as we can.

[Mr. Deputy Speaker in the Chair.]

Mr. Speaker, each of us here today is well aware of numerous and well-documented cases whereby parolees have committed murders or other particularly serious acts against society.

We are all familiar with the more notorious cases of the Daniel Gingras types, which have captured front-page headlines across the country. But how many of us are aware that over the past 12 years 130 murders have been committed in this country by convicts out on parole? One hundred and thirty murders, Mr. Speaker, by convicts out on parole. The figure is astounding and totally unacceptable and a price society should not have to pay. What type of parole system is it that continuously releases dangerous offenders which after-the-fact inquiries tell us are known to be emotionally unstable and should never have been released in the first place? Our society has more rigid controls on dangerous goods that it does for dangerous offenders, or so it would seem given the number of murders by convicts while out on parole.

Mr. Speaker, I want to make it very clear that the failure and criticism of the current parole system appear to be largely centred around the release of dangerous offenders in particular and should not be affixed to the general parole system in this country. We need only look at the statistics concerning the two most successful forms of parole: unescorted temporary absences and day parole. Unescorted day parole recorded a 99.68 percent success rate. Almost all prisoners released unescorted on day passes returned to correctional institutions or halfway houses without incident, while 82 percent of day parolees met fully the conditions of their release. To dub the parole system a complete failure would be to ignore the facts. I grant that in most instances it manages to return law-abiding citizens back into society. Over the past 12 years, 65 percent of former inmates successfully completed their parole and were never readmitted to prison. I suspect, Mr. Speaker, that many of those success stories are in spite of the system, not necessarily because of it.

These generally positive statistics mask seething problems within our penal system. But I will focus my comments this afternoon on the parole system, because it is the important link between prison and society. It is here where many grave errors are made. It is here where reform should begin. I think it's useful for purposes of this debate to consider why this country adopted parole to begin with. Originally the purpose of parole was mainly rehabilitative. It offered a controlled method of easing a prisoner back into society, of exposing him to constructive activity by allowing him contact with family and friends. It rewarded a demonstration of responsibility with early supervised release, with a view to eventual independence and total rehabilitation. This might work under certain ideal conditions. It might work if parole officers were not burdened with unmanageable caseloads, which make it virtually impossible for them to effectively monitor the movements of their wards. It might work if there existed a foolproof method of detecting which parolees would commit horrendous, violent crimes given the first opportunity. It might work if society made it easier for ex-convicts to adjust to life outside of prison. It might work if the system could afford to provide the kind of care and counseling needed for total rehabilitation. But as we all know, this is an imperfect world, and we have no way of providing these basic assurances, these guarantees.

More seriously though, we have no way of protecting society when the system fails. We as legislators have to ask ourselves: how can we restore society's faith in a system which has failed them and has let them down on so many occasions? Mr. Speaker, it's not possible for us to incarcerate all serious offenders for the rest of their lives. Besides the prohibitive costs, it is contrary to our very nature to deny people a second chance.

I'm sure that none of us here have any desire to revert back to a medieval system of justice which denies humans the capacity to change, the opportunity for reform, or the opportunity to make amends and once again contribute to society. What we have to do is look for a middle ground, an acceptable middle ground. We have to provide a system which is firm and strict, while at the same time fair and humane.

Now, how are we going to accomplish that? Where do we begin? Where do we start? Well, we start by taking a look at what's wrong with the existing system. In this country an inmate becomes eligible for day parole after serving one-sixth of his sentence and eligible for full parole after serving a third. Pursuant to the Prisons and Reformatories Act, any inmate in a provincial institution, even if originally sentenced to a penitentiary term and subsequently transferred to a provincial jail, may be granted unescorted, temporary absences, not exceeding 15 days, at any time after the commencement of his sentence. Inmates in provincial institutions do not even have to serve a minimum amount of their sentence in order to qualify for these temporary releases, or so-called temporary releases. In practice inmates may be granted back-to-back temporary absences on a more or less continuous basis to allow them to hold employment and live at a home or an approved halfway house. It's possible for some offenders to serve little or no time at all. This system of justice returns some prisoners back to the community barely before the judge's gavel has even come down.

What we have, Mr. Speaker, is a system which has become much, much, much too lenient. The seemingly harsh sentence of a judge becomes in actuality little more than a rap on the knuckles. Sentences become an illusion, smoke and mirrors. By releasing criminals prematurely, we as a society fail to express the unacceptability of their crime. By not imposing sentences which are commensurate with their actions, we fail to convey the full extent of our disapproval.

Mr. Speaker, this is not the only fault within the system. I'm also concerned about the very structure of the parole board and its relationship vis-à-vis the judicial system. A parole board is comprised of appointed members -- not elected members but appointed members. Again, they are not elected members or members of the legal community who operate within dictates of law and precedent. No, they are chosen members of society. What worries me here is that this very important body is potentially open to political intervention or other kinds of interference. Moreover, its decisions are rendered in total secrecy and are not subject to public scrutiny or public review. Parole boards are given immense discretionary power. One may wonder at the rationale behind such an investiture. We are asking a group of appointees, who are governed by neither law nor precedent but rather by bureaucratic edict and possibly political pressure, to make monumental decisions which may have chilling repercussions on society. Mr. Speaker, we have to ask ourselves: is it wise for our society to endow so much power in a group chosen under such circumstances? Should we allow a group to in effect second-guess the punishment issued by a judge, issued through the judicial process? The results, Mr. Speaker, are disturbing.

This system of justice, as I mentioned earlier, creates an illusion. Let me give you an example. A judge hands down a sentence; let's say it's six years. Society is appeased. It is given the impression of just punishment: six years. But as I have indicated before, the prisoner may be released the next day. The next day, Mr. Speaker. With good behaviour he can be out in two years maximum. Now what kind of message does that send

to would-be criminals? The message is not one that bodes well for law enforcement in this country. The message is this: "Commit your crimes. Chances are you will get caught. We'll put on a showy trial, but behave yourself and we'll let you out just as soon as we can." Mr. Speaker, six years is not six years. Six years is two years. That is what frustrates the public of Alberta right now. They want a sentence to be a sentence. They want a spade called a spade. If it's a two-year sentence, then let's call it a two-year sentence. Let's not play games. Two years is two years. Even metrification didn't change that.

Mr. Speaker, our justice system has lost its deterrent force. The consequences of crime have become less menacing to the potential criminal. Criminals are gambling with the system, and more often than not they're coming out the winner. We have to remember who it is that we're dealing with here. These are people who, for whatever reason, have broken the law -- sometimes flagrantly, sometimes chronically. Some are dangerous. But how do we determine which pose a threat to society? No penal system, except for the most severe and inhumane, comes with guarantees. Under the present system, release decisions are made on the basis of perceived need, incarceration for protection reasons, and the offender's progress towards rehabilitation. The process is a highly subjective process. We are dealing with human behaviour, and not even the most respected experts can predict future behaviour with certainty or even a fair degree of accuracy. That clearly is beyond the mortal realm.

So how do we restore our confidence back into society? How do we at least reduce the likelihood that convicts will harm individuals and properties upon their return to the community? Well, Mr. Speaker, we do our best to see that criminals stay in prison longer. By making them pay duly for their crimes, we send out a signal that this society does not tolerate crime.

As we speak, a strong antiparole movement is afoot in the United States, and much to the chagrin of the NDPs opposite, I think we might look south for some of the direction on this issue. It's of interest to note that the United States Congress abolished parole for federal offences in 1984. In addition to abolishing discretionary parole, they have also reduced the amount of good time a prisoner can earn. And as an added safety measure, federal judges are given the power to impose sentences, a preventative detention, on those prisoners who, in their judgment, pose a danger to society.

At the state level, Mr. Speaker, 13 states have followed suit and enacted compulsory determinant sentences; that is, sentences which must be served in full. In some states discretionary parole and parole boards have been abolished altogether. Many of the remaining states have pending legislation for the abolition of parole boards in favour of mandatory supervised release at the end of determinant sentences.

