

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Thursday, June 29, 1989 2:30 p.m.**
Date: 89/06/29

[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: TABLING RETURNS AND REPORTS

MR. GETTY: Mr. Speaker, I'd like to table with the House copies of the communiqués from the Western Premiers' Conference, which concluded yesterday afternoon in Camrose, and to tell the hon. members that copies will be made available to all of them shortly after the tabling of these copies.

MR. SPEAKER: Thank you.

MR. ANDERSON: Mr. Speaker, I'm pleased to table copies of a white paper on a financial consumers Act for the interest of all hon. members.

MR. HORSMAN: Mr. Speaker, I'm filing with the Assembly copies of Western Trade Objectives, the report of the western ministers responsible for multilateral trade negotiations, which was approved by the Western Premiers' Conference yesterday.

MRS. MIROSH: Mr. Speaker, I'm pleased to table the annual report of 1988-89, Alberta Health and Social Services Disciplines Committee.

MR. SPEAKER: Thank you.
Hon. Minister of Labour.

MS McCOY: Mr. Speaker, I file the reply to Motion for a Return 190, which was spoken to in this House on June 28, 1988.

head: ORAL QUESTION PERIOD**Meech Lake Accord**

MR. MARTIN: Mr. Speaker, to the Premier. It's obvious to almost everybody that the Meech Lake accord is in serious jeopardy. I think it's clear that there's going to have to be compromise from all the first ministers right across the country if some Constitutional Accord is going to be salvaged. Yesterday, it's my understanding, the leaders of the three other western provinces all expressed a willingness to at least consider change. The Premier, however, seemed to remain rigid in his position.

My question to the Premier. Will the Premier explain why he remains so unwilling to change the accord even when the other western Premiers are admitting that there will be a need for change to allow the accord to pass? In other words, why is he so out of touch on this matter?

MR. GETTY: Mr. Speaker, I'm surprised by the hon. member's question. I only draw to his attention that he and his caucus unanimously endorsed the accord. And for him to now say, "You're out of touch to support it," is a strange position for him to be taking and a puzzling one. I should make it clear that the Premiers who have had this accord go through their Legislatures are not talking about changing the accord. They feel the accord has been approved by their Legislatures as well.

MR. MARTIN: Well, Mr. Speaker, the Premier will be aware that we supported it at the end because they turned down all our amendments that we thought would have made a better accord at the time. My question to the Premier. In view of the circumstances . . . [interjection] Well, at least we were there to vote.

In view of the circumstances now -- and the point that I want to make: unless there's compromise by Mr. Mulroney, Mr. Bourassa, and other first ministers, we're not going to get some of the good aspects of the Constitutional Accord. That's my question. Why is the Premier not prepared -- as earlier on he said he might look at a Meech Lake 2 or a parallel accord. Why is he not prepared to look at this now?

MR. GETTY: Mr. Speaker, the report from the Premier of Manitoba yesterday was this: their province has been holding public hearings of an all-party committee. The report from that committee will not be available until sometime in early fall. At that time the Premier of Manitoba will be meeting with the other first ministers and making a report on the position of his government. Essentially the same type of process is being undertaken in New Brunswick. Therefore, as the Premiers correctly noted leaving the conference yesterday, they received a report from the Premier of Manitoba on his hearings and are looking forward to discussing it further at a First Ministers' Conference. That's the position of the government of Alberta. Our House has passed the accord. It has always been my belief that shortly after the passing of the accord, we immediately go into Senate reform, which we have made the number one constitutional reform issue.

MR. MARTIN: Well, Mr. Speaker, to the Premier. It seems clear that this sort of all or nothing position on Meech Lake is increasingly going to lead us to nothing: no Constitutional Accord, no Senate reform, or anything else. Has the Premier really considered that, and if he has, why then would he not be prepared to open up the process? Perhaps we can even get a better accord out of it.

MR. GETTY: I appreciate the hon. member's position, and I appreciate him wanting to see constitutional reform. I think he has expressed that before in the House, and I think it's correct. But, Mr. Speaker, the government of course has not shut its mind to second-stage constitutional reform, obviously. There is no parallel accord, as some talk about, before anybody for consideration. We have the Meech Lake accord. It has within it a comprehensive package of constitutional reform passed un-

animously by our Legislature. The government feels that that is the way we should deal with this constitutional reform and get on to Senate reform, which is such an important feature for this province and, as I congratulate the hon. member, for this whole Legislature.

Employment Statistics and Initiatives

MR. MARTIN: Mr. Speaker, I'd like to direct our second question to the Minister of Family and Social Services to continue our discussion about poverty in the province. This government likes to talk about the unemployment rate as if it is at an acceptable level; we find it unacceptable. When this Premier took office in 1985, the 10.1 percent rate represented 125,000 Albertans out of work. The most recent figure of 6.7 percent represents 87,000 who are unemployed. The government would like us to believe that they've created 38,000 new jobs, but if we look at the same period of time, we notice the number of single people on social allowance went up 14,000, 14,000 more Albertans who are living on an income that is only half of the Statistics Canada poverty line. My question is to this minister. Why doesn't the government tell the truth about what is really happening to our economy, that there are growing numbers of people falling into the welfare trap and growing numbers of people falling below the poverty line?

MR. OLDRING: Mr. Speaker, again, this government always tells the truth. I know the members opposite don't always like to hear it because the truth is often good news. The facts are these, and he alluded to them himself when he pointed out the considerable progress that we've made at reducing the unemployment rate in this province. He didn't mention, though, that there's a record number of jobs in Alberta today, more jobs in this province today than we've ever had in the history of this province. To get back to his question -- and again he always asks numerous questions -- as it relates to the increase in the number of single employables, particularly on social allowance, I would have to say that I share the member's concern. One of the priorities of this minister is to increase the emphasis on job training and opportunities for employment for those on social allowance. I'm looking forward to working with the Minister of Career Development and Employment. I know that she has some new thoughts and some good ideas that she'll be bringing forward in due time as well. We'll continue to see more jobs for Albertans as a result of this government's initiatives.

MR. MARTIN: Mr. Speaker, how could I anticipate that answer?

Is this minister aware when he talks about jobs that one out of two of those new jobs is in the service sector, where the wage is 20 percent below the average? Alberta leads the way in part-time jobs. That actually adds to poverty rather than takes away. Is the minister not aware of that?

MR. OLDRING: Mr. Speaker, it's interesting. If the Leader of the Opposition thought he already had the answer, I don't know why he asked the question. Again, I can only reiterate the emphasis that this government is putting on diversifying and strengthening the economy. We've talked about those initiatives on many occasions in this Assembly as they relate to the diversification of our economy as it relates to forestry. We're seeing those initiatives take hold, and we're seeing good jobs

created in this province as a result of that. Our initiatives as it relates to tourism: we've watched it grow from a \$1 billion industry to over a \$2 billion industry, and we recognize that it has the potential to be a \$10 billion industry in this province someday as a result of our initiatives. Our initiatives as it relates to TRT: clearly this government has a vision. This government sees a province that's going to be able to provide jobs for Albertans. We've done it in the past. We're going to continue to do that, and you're going to continue to see the unemployment rate drop.

MR. MARTIN: What a vision. More people on welfare, more low-paying jobs, and more part-time jobs. What a vision, Mr. Speaker.

Mr. Speaker, his federal cousins now have also cut back on UI benefits. That's going to put another 20,000 people cut off that. That has direct implications for more people going on welfare. What contingency plans does this minister have to deal with those thousands of people that are also going to be on welfare?

MR. OLDRING: Well, again, Mr. Speaker, I want to first of all take this opportunity to review for the member opposite the commitment that this government has, first of all, to those individuals that are unfortunate enough to find themselves on social allowance. We will continue to make sure that their needs are met as it relates to food, shelter, clothing, medical, dental, and optometrical. Now, it's always difficult to respond with just one answer when they ask two questions. As it relates to UIC, yes, I've assessed the impact that potentially might have on our government and particularly on my budget, but I would say again that we're very fortunate in Alberta compared to other provinces, where it could have a very significant impact. But in Alberta, where again we've alluded to the 40,000 new jobs last year and 25,000 new jobs this year, we're fortunate that our economy is growing, expanding. We're getting new jobs, so the impact won't be nearly so great.

MRS. OSTERMAN: Mr. Speaker, I'd just correct the preface mentioned twice by the hon. Leader of the Opposition. He has in his possession information that indicates that part-time work was reduced by 5,000 positions last month.

MR. MARTIN: Mr. Speaker, I'd just like another question, all right? Because t h a t . . .

MR. SPEAKER: No, I don't think so. That's going to . . .

MR. MARTIN: Mr. Speaker, my question is: this is not true. The Canada social planning council says that Alberta leads the country in part-time jobs.

MR. SPEAKER: Thank you.

Meech Lake Accord

(continued)

MR. DECORE: Mr. Speaker, maybe I could congratulate at the outset the hon. Member for Edmonton-Norwood in showing a change, a shift in gears, on the Meech Lake matter. I'm delighted to see that happen, because it was only a few days ago, yesterday I think, that he indicated that very few people

cared about Meech Lake.

Mr. Speaker, the polls . . .

MR. MARTIN: What's the question there? Ask me a question, Laurence.

MR. DECORE: You couldn't answer it, Ray.

Mr. Speaker, we now have polls that show that the majority of western Canadians, of Albertans, oppose Meech Lake. We now have the Premier of Manitoba showing great courage in saying, "I won't go along with Meech Lake." We have the Premier of B.C. saying, "I'm not comfortable with this definition of 'distinct society'." We now have the Premier of Saskatchewan saying, "Well, maybe I will consider another alternative." One of the questions that I'd like to put to the Premier is this: obviously his definition of "distinct society" must be very different than the definition of Premier Vander Zalm. I wonder if you could indicate to this Assembly what the differences are, beyond just saying that we're protecting culture and language.

MR. GETTY: Mr. Speaker, first of all, in the hon. member's lead-in to his question, he made several incorrect statements, which is not unusual, but I'd just like to point it out to the House and to *Hansard*. Let me say that the government of Alberta does not enter into constitutional reform agreements and then wonder what they meant. The government of Alberta took some considerable period of time leading constitutional reform discussions across Canada. The government of Alberta obtained the best possible constitutional advice from the best legal minds in our country and outside of our country and then worked with the other governments to put together a comprehensive package. We don't then start thinking: what does it mean, what we have signed? That may happen in other places. I'm not saying it is, but it may. It's not happening here.

As far as the Premier of Manitoba, let's remember that the Premier of Manitoba has an all-party committee out carrying on hearings, so their position is not yet known. But I should point out, Mr. Speaker, there is a certain twist to the amount of courage that you show on some of these sensitive matters when you're in a minority government.

MR. DECORE: Mr. Speaker, the courts and time have shown us and Mr. Vander Zalm has clearly now shown difficulty with that definition. I'd like to go back, and perhaps the Premier didn't understand my question. The issue of the notwithstanding provisions have clearly shown that a minority can be very much jeopardized by using that kind of a provision. Minorities, women, native groups are all in jeopardy with this agreement. Evidence now shows that. The Premier of B.C. is in difficulty with this matter. Just give us your definition, sir, of what distinct society means, just that simple request.

MR. GETTY: Again, Mr. Speaker, the hon. member is incorrect in the lead-in to his supplementary question. There is not evidence of threats to women's/minority interests. Also, the hon. member talks about the notwithstanding clause. It has nothing to do with Meech Lake. It is in the constitutional reform package of 1982. It is not in Meech Lake, and I said on a previous occasion in the House to the hon. member not to take such a shallow look at a package of constitutional reform.

The distinct society clause, Mr. Speaker, was one that took a great deal of time and discussion in developing the Meech Lake

package. The Alberta government's position is this: when you deal with Quebec, when you travel in Quebec, you know that it is different in a way from other parts of Canada. One simple fact is that most of the French people, Francophones, in Canada live in Quebec, and most of the English people in Canada live outside of Quebec. But there is a different or distinct flavour to the province of Quebec. When we are prepared to say that in this constitutional package, we are recognizing a fact of life. We are recognizing a fact of life. However, the constitutional advice and, as I said earlier, the best possible constitutional advice, that was placed not just before the government of Alberta but during the Meech Lake and the Langevin Block considerations, was -- and it is why the Premiers signed that agreement -- that the distinct society clause neither now nor in the future will confer to people in Quebec or the province of Quebec any powers or status that they do not currently have. Nor will it derogate from any powers or rights of any Canadians. It is a clause recognizing the different nature of that province only and does not take powers away from any Canadians or give any additional powers to Canadians.