Mr. Speaker, the United States experimented with a more liberalized penal system, one that gave the convict the benefit of the doubt, which gave him every opportunity to rehabilitate himself, which gave him the opportunity to further his education or acquire necessary skills in order to lessen the chances of recidivism. I believe that those opportunities should remain a part of the penal system. It would be a gross dereliction of duty if we did not attempt to rehabilitate criminals. Rehabilitation may not work in every instance, but that is not cause to abandon it altogether.

But, Mr. Speaker, we've gone too far. In our haste to rehabilitate, we forgot. We forgot that these people had wronged society and that society had determined they should pay for their crimes. We were almost apologetic in our attitude

towards criminals. It was as if they had turned out the way they did through some fault of our own, that we were to blame.

Again, in the United States the system is correcting itself by leaning towards fixed determinant sentences and eliminating discretionary parole. The result is that while sentences have generally been reduced in length, prisoners are spending more time in correctional institutions. The illusion I talked about on a couple of occasions earlier this afternoon is gone. If you're sentenced to six years, you serve six years. What could be clearer, Mr. Speaker? Six years is six years.

We cannot allow this trend to go unnoticed here in Canada, but it carries tremendous costs. If we opt to impose determinant sentences and abolish discretionary parole, the prison population will swell drastically. There's no question about that. So we must decide whether we are prepared to expend greater funds to build a more rigid and effective system. It's an expenditure which is necessary if we are to make the penal system work in this country.

Mr. Speaker, I'm certainly not the first to come out against the parole system, and I'm sure I won't be the last. I'm anticipating we'll have other speakers speaking in support of this motion later this afternoon. Other eminent Canadians share my concern. For example, acclaimed defence lawyer Edward Greenspan said the parole system "hoodwinks" the Canadian public, and he called for its abolishment. A Manitoba judge likened the parole system to a Monopoly game. He said it made a mockery of the courts, and he, too, has called for its abolishment. Sharing their position is the Law Reform Commission of Canada, a legal research advisory body, which also advises its abolishment.

[Mr. Musgreave in the Chair]

Mr. Speaker, it worries me greatly that the very people who work in the justice system have lost respect for parole, while the Canadian people have lost their faith in the parole system. The biggest supporters of the parole system are the convicted offenders themselves. It's a system which works in their best interests and not the best interests of society overall. It is a system which puts in jeopardy the very security of society by reducing sentences to laughable terms.

We have to make it a risky proposition to commit a crime in this country. We do that by raising the probability that they'll be caught and they'll pay dearly for their transgressions. I'm concerned that if this system is allowed to continue, more unnecessary deaths and injuries will result. We've toyed with a more lenient system and it hasn't worked. It hasn't worked. Now it's time to impose a system which deals with criminals more justly. I'm not advocating strong-arm tactics, but I am suggesting that we take a tougher stand. What I'm asking for is justice -- pure and simple, Mr. Speaker, justice. I strongly urge this Assembly to support Motion 212. In doing so, we tell the federal government the current system is unacceptable to us in Alberta and is in dire need of reform.

Thank you, Mr. Speaker.

MR. FISCHER: Mr. Speaker, I have been listening to the debate on Motion 212 with great interest. First, I must say that I'm pleased the Member for Red Deer-South has brought this motion before the House. As some hon. members will recall, I introduced a motion on capital punishment that was debated and adjourned, I might add, two years ago. This motion has something in common with mine. Both are concerned about how

criminals are punished in this nation and how safe society is from repeat offenders.

Mr. Speaker, I'm not sure that we have to dissolve the Canadian parole system, but I'm very sure that it does have to work better. I fully realize that there is no perfect system, but our citizens have to be better protected from the kinds of things we read in the papers all the time: the offender who, after early release, serving only one-third or even as little as one-sixth of his sentence, commits the same crime over again. The parole system isn't the only system at fault, but it is a large contributing factor. Also, Mr. Speaker, I think we have to realize, as I read in a report, that the parole system does release some deserving offenders from the destructive environment of the prison earlier than otherwise would be possible, but the emphasis is on some and only some.

People are concerned about the country's penal system, and the parole system is part and parcel of that system. It starts when a judge sets the penalty for the crime. That penalty may be two weeks or 20 years in jail, and I say that's fine; that's what the penalty should be. What I think is happening now is that when a judge is determining a sentence, he is thinking: this person should be in jail a minimum of one year, so I'll give him or her a three-year sentence. Surely they can't give a 10-year sentence because they think they'll probably only get three. I believe it's very disturbing for judges that they aren't sure if the sentence they give is what the offender actually serves. That makes it extremely difficult to make a good, honest judgment in sentencing. The parole system, in my view, undermines the decision of the judges and juries. We have a judicial system of professionals, and then we come along with a parole system that undermines the penalties the system imposes. The judge and the parole system key on entirely different issues. And I might add, how do you think a policeman who risked his life to catch a criminal thinks after the criminal is let out after serving a sixth or a third of his sentence?

A person's behaviour while in jail shouldn't be the only consideration. That person has already proven that they aren't such good behaviors or they wouldn't be in jail. We can't forget that the convict has a debt to pay to society. Certainly time in incarceration should include training and rehabilitation, but in all that a penalty still has to be paid. I really believe we have forgotten about why the people went to jail to begin with.

The other element is that the parole system is predicting how the offender is going to act. With or without a crystal ball, predicting the future is always guesswork, so you have to be making extremely accurate guesses and ones you're really sure of. And in fairness to the parole board, no one is able to do that. The minimum time served before becoming eligible for parole is one place where I think the rules need to be tightened. Inmates can apply for full parole after serving one-third of a sentence or seven years, whichever is less of course, only if they aren't lifers or have an indeterminate sentence. According to the statistics I got, about 40 percent of the inmates who apply for parole are granted full parole. Perhaps the minimum eligibility should be half the sentence or three-quarters of the sentence instead of one-third.

Day parole and day passes are both in need of tighter controls. I'm sure hon. members recall the incident where an inmate on a day pass overpowered his guard at West Edmonton Mall and now is being tried for robbery and murder. The sadder part of this is that he was serving a sentence for another murder committed while he was out on a day pass in 1979. I don't think it is particularly appropriate to let murderers out on a day pass,

even if it's their birthday. So the rules certainly should be looked at for day passes. One incident like this that I described is certainly one too many. I have a definition here of day parole from the National Parole Board. It says: day parole gives inmates exposure to constructive activity and allows contact with family and friends; it is usually granted to persons considered to be candidates for full parole. I think there have to be some pretty strong criteria or evaluations or guidelines about someone on day parole and where they can go, and that the exposure really is constructive.

Another concern I have is with mandatory supervision. This is commonly known as time off for good behaviour. I do understand the importance of a transition period for the offender returning to the community, but I'm concerned about how this good behaviour is assessed and how effective the supervision is. I'm sure hon. members recall the incident in February of this year in Toronto where two violent offenders committed murder while living at a halfway house. Mandatory supervision sounds like a good idea, but a lot of things that sound good or look good on paper really aren't practical in reality. Maybe the percentage of crimes committed by offenders on mandatory supervision isn't that big, but they are crimes that wouldn't have been committed if mandatory supervision didn't exist.

I came across a statement that inadequate penalties put a premium on crime, and I'm afraid that's what's happened with our penal and parole system. I don't think a 70 percent success rate for full parole is good enough. That's what the statistics are: 70 percent of the inmates released on full parole successfully complete their sentence in the community. About half the remaining 30 percent are returned to the penitentiary short of committing a new offence, which means 15 percent are returned because they commit another crime. I don't see how we in our society can tolerate those numbers.

We don't live in a perfect world, and I know it's not possible to have a perfect world where there is no crime, but I do think we shouldn't add to the potential of having crimes committed. There has to be more certainty about who we let out on our streets and back into society: not releasing them because the system says we can but because a debt has been paid; the convict is ready to be back in society. I guess it boils down to the simple, sad fact that the supervision element of parole just isn't effective. There aren't enough supervisors. There aren't enough hours in the day, and even if there were, people can't play God and be everywhere all the time at the same time.

I'd like to say a few words about overcrowding in our prisons. I'm sure hon. members know my feelings about convicts serving life terms for committing premeditated murder, and those feelings certainly wouldn't contribute to overcrowding. Prisons and imprisonment are expensive. Costs really are overwhelming. It is estimated, for example, in California that by 1990 the state's Department of Corrections' expenses will consume approximately 10 percent of the total state budget. It's not quite that bad in Alberta or Canada, but the cost certainly isn't cheap. Prisons will fill quickly, and it seems that parole boards start letting people out as the prisons reach capacity. That's not the best way to alleviate overcrowding.

Perhaps what needs to happen in overhauling our parole board is to take a look at crime prevention, so we don't need as many spaces in our prisons. Part of that is getting through to people in our society that jail isn't a nice place to be. I know of cases where some people think jail isn't such a bad place to spend the winter: not as nice as Florida, but I'm sure it's easier and warmer than some other places. The thought of jail has to

be a deterrent, and that means jails have to be hated and not comfortable places.

I want to relate a story about a fellow I know who used to go to jail for the winter. He didn't have a home. He worked in the summertime, and he said that that was better and easier than being on unemployment insurance. He used to do it through liquor- and driving-related offences, until he got too many of them and then he started to spend a little too much time in jail. But he did say, after coming back two winters in a row, that he didn't mind going to jail, because it was quite a nice place there. "They give you your food and warmth and a nice place to lay down, and your tobacco, and you could watch TV," he said. "I didn't have that at home during the winter."

If we do develop a system, I think we have to take into account the other ways an offender can pay, and that may mean more than time in jail. It might have more effect on the offender than incarceration. Restitution plus a jail sentence would have a far greater effect than just jail.

Mr. Speaker, parole is a privilege, and like other privileges, it has to be earned and respected. Far too many people start talking about rights, and that's when our society starts running into difficulties. Our rights don't give us the right to do things that are wrong or harmful to others. The individual rights of a criminal offender do include the right to a fair trial and freedom of speech, but a conviction means society has a right to be protected from that person.

I have to agree with the Law Reform Commission of Canada, and that is a legal research advisory body. They have taken an official position to the effect that the National Parole Board should be disbanded and in its place a sentence supervision board should be set up which would monitor every aspect of each individual's incarceration, including transfers to lesser security, temporary absences, and early releases.

I'd like to commend the Member for Red Deer-South for bringing this motion forward. It is important to our society. Thank you.

MR. ACTING DEPUTY SPEAKER: The Member for Cardston.

MR. ADY: Thank you, Mr. Speaker. Thank you, hon. Member for Red Deer-South, for bringing forth this motion that I believe really needs to be discussed. There's a lot of public sentiment and concern out there about our parole system, and there's also a lot of public misunderstanding. I don't suppose anyone is ever sent to jail in a community or even in a city and given a sentence that you read about in the papers, that after the public reads it you'll hear the comment: "Well, yes, he got sentenced to 10 years, but we'll see him on the street in two. He'll be out either robbing banks or killing people in no time flat." That's the credibility our parole system seems to have achieved in the last few years.

The hon. Member for Red Deer-South quoted from Mr. Greenspan, who is a criminal defence lawyer. He felt so strongly about some things that are happening in our parole system that he wrote a book on it. I suppose he has some pretty authentic information in there, and as I read through some of his comments, I couldn't help but relate to them, because he articulates it just about the way I feel it is. You know, the Member for Red Deer-South mentioned that Mr. Greenspan said the parole system "hoodwinks" the public. He goes on to say that it encourages prisoners to lie and to manipulate.

"We should abolish parole and replace it with real

time."

In other words, whatever you're sentenced to, that's what you serve.

By "real time" he means shorter sentences that must be served in full. That would give judges acting in open court the discretion now enjoyed by the National Parole Board in secret.

He goes on to say:

"I think it's ridiculous that a judge decides one-third of a sentence and that a bunch of political appointees off in their little corner decide two-thirds of it."

Under current law prisoners, are eligible for day parole after one-sixth of their term has been served, and full parole after a third. Release is virtually mandatory after two-thirds [of their sentence.]

"What we've been doing is hoodwinking people," Greenspan said. "We give somebody a sentence of six years and the judge knows, the lawyers know, everybody but the public knows we really mean two or three years."

He also challenges the popular view that parole encourages prisoners to strive for rehabilitation.

He doesn't think that's really working. Well, I think we have to agree that our parole system is a part of our penal system. It's a large part. Perhaps we need to look at some of the things that are contributing to our overflowing prisons.

We have to assume that very few people want to be in prison. But how much do they not want to be in prison? I believe there are certain deterrents to crime, and they haven't changed much over the years. First of all, people, generally speaking, are very uncomfortable when they're arrested for a serious crime. There's embarrassment among their peer groups, there's embarrassment in their community, and they're an embarrassment to their family. The length of sentence certainly is a deterrent. I think everyone stops and thinks about that when they contemplate a crime: am I going to do three days for this crime or am I going to do three years for that crime? It has an action on what they decide to do, the severity of sentence. In other words, will it be hard labour, will it be maximum security, or will it be working in the office at the prison?

Then, of course, the opportunity for parole: will I be out in 90 days with a three-year sentence, or will I be out in one year with a three-year sentence; what will my parole be? A study I read recently that was carried out in the United States indicates that when the judicial system softened sentences and penalties in the '70s over the '50s and '60s, crime increased. Also at that same time the paroles were extended. So we saw crime begin to increase because the fear of the penalty was reduced.

Our parole system has a great impact on our penal system. In fact, it has more impact than does the judge and jury. I say that because the parole board has the power and ability to reduce a sentence by two-thirds. The judge, in that case, only has jurisdiction over one-third of that sentence. It has become evident that our parole system plays a big part, and if that is to continue, then perhaps a parole board member should be in attendance at every trial of a criminal nature to capture the emotion of the criminal: how does he behave under the circumstances when he's convicted; does he appear irrational? Certainly if the parole officer is going to make these judgments, he should be there to know if this man is a dangerous criminal, if he's violent, or whatever. Obviously, the transcripts they read later are not effective in helping them in their decision-making process. This was borne out in the case of Allan Sweeney, a paroled killer who killed another 21-year-old girl while out on parole. This killer had gained his parole from a board who admitted they had not had access to police reports, trial records, or details of his first killings. Psychiatrists who examined him when he entered

the prison failed to recognize that he was a dangerous sex offender. They thought it was a break and enter charge gone bad. With this kind of information, a parole board considered Sweeney's case and turned him loose, and he killed again.

Now, there are some criteria for prisoners getting a parole, and don't think the prisoners don't know it. In other words, they're well aware of what the parole board is looking for to let them out on parole. First of all, the parole board considers: can this person be rehabilitated? Secondly, what is the danger to society; if we turn this man loose or this person loose, what danger is he going to be to society? The third one is: what kind of institutional citizen has he been? Well, it's this last criterion that's full of holes.

A study conducted by Goldstein and Hepburn in 1984 indicates that inmates who adjusted best to formal prison life also encountered the greatest difficulty in making the transition from prison to freedom. So how does this wash? Not too well. Well, it seems like we always are holding out a carrot.

In the United Kingdom, North America, the Australian Colonies, Europe, Asia, and even in Nazi Germany and the Soviet Union, the carrot had always been dangled in front of the ordinary criminal in prison. "Behave well, work hard, obey your orders, and you may be transferred to a more pleasant place. Earn remission, obtain furloughs, get a ticket of leave, achieve parole, or otherwise be released earlier." All of these rewards have been used as management tools in order to maintain a reasonably compliant population in captivity. Rehabilitation, once conceived as the primary motive for the very concept of parole, has in reality played a hardly discernable part in the process.

I suppose rehabilitation, if it worked, would be enough of a reason for parole. But it just doesn't seem to be working that well.

The main arguments against the continuation of discretionary parole as a formalized institution are formidable indeed. Some of them I'll list for you.