MR. DECORE: Mr. Speaker, it seems to me that there is a positive that has developed in Camrose, and that is that another opportunity has opened up for the Premier. Would the Premier take his ministers and take his experts and say to them: "Let's just look at the other alternatives. Let's look at this parallel tack or this tandem tack that the other Premiers are talking about." Why not just do that to see if there is an opportunity, Mr. Premier?

MR. GETTY: Mr. Speaker, the Premiers who were not in office when the Constitutional Accord was signed, in Manitoba and the Premier of New Brunswick, are now carrying out legislative responsibilities of their governments. They will then be joining the other first ministers. It may well be that something will come out of their hearings that the first ministers will want to look at or consider. But, frankly, we haven't seen any of those. What we have is negotiated the best possible package that we could negotiate, and might I say that one of the features of the Meech Lake accord, passed unanimously here, is the equality of provinces. The equality of provinces is in that accord. The preamble to the accord states that provinces are equal. The Alberta government fought for that statement because we recognize that we will soon be in Senate reform discussions, and we know how important we feel the equal feature is, as well the effective and elected feature of Senate reform.

Western Premiers' Conference

MR. PAYNE: Mr. Speaker, I'd like to direct to the Premier a question regarding communiqué 2, issued by the western Premiers at the conclusion of their conference this week in Camrose. In this communiqué, dealing with the environment, the western Premiers emphasized that the western provinces must continue to exercise what they called primary control or environmental decision-making and, furthermore, called on the federal government to respect provincial jurisdiction in environmental assessment procedures. Could the Premier clarify for the Assembly today whether the western Premiers made any attempt to compare their respective assessment standards with federal standards in staking out their jurisdictional position?

MR. GETTY: Mr. Speaker, first, yes, there was considerable discussion along those lines, and it is one of the reasons why the province of Alberta was able to convince the other Premiers to move in a unanimous way to support the position we've been taking here in the Legislature and with the federal government. That is that we all agree -- I know it's true of other parties; I know it's true of the federal government and the other provinces -- on how important it is that we protect the environment. There's no question about that, and we're going to always work together to make sure that happens. But we want to make sure also that the way our forefathers and the Fathers of Confederation developed this country, in which we have provinces with responsibilities and the federal government with certain responsibilities -- that those responsibilities are not eroded. Therefore, the jurisdiction provided in the Constitution must be upheld, and we must stand up for Alberta's rights in this regard.

Now, particularly coming home to the hon. member's question, the province of Alberta has always, through their standards, their controls, and their legislation, far exceeded the standards of the federal government. In our environmental impact assessment process, while we are looking if there are ways to improve it, we will. But we have always had the most effective environmental impact assessment process as well. Therefore, the other provinces in discussing that felt very strongly that provincial governments should maintain and must always fight for their jurisdiction in these areas, and when there are shared responsibilities, work in a co-operative, co-ordinated way with the federal government to remove duplication or confusion about how approvals are granted. Because I come back to my first comment: we all recognize -- I know it's true of every party and government -- the importance of the environment.

MR. PAYNE: Thank you, Mr. Speaker. Staying with the Western Premiers' Conference, communiqué 6, entitled Strengthening the Family: frankly, I was personally heartened by it, particularly their unanimous commitment to the family and to community-based volunteer organizations. However, could the Premier elaborate on the implications of the communiqué's reference to "the need for a more flexible daycare system"? What sorts of flexibility were contemplated in their reference to this need?

MR. GETTY: Mr. Speaker, the Premiers noted the changing face of society and the fact that day care must be provided in a way to reflect those changes and to reflect the makeup of families and all the diverse forms that families take these days, and realized that in order to provide effective, efficient, and good day care, we should be able to have it provided in a variety of ways, such as co-operatives, such as nonprofit or for profit or private or day cares provided in the workplace, but that while we are working to have the flexibility to have all of those areas provide day care, we do not do anything. We make sure our programs have the flexibility that we don't tilt to any one particular form of providing day care, because we think all of these supplies of the spaces can provide it in an effective way, and each one has its own attractiveness to parents.

MR. PAYNE: With your forbearance, Mr. Speaker, I would like to shift to another communiqué, but rising from the same important and historic conference, and that has to do with communiqué 10, which dealt in part with Senate reform, reference to which has been made earlier in question period today. In light

of the positive language used by the western Premiers in their reference to our Bill 11, the Senatorial Selection Act, was the Premier given any indication by the other western Premiers as to how prepared they are to emulate Alberta's innovative example?

MR. GETTY: Well, Mr. Speaker, it is true. We had a very good discussion on Senate reform, and I was pleased that the western Premiers reaffirmed their support of the Triple E Senate model which Alberta and this Legislature support so strongly. I did discuss with the Premiers our Bill 11, which had been tabled, and I felt free to discuss with them the contents of the Bill. But I must say that while they looked on it as a unique, interesting process which would keep momentum going towards reform of the Senate, I could not bring them to a commitment that they would follow the lead of Alberta on a particular election of a Senator at this time, before Senate reform discussions commenced. I will say that there was a great deal of interest both expressed by the Premiers and from their discussions they have had with the public back in their own provinces.

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

MR. WRIGHT: A point of order, Mr. Speaker on that last.

Loans and Loan Guarantees to Peter Pocklington

MR. FOX: Mr. Speaker, this government likes to brag and beat their chests about their efforts to create economic diversification and job creation in the province. Last year in March they advanced a \$55 million loan guarantee and a \$12 million loan to one Mr. Peter Pocklington. While they were bragging about this initiative, they made the claim that the projects are expected to create approximately 400 direct jobs and 1,200 indirect employment opportunities within the province. I'm wondering if the Minister of Agriculture can tell us, in light of his recent conversations with Mr. Pocklington, just how many jobs have been created in exchange for the \$6 million of taxpayers' money that Mr. Pocklington's received so far.

MR. ISLEY: Mr. Speaker, I'm not sure that with the introduction the hon. member used, he's directing the question in the right direction. I would say, though, that I'm not prepared to share with the House any discussions I've had with any processors in the province, and I think at this point in time I've met with almost all of them.

MR. FOX: With respect, it's these secret deals that got the government into trouble in the first place. We're trying to give the minister an opportunity to come clean.

The Minister of Economic Development and Trade said that the agreement [with Gainers] is a very rigid agreement...

This is last year in the Assembly

... that involves an undertaking by Gainers to build a new hog processing plant in southern Alberta and to expand and upgrade the beef processing plant in northern Alberta.

What evidence does this minister have that any of those objectives have even been started on to this date in exchange for \$6 million?

MR. ISLEY: Mr. Speaker, the only involvement of this ministry in the projects that are under discussion is through the Canada/Alberta Agricultural Processing and Marketing Agree-

ment, which is an agreement that triggers in once the project is completed and operational. At this point in time Alberta Agriculture has had no direct involvement with the plans the man is talking about.

MR. FOX: For the Minister of Agriculture to suggest he is not interested in the creation of further processing jobs, pork processing, that's ludicrous.

I'd like to ask the minister: does he have any evidence on paper to show the pork producers of northern Alberta that if the plant is built in southern Alberta, it won't result in the closure of kill capacity and the loss of jobs in the Edmonton Gainers plant?

MR. ISLEY: First of all, Mr. Speaker, as Minister of Agriculture I do have a significant interest in the development of processing jobs in our red meat sector. That is why we have the program in place that I indicated that many companies have used in expanding and bringing about new facilities. As the Member for Vegreville very well knows, the kill capacity for hogs in the province at the moment is sufficient to handle the hogs. There is a lack of processing capacity. What will happen with respect to the rationalization of that industry over future years depends a lot on the players in the private sector and where they decide to locate plants to respond to the agricultural production.

MR. SPEAKER: Calgary-Buffalo, followed by Athabasca-Lac La Biche.

Principal Group Noteholders

MR. CHUMIR: Thank you, Mr. Speaker. To the Premier. The Code report is expected to be released soon, and the Ombudsman's report will follow shortly. The 11,000 Principal Group noteholders have been shabbily ignored by this government, which allowed the Principal noteholders to be sold promissory notes until July 17, 1987, three weeks after FIC and AIC went out of business. The Premier has promised to reimburse FIC/AIC depositors if the government is found to be guilty of wrongdoing but has made no promise to noteholders, regardless of what the Ombudsman may find. I'm wondering whether the Premier can tell us, since the government asked the Ombudsman to investigate this, why he won't extend the same type of undertaking to noteholders based on the decision of the Ombudsman.

MR. JOHNSTON: Mr. Speaker, I think all members of the Assembly are aware that under the current schedule outlined by the court for Mr. Code to report, we would see that report sometime in the first week or so of July. As we have said repeatedly, I'm sure that Mr. Code will give direction to the court and the court will give direction to us as to how to respond, including not just the contract companies, which are at the heart of the report, but in fact the Principal Group Ltd. noteholders that are referred to by the Member for Calgary-Buffalo. So I think it would be pre-empting the role of the court and pre-empting the report of Mr. Code for us to comment as to how we expect to dispose of our responsibilities, outside of what we've already committed.

MR. CHUMIR: Well, the Premier was certainly able to make an undertaking with respect to the FIC/AIC depositors without considering that to pre-empt the role of the court. I'm wondering whether or not the Premier would be saying through his

mouthpiece, Harry Houdini, that in no circumstances will he reimburse the noteholders, or does he in fact have an open mind, depending on the Ombudsman's findings? Now, noteholders want to know that, and they deserve to know that, Mr. Speaker.

MR. JOHNSTON: Ah, I'm taken aback by that criticism, Mr. Speaker. Hits right on my heart.

AN HON. MEMBER: You don't have a heart.

MR. JOHNSTON: Remember, I do have the floor, however. I'll ignore those unwise words, I'm sure chosen in haste, Mr. Speaker.

I will simply indicate that the process is one which we've outlined before. I will of course restate what it is the government has committed to do. We have done an awful lot to ensure that these companies are wound up as soon as possible, that in fact the money due to the contract holders is paid to them as soon as possible, and of course we have put in place one of the most comprehensive reviews of this problem ever undertaken by a government facing this kind of an unfortunate collapse of a financial institution. Mr. Speaker, we have provided every piece of information we have. This process has gone on for over one year, over 159 people have been called; 37,000 pages of witnesses' testimony is before Mr. Code and before the court.

MR. McEACHERN: What about the burning of Connie Osterman...

MR. SPEAKER: Order please, Edmonton-Kingsway.

MR. JOHNSTON: Surely, Mr. Speaker, after a long process with all the best experts in the world involved, we should wait to see what Mr. Code has to say, what the court report has to say, before we pre-empt or give any suggestion of moving before Mr. Code reports. To do something else would in fact be surely inappropriate and not in the best interests of the court, the court process, Mr. Code, and the effort, and certainly not the contract holders.

MR. CHUMIR: Well, it would be interesting to see if this is one of the few times that the Premier and the Provincial Treasurer can agree on something. I'm wondering whether the Premier might now make an effort at answering whether or not, since the Code report is going to be released shortly, he is prepared to support a motion which I will be presenting in this House to suspend the normal business of the House . . .

MR. SPEAKER: Hon. member, your motion is not before the House, and this is not the place to announce that your motion is before the House. Order please. So the question is out of order. Athabasca-Lac La Biche.

MR. CHUMIR: I'll rephrase my question, Mr. Speaker.

MR. SPEAKER: No, you won't. Athabasca-Lac La Biche.

MR. CHUMIR: Point of order, Mr. Speaker.

MR. SPEAKER: Order please. Athabasca-Lac La Biche.

Economic Diversification

MR. CARDINAL: Mr. Speaker, my question is to the hon. Premier of Alberta. On Monday the opposition indicated that "the Premier of British Columbia [is saying] that the Alberta government is engaged in a bidding war to attract" industries and jobs to Alberta. The same day the opposition also asked why we are involved in corporate welfare. Well, if we listened to the opposition, the whole province would be on welfare, like too many of my constituents. My question to the Premier is: what assurance can he give this Assembly that he will work and proceed forward with his initiatives in creating jobs and attracting industries to Alberta so that the people don't get caught in a welfare trap like the opposition talks about? [interjections]

MR. MARTIN: They're creating welfare.