- (i) While parole boards have in fact come to be important participants in the sentencing process, the offenders appearing before these boards have considerable less assistance and protection than they had in Court.

In other words, they're subject to the whims of the parole board: if they don't like the look in the man's eye, they can just arbitrarily decide no, he cannot have a parole, or if they think he's a really nice-looking fellow -- he'll do well out there, he puts forth a good front -- then he's granted his parole. Or perhaps it could work that way, at least

- (ii) Each board's rationale for ending or continuing incarceration is often unclear and, in any event, varies markedly from one inmate to another and, indeed, from one board member to another.

What may be important for granting a parole to one board member, does not necessarily follow through to the board member sitting next to him.

- (iii) The tasks which parole is supposed to perform -- the prediction of the offender's likelihood of recidivism and the monitoring of rehabilitative progress -- are, at the present time, beyond our capacities.

That's something that I don't suppose any of us can really adequately gauge.

- (iv) Aside from questions of effectiveness, it is patently unjust to base decisions about the severity of punishment on what the offender is expected to do in the future.

In fact, so the reasoning goes, parole boards are trying to do something that is impossible: namely, predict the future behavior of human beings. They are doing some things that are not valid, such as basing decisions on the belief that prison training or therapy are effective. They are doing other things that are unjust, like keeping people in prison because they may

do something "bad" . . .

What I'm really trying to point out here is that parole boards really do not have firm enough criteria in order to make decisions on violent criminals and what their behaviour will be when they are released from prison.

[Mr. Deputy Speaker in the Chair]

Well, I'd like to go on to deal just briefly with the subject of overcrowding. I don't think that any parole decision should ever be made on the basis of overcrowding in a prison. I don't think we can afford to turn violent criminals loose just because we need his bed and his room in a prison. That just doesn't wash very well, because when society has to go out and tell the families of murdered victims that that man was turned loose because the prison was too full, I'm afraid they're not going to get much comfort from that.

Some have said that criminals should be put back in society the minute they're able to cope; in other words, as soon as they're ready. As soon as it's considered that they can handle society again and refrain from crime, then put them back out in society. Whatever happened to the debt to society, the punishment? Is that to be disregarded? I daresay there are many first offenders who, having suffered through arrest and prosecution and all that goes with it, will never enter into crime again. I'm not talking about killers and sex offenders or other violent criminals. I'm talking about thieves and frauds and other types of nonviolent criminals. Under the criteria I just listed -- of remorse and adjusting to society -- they would all receive suspended sentences: no penalties. I'm not sure those types of criteria would work.

Well, let's look at the forms of parole that are out there. First of all, we have work release. Then we have earned remission. Then we have extended temporary absences. Then we have mandatory community surveillances. The list goes on of the different things that have been developed. Our present parole boards, as we know them are -- I think we can say -- inept at administering some of the parole criteria, and they should be reviewed. I think the public is dissatisfied. They are distrustful of our parole system; they feel unsafe because violent criminals are being turned loose on society.

I think society as a whole in Canada would like to see the whole parole system reviewed, and come up with some other system that would be more effective in protecting society from criminals who have not earned the right to be loose in society, who haven't earned the right to be out among ordinary people who are unprotected. Certainly we don't have the police forces, we don't have the system to give total protection in our society. There has to be a certain amount of trust out there. There has to be a trust that when one wants to walk down the street in the evening, one can feel safe. I believe that's what all of us are striving for in this country, and we don't need the parole system to be detracting from that type of security and safety that we've all come to look forward to and expect and enjoy in this good country of Canada that we all enjoy living in.

Mr. Speaker, on that note I would like to end my remarks and again commend the Member for Red Deer-South for bringing forth this motion. Hopefully it will receive the support of this Assembly. Thank you.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Avonmore.

MS LAING: Mr. Speaker, thank you. I have to agree with much of what the hon. Member for Red Deer-South says. I think we must recognize very clearly the rehabilitative aspect of parole, and support that rehabilitative aspect. But we must recognize that much of the potential for rehabilitation during parole precedes parole while the person is in the prison system -- that they, in fact, when they are released from the prison system are able to move back into society -- and that there need to be the kinds of supports in society that will facilitate that person moving back and taking their place as a fully functioning member of society.

The Member for Red Deer-South enumerated a number of reasons why that doesn't happen, why parole fails in terms of the lack of supports for the person that comes back into society. So I think that even as we address changes in the parole system -- that is, how decisions are made about parole or the reality of parole itself -- we must not forget that if people are going to spend time in prison and we expect them to come back and function in society, we have to build in the kinds of mechanisms and supports that will allow them to regain the social skills they may well have lost while they were, in fact, incarcerated. We must recognize, then, that parole is only part of a process.

I think one of the issues that needs to be addressed when we're looking at the effectiveness of parole is: who are the parole officers? Who are the probation officers? Are there enough of them, and are they properly trained and supervised? I get very nervous these days when I hear about volunteers acting as officers. Now, I recognize that they do not work with people who have had federal time, or who have been violent criminals. "Have had federal time . . ." I should quit there, because I've heard of incest offenders being supervised by volunteers. And that makes me very nervous.

We have heard that the system succeeds far more often than it fails, and I think we need to recognize that when it succeeds, it succeeds not only for the individual who has been in prison but also for society, because the person then comes back into society and is able to contribute.

I also have to agree with the minister's concern about the automatic availability of day parole and the short terms that are served. He spoke about some people being out almost before the judge's gavel has hit the desk. I've had some experience in that area, in that I have worked with victims and their families of sex offenders and wife batterers, and nothing could be truer than the hon. Member for Red Deer-South's statement that short sentences which allow offenders out so quickly give a very strong statement. They give a strong statement to both victim and the offender, as well as society at large, and it is a statement that these are not very serious crimes, that the criminal justice system does not consider them serious, and if the criminal justice system reflects society's values and views, society is not considering them very serious offences either.

When I hear of an incest offender, who has offended against his daughter for six or 10 years on a monthly or weekly basis, getting 90 days on weekends, I have to say, "What is going on?" I think, then, we have to be very concerned about the kinds of sentences that are given out. Certainly some offences that occur in the family, if they occurred outside the family, would be considered very, very serious, and these offenders are ones that often repeat after they have been incarcerated for such short periods of time.

I think he is correct in saying that serious consequences give a message that a crime is not to be tolerated. I think, however, that we need to recognize it is not necessarily the severity of

punishment but the certainty of punishment that deters crime. Certainly we know that in countries where there are more severe criminal justice systems, there are higher rates of violent crime.

What we need to be addressing, Mr. Speaker, when we look at these issues is: who are we talking about? Who populates our jails? As the hon. member opposite has said, they have wronged society. But many of the people -- not all of them, for sure -- but many of the people that are in our jails have been wronged by society. One group of people I would talk about are the disproportionate number of native peoples who are in our prison system. They, in many cases, have been deeply wronged by our society over an extended period of time, and we need to address those issues.

We need to also address the issue of the nature of the crime. Very few inmates in our prisons are, in fact, violent offenders. A very small number are multiple murderers or multiple sex offenders or multiple child murderers, and surely we all recognize that society must be protected against these people. However, the person who steals money or food because of need of his or her children, because there is no work available, because they do not qualify for assistance, are in a very different category and we have to be very aware of that. We have to look to people who are driven to crime through desperate circumstances, who do not know how to have their needs met, who do not have the appropriate coping mechanisms, and who, for the most part, are committing crimes against property rather than persons. This is quite a different matter from the person who attacks, rapes, and murders in a cold-blooded way. As I said, most of our prisoners are not violent criminals. Therefore, when we're looking at systems, we have to say: to whom are these systems applying, and how best do we see the diversity that is there?

As we have heard, parole boards fail: violent offenders get out. But it's not so much that the system, if it was working properly, wouldn't work. It is, in fact, that the system has broken down. Inadequate information is given to parole boards. So I think that when we are looking at parole, we must have people making decisions that are guided by full knowledge of the crime that has been committed, of the crimes committed by the person being considered, as well as the change that may have occurred in that person after incarceration has . . .