MR. SPEAKER: Order please.

MR. GETTY: Mr. Speaker, I appreciate the fact that the hon. member cares so strongly for those he represents. Unfortunately, some members of the Legislature would make fun of that.

Mr. Speaker, it is true that the Premier of British Columbia had received clearly misinformation as to the efforts and the initiatives of the government of Alberta in making sure that we not only rebuild those parts of our economy that we have always counted on, such as energy and agriculture, but that we work very hard to diversify our economy to make sure we provide the growth and the opportunities for the people of your constituency and constituencies all over Alberta in the future. So I was pleased to be able to explain to the Premier of British Columbia the initiatives which we are following.

We also asked our ministers of economic development and trade, who meet as a committee, to continue to meet to make sure that other governments will know and be able to compare the various initiatives that governments use in building growth and diversifying their economy. As a part of that discussion I made it absolutely clear to the three Premiers who attended the meeting with me that the government of Alberta is determined to diversify and to provide opportunities and growth all across this province and that we consider diversification a commitment of our government. We know others have talked about it, but this government is doing it.

MR. CARDINAL: My second question is to the hon. Minister of Family and Social Services. After two weeks of hollering at you across the floor here, I'm happy to see that you are going to co-ordinate delivery of programs with Career Development and Employment which are very, very important to my constituents. My question is: when will you commence this delivery?

MR. OLDRING: Well, Mr. Speaker, the co-ordination of programs between myself and the Minister of Career Development and Employment is something that has progressed since this cabinet has been sworn in. We've had numerous discussions, and we'll continue to work together to solve this problem. Not only these two ministers but, of course, all of cabinet and all of this caucus will work together towards solving that problem.

MR. SPEAKER: Final.

MR. CARDINAL: I don't have a final question. Thank you.

MR. SPEAKER: The Member for Edmonton-Avonmore, followed by Westlock-Sturgeon, Olds-Didsbury, Edmonton-Highlands, Edmonton-Gold Bar, Bow Valley, Edmonton-Jasper Place, Calgary-McKnight, Lesser Slave Lake, Edmonton-Mill Woods, Cypress Redcliff, Banff-Cochrane.

Edmonton-Avonmore.

Family Support Strategies

MS M. LAING: Thank you, Mr. Speaker. In 1980 a Senate committee found that young mothers often have poor knowledge of child development and unrealistic expectations of their child, thus increasing the possibility that the child will be at risk because we have children raising children. Here in Alberta one in two single-parent families headed by women lives in poverty, a fact which the Premier's rhetoric on supporting families seems to ignore. My question is to the Minister of Family and Social Services. How can teenage mothers trust this government to meet their complex needs when the minister has withdrawn funding for Park Wood House, the only residential service for unwed mothers in Calgary?

MR. OLDRING: Mr. Speaker, I have addressed that question in this Assembly on a previous occasion. I'd want to say a couple of things. I've had numerous meetings with the Salvation Army, who have worked very co-operatively with this government in providing some excellent services in the city of Calgary and, indeed, throughout the province of Alberta.

As it relates to Park Wood House specifically, this minister has cut no funding to Park Wood House. The Salvation Army made a decision that the facility itself perhaps was being somewhat underutilized. It's a 35-bed facility. At the time they made the decision -- they made the decision -- to close that particular facility, I think 20 of the beds were operated. Since then I think it's down to about three. I would say that we've worked very closely with the Salvation Army in making sure that the needs of the clients in that particular facility are being met on an ongoing basis. I would also want to say that this minister has been very supportive of the good work that the Salvation Army is doing in Calgary. I have personally discussed this particular situation with Major Jolly, and we both, I think, came to the conclusion that perhaps a facility as large as Park Wood House wasn't appropriate. They have found a better use for it. I assured Major Jolly that I would be interested in working with her in finding a more appropriate sized facility, and we're continuing towards that goal.

MS M. LAING: Mr. Speaker, 25 to 40 residential beds are needed in Calgary, and the service providers in Calgary say that the safety net is full of holes. Therefore, will the minister now agree to fund Park Wood House on an interim basis and to fund a needs assessment in the Calgary region?

MR. OLDRING: A number of questions again, Mr. Speaker. I just indicated . . .

AN HON. MEMBER: One. You can't count.

MR. SPEAKER: There were two questions in one. Perhaps the minister would deal with the first one. Thank you.

MR. OLDRING: They're busy chortling away, Mr. Speaker, and they don't like to hear the answers.

We are concerned about making sure those essential services are being met. There are a number of programs in place in Calgary that are working very efficiently. Calgary Integrated Services, with their Calgary life improvement program; we're still working with the Catholic Family Service bureau; we're still working with the joint integrated measures for youth: a number of good programs that are meeting those needs. We'll continue to meet those needs. We've done it in the past, and we will in the future.

MS M. LAING: Mr. Speaker, we hear of long waiting lists for counseling services and support services. In addition, Alberta has a high rate of teen pregnancy, and we see the government backing away from their commitment to these women and their children. Will the government and this minister now reorder his misplaced priorities by allocating specific department resources to co-ordinating existing services and to providing preventive programs now?

MR. OLDRING: Mr. Speaker, we're doing just that. This government has a number of excellent programs. I highlighted just a few of them a few moments ago to the member opposite. I don't know where she gets her statistics from, but they're not accurate. They're not accurate. This government and this department are going to continue to provide those essential services that are needed in the city of Calgary and indeed throughout the province of Alberta.

MR. SPEAKER: The time for question period has expired. One point of order. Edmonton-Strathcona.

MR. WRIGHT: Thank you, Mr. Speaker. My point of order relates to questions asked by the hon. Member for Calgary-Fish Creek and to a lesser extent Athabasca-Lac La Biche. It relates to the question of supplementary questions. In my respectful submission what has been happening now, as illustrated in those cases, three separate questions are being asked. In the first instance there was a question relating to environmental impact assessments, and these were followed by two completely separate topics. They're strung together only by the fact that they were discussed allegedly at the same conference. About this *Beauchesne* 414 makes a commonsense observation as follows:

Although there may be no debate on an answer, further questions, as may be necessary for the elucidation of the answers that have been given, within due limits, may be addressed to a Minister.

So it's obviously one question followed by two supplementaries elucidating what has gone before and not three separate questions, as is becoming to be amongst some hon. members the habit, in my respectful submission, Mr. Speaker.

MR. SPEAKER: The citation goes on to say in 414:

The extent to which supplementary questions may be asked is in the discretion of the Speaker.

MR. WRIGHT: Oh, yes; but they must be supplementary.

MR. SPEAKER: Thank you.

The thin golden thread that held the three questions by the

Member for Calgary-Fish Creek together was the fact that we're dealing with communiqués. The Chair felt some discomfort at the way the matter was being addressed; nevertheless, it was dealing with communiqués as issued by the conference. At the same time, the Chair also noted that for a change the House was being especially attentive to the answers and so was at somewhat of a loss as to whether to interject at that stage.

The Chair was also aware that the answers by the hon. Premier were lengthier than usual, and again this seemed to flow from the importance of the conference that had taken place. However, the Chair will still take guidance from the concerns as raised by the Member for Edmonton-Strathcona, and hopefully all members of the House will pay attention as well.

Thank you. Orders of the Day. Might we have consent to revert to the introduction of guests?

AN HON. MEMBER: There's a point of order.

MR. SPEAKER: We'll deal with that point of order. The Chair was not notified of the other point of order. We'll come back to that in a moment. First, with the Introduction of Special Guests.

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed?

The Minister of Family and Social Services.

head: INTRODUCTION OF SPECIAL GUESTS

MR. OLDRING: Thank you, Mr. Speaker. It's a pleasure for me to introduce to you, sir, on behalf of myself and the Member for Red Deer-North, and through you to the Members of the Legislative Assembly 46 super citizens representing the Red Deer Seniors' Travel Club. They are accompanied by their tour leaders, June Wade and Marg Davis.* I would be remiss if I didn't acknowledge one special guest amongst them. On behalf of the Member for Edmonton-Jasper Place I would like to welcome his aunt June Wade. I would ask that they all stand and receive the warm reception of this Assembly.

MR. SPEAKER: Calgary-Buffalo, on a point of order.

MR. CHUMIR: Thank you, Mr. Speaker. A point of order with respect to the Speaker's ruling with respect to my third question. The point of order is being raised pursuant to section 13 of *Beauchesne* regarding the Speaker following the customs and precedents of the House.

There are two issues which arise here. The first is the issue of the propriety of a member such as myself asking a question which refers to my intention to introduce a motion into the House. I emphasize it was not a question with respect to that motion; it's merely a reference to my intention to do so. I would request a reference by the Speaker, an authority with respect to the basis of the Speaker's ruling on that matter. That is issue one.

The second issue relates to why the Speaker closed me down on making that reference at a stage when the reference was clearly not the heart of my question. It was simply a peripheral matter and didn't deal with the substance of that, without allowing myself to rephrase. I ask this question and raise this point in

*This spelling could not be verified at the time of publication.

the context of the practice of this House whereby the Speaker allows members to rephrase questions with regularity -- with regularity, I emphasize, Mr. Speaker.

I must say that I ask these questions on behalf of the constituents of Calgary-Buffalo and with respect of the public interest, and I would request from the Speaker treatment no different than that which is accorded to many members of this House with regularity.

MR. SPEAKER: First off, the hon. member should give a little more consideration to the question as it developed in his own consideration as to -- he was not dealing with the first question; he was dealing with his last supplementary, and he was not being succinct with regard to his supplementary. That then meant that while the member now claims that he was being interrupted by the Chair when he was only starting to develop the flow with respect to his supplementary, that I'm afraid is out of order because he was supposed to get to the supplementary question.

The member was called to order because his question was hypothetical. There was a question being asked: will the Premier support my motion? That indeed is a question, and that question is out of order because it was hypothetical under *Beauchesne* 409(3), Standing Order 23(1), and *Beauchesne* 410(12). The member's motion is not even on notice as of yet, and therefore to be raising it in the form that he did was entirely out of order.

The matter of allowing members to rephrase their supplementaries is one that the Chair has been allowing in the first few weeks of this session, but really it's not part of question period. If your question is out of order, you forfeited that supplementary. You forfeited that question.

MR. MITCHELL: Point of order, Mr. Speaker.

MR. SPEAKER: The Chair will listen tentatively to what it might be.

MR. MITCHELL: This is another point, and it's a point that I would ask you to consider, Mr. Speaker. I rise under *Beauchesne* 408, 407, that refer to the time, the expeditious asking and answering of questions.

I know that you have made that an issue in this Legislature -- and our caucus is making every effort, as I'm sure most members of this House are -- to be brief and to the point in both their questions and their answers.

With all due respect, I would like to make one other point with respect to expeditious handling of question period. On occasion throughout question period you will list at length the number of speakers and questioners who are on deck, as it were, and while I know you are doing that for our benefit, to encourage us to hurry up and to focus and to be precise, it is also a fact that on three occasions since the beginning of this Legislature another question has been missed by about 30 seconds. The buzzer has gone, the answerer of the previous question is just about finished, but that 20 to 30 seconds would have made all the difference. If I might just ask you to keep that in mind, I would greatly appreciate that.

MR. SPEAKER: Well, hon. member, I do not propose to change that, the fact being that it is indeed a reminder to all members of the House, including your own leader, to perhaps

speed up the process in terms of the supplementary questions. Other members in the House in the last two days I've sent notes to saying: please stand quicker when you are being recognized; fire the question out quicker; when it comes to supplementaries, please make them more succinct. Starting tomorrow, we'll make sure they are more succinct. There will be no more preambles coming in here on these second and third questions, and then, hopefully, that will indeed speed up the process. [interjections] Perhaps members could wait till I finish. Thank you.

With regard to the matter of the answers, again not only in the House but by private communication the Chair has spoken to certain ministers in particular to speed up their responses.

With regard to the lengthy responses given today by the Premier, the Chair has already explained that to the House and feels no need to have to explain it further.