MR. DEPUTY SPEAKER: Order please. The Chair hesitates to interrupt the hon. member, but the time for this item of business has expired.

head: **PUBLIC BILLS AND ORDERS**
OTHER THAN
GOVERNMENT BILLS AND ORDERS
(Second Reading)

Bill 209
Loan and Trust Corporation
Conflict of Interest Act

MR. MITCHELL: Mr. Speaker, I'm pleased to move second reading of Bill 209, the Loan and Trust Corporation Conflict of Interest Act.

Mr. Speaker, this Bill addresses one feature of what is an extremely important issue and problem facing the province of Alberta. Over the last seven or eight years we have witnessed the demise of our indigenous financial industry. It began with Dial Mortgage in 1981 and continued through Abacus Cities; Tower Mortgage; Ram Mortgage; Fidelity Trust; the Canadian

Commercial Bank; the Northland Bank; Heritage Trust; North West Trust; the Treasury Branches, which lost \$118 million in the last two years and haven't really written their assets down to market value; one-third or more of the credit unions, which are being managed by government; and of course, Principal Group, which was the last in a long line of failures or near failures of indigenous financial institutions in this province. Add it up and the damage is overwhelming: \$14 billion worth of Alberta-based financial institutions have failed in this province over the last seven or eight years under the auspices of this government.

What are the consequences? I think that as a result of this erosion of our indigenous financial industry, we are all less willing to take risks. We are all less willing to invest in Alberta, and many of us have lost a faith in the government's ability to ensure a safe investment climate in Alberta. In addition to those three things, we have lost our indigenous traditional financial industry. Fourteen billion dollars' worth of these firms have failed. Fourteen billion dollars' worth of capital market decisions will be made in Ontario and in Quebec that will affect the daily investment lives and the future for business and employment opportunity for all Albertans.

What's been the government response? Extremely limited. Yes, we have an inquiry into the Principal Group failure. Great. We called for it. It's important to have it. We may just find out what happened in Principal Group. Principal Group didn't manage all \$14 billion worth of failed financial firms in this province. And if we understand, as we all do, that there has been a tragedy in the failure of all those firms, there is yet to be a further tragedy, and that's the tragedy of future economic development and its implications in human terms for Albertans if we do not look at all the failures of financial firms in this province to find out what are the common themes, to find out what are the comparative features of those failures so that we can learn from that experience and build a financial industry for the future that will be an engine of economic diversification and development in this province.

Owing to the complete lack of focus of this government in that broader perspective, my caucus and I undertook to develop a discussion paper on the financial industry. Armed with that discussion paper, we toured the province and sought input from a variety of important sectors and individuals in this province on the question of developing a financial industry in the future. We looked specifically at two questions: what can be done to make the Alberta financial industry attractive for investors; and secondly, what can be done to create an environment conducive to the development of a strong financial industry in Alberta? We learned a number of things, probably a great many more things than this government has learned by looking inwards and not looking more broadly at the financial industry's experience in the last seven or eight years.

Create an environment conducive to the development of a strong financial industry: what is it that we might do about that? I believe that this government has missed profound and fundamental opportunities to do something in that particular area. It may come as a surprise to many hon. members in this Legislature that, at least as far as the public knows, as far as has been publicly disclosed, no Alberta-based financial institution has ever had the opportunity to manage Heritage Savings Trust Fund money. Many Albertans are saying, after witnessing the manner in which this government has regulated and developed the financial industry, "Thank heavens for that." In fact, there are sophisticated ways of enabling financial institutions to manage pools of funds in such a way that objectives are set,

guidelines are measured, and they are distinct from that particular firm which has been accorded the tender to invest that money.

Not one Alberta-based financial institution has managed Heritage Savings Trust Fund money. Firms in London, England, have done that. Firms in Montreal have done that. But this government has not utilized the opportunity to take a huge pool of Alberta money, parcel it to competing private-sector financial managers in this province, allow them to strengthen the management of those funds through competition, and allow them to strengthen their own enterprises by diversifying those enterprises.

It's also very interesting to note that this government missed an important opportunity with its Alberta capital bond issue to utilize Alberta-based firms to distribute that bond issue and to be the registrar of that bond issue. It may come as a surprise to many hon. members in this Legislature that in fact not an Alberta firm is the registrar of those bonds, but instead an Ontario-based trust company is the registrar of those bonds. Not only do we miss the opportunity to strengthen firms, we actually export jobs from this province, jobs that do, in and of themselves, constitute real diversification in an area that is an industry of diversification and that in turn fuels diversification.

The second question: make the Alberta financial industry attractive for investors. We learned a number of very, very interesting and important ideas. It is very important that there be full and open disclosure for all financial institutions in this province. Trust companies are not required to disclose. Many kinds of loan corporations are not required to disclose. If we have learned any lesson from past failures, it should be that that form of regulation is a must. But it is not enough simply to say "disclose." Many people are not sufficiently sophisticated or simply do not have an interest in the financial area or do not have a particular training in that area. Many people are not going to be able to fully appreciate any number of facts and figures that are disclosed. That, I think, underlines a failing in our education process. I can't remember being taught very much about business, about risk, and I'm not aware that students today in our school system are really given the tools with which to evaluate some of these concepts properly. It is important that education lie at the root of an effective disclosure policy. It's also very important that regulators have the power to regulate, have the will to regulate and, perhaps most important, are allowed to regulate without political interference.

Diversification is a word that is used almost synonymously with the strength of investment initiatives. In Ontario during the '80s Ontario trust companies were allowed to diversify beyond mortgages and beyond bonds. Both of those can be useful and productive investment vehicles, but there come times when even they are far, far too limited to provide the diversified asset base that strengthens a financial institution. In meeting that particular concern, the government of Ontario allowed trust companies to diversify their investment bases. They allowed them to become involved in consumer loans, in corporate loans. These were important initiatives that strengthened that industry that were missed by this particular government. In fact, this government, by not allowing that to occur, actually limited and enhanced the likelihood that Alberta-based trust companies would fail.

It's also important to address the issue of diversification of product bases. There is a strong argument that says that financial firms that can diversify their product bases are financial firms that can respond to the market environment more effectively and thereby beat cyclical highs and lows. There are,

however, dangers in that kind of diversification. Inevitably the diversification of product bases by groups of financial firms can lead to the selling or distribution of complex investment vehicles side by side. It's very, very important to note that three years ago Barbara McDougall, then associate minister of finance responsible for financial institutions, brought out a discussion paper which called for breaking down the traditional pillars that separated different functions in the financial industry in this country. Since that time, since seeing major banks purchase brokerage firms and begin to sell brokerage products to their traditional banking customers and beginning to understand the danger that could be inherent in doing that by confusing the differences in people's minds over different investment vehicles, the government has put on hold initiatives to further break down the four pillars. It is therefore with some caution, I think, that governments must approach the question of diversification of product bases for financial institutions in our province.

But a further point, and the point that is addressed by this Loan and Trust Corporation Conflict of Interest Act, is, as the title of the Act suggests, the question of conflict of interest. Clearly, as the financial industry has evolved, becoming extremely complex and involving in many cases, as is now the case with banks buying brokerage firms, groups of diverse financial institutions operating side by side, the question of conflict of interest must be addressed. It should have been addressed some time ago and must be addressed now very, very aggressively.

This Bill is based on recommendations made to us by the Trust Companies Association of Canada and through the input of a variety of other representatives of the business community, universities, certain consumer groups, chambers of commerce, and the like. This Bill accomplishes a number of tasks. One, it defines the kinds of commercial relationships that will be permitted, avoiding conflict of interest between individuals and financial corporations. It defines the kinds of commercial relationships that will be permitted between and amongst companies within the same group of financial institutions or companies with a close affiliation with a financial institution. Finally, it defines an objective process which allows for certain limited exceptions in the interest of reasonableness and to ensure that the interests of a corporation might not be unfairly diminished in a way that could, in fact, be of a disadvantage to clients.