ORDERS OF THE DAY

head: WRITTEN QUESTIONS

MR. GOGO: Mr. Speaker, I move that all written questions, with the exception of 187, stand and retain their places on the Order Paper.

[Motion carried]

187. Mr. McInnis asked the government the following question:

With respect to the Alberta Forest Service's open houses and public meetings concerning northern forestry development held between February 15, 1989, and May 4, 1989, what were the costs of

- (1) regular staff time,
- (2) consultants and other contracted staff,
- (3) travel,
- (4) hall, motel, and other space rentals, and
- (5) equipment and supplies?

MR. FJORDBOTTEN: Mr. Speaker, I accept question 187.

head: MOTIONS FOR RETURNS

MR. GOGO: Mr. Speaker, I move that motions for returns on the Order Paper, all of them with the exception of Motion for a Return 184, stand and retain their places on the Order Paper.

[Motion carried]

184. Rev. Roberts moved that an order of the Assembly do issue for a return showing a summary of the complaints received by the Alberta Health Facilities Review Committee during 1988 regarding general, auxiliary, and mental health hospitals, nursing homes, senior citizens' lodges, and similar facilities, indicating the number of complaints received for each type of facility, the nature of those complaints, and their status at year-end.

[Motion carried]

head: **MOTIONS OTHER THAN
GOVERNMENT MOTIONS**

205. Moved by Mr. Fox:

Be it resolved that the Legislative Assembly urge the government to take immediate action to keep Alberta farm families on the land by

- (1) implementing a 3, 6, 9 percent interest program which
 - (a) reduces the interest rate on the first \$100,000 of Alberta Agricultural Development Corporation beginning farmer loans to 3 percent and extends the period in which incentive rates are received from five years to 10 years, and
 - (b) makes the farm credit stability program a permanent entitlement of Alberta farmers and reduces the interest rate on the first \$100,000 of a loan to 6 percent;
- (2) establishing a debt mediation process for the negotiation of fair settlements that takes into account the talents and aspirations of farm families, the fiscal responsibilities of lending institutions, and the long-term viability of Alberta's rural communities, and that provides for compulsory compliance under certain circumstances; and
- (3) establishing a voluntary farmland trust that would
 - (a) accommodate the return of ADC-held land to family-owned and operated farms, and
 - (b) assist those farmers wishing to re-establish their equity situations through lease-to-purchase arrangements.

MR. FOX: Thank you, hon. Minister of Advanced Education. I appreciate that, and I'm going to do my best in the next little while to advance your education.

I'm pleased to have the opportunity to debate Motion 205 on the Order Paper today to bring to the members' attention in the Assembly some issues that we in the Official Opposition consider to be extremely important, and that is the whole issue surrounding farm finance. The government has really insisted over the last several years to ignore the farm financial crisis. They've pretended that there wasn't really much in the way of problems in the farm community and always try to gloss over the situation and refer to the strength in the farm sector, the strength in the Alberta economy overall. I think it's prevented a reasonable examination of the issues that underlie the finance situation in Alberta agriculture.

There are a number of problems. They've developed over a long period of time, and it's our contention on this side, Mr. Speaker, that the problems remain. Because they are serious problems, they must be dealt with, and this is the appropriate place to deal with them, in the Legislative Assembly.

I think it is safe to say -- and likely some of the government members that are preparing to speak on this motion have these statistics prepared -- that there has been a reduction in the number of farm bankruptcies in the last year or two. I think that's a safe assumption. I'm sure someone over there has statistics that'll corroborate that fact. However, statistics can be very misleading, Mr. Speaker. After having a couple of years where there were a very, very high number of farm bankruptcies in rural Alberta, to see that number go down shouldn't give mem-

bers much solace. I mean, when you have an extremely high rate of bankruptcy and that changes to just a very high rate of bankruptcy, that's not much cause for celebration. There still is a concern there, and what we may in fact be seeing is the result of several years of poor planning and poor policy initiatives on the part of this government where the number of farmers that were in serious difficulty have fallen by the wayside and have had their futures in agriculture denied them by the situation over the last few years.

So I don't want to gloss over it with some references to the fact that there are fewer bankruptcies in 1987 than there were in 1986, or fewer in 1988 than there were in 1987. It's still a serious problem, and I know there are some members on the government side that share my concern, because they recognize that by and large, the farmers that are in difficulty are the young farmers, the young farm families that are attempting to get established in the industry, that are prepared to make a long-term commitment not only to the farm enterprise but to the community that they're a part of.

[Mr. Deputy Speaker in the Chair]

It's a sad sight indeed to see a number of these young farm families having their futures in agriculture ruined by economic circumstances that are largely beyond their control. The situation is certainly worse in some parts of the province than it is in others, and that depends, I think, to some degree on the quality of land, the type of enterprise that may be predominant in different areas of the province, soil conditions and weather conditions. Farming's a risky, risky business, Mr. Speaker. And in some areas of the province, to compound and complicate the dire financial positions of many farmers, we've had some extreme weather related disasters -- persistent drought over the last two or three years in some areas of the province; northeastern Alberta, for example, and the extreme southern part of the province -- which has only made it more difficult for a lot of people to stay on the land. So I think the problem remains, and it is there for the government and all Members of the Legislative Assembly to confront and deal with.

The first problem I think we have to take a serious look at is the problem of interest rates. I made extensive reference in the Assembly the other day to the pathetic, halfhearted efforts on the part of this government to fight the high interest rate policy of Ottawa. I don't think it's their intention to fight it at all, because I believe that high interest rates, when you get right down to it, are the policy of the Conservative government. They come out with programs now and then that in a halfhearted way attempt to deal with interest rates, but by and large they're the party that is responsible for and supportive of high interest rates, because they largely represent the people that earn interest rather than the people that pay it. There have been some halfhearted attempts.

But let's look at the interest rate situation over the last number of years, Mr. Speaker. I can discuss this situation from experience, because I was a young farmer, got into agriculture when interest rates were low and had been relatively stable for a number of years. I believe our initial mortgage was at 7 percent, which to many at the time seemed extremely high, and it was, but it had been that way for a number of years. The industry was relatively stable too, Mr. Speaker. The prices of farm commodities did fluctuate a bit; the price of land did vary a bit, but not very much. Inflation wasn't much of a factor either. But as

the Canadian economy started to heat up during the mid-70s and inflation became a real factor, grain prices started to go up, the competition for land became very serious. As a result, land prices went up and interest rates started to climb and climb and climb. I can remember buying a truck, for example, in 1978. I think the interest rate at the time was about 9 percent, 10 percent, something like that. By the time I finished paying for the truck four years ago, I was paying 21 percent. It's a situation that many farmers in the Assembly are familiar with.

The interest rates climbed almost uncontrollably for a number of years there, and I think that period of time -- let's say from 1975 to 1982 -- caused some serious problems for all farming operations in Alberta. The problems have not been solved to this day. I think there are a number of farm operations that are still limping along feeling the effects of that period of drastically high interest rates. And we can all remember the federal Liberal government and the role they played in bringing that high interest rate policy to Canadians back then.

AN HON. MEMBER: You guys didn't help.

MR. FOX: Beg pardon? Yes, they were supported by the Conservatives in the Assembly. I have record of those votes from the House of Commons. I'll share them with the hon. Member for Lloydminster if he likes.

But, anyway, that's history. The reality was that the interest rates were unacceptably high. And I don't think anybody could reasonably have predicted that interest rates were going to climb into the low 20s. It's not something we'd seen before. We all hope it's something we never see again. Nonetheless, it occurred. What happened, Mr. Speaker, is that that period of extremely high interest rates had a very severe impact on people who were new in the industry. Established farmers who, relatively speaking, had less debt than beginning farmers didn't feel the pinch nearly as much as farmers who were trying to get established. I recognize the government had some programs through the ADC -- beginning farmer programs, et cetera, that were some benefit -- but still there was a significant number of young farmers who had a tremendously difficult time keeping up with the obligations, ended up going deeper and deeper into debt, refinancing and refinancing, borrowing against the depreciating value, the increasing value, the inflated value of their land, and the problem just got worse. It never got better for them; it just got worse.

I submit, Mr. Speaker, that the government's contention over the years that people who got themselves in trouble were bad managers and probably didn't deserve to be farming anymore is a false and mean-spirited contention, because I don't think that's the case at all. If you look at it, as I said, the people who were in serious difficulty by and large were the young farmers of the province, the people who held the productive future of the province in their hands. I think, in fairness, there were some bad managers in agriculture. There have been in the past, and there will be in the future. There is always a small percentage of people in the industry at any given time who probably aren't seriously committed to the industry and aren't careful enough in the decisions they make, and they'll fall by the wayside. But I don't think that percentage, which is always going to be there in any industry, has been any greater in the last 15 years than it was before. I mean, that percentage of people was there.

By and large, the only mistake that these young farmers who are falling by the wayside in ever increasing numbers made was

being born at the wrong time. Because they were my age or a little younger and happened to get into the industry, buying into the industry when there was extreme optimism, only to find that they . . . [interjection] Beg pardon? Mid-30s. People who reached young adulthood in the mid-70s and started farming, maybe took over an established farming operation, encouraged in their endeavours by a government, both provincially and nationally, that was making some pretty extravagant predictions about the future of agriculture, talking about a hungry world beating a path to our door, willing to pay whatever it cost to feed them. Some fairly aggressive lending on the part of the government; members will remember that the ADC was very active in the market at the time.

And we all have cases like this in our constituency, where young people would come up with a plan: they want to buy a quarter and a tractor, maybe rent a quarter from their father and one from the neighbour and establish a farming operation, working out a little bit on the side. The ADC would say: "Well, no, our programs don't accommodate that. You can't work on the side. You've got to be a full-time farmer, and you can't make it on a quarter, renting an additional half. What you need is a 'viable farm operation.' We won't lend you \$80,000 . . ."

AN HON. MEMBER: Bees, bees.

MR. FOX: Yeah, bees.

You know, "We won't lend you \$80,000, but we'll lend you \$200,000 if you buy a section and a bigger tractor and a combine. Then you'll be a viable farm operation." I submit that put a lot of farmers in a very difficult position. A lot of young people faced with that decision would say, "Well, either I get to borrow nothing and not be farmer, or I get to borrow \$200,000 and be a farmer." The Member for Wainwright is shaking his head. I can show him at least 10 cases where that was true. For my own constituency it is true. And people would take the money, hoping that they could make a go of it. So the government had some responsibility, I think, both in terms of making extravagant, unsubstantiated predictions about the future of agriculture and the need to expand our food production and also being very aggressive in terms of their lending policies.

So we're dealing here with that group of people, I submit, whose only mistake -- if you can even call it a mistake, because it was certainly inadvertent -- was being born at the wrong time, entering agriculture at the wrong time. They're the ones who have been the main victims of the farm financial crisis, which was compounded, as I said, not only by high interest rates but inflated land values, land values that bore no relation to the productive capacity of the land, which preceded in the mid-80s a dramatic decline in the value of many commodities. It left a lot of operations scrambling, people unable to keep up with their obligations. They just couldn't possibly produce enough and sell it for enough to keep up with their debt, and their accounts would fall into arrears.

Often the liquidity of the operations was jeopardized too, because if they'd go and refinance, try and renegotiate their loans, of course the land would have to be appraised at current market values, which were much less than the values that were attached to the land when the purchases were made. So there were a lot of things going on there that really had a negative impact on these young farm families.

It's our contention in the Official Opposition that the problem went far beyond those people who were forced to abandon

their futures in agriculture, because it got to the point where it was having a serious impact on the communities. The communities that the farm families support were being jeopardized. We can all think of examples there. The current Minister of Municipal Affairs used to feel sometimes like he was banging his head against the wall trying to get this government to acknowledge the serious problems confronted by farmers, their families, and the communities they support in his constituency in southern Alberta. It's a serious problem and one, I think, that on close examination clearly distinguishes between the vision of a Conservative government and the New Democrat Official Opposition.

I refer members to a document that was tabled in this House a couple of years ago by the then Deputy Premier, called Caring & Responsibility. In that document -- which was supposed to be, I guess, a long-term vision, or an expression of the long-term vision of the Conservative government -- they made some pretty shocking predictions about rural Alberta, Mr. Speaker. And I might remind members, some of whom weren't in the House at the time, that they might want to look at that document. Because they predicted that between 1988 and the year 2001, a period of 13 years, the population of rural Alberta is predicted to decline by 92,000 people. Now, that's a government prediction, and when I read that, I was alarmed. I can remember standing up and questioning the Premier, the Premier who has now fallen in love with rural Alberta. I questioned him on that because it was an alarming statistic to me, to think that the government would quite casually predict, without any apparent concern at all, that an average of 5,000 people a year would be lost to rural Alberta in a province that, in spite of the fact that a lot of the members here represent rural constituencies, is already one of the most heavily urbanized provinces in Canada. This trend is accelerating, and it's alarming.

So I looked at that and I had to ask -- now, the government makes this statement without any apparent concern -- is that just their estimate of a trend that's inevitable, or is it a policy objective of the government? I mean, it has to be one or the other. In either case, I think it's an admission by the government that the policies they've come up with, the programs they've developed to deal with rural population decline, are woefully inadequate and ineffective, because they're admitting -- admitting -- that they're going to fail. And it is our contention in the Official Opposition that our goal should be to develop policies for agriculture and for rural Alberta that encourage people to stay in the industry, that develop a diversified industry that has as its objective the support of people and the support of communities.

It's not like the Conservatives tell you, Mr. Speaker. Agriculture isn't just an industry that's there to produce goods for sale. The efficiency of the industry can't just be measured by the number of acres sown or bushels produced or head of live-stock raised. That's not a complete enough measure of the efficiency of the agricultural industry. We have to take a serious look at the number of people that are actively involved in the industry, the kind of life-style that the industry supports. What is the impact of the industry on the nearby communities? Studies have shown time and time again, in contrast to the Conservative vision that bigger is better and that the fewer people you have involved in agriculture, the better it will be because they'll be more efficient. . . . They'll have bigger equipment and farm more land and therefore produce more. In contrast to that vision, Mr. Speaker, the statistics show quite clearly that small and moderate sized family farming operations are the basis for a

much more vibrant and vital economic unit, I guess, if we're looking at the communities that the farms surround. You look at any community that is surrounded by large, highly mechanized, sparsely populated farming communities, and those towns and villages are having one heck of a time surviving.

But if you look at places in the country where we have small and moderate sized family farming operations -- which, I might add, are extremely efficient. No one wants to challenge the efficiency of the family farming operation, where the family provides not only, you know, most of the management but most of the labour as well. They're very efficient. They're very efficient, and the impact on the communities in the area is impressive. It does a much better job of supporting the quality of life in the area. We can see, by looking at areas in the Peace River country, for example, certain communities that are falling by the wayside because there just aren't enough people in the community to support them anymore. If we lose any more farm families from some of these areas, the communities themselves are jeopardized, Mr. Speaker, because there aren't going to be enough children to go to the schools, there aren't going to be enough people to support the businesses, enough ratepayers to generate the economic wealth to support the infrastructure.

So I think it ought to be important to all of us to try and revitalize agriculture, make it an industry that's capable of supporting a larger number of Albertans and reverse the trend, reverse this extremely negative trend that the Conservative government seems to want to have us on. In contrast to their vision, Mr. Speaker, it's not the solution to the economic problems in agriculture to have fewer people involved. That's just not going to work any longer. It's not going to work, and I've heard it repeated again and again when the Conservatives talk about their policies: incentive rates for grain transportation, abandoning rail lines, and all this. They have a vision of efficiency that's very narrow and, I submit, very hard on the farming community.

The belief that fewer people involved in agriculture means a relatively larger slice of the economic pie for those that are left is a very negative dream, a very negative vision. I'm doing my best over the years to convince the Conservative government that they ought to abandon that, because I think we've gone too far along that path already, Mr. Speaker. Members in the Assembly who farm will recognize that farmers have heeded the call time and time again to become more efficient and produce more. Usually what they find is that in the absence of any regulated or organized activity within their sector to help them market their product for profit, their price goes down. They get less and less in exchange for producing more and more.

So our vision, the New Democrat vision, is the complete opposite of the Conservatives' in that regard. We were determined to come up with a number of policies that supported agriculture in a meaningful way while remaining responsible in terms of the overall fiscal regime of the province. So we campaigned during the election on a few issues in relation to the farm financial crisis, and I'd like to refer to them specifically for the benefit of members who may want to get in on this debate.

We thought that the government had a fairly good initiative in the farm credit stability program, the 9 percent farm loan program. It's not a \$2 billion benefit to farmers, or now a \$2.5 billion benefit to farmers; it's a loan program that lends that money to farmers at 9 percent interest. The actual cost to the provincial Treasury has been relatively small in comparison to other programs. That \$2 billion loan program, Mr. Speaker, has cost the provincial Treasury, also known as the taxpayer, any-

where from \$17 million to I believe \$42 million over the last three years in any given year.

It's our contention on this side that we could do more to help farmers in that regard, that the 9 percent interest rate could be improved upon. Now, the Provincial Treasurer got up the other day and said that the opposition advocates giving grants to farmers and interest rates at zero. Well, that's more of his nonsense. The motion's very clear: we propose a 3, 6, 9 interest rate program with some specific objectives, the first of which targets beginning farmers. Currently the ADC has a beginning farmer loan program that offers farmers a benefit, a 6 percent interest rate on a \$200,000 loan over five years. We felt that could be improved upon, and a number of farm groups agreed with us that the benefit should be extended to 10 years, not five. We wanted to take it one step further and offer them the first \$100,000 under that program at 3 percent. Okay; that's where the three comes from, hon. members: 3 percent on the first \$100,000; 6 percent on the second \$100,000; the benefit extended from five years to 10 years. That would enable these young farmers extra opportunity, I submit, to become firmly established and build their operation into a successful one that will support them and their families.

The second part of the program, Mr. Speaker, was to deal specifically with the farm credit stability plan program: improve upon the 9 percent interest rate by offering farmers the first half of the loan at 6 percent. At that time it was a \$200,000 loan limit, so we proposed the first \$100,000 under the program at 6 percent, the second \$100,000 at 9 percent. So it's a 3, 6, 9 interest rate program. We also felt that the farm credit stability plan program, rather than one that expired on June 30, 1989, now extended to June 30, 1991, should be a permanent entitlement, a permanent entitlement, something that farmers can count on in the long term.

So I think the 3, 6, 9 interest rate program is a solid suggestion and one that would be very beneficial to the farming community. We estimate that the average annual cost of that program -- because during the election we costed all of our promises. The promises that the New Democratic Party made during the election were costed out, and the estimates of those costs were provided to the taxpayers. We estimated the cost at...

MR. TAYLOR: But you used a Ouija board instead of an adding machine.

MR. FOX: Yeah? Well, we didn't say that our promises cost \$100 million and send pamphlets all around the country that detailed \$3.2 billion in promises. We were fiscally responsible in that regard.

This program would cost the Treasury, we estimate, about \$80 million a year. Now, some members may feel that that's too much of a commitment to make to the agricultural community in respect to interest rates, but I would argue that that would have a substantial and very basic benefit to the farm community. That money injected at sort of the bottom of our economy, the roots of our economy -- you water the roots, the tree grows, and we all enjoy the resultant lush growth. That's the appropriate place to stimulate the economy, not by giving millions of dollars to the wealthiest people in the country. So I think the \$80 million commitment to agriculture would have been a reasonable but substantial commitment on the part of government to farmers in debt trying to establish themselves in the industry.

The second part of our proposal was that we would establish a debt mediation process for the negotiation of fair settlements that takes into account the talents and aspirations of farm families, the fiscal responsibilities of lending institutions, and the long-term viability of Alberta's rural communities, and that provides for compulsory compliance under certain circumstances.

I guess it's our contention that we needed to introduce a form of debt mediation with teeth, and hon. members will refer to the Bill that I've introduced in this House on a number of occasions, the family farm protection Act. I think what we mean by this is that it's not enough to look simply at a person's record and say: "Well, you didn't meet your obligations, even though we encouraged you to get into agriculture, even though we lent you more than you wanted to borrow in the first place. We're going to shut you down." It's not enough to do that, Mr. Speaker. What you have to do is look at the whole, look at the result of that kind of policy.

We think and we believe that this government is actively practising a policy of debt write-down, but they pass the benefits of that debt write-down on to the wrong people. I'll refer, for hon. members, to the way in which that happens. Let's say farmer A owes \$200,000 and can't keep up. The land that he or she is farming is now only worth \$100,000. You know, it's a nonperforming account, as you might want to call it. The government turns around and quitclaims or forecloses or whatever to close out the account, turns around and sells the land to the neighbouring farmer, who's perhaps already well established, for the \$100,000. The net effect is that we've got one farm family gone from agriculture and gone from the farm. The neighbour got the land at \$100,000, and the Treasury's out \$100,000. The provincial taxpayer in effect offered debt write-down but passed the benefit of it along to the neighbouring farmer. I submit, from our point of view -- we're still losing the money -- that we ought to take a serious look at passing that benefit on to those farmers, and there are some of them who are making every effort to make their operations work and have made a commitment to the community to be a part of the community and be a part of agriculture.

The debt write-down is occurring. The ADC loses, on average, in excess of \$100,000 per quitclaim and foreclosure action. All we're saying is that the benefit of that write-down ought, in some cases, to be passed on to the people who deserve it, and in many cases that is the young farm family that struggled to make ends meet, that has put substantial improvements into the land but, in many cases for reasons beyond their control, has not been able to keep up with what I submit were some very unique, unusual, and punishing economic circumstances; that is, the period of extremely high interest rates, inflated land prices, and then a sudden decline in the value of the commodities they produce.

We think that the federal debt review boards are toothless tigers, and we think that the government has too often come out in favour of the lending institutions. They take care of themselves pretty well; we don't have to worry too much about them. We want to be fiscally responsible here and make sure that those people who have tried to beat the system aren't going to get away with it. But I think the net has been cast too far in this regard.

MR. DEPUTY SPEAKER: I regret to interrupt the hon. member, but his time has expired.

The hon. Member for Lloydminster.

MR. CHERRY: Thank you, Mr. Speaker. Before the rain comes the thunder, and today I want to congratulate the hon. Member for Vegreville for bringing forth this motion; I think he is actually genuine in caring about rural Alberta. For once -- for once, you know -- they have got some ideas there, instead of continually criticizing. So I thank you, hon. member.

However, everyone in this Assembly wants the same thing: we want relief from the hardships that rural communities are facing. We'd be pretty hard pressed to find anyone in this room who isn't, I think. Another thing is, any one of us who doesn't know of someone in rural Alberta that hasn't suffered from drought, debt, or the sad social consequences of having to move from the farm and from your home -- as legislators we want to do everything that's necessary and reasonable to help our rural friends.

Unfortunately, I can't support the solutions proposed by the hon. Member for Vegreville, because I don't see them as reasonable. I disagree with the basic assumptions behind his analysis of the situation. We have sat here in the House while the hon. Member for Vegreville tried to tell us that this government -- this government -- has forced families to abandon their homes. Surely the hon. member has read broadly enough to know that the decline of rural population is a worldwide phenomenon. It is brought on by social and economic factors too numerous to discuss, many of which are quite beyond the control of this government. Surely the member knows that this government has accomplished what few other governments could do: it has slowed down the process so much so that our rural population has declined at a slower rate than that of any other province. From 1981 to '86 in Alberta we recorded a total drop of 1.5 percent of the total number of farms. Ontario recorded a drop of 12 percent, while Saskatchewan and Manitoba recorded decreases of from 6 to 8 percent.

But really and truthfully, I guess, we're not here to debate the cause of the problem. I think we all realize that. Rather, we're here to debate the solution. Mr. Speaker, I'm only going to discuss one aspect of this motion, and that is the 3, 6, 9 percent subsidy proposal, and I will give you five reasons why this proposal does not serve the best interests of Alberta farmers or Alberta taxpayers.

The first reason is one I feel most strongly about, and the one that most directly affects every Albertan. That is the overwhelming cost of the 3, 6, 9 percent program. Mr. Speaker, lowering the rate of subsidization of beginning farmer loans below the existing special rate flies in the face of fiscal responsibility. Already I am hearing complaints about the fact that for every \$100,000 loan we subsidize for the beginning farmer, the Alberta taxpayer picks up \$15,000 of the farmer's tab. The member is asking the taxpayer to pay an additional \$45,000. Even at 9 percent, the ADC makes 500 to 700 of these loans every year. We can see how the cost of the subsidy program proposed in this motion quickly enters into the realm of the outrageous. Poor thinking, poor thinking, really.