Bill 209, Mr. Speaker, with its definition of a restricted party and the discretionary powers of the superintendent of trust companies in these three areas, starts from a position of toughness. The provisions, however, are tough but fair and lead to the strengthening of conflict-of-interest provisions which are, I believe, one of the foundations to ensuring that investors in Alberta and outside of Alberta can once again have some confidence in the future of our financial institutions.

Thank you very much, Mr. Speaker.

MR. DEPUTY SPEAKER: Hon. Member for Olds-Didsbury.

MR. BRASSARD: Thank you, Mr. Speaker. All of us in the Assembly today seek the same goal. While there have been diverse views expressed on the best means to regulate our financial system, we all recognize how critical it is that we be well served by the financial industry. Our financial institutions are in the midst of very rapid change today. Communications technology has increased and created a 24-hour global market. The importance of international capital flows has dramatically increased. The traditional roles of financial institutions them-

selves are changing. These global forces have challenged existing legislation designed for an earlier, less dynamic era. That is why, as our Treasurer has indicated several times over in this last six months or so, we must work with the financial community and the public to reform financial regulations to seize the opportunity that's offered by these changes.

[Mr. Musgreave in the Chair]

There's widespread appreciation in Alberta today of the key role played by the financial sector in economic renewal, not just in facilitating investment in Alberta but as an employer. There is universal acknowledgment of the trend towards integrated financial services both here and abroad, and broad agreement on the benefits this brings to consumers. And there is continuing concern, Mr. Speaker, regarding self-dealing and abuses of conflict of interest in both closely and widely held institutions. What we all want is a good, sound financial system that provides Albertans with innovative and competitive services, that broadens the range of choice for local savers and investors, and that fosters safe and well-supervised financial institutions that can compete effectively around the world.

I appreciate what the Liberal member has done in bringing this Bill forward. We all see that there is need for some changes. Bad loans, devalued real estate, and the aftermath of our oil-based boom have had a devastating effect on our financial institutions. Accompanying nearly every collapse, there has been a public demand for stricter government regulation of the system. The circumstances surrounding the failures of these financial institutions have been fully investigated by the government, with the public inquiry into the Principal Group ongoing at this moment, as we know. In the media and in this House the emphasis has been on these failures, not on the strong points of our financial industry. It should be known that we do have significant financial strength in this province, institutions which are unique to the province of Alberta and have been admired by others, including the Treasury Branch, which this year happens to be celebrating its 50th anniversary. But of course, we want to build a stronger financial industry.

Now we are in a position to consider new legislation. On April 12 of this year the Provincial Treasurer alluded to the fact that he will be introducing two new pieces of legislation that will be based on a thorough investigation of the failures: a credit union Act, which we can expect some time this session, and a trust company Act. These two pieces of legislation, Mr. Speaker, will deal with a variety of problems and contemporary issues in regard to the regulation of financial institutions. They will be constructed in consultation with other provinces, with a view to harmonizing regulatory roles and rules for the industry across the province. In the process of formulating these two pieces of legislation, it becomes obvious that any thorough legislation must deal with a number of specific issues in order to be effective. Bill 209 fails to exhibit such comprehensiveness, and I'd like to give you some examples.

Bill 209 does not provide for specific exemptions from the general prohibition of transactions for restricted party financial institutions, such as deposits for liquidity purposes and loans which are fully guaranteed by a government or government securities. Bill 209 does not provide for a broader definition of "restricted party," including subsidiaries and corporations in which a loan or trust company has a 10 percent or greater interest. Bill 209 does not provide for a requirement for a conduct review committee of the board of directors, one of the cen-

tral functions of which would be to develop procedures to ensure compliance with the rules. Bill 209 does not provide for aggregate limits on the amount of loans and guarantees which may be outstanding to restricted party financial institutions and other restricted parties. Bill 209 does not provide for a mechanism for application to the courts to void contracts and transactions which might contravene the rules. Bill 209 does not provide for duties of auditors and other professional advisors to report contraventions of which they may become aware. Bill 209 does not provide for a more flexible approach to applying the rules to extraprovincial companies to minimize the possibility of regulatory duplication. Failure to deal with these seven important provisions, Mr. Speaker, means that Bill 209 lacks the kind of thorough, all-encompassing investigation which has come to be admired as a minimum standard for all legislation that has earned the consent of this Assembly.

Most importantly, this Bill does not present us with an Alberta solution. The proposal brought before us by the hon. Member for Edmonton-Meadowlark appears to be very closely modeled after the conflict-of-interest rules enacted in Ontario's Loan and Trust Corporations Act. These rules may be effective in Ontario, Mr. Speaker, but Ontario has designed them for an inherently stronger, more developed financial industry with an entirely different history and environment. These provisions are not specific to Alberta and the unique circumstances which have come to form our financial situation. Why does the hon. member propose for Alberta a solution that is made in Ontario?

Bill 209 makes no attempt to harmonize Alberta's regulations and rules with those of other western provinces. The Alberta government is currently consulting with the other western provinces to ensure that our new legislation is compatible with theirs.

Bill 209 does not provide for trust companies to acquire or establish financial institution subsidiaries. It would be impossible to build a strong, diverse financial industry in Alberta if commercial linkages were not possible. If members refer to Motion 216, also sponsored by the hon. member, they will see that the development of a strong financial industry appears to be one of his priorities. The question is then: how would the Liberal Party achieve this?

Most importantly, Mr. Speaker, Bill 209 unnecessarily restricts the ability of financial institutions to come up with their own initiatives, which is the root of the free enterprise spirit. They have provided firms with the leadership and financial strength to compete with our large banks. Bill 209 does not allow for exemptions from the restricted party rules when deposits and loans between companies are fully guaranteed by the government or government securities. This is unnecessarily restrictive, Mr. Speaker.

Finally, there are numerous details which the Bill does not include and which indicate a lack of foresight. Bill 209 has no requirements for a conduct review committee to ensure a company's compliance with conflict-of-interest rules. It does not set aggregate limits on the amount of loans and guarantees which may be outstanding to restricted party financial institutions and other restricted parties. It does not provide for a mechanism for application to the courts to void contracts and transactions which contravene the rules. My fellow members, this Bill does not even state that auditors and other professional advisors must report contraventions of which they become aware.

Mr. Speaker, I am aware of the need for changes in the regulation of our financial industry. It is my opinion that Bill 209 is not the Albertan solution. A more appropriate response appears

to be in the making. I think we would be well advised to wait for a solution that is tailored to our own needs, and I therefore cannot support this Bill.

I thank you, Mr. Speaker.

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

MR. McEACHERN: Thank you, Mr. Speaker. I would like to thank the Member for Edmonton-Meadowlark for bringing forward this motion. At least it gives us a chance to have a debate in the Assembly on the financial institutions in this province, and Lord knows, we've avoided it long enough. However, I can't say that I think the Bill is a great one.

I was a little disappointed in the member's introduction to the Bill. He gave us a sort of general overview of some of the financial problems of the province -- most of us are aware of those -- and then sort of said, "This Bill deals with conflict of interest," and then sort of ran out. Now, it would seem to me that what he should have done was taken us through the Bill very carefully and sort of step by step to explain, you know, the various parts of the Bill.

I find the detail rather interesting. Maybe it's the right answer, maybe not. I won't claim to have studied it or bounced it off enough people to really know if he's got the right answer here. I do know that he's right in that we need to deal with conflict of interest, and perhaps the start he has made is quite good. He says that it was ideas mainly put forward to him by the Trust Companies Association of Canada. I suspect that he wrote down their ideas and then only half understood them and certainly didn't stop to discuss them or explain them but talked rather more generally about the problems of financial institutions in this province. So I intend to do that a little bit also, but I would like to get back to the Bill in more detail and have a question or two for him, if he returns to answer them.

He spent some time talking about the demise of the financial institutions in this province, and it certainly is true that we've lost most of our western-based financial institutions in the last few years. A lot of money and a lot of companies have gone down the drain, and I guess one would recognize the real estate boom and bust and the oil problems as being the two main factors. That doesn't say that the government doesn't have some responsibility in terms of regulation of financial institutions in seeing to it that companies were measuring up. We've been through a number of questions and debates in this House on Principal, and we all know what's going on with the Code hearings.