The same problem exists in his recommendation that the Farm Credit Stability Fund Act be enhanced by offering a 6 percent interest rate rather than the current 9 percent. Based on the market rates, the \$2.5 billion program will cost taxpayers \$48 million this year alone. If we apply the lower rate, it will cost the taxpayer \$103 million, more than twice as much. Twice as much. What is really astounding about this proposal, however,

is not the additional \$55 million the taxpayer would shell out; it's the fact that the value of the rate -- for every dollar the taxpayer spends, the farmer will save \$2.34. At the proposed lower rate, for every dollar spent, the farmer would save only \$1.62. Mr. Speaker, the proposed program does not give the taxpayers value for their money. It just throws money into the problem, really.

Mr. Speaker, more than half of the 24 departments in this government can run for a full year with a budget of less than \$225 million. I feel obligated to note that while the hon. member suggests ways of vastly increasing agriculture expenditures, his leader is criticizing the government for the taxation levels, which are the lowest, incidentally, in the country. What does his party really stand for anyway?

MR. LUND: Nothing.

MR. CHERRY: Thank you.

For the sake of argument, let's pretend for a moment that money is no matter. Let's just pretend that the cost to the taxpayer is irrelevant. Mr. Speaker, I still couldn't support this motion, because the problem goes beyond the cost to the individual taxpayer, really.

This leads me to my second objection to this motion. Excessive subsidization causes problems both domestically and internationally. Internationally it can cause trade backlashes among fellow GATT nations and may be challenged under the free trade agreement. Domestically the motion fails to recognize that government action can create financial problems for farmers not currently experiencing difficulty. And that's a good point, because it was just a little over two years ago that a committee set out on a fact-finding mission in rural Alberta, and to the beginner farmers and agriculture as a whole, to find out what was happening to our programs. I might add that I had the honour of being on that committee, and we precisely had in the neighbourhood of 31 public meetings where we met people from all over the province: not just in one area but all over the province. I might add that in many cases they were very, very sad cases to listen to: people's experience, what they had done and gone through. Many of the farmers, or ex-farmers at the time, indicated that in a lot of cases they had been given too much money or else they shouldn't have been given any at all. So we did have that problem out there.

I think if you go back, it's like anything else. You go back in the good times: prices were high, land prices were high, and money was flowing. We experience that every time it happens. I don't know why, Mr. Speaker, because it appears that we don't learn from our mistakes. But the ADC Review Committee did come forward with some solutions to the debt problem. For any of you -- and especially my hon. friend; I hope that he has read the booklet entitled *Options and Opportunities* by this committee. Very good reading, very thoughtful reading.

Mr. Speaker, only by decreasing debt, not increasing it as this motion suggests, can the farmer withstand the risks of farming in an open and competitive world market. And today that's what it is. This motion ignores the consensus of more than 900 producers in this province that we heard about, the feedback that we heard about. It encourages farmers to go deeper in debt when debt levels are already at near record levels.

My third criticism is that not only is this kind of recommendation not safe for the industry and not safe for the individual farmer, increasing subsidies takes control out of the hands of the

farmers and places it in the hands of government. And, my goodness, if I've heard it once over the years -- and I've said it before, when I was a farmer -- get government the hell out of my way. What's the result? The farmer has less flexibility to cope with future economic fluctuations, and that's it. He really has.

Making the farm credit stability program a permanent program would further entrench this lack of flexibility. I believe, and clearly the opposition agrees, that the program is right for the times. But as interest rates drop and debt begins to decrease, there may be better ways to put this money to use in the agricultural community. We've got to maintain the flexibility so that we can respond to the changing circumstances with new programs.

The fourth problem I have with the idea of drowning our farmers' problems in subsidies is the added risk of public money. Numerous studies, including a recent one by the Canada West Foundation -- an independent, nonprofit, non-political research agency -- show that interest shields take away the lender's responsibility to properly assess loan viability.

AN HON. MEMBER: Tell that to Pocklington.

MR. CHERRY: Listen now; listen.

The more we subsidize, shield, and guarantee, the less banks and other creditors have to worry about ensuring that any particular loan is a safe bet. Helping farmers in need and protecting public money is a delicate balancing act, and this motion would tip that balance.

A fifth and related point is that excessive interest shielding sends negative signals to the market and reduces pressure on the banking industry to lower rates. In effect, too much shielding perpetuates the problem of high interest rates. Mr. Speaker, these are the faults I find in this section (1) of the hon. member's motion. And I see he's back now. I leave my colleagues to discuss the remaining sections.

Before I conclude, I'd like to mention that the government is taking action to help farmers in need. Agriculture remains the government's number one priority. The throne and budget speeches have announced several initiatives for agriculture. The farm financial management program will be expanded to a three-year federal/provincial program which aims to raise the level of knowledge and management skills among Alberta farmers. This is a program that recognizes that giving farmers access to credit is not necessarily a solution unless farmers have the knowledge to use it in the most efficient way. The farm employment fund will provide employment and help farmers afford an extra hand during the busy season -- maybe even in honey farming; I don't know. The \$25 million small business interest shielding program announced in the recent election also offers farmers some protection from high interest rates. Farmers' diesel fuel costs were reduced by another 5 cents a litre, and agricultural producers continue to be exempt from the 5 cents a litre fuel tax. Look at that. Look at this government, what they're doing.

Mr. Speaker, again I commend the member for presenting his proposed solutions to the House. We must continue to look for new, innovative ways of dealing with this problem we all recognize. And I think it's recognized over the years: very few years that agriculture hasn't slumped; there's not enough ups, as I say. I am reminded of a quote by Sir Francis Bacon, and this is a good one: "He that will not apply new remedies must ex-

pect new evils . . ." I don't think this remedy suits the illness, for the five reasons I've given, but I really do think you have to go further, hon. member, than what you put forward. That is why I cannot, I say again, support your motion.

Thank you.

MR. DEPUTY SPEAKER: The hon. Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you very much, Mr. Speaker. I rise first so there will be no confusion in the minds of my NDP confreres to say that I am supporting of t h e . . . That stops a certain amount of heckling, although I think the debate on the other side has become much more formidable than I thought it was when they quoted Sir Francis Bacon, because up till now I'd always thought that they thought Sir Francis Bacon was a cousin of Pocklington in one of the pork packing plants. Maybe they still do; I don't know.

I wanted to talk a little bit about interest shielding. I may not agree exactly with the 3, 6, 9, but it's close enough to support. But those people . . .

AN HON. MEMBER: You did on CBC radio during the campaign.

MR. TAYLOR: He said I agreed on TV. I don't know. I do some awful kind things to former neighbours occasionally, to make them feel good.

But the point is that interest shielding does take place, Mr. Speaker, in the Canadian economy and in most world economies. I've been in other businesses besides farming, and whether you do the interest shielding directly in giving them a fixed rate loan or whether the income tax people, as they've been known to do and do now, as a matter of fact -- provided you're making a taxable income, you're allowed to write 100 percent of your interest costs off against your taxable income. Therefore, it means that someone who's in one of our highest income brackets or a corporation bracket is really only paying 40 or 50 percent interest. So that's a form of interest shielding.

Then you have the form of interest shielding that's been bought to a fine degree with his government, and that is the government guarantee; in other words, the Pocklingtons and the Essos and the Occidentals and the upgraders of this world. As a matter of fact, the hon. Member for Lloydminster who complained about interest shielding resides in a constituency -- if it has any hope of getting anywhere outside of throwing out its MLA, it is possibly completing an Upgrader sometime in the next 10 or 12 years. Mind you, that gets promised at every election. But if it goes ahead at all, it'll be because of interest shielding, the very interest shielding that he says would be bad for the farmers. And that interest shielding they give there, of course, is a guarantee. If you have a bank guarantee -- and I think nearly everybody here knows, if they've ever used it -- if grandpappy or the government guarantees your loan, you can borrow at about 1 percent cheaper; maybe even 1.5 percent cheaper. That's a form of interest shielding.

So what always puzzles me about this government is how, somehow or another, interest shielding to the large corporation, the high-income person that's writing it off against income tax, interest shielding to a corporation in the form of guarantees -- that's all okay, but somehow or another it corrupts the farmer. Why it corrupts a farmer when it doesn't corrupt all these other

people is beyond me.

MR. ADY: What's the 9 percent overhead?

MR. TAYLOR: Now, the gentleman from Cardston asked what about 9 percent? Well, 9 percent is a form of interest shielding, and it's good. It's interest shielding in a wise way. That's why I support the government, and so does the hon. Member for Vegreville, I think, in the 9 percent long-term loans. Everybody said it was probably one of the few shafts of light that ever came through to strike the government since Saul fell off his donkey on the way to Tarsus. But nevertheless, it did come through. As an instant conversion, a 9 percent, 20-year loan was a wonderful thing, and we should never look a gift-donkey in the mouth, Mr. Speaker. It's there, and we want to praise him on it.

The payback portion, and I'd like to say a couple of words on that, still strikes me -- after going that far, after suddenly seizing the nettle and understanding that farmers needed a long-term, 20-year loan, fixed interest rate, what puzzles me is why they couldn't inch that little bit more, like a glacier. They do move slow, Mr. Speaker, but they only had to move a few feet more to allow the farmer to pay back the loan, the 9 percent loan, on a percentage of what the total farm income was. In other words: a bad year, no payments; a good year, more than extra payments; and over a 20-year span it would average out. But consistently they refuse to do that, Mr. Speaker. A very, very puzzling thing indeed. They still insist, as if they were an insurance company or a bank, that, "Well, this money's coming in in 1994 and it has to match the money going out in 1995." It makes no sense.

Surely, if anything a government has with its huge credit rating -- although how long it will have if this government stays in, I don't know -- it's that averaging effect. And they recognized it when they came out with a 9 percent loan over a 20-year period. They recognized that possibly the interest rates might go up or down but they'd come very close to an economic return on a 20-year period. So why not go one step further and recognize that taking a 12 or 15 percent assignment of the gross farm receipts each year -- admittedly, if a farmer has 10 good years, it's all paid off in 10 years, but if it's 10 bad years, it might crowd out to . . . But the point is that over 20 years it should average. Even the Bible says that you only have seven lean years and seven fat years, so 20 years should give us time enough to average it out over the time.

The other area that bothers me a bit about the way the government handles credit to farmers has certainly been in the case of imposing the penalties or whatever you want to call it -- I guess you'd call it penalties -- when the farmer is not able to keep his loan up, when he has to fall behind.

Oh, by the way, if I may go back for just a minute. When I mentioned about assigning a percentage of all income flow to the ADC to pay off the loan, that's not a heretical idea. The federal government passed a section 82 that amends the federal Bank Act that allows oil companies to do it where there's a cyclical return on oil prices or gas prices and allows timber companies to do it. They can go to the bank and assign all income and let that flow up or down to pay off the loan. So it's not an unusual thing at all.

But let's go back to the other thing that bothers me very much, and the hon. Member for Vegreville covers part of it when he talks about putting teeth into the debt adjustment boards. I think he's right on there. This government has gone

backwards in that respect. Through the 1940s and '50s and '60s we had Social Credit -- remember them? Bless their little pointed heads, they had that on exactly. They knew what they were doing when they put in a Debt Adjustment Act that forbade foreclosure of any owner-operated farm or owner-occupied home without having to go to the Debt Adjustment Board first to see whether indeed the fault that foreclosure was taking place was due to bad management and not a case of bad weather, bad markets, or bad health, in which case they then had the power to stretch the payments out. I think it was a very progressive form of legislation. It was one of the best forms of legislation I've seen around through the free world. Yet this government went out and emasculated it, all on the argument that the banks might pull back credit, ignoring the fact that the banks piled credit in here, dollar on dollar on dollar, all through the '60s and '70s when that law was in force. So somehow or another they panicked because the bank pulled out a few million dollars here a few years ago, and took the teeth away from the Debt Adjustment Board and said, "Well, it must be the Debt Adjustment Board; that's why they're all running back to Toronto," ignoring the fact that at one time in the '60s and early '70s Albertans had six times more dollars per capita from the national banks invested in Alberta than there was in the poorest province in Canada. So the argument that the banks are all leaving us just because we don't allow them to foreclose on the land against somebody unless they prove bad management wasn't valid at all.

Of course, what we had added to that, Mr. Speaker, is the worst of all worlds: we had the government suddenly come into the lending business. We had this provincial government -- this government, those people that are sitting over there yawning sleepily, reading their notes upside down, Mr. Speaker. This government sat there and supported the federal government in pursuing the farmers of Alberta on their personal covenant. In other words, they said: "No, it's all right for the Bank of Commerce not to be able to sue on a personal covenant. It's all right for the hon. Member for Olds-Didsbury not to sue on a personal covenant. But we're the government, we're the queen, and we're going to chase that little rascal no matter where he goes and garnishee his salary." Those people. That's what the federal government said. At least the federal government can be excused for their ignorance. After all, they are Conservatives. But this government had no excuse for that. They supported the federal government in suing on the personal covenant. And now, the Minister of Agriculture -- and I notice neither he nor Bonnie are in tonight to take a bit of this venom -- still will not recognize the fact that they collected from farmers literally millions of dollars that were illegal, on the point of view that they were in effect pursuing on personal covenant.

And what worries me, Mr. Speaker, is that there's one more stage that I see.

MR. DEPUTY SPEAKER: I regret to interrupt the hon. Member for Westlock-Sturgeon but must advise him that the time permitted for the discussion of this item of business has expired.

MR. TAYLOR: I'm sorry, Mr. Speaker. Quite often . . .

MR. DEPUTY SPEAKER: Order please. The time has expired. I'm sorry to have had to interrupt you, but we must proceed with the next item of business.

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

**Bill 204
An Act to Amend
the Auditor General Act**

MR. McEACHERN: Thank you, Mr. Speaker. I rise to introduce Bill 204, An Act to Amend the Auditor General Act.

I want to first deal with the changes that it makes and then spend some time on why we suggested these changes were necessary. If members would look at the Bill, section 2 says: "Section 12 is repealed and the following is substituted," and I want to look at those with some care and detail.

[Mr. Jonson in the Chair]

The present Bill reads in section 12:

The Auditor General

- (a) is the auditor of every department, regulated fund, revolving fund and Provincial agency, and
- (b) may with the approval of the Select Standing Committee be appointed by a Crown-controlled organization or any other organization or body as the auditor of that Crown-controlled organization or other organization or body.

Mr. Speaker, I felt that subsection (b) was not strong enough, that the Crown-controlled organization should come under subsection (a), where there was not a choice about whether or not the Auditor General would audit Crown-controlled organizations. So the suggested amendment is this, going back to the left-hand side:

The Auditor General

- (a) is the auditor of every department, regulated fund, revolving fund, Provincial agency and Crown-controlled organization.

That, of course, means that (b) is changed slightly:

- (b) may with the approval of the Select Standing Committee be appointed by any other organization or body as the auditor of that organization or body.

So Crown-controlled corporations will come under the Auditor General.

There are a couple of other aspects of the Act one needs to look at. Chapter A-49 of the Auditor General Act gives a definition of the Crown-controlled organization, which means, one, "a corporation" -- and there's a lot of extra lingo there I'll not read -- and two, "an unincorporated board, commission, council or other body," and then it goes on to say at the bottom, referring to both those groups,

that is responsible for the administration of public money or assets owned by the Crown, and includes a corporation, more than 50% but less than 100% of whose issued voting shares are owned by the Crown or held in trust for the Crown or are partly owned by the Crown and partly held in trust for the Crown.

So, Mr. Speaker, the aim of this Bill is to bring Crown-controlled corporations under the purview of the Auditor General. I suggested that specifically because the Treasurer did not seem to want to release the statements of Softco, or 354713 Alberta Ltd., earlier in the year. He's finally done so, but nonetheless all the pros and cons about whether he should have or whether he had to release that statement was a hot issue around January and February of this year.

The Auditor General Act goes on to say in section 19:

(1) After the end of a fiscal year of the Crown, the Auditor General shall report to the Legislative Assembly

- (a) on the work of his office, and
- (b) on whether, in carrying on the work of his office, he received all the information, reports and explanations he required.

(2) A report of the Auditor General under subsection (1) shall include the results of his examinations of the organizations of which he is the auditor, giving details of any reservation of opinion made in an audit report, and shall call attention to every case in which he has observed t h a t . . .

It goes on to list a number of other things, which I don't need to read. The reason for reading 19(2) really is the key part here. What it points out is that if the Auditor General audits a corporation or another entity, he then reports on that in the public accounts. He has to report to the Legislative Assembly. It's not a question of whether he will or not. He will report to the Assembly. That was the part, section 19. So if we say, then, that the Auditor General is the auditor of Crown-controlled corporations, then he will report that audit to this Assembly, and therefore the audit will be public. Mr. Speaker, that is the object behind this amendment.

I want to say that the company that caused this furore and that the Treasurer did not want to release statements for was Softco, or 354713 Alberta Ltd. I guess I'll need to give a bit of background on this company, where it comes from and what it's about. In February of 1987 the Treasurer took over North West Trust and Heritage Trust, rolled them together in a new company called North West Trust. He was able to secure some \$277 million of CDIC funding to complete that process, knowing that those two companies were in a great deal of economic trouble and that he wanted to put them back onto a solid financial footing. Now, the background on that just very briefly, and I'll not take much time with it, is that North West Trust had been purchased by Chateau Developments in 1983. In fact, Mr. Speaker, it was the last reverse takeover allowed in Canadian financial history. Chateau Developments was sold to N.A. Properties, a subsidiary of North West Trust, at that time -- this was 1983 -- for \$43 million. They then used \$40 million of that money to turn around and purchase the whole of the North West Trust empire, which was a some \$600 million portfolio. This was from Carma. The principals of Chateau Developments were a pair of gentlemen known as Kipnes and Rollingher.

North West Trust subsequently borrowed from the Treasury Branches of Alberta over \$500 million in the years 1983, '84, and '85. We have a record of at least \$534 million; it may be as high as \$649 million. In any case, there was no annual statement produced in 1985 and no annual statement in 1986. So finally we arrive at the point on February 9, 1987, when the present Treasurer of the Alberta government decided to take over these companies using federal Canada Deposit Insurance Corporation money. He subsequently rolled North West Trust, and while he was in the process, he canceled a bankruptcy proceeding that was in place on Heritage Trust and rolled that company into the new North West Trust Company and promised to take, and did so, some \$290 million worth of the worst assets from those two companies out of the new North West Trust and put them into Softco. This he did, and Softco came into existence then in March of 1987. They received some \$212 million of the CDIC money via the Treasury Branches. By the end of March, Softco had returned to the Treasury Branches \$153 million of that money, I assume to pay for some of the bad loans the for-

mer North West Trust had from the Treasury Branches.

However, the Treasury Branches still do have equity in Softco. I don't know whether it's still a quarter or not; it was at one stage back in June of 1987. The Treasurer holds the other 75 percent of the assets. In fact, I didn't know that the Treasury Branches were still involved until one looks at the public accounts for 1987-88. There is a rather obscure note here that doesn't refer to Softco directly, but it can only be referring to Softco when one reads it. They are talking about the liabilities of this government. This is on page 1.18 in Public Accounts, for anybody who wants to look at it. They say:

Any liability . . .

- (3) under an agreement to indemnify North West Trust Company for any loss in the event any of the payment or performance obligations of a company jointly owned by the Province and Treasury Branches are not paid or performed.

They go on to talk about the amount of money, some \$69 million, which is in fact the equity that is still in Softco.

Now, there is a bit of an anomaly -- and one would wish the Treasurer were more forthcoming, and I guess that's why we need this Bill, Mr. Speaker, to get at these kinds of things. But if you look at the shares in the financial statement which we finally did get, released by the government on June 1 this year -- now, that's only for March 31, 1988, so it's some 14 months out of date even when we get it -- according to this and also according to some of the North West Trust financial reports, which do come out on time and promptly, I might add, unlike the Softco report we seemed to have to drag out of the Treasurer after 14 months had gone by, 99.9 percent of this company is owned by the government. I don't know how that squares with this statement which says the Treasury Branch still has some money in it, because according to this, the only other shareholder is one lawyer Karvellas, who has .1 percent of a share. It is that .1 percent of a share that the Treasurer has used to say he does not need to release the statements of 354713 Alberta Ltd.

So, Mr. Speaker, that is the background to this Bill. What this Bill is saying is that a Crown-controlled corporation, any corporation with between 50 and 100 percent of its shares owned by the government, would be -- there's no choice in the matter -- audited by the Auditor General. And section 19 of the Auditor General Act states very clearly that if the Auditor General audits the books, then he will report to this Assembly on the results of his audit. That is why I have brought this Act forward.

The relationship between North West Trust and Softco is interesting. Actually, the Treasurer said he would set them up totally separately and, I guess, has been able to do so. However, North West Trust still does run the mortgage portfolio. Because the information is all in their computers, they have continued to follow up on the mortgage portfolio for Softco, even those properties they have turned over and given to Softco. So we see in the financial statements something like Softco has paid -- we got it from North West Trust first; now it shows up here later -- so many millions of dollars to North West Trust for administration costs.

Another item I will mention: some \$6 million in interest payments. I thought that was rather odd at first, but I did at least manage to get an explanation about that, not from the Treasurer, not from this government being forthcoming and telling us what's going on, but from Gary Campbell, the chairman of North West Trust. He said that they had loaned money to

Softco, and nowhere in the books could you find that loans were the reason for those interest payments. One assumed it had something to do with the properties that had been turned over to Softco. That's the kind of misinformation they've been passing out, because they haven't made clear the relationships between these companies.

Now, I want to spend a few minutes on the relationships between these various companies. One of the things that bothers me about this whole North West Trust/Softco thing is the . . . Well, just to back up for a minute, the Kipnes and Rollingher takeover of North West Trust. I wonder why Carma would agree to such a deal as this reverse takeover that I mentioned. I guess it's because they would be glad to unload a portfolio of some \$600 million total value because it was in some kind of jeopardy. I would assume it was the real estate bust that occurred in 1981 and therefore was causing a lot of problems on their portfolio. Then one would ask the question: well, why would Kipnes and Rollingher want to take it over even if they got it free, which is what they did? One can only assume that they knew they would be able to borrow this money from the Treasury Branches and keep the operation going for a few years. Unfortunately, they didn't seem to be able to keep it going in the long term, and it got into more and more trouble and got to be a bigger and bigger mess.

Now, I've made this charge before and I'll make it again. I don't believe any management of any financial institution in the country or probably in the world would sink over \$500 million into a company they knew was in trouble unless somebody was putting pressure on them to do so. So I don't know what connections Kipnes and Rollingher had, but it would seem to me the government, that does control the Treasury Branches -- make no mistake about that relationship -- must have insisted they make those loans. Over \$500 million in loans would represent something like 15 percent of the Treasury Branch portfolio, and I don't believe any self-respecting administration of a bank would do such a thing without some kind of political interference.

Of course, all you have to do is check back to the donations to the Tory party that have been made by so many of the principals in these operations. I've got a list of some of them here: North West Trust to Dinning, \$1,308, 1986; N.A. Properties to Mr. Young, \$700; Irv Kipnes, North West Trust, \$1,000 to LeMessurier. Margolus, who's one of the directors on N.A. Properties . . . And by the way, Softco is not the parent company of N.A. Properties, which administers those soft real estate properties that have been dumped into Softco, but it's the other way around evidently. N.A. Properties is the parent company and Softco is the subsidiary. It's a little hard to tell the way the corporate webs are woven. The interconnections are incredible. In fact, the only director listed for Softco is one John D. Karvellas. However, for any properties we get David Margolus and Doug Hingly, who is the chief executive officer for N.A. Properties, and then John D. Karvellas is the third. In Softco, 354713 Alberta Ltd., the only director is Karvellas. So we weave wonderful webs in all this.