Now, it's not really clear at this stage if we will be able to rebuild a western financial base, which would certainly be a good idea if we could, but given that the trend is the other direction, the fact of the matter is that we're seeing more and more amalgamation of financial institutions. We're seeing banks taking over securities companies. We're seeing trust companies being bought up by big conglomerates so that now some major corporations have their own trust companies. Now, Mr. Speaker, the Member for Edmonton-Meadowlark is right. That puts regulators and it puts the depositors, the ordinary people of Canada and Alberta, at risk, because the potential for self-dealing is really incredible when a big conglomerate can own its own bank, because trust companies are indeed beginning to act more and more like banks. Now, banks have a regulation that says that no one corporation or individual can own more than 10 percent of them in Canada, but that's not true of trust com-

panies. Some trust companies are almost wholly owned by an individual or one corporation controlled and owned by a small family or individual, so that makes it very dangerous.

The member has narrowed down his Bill to just the conflict-of-interest aspects, but he did talk about some of these other problems. I want to say that if he thought he was going to deal with the financial institution problems, he certainly should have had to deal with some of the others.

In terms of this ownership of trust companies, one of the things that the federal government has talked about -- they do have some legislation, and I don't know the latest up-to-date numbers they're using, but I know some of the background documents that the all-party finance committee was working with and some of the ideas they were looking at. One of them was that if any one corporation or person owns more than 35 percent of a trust company, they must divest themselves of those shares over the next five years down to 35 percent maximum. Now, I would suggest that that's probably not enough. Probably the next five years should see a period, if trust companies are going to act like banks, where they also meet the criteria of the banks over the five years following that and any one corporation or person not be allowed to hold more than 10 percent of even a trust company after, say, 10 years, another five years. It seems to me that the deposit-taking institutions should not be narrowly held. That's where the great temptation comes from to use the trust company as your own personal bank, and I think that leads to a lot of the problems that the conflict-of-interest Bill is supposed to, to some extent, deal with.

Certainly the self-dealing and trading between companies of a big conglomerate raise a lot of questions. One of the ways of dealing with that, besides the ownership things that I was just talking about, is to limit the number of directors that can control various related companies. The federal committee talked quite a lot about that and spent some time trying to come up with different numbers. If there are five members on the board of directors, what percentage of them will be allowed to be the same as on some other company? Or how many of them will have to be different? So when the two companies are dealing with each other, as they may well do under present legislation, there is at least somebody on each of the boards that is not tied to the other company, so it isn't a total self-dealing situation. That's one of the directions in which the federal government was thinking of moving. How far they've gone with it I'm not quite sure.

Another aspect of self-dealing that the Member for Edmonton-Meadowlark might consider and be interested in besides the conflict of interest in terms of the persons involved . . . He seemed to focus almost entirely on directors, managers, and related parties -- meaning the spouses and family -- and the corporations they might hold. Okay? So he was defining it in a personal sort of sense. But another way of looking at the self-dealing problem would be to think in terms of the size of the transactions. I picked up this idea from the chartered accountants association of Alberta. They suggested that if two companies within this corporate empire of affiliated companies wanted to do business from one company to another, if there was more than 2 percent of the assets of either of the companies involved, they would have to get preclearance from regulatory authorities. It seemed to me an interesting idea and one that one might look at.

In this Bill the Member for Edmonton-Meadowlark mentions if the transaction involves more than .5 percent of the company's assets, but he's defining it in such a narrow sense of the individuals involved rather than the big corporations that some-

times make up one of the huge conglomerates or empires, as, say, the Cormie empire in the Principal case. So I would like to ask him why he picked .5 percent, and if he had heard about the . . .

MR. ACTING DEPUTY SPEAKER: Order please. I wonder if there could be a little more order in the Assembly so that we can hear the hon. member.

Hon. Member Edmonton-Kingsway.

MR. McEACHERN: I wonder if he had perhaps seen the chartered accountants' paper that they put out on the regulation of financial institutions. It's in fact a very good one, and I recommend it to him. In fact, I got a little whisper in my ear from a particular chartered accountant. He said that they put it out because they were not very impressed with the Liberal papers that came out of their study around the province. They felt that some of their ideas were not very good, and they wanted to put out something that they thought was more reasonable.

I would also recommend a couple of other things that the Liberal Party might look at if they're going to bring Bills into the Assembly. That would be the proposed federal regulations: some of the background work they've done. Also, the banks have put out some pretty good stuff, of course looking for parity. They're saying that if trust companies are going to act like banks, then they should have to also live by some of the same rules.

I wanted to say that there's not much point in having conflict-of-interest guidelines or disclosure guidelines or self-dealing guidelines if the regulations are not enforced. Of course, that's one of the sore points in this province at this time. A lot of people believe that the politicians got in the way of the regulators and didn't allow them to regulate, particularly in the Principal case. For all we know, that may be so in some of the other financial institutions that went belly-up in this province.

I would say to the member from the government side who spoke a moment ago -- and I forget his riding off the top of my head; I apologize -- that one of the things the chartered accountants looked at was the idea that there should be sort of three parts to the regulatory process. There have to be government guidelines and regulators to enforce those guidelines, but the companies also have to do a certain amount of self-regulation. They felt that that was really important. Then the auditors -- that is, chartered accountants and other accountants -- take an impartial look at what the company is doing, and the three work sort of in tandem, somewhat independently. The responsibility is with the company, which I think would be appreciated by most Conservatives here, but auditors would have some responsibility for reporting accurately what they found when they were auditing. Then government regulators, having made fair rules -- and certainly they need to be revised now, given the breakdown of the four pillars that was referred to earlier -- need to also see that those regulations are in fact lived up to.

One of the things that also makes a lot of sense is not only to see that we have uniformity or harmonize our regulations with the western provinces, as was suggested a moment ago, but if we are going to move into an international world where more and more corporations are getting bigger and bigger and are dealing on a worldwide basis in terms of financial dealings, both on stock markets and in commercial banking and loans, then it would seem to me that we can't really stop with a western province sort of outlook. Although the member complained about this Bill being modeled after Ontario's regulations, I think that

he should support an idea that all provinces across Canada cooperate, and if Ontario happens to be the leader in some aspects, so be it. But that's not really the relevant point. The relevant point is that we should try to work toward harmonizing all the regulations across the 10 provinces, including the territories and with the federal government, so that we don't have an awful lot of differences from province to province and have one province blaming another or one province depending on another or not being able to depend on another.

I would note that the Saskatchewan attorney general and treasurer spent a lot of time blaming the Alberta government for not regulating the Principal Group when the failure occurred. In terms of the licensing, they said that if Alberta licensed them, then they licensed them, and they didn't stop to look at the annual statement or do anything themselves because they saw Alberta as the prime jurisdiction. Well, if we're going to have that kind of concept of a prime jurisdiction so that all 10 provinces don't have to check what the other provinces are doing, then we need to have some harmonizing of our regulations right across the country, not just province by province, each having a different one.

The other thing that we need to look at, Mr. Speaker, is the idea of penalties. I do not see anything in the Bill that lays out any penalties if anybody breaks these regulations. The member across the way said something about there being no committee to sort of investigate and see that companies are in fact living up to these guidelines. But not only that, there's nothing in the way of setting out any kind of penalties for people who break the rules, which is another thing that of course should be in any Bill.

I don't think the Member for Edmonton-Meadowlark intended this Bill to be a comprehensive Bill, as the government member suggested a minute ago, that it was inadequate. I don't think the member who put this Bill forward would claim that it was meant to solve all the self-dealing problems, all the disclosure problems, and that sort of thing. What he was doing was addressing a particular aspect of the financial problems in this province, and at least he has done that, which is something more than the government has done.

[Mr. Deputy Speaker in the Chair]

The member mentioned that the Treasurer intends to bring in a Bill on the regulation of credit unions, and there are some very strong conflict-of-interest guidelines in that I look forward to that legislation. My understanding, the last I heard, is that he's in the process of slightly softening up some of the details about conflict of interest for related parties, which are very, very stringent in that Bill. I'm not saying whether they're too stringent or not, but I understand that he may be intending to back off slightly on some of those aspects.

He has also promised, if the session goes long enough and if he has time and if he can, to bring in some trust company legislation. I certainly look forward to that. I certainly hope he does. I would just say that I hope it deals more fundamentally -- and I'm sure it will -- with some of these problems that have been raised today than, say, Bill 43 does, which the Minister of Consumer and Corporate Affairs brought in. It, again, is a limited Bill dealing with a particular problem she sees with the Securities Commission in Alberta. She's trying to separate the administration of the Securities Commission from the enforcement of the rules of the Securities Commission and the Securities Act. That may be a good idea, but I couldn't help thinking, in going through some parts of the Bill -- and I haven't

finished the total analysis yet -- that she is in fact avoiding some other major problems. As she went through the Securities Act, it seemed to me that this might have been a great time to take a second look at the conflict-of-interest part of that Securities Act or the self-dealing provisions of that Act and see if they were indeed strong enough. Given the incredible difficulty we've had with financial institutions in this province and the lack of government regulation, the lack of willpower on the part of the government to let the regulators regulate and to make companies live up to the rules, it would seem to me that she might have tried to address that. I guess she's going to just do one small thing at a time.

But I would say that this government certainly needs some prodding into getting on with the job of deciding what regulations should be brought in, and those regulations should be harmonized, not with just the western provinces but all of Canada, given the international flavour of the money markets that we're moving into.

MR. HAWKESWORTH: Well, Mr. Speaker, I just have a few brief comments on this particular Bill. I'd just like to pass on one word of advice to the hon. member who has introduced it, and it's this: those who would go big game hunting should make sure that they can't be confused with the elephants.

This Bill has to do with the ethics of people who work for financial institutions. It's an important issue facing the people of this province, given the history that we've had, in recent years in particular, about the operations of a number of those institutions. One of them is the subject of the Code inquiry. A lot of ordinary Albertans put a lot of their life savings into financial institutions in the belief that they were being fairly regulated according to the rules and regulations and laws of this province. I think all of us are finding that they were not being properly regulated.

But beyond that, Mr. Speaker, it was also those who worked in those companies who I think share some of the responsibility for what went on, and I would have thought it prudent if the hon. member might have shared some of his personal experiences in introducing this Bill.

When the hon. Member for Olds-Didsbury stands up and says that this is a solution made in Ontario for Ontario circumstances and that the circumstances in Alberta are much different, all I'd say is that in the case of the two failed financial institutions -- Associated Investors corporation, for example -- when they tried to be registered with the Ontario Securities Commission, they were refused, because under their Acts in Ontario they did not believe it would be in the public interest to register the firm in that province, one of the reasons being that Associated Investors corporation was claiming higher values for its assets than they would fetch in the open market. I'd like to know, first of all, what business the people who work for these companies had claiming higher values for assets than they ought to, and secondly, what it is about Alberta that somehow we found that acceptable. I think it just underscores both sides of the argument that we've heard this afternoon, the problems with the financial institutions in this province. For those who would say that the regulatory climate here is acceptable, we see that if it had taken the same attitude here in Alberta that they took in Ontario, a lot of problems would have been prevented and a lot of people would not have lost their life savings.

I would also say, Mr. Speaker, that it's easy to put all the onus on the regulators. Bill 209 puts a lot of emphasis on what the superintendent of trust companies ought to be required to do,

but when it comes right down to it, those who work for these companies also have to look into their own hearts to determine what their actions are in the financial climate in this province. It's not simply enough to say that government regulators are the only ones who ought to be responsible for these actions. Even when there aren't rules in place, it doesn't remove the obligation of anybody in any circumstances to ignore their own personal responsibilities and ethics to do things properly.

Thank you.

MR. DEPUTY SPEAKER: Hon. Member for Calgary-McCall.

MR. NELSON: Thank you, Mr. Speaker. I'd like to just take a couple of moments to discuss the matter at hand. We need to look at these institutions and ask why these financial institutions actually fell. Was it necessitated because of a lack of regulation? Or were the regulations in place and not being administered properly by the regulators or as things happened so fast in this province, both on a rise and of course the difficulties that were caused during the time that we've just gone through over the last three or four or five years? Is it because management of these organizations was so bad that they were not able to reflect and spread their investments around properly to ensure the financial stability of the corporations that they represented?

Alberta went through some very trying periods of time with our real estate transactions, as we all know. Many of the companies that have fallen by the wayside invested heavily in real estate, not only in Alberta but in other places: California, Colorado. Real estate markets there had a similar circumstance happen to them as what we had here in Alberta.

Did the people investing actually look at the prospectus or the organization they were investing in? Or were they investing to retrieve a larger return on that investment; in other words, a little more risk? We all know that the more you retrieve on your investment, the risk is generally a little higher.

Mr. Speaker, we might also ask: did our superintendent examine properly these institutions? Are the qualifications of the bureaucratic regulators sufficient? We have to assume that they are. Do they also use the rules and the regulations and the legislation, for that matter, that is available to them properly? Now, it may be that the legislation, in fact, is fine.

But I question a couple of things within the Bill that's being proposed here today, whether or not the member presenting it is in fact going far enough. When we start offering loans to officers of these corporations, is there not a conflict of interest in doing so immediately? For example, an MLA is unable to really go out and obtain a loan from a financial institution such as AOC or the Treasury Branches because it's deemed that you have an advantage. Maybe others in financial institutions -- if we really want to get tough, we should indicate that people that are in a position of approving loans, et cetera, should not be able to receive loans also. In any event, Mr. Speaker, that's part and parcel of some of the concerns that could be raised with regard to this.

There have been some other thoughts presented; some I may repeat, some I may not. Bill 209 does not include in its definition of restricted parties other corporations that a trust company may have a 10 percent or greater interest in. It also doesn't allow for linkages. Without those linkages the corporation cannot necessarily be successful by expanding its investment base by developing other successful entities and, in fact, spreading itself around a little further by diversification to ensure the success of the corporation. Every major corporation, especially those in

the investment field, has to spread itself to ensure they haven't overly invested in one particular area.

I guess that if we talk about real estate, that is certainly one area that many of these corporations overly invested in. Then interest rates went up; the cost of property dropped, as we all know. This is one of the major problems that caused some of the downfalls in these industries. There's no doubt that ultimately that may happen in Ontario. With the high cost of housing in Ontario, I don't think there's much of a chance that even the Act that they have down there is going to stop some of these institutions from going down the tubes. But we have a roller coaster economy here in Alberta and British Columbia and Ontario, generally speaking. The government is doing an admirable job right now in trying to diversify it and solidify some of its financial institutions by diversification. Again, the government is also encouraging diversification by the private sector.

Bill 209 does not set up aggregate limits on the amount of loans and guarantees which may be outstanding to restricted party financial institutions and other restricted parties. It's a very important point that needs to be addressed. Bill 209 does not state that auditors and other professional advisers must report contraventions of which they become aware. Mr. Speaker, unless we allow for the reporting of contraventions of these various dealings that may be deemed as inappropriate, how do the

regulators and other people deal with the issues? So in essence, the Bill that's being presented here today is certainly incomplete.

In any event, Mr. Speaker, considering the hour and a few other comments I would like to make, I would like to request adjournment of debate.

MR. DEPUTY SPEAKER: It's been moved by the hon. Member for Calgary-McCall that debate be adjourned on Bill 209. All those in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. DEPUTY SPEAKER: Opposed, please say no.

AN HON. MEMBER: No.

MR. DEPUTY SPEAKER: Carried.

MRS. CRIPPS: Mr. Speaker, when the House convenes tonight, it will be in Committee of Supply, estimates of the Capital Fund.

[The House recessed at 5:26 p.m.]