A couple of others here: Peters & Co., \$500 to Shaw;* Pioneer Property Management Limited, \$500 to LeMessurier, and incidentally they are now the ones that are being subcontracted to manage, I believe, some of the properties in the Boardwalk. So we run in wonderful circles. Oh, there's Peters' one to Orman here as well.

*This spelling could not be verified at the time of publication.

Mr. Speaker, what we have is the government putting a lot of its friends in charge of a corporation they took over that was in financial trouble, and they didn't want the whole mess to come out so they talked their federal friends into bringing enough money in to cover the whole thing up. Now they're running it, and they're reluctant to release the information about what they're doing with it, having put their friends in charge and given them the right -- or at least they're in the position to handle all those soft real estate properties or mortgage properties that have been taken from North West Trust and Heritage Trust and put into Softco -- to manipulate those properties in any way whatsoever they wish. It's a very powerful position their friends have been put in, and the intercorporate connections of the people involved is incestuous to say the least. Then the Treasurer is reluctant to release the annual statements so that we know what's going on with the new companies, and he wonders why we get upset and ask a lot of questions.

MR. ACTING DEPUTY SPEAKER: I would respectfully draw the hon. member's attention to Standing Order 23(b). I've listened for quite some time and for some time have not been able to connect the remarks to how the matter before the Assembly will solve or not solve all this that is being discussed.

MR. McEACHERN: It's very simple, Mr. Speaker. If the Auditor were the auditor of those new companies, as he should be, then he would release the statements on time and we would know what's going on with those companies, instead of having a situation where the Treasurer says he is not going to release the statements because .1 percent of the shares of that company are owned by a lawyer. That is the whole point of the exercise. My purpose here was to explain the kinds of difficulties and the incredible mess that has been woven and has been hidden from the public because we were not allowed the information we needed to judge whether or not those companies are doing the job they're supposed to do.

In fact, while I'm on that point for a moment, the properties Softco owns, there's an incredible number of them of course, but one particular one, the Boardwalk, I just want to refer to. You know, if Softco were administering these properties in an appropriate manner and releasing their statements on a regular basis, one would not be quite so concerned about this. But I think it's a very valid concern when we don't know what's going on and are not told. So I just want to give a little advice to Softco in its administration of the Boardwalk. It relates to a member from this Assembly as well. It seems that when they took over administration of the Boardwalk back in 1986, North West Trust promised the tenants, the various shopkeepers who are part of the Boardwalk complex, that they would get a pedway fairly soon, connected to the Eaton's pedway. So far what they have had is a series of about two or two and a half years of promises that they will get this pedway, yet it never quite comes. Even as recently as last week the manager was promising it to them and the head of N.A. Properties, Doug Hingly, was telling them: "Oh, no, there's not much chance of that. Forget it; it's not going to happen." Now, they're n o t . . .

AN HON. MEMBER: Well, what's the Auditor going to do about that?

MR. McEACHERN: Well, the point is that if this government is going to take over these kinds of messes and try to sort them

out, they'd better get on with sorting them out. Even the Treasurer -- and that is why I brought this up, not to mention these other men particularly -- remarked in January of this year to some people in the Boardwalk that they would have their pedway by April of this year. Now, April's come and gone and there's no sign of it, and the manager is telling them it isn't going to happen. So what I'm suggesting to the Treasurer is that if he's going to take over these kinds of messes and try to sort them out, then he'd better see they get sorted out and not leave them to perpetuate themselves and end up with government funds being poorly spent in terms of picking up those bad real estate properties and bad mortgage properties and sorting them out. I mean, it's already assumed that those \$300 million worth of properties are in trouble, and for them not to get on with it and give the resources and get the thing sorted out as expeditiously as possible is just to waste more tax dollars. Meanwhile, we'll be wondering what's happening to the tax dollars, because we won't find out until so many months later.

I'm nearly finished with my points on that, and I would just add one more point.

AN HON. MEMBER: Hurray.

MR. McEACHERN: Yes, you're probably glad not to have me tell you more about it. I do know more about it. Believe me; I haven't told you all I know.

The way the Auditor General Act is made up, the Auditor General also cannot audit the Credit Union Stabilization Corporation. You in fact have to bridge through section 2 of the Auditor General Act over to the Financial Administration Act to find this out. But they have specifically exempted the stabilization corporation from being audited by the Auditor General, which is also a major problem. I mean, the stabilization corporation has a large number of credit unions in this province under administration, and they have two subsidiaries, SC Properties and SC Financial, which are directly involved in backing up the credit unions that are under administration. We have no way of getting our hands on that information either.

So the Auditor General Act certainly needs revamping, and I submit, Mr. Speaker, that this Bill we brought forward would at least start that process.

MR. TANNAS: Mr. Speaker, I rise today to oppose the Bill proposed by the Member for Edmonton-Kingsway. I have spent some time examining this lengthy Bill from all sides. Unfortunately, the more time I spend investigating Bill 204, the less I understand the hon. member's motivation for sponsoring it. It seems to me, Mr. Speaker, that the hon. member has presented this Bill in an attempt to fix that which isn't broken and, like the well-intentioned amateur would-be mechanic, he likes tinkering. Why else would the Member for Edmonton-Kingsway . . .

MR. McINNIS: Point of order, Mr. Speaker. I interrupt the member with a great deal of reluctance and hesitation. It is disorderly to interrupt an hon. m e m b e r . . .

MR. ACTING DEPUTY SPEAKER: Order please. State your point of order, please.

MR. McINNIS: It is disorderly to reflect upon the motives of another hon. member. I'm sure the member can make his point without referring to the motives of another member in this

House.

MR. ACTING DEPUTY SPEAKER: Please proceed. I'm taking note of the comment.

MR. TANNAS: Thank you.

I didn't ascribe any; I just pondered them. I didn't ascribe a motivation to it, and I'm sure they're well intended, as I said thereafter. Are you not allowed to say that the motives are well intended?

Anyway, I don't believe anything can be accomplished by the proposed Bill 204. The Auditor General Act was designed to deal with numerous demands that are made on that office every year by the ever-changing scope of government in Alberta. As the role of government has steadily evolved with the changing social and economic environment in Alberta, the Auditor General has had to respond accordingly. Consequently, some adjustments have been made in the past to the Auditor General Act in order to accommodate the new demands. This has on occasion included turning to the private sector for support, where it could be determined that various functions could be accomplished with greater efficiency. A prime example is the section we have before us today. Section 12 of the Auditor General Act allows for private-sector accounting firms to be appointed as the auditors of a Crown-controlled organization. A Crown-controlled organization by definition is an organization over which the Crown has effective but not complete control, by ownership of a controlling portion of a share capital, more than 50 percent but less than 100.

The Auditor General's statutory responsibility is to report on the results of the work of his office to the Legislative Assembly. However, the auditor of an organization is responsible to report to the shareholders who have appointed him as the auditor of that organization. In the case of organizations that are completely controlled by the Crown, it is appropriate for the Auditor General to be appointed auditor, since responsibilities to report to the Legislative Assembly and the shareholders are in fact and in effect the same. On the other hand, since Crown-controlled organizations by definition have minority shareholders, it is considered more appropriate to have an auditor from the private sector whose primary obligation is to the shareholders and not to the Legislative Assembly, but the Legislative Assembly would still receive that report as a shareholder.

I'd be interested to hear further from my friends in the New Democratic caucus opposite. Are they afraid of that? Is it perhaps the words "private sector" that have them concerned? Surely, Mr. Speaker, it is not their way to automatically condemn anything that is remotely associated with free enterprise or the private sector. I certainly hope not. Nevertheless, I believe my friends the New Democrats will appreciate a good thing when they see it. Indeed, hope springs eternal in the heart of this member.

Relieving the Auditor General of the audits of Crown-controlled organizations allows him to be more effective and make more effective use of the resources his office receives from the Assembly. Remember, we're not talking about Crown corporations but companies that are only partially controlled by the provincial government. Nor does the current legislation as it presently stands remove the Auditor General from this process. Section 12(b) allows for the Auditor General to be appointed as the auditor of Crown-controlled organizations. Section 16 provides the Auditor General with the authority to investigate any

private-sector audit of a Crown-controlled organization to his satisfaction. The checks and balances are there, Mr. Speaker. The beauty of the legislation as it presently stands is that flexibility is also there.

Now, to be fair we should attempt to examine what would be gained with passage of Bill 204. If this Bill becomes law, the Auditor General will become the auditor of all provincial Crown-controlled organizations. At the present time there aren't that many such organizations. Several have been mentioned: North West Trust, Softco. I would be the first to readily admit that this isn't a long list. But, Mr. Speaker, what would happen if the number and nature of Crown-controlled organizations in Alberta were to change? We only need to remember that in the late '70s and early '80s Pacific Western Airlines, a major corporation in this country, was a Crown-controlled organization, the government of Alberta. If you'd had the Auditor General looking at that, he would have spent a tremendous amount of his time just on that one Crown-controlled organization alone.

It may well be that the hon. Member for Edmonton-Kingsway is merely attempting to ensure that all expenditures of taxpayers' moneys are scrutinized as closely as possible. That, after all, is why we have an Auditor General. In my opinion, Bill 204 is going a bit far. It needlessly abandons an effective and cost-efficient means of conducting audits of Crown-controlled organizations and instead saddles the Auditor General with yet another in his long list of annual audits. The Bill accomplishes little other than to waste the Auditor General's time and the taxpayers' money. It is, to say the least, redundant. For these reasons, Mr. Speaker, I cannot and will not support Bill 204.

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

MR. CHUMIR: Thank you, Mr. Speaker. I think it's quite clear that there's not going to be a big lineup to buy this issue of *Hansard*. Notwithstanding that, however, this is an important piece of legislation. The concept is good. In fact, the Bill is similar in concept to that which I have proposed, Bill 209, although I take a slightly different mechanical approach and cover a broader range of issues.

The intent of this legislation is very appropriately to allow the Auditor General to audit companies like Softco and, indeed, North West Trust in a proper case. Softco, as has been noted, is a company which is 99.9 percent owned by the provincial government. Few can doubt or allege with any validity that there is any proper business reason for that .1 percent to be held by an outside party, other than to frustrate the provisions of the Auditor General's Act, which would have allowed the corporation to be audited in the event that the .1 percent were not held by an outside person. It's quite clear that that corporation, as with North West Trust Company, 99.5 percent publicly owned, is fulfilling a public function, is acting on behalf of the people of this province in dealing with a financial disaster which was bailed out by the people of this province and should be subject to full and complete review by the Auditor General or somebody under the direction of the Auditor General.

Now, there is a provision in the Auditor General Act that provides that the Auditor General can review the statements after an outside auditor has done his or her job, but I might note as an addendum that there is a defect in that provision. The defect

is, amongst other things, that the Auditor General in those instances cannot, even after reviewing the statements, release and make them public, notwithstanding the public interest in seeing them. As a result, we get the situation we have seen in this instance in the case of Softco, in which there is tremendous public interest in seeing the status of that particular company. We find that those financial statements dated March 31, 1988, have only just now been released during the course of this session, approximately one and a quarter years after the end of that fiscal period. That's just not good enough. It's unacceptable. It needs to be remedied.

Whatever the supposed checks and balances to which my friend from High River may allude, they're not working in this case. The reason they aren't working is that they are subject to the controls of the same people who set up this schemata, the .1 percent charade, to begin with. Checks and balances are not checks and balances when they're under the control of the party that is to be checked and to be balanced. So that isn't workable.

Bill 204 does provide a solution. It provides that the Auditor General is to be the auditor in this situation, and that is an appropriate solution. I would note that it is also the solution the federal government follows in their legislation. Again we find here in the province of Alberta rules and accounting principles which narrow the scope of review, which understate liabilities and overstate income; in summary, legislation which serves to obscure the true financial state of the province. That's just the wrong approach.

Now, I might note that the federal government's approach is also to make provision for the Auditor General to decline an audit in a proper case. My friend from High River has talked about outside shareholders in commercial entities. Indeed, there is a case to be made in a proper circumstance where there may be good business reasons, perhaps even the experience of auditors in dealing with a certain type of corporate and business entity over that of the Auditor General, which would militate in favour of outside auditors. Perhaps even North West Trust might be an example where, under the federal scheme of things and indeed if the Auditor General in Alberta were given the same powers and had the same scheme, there might be an opting for an outside auditor but hopefully with some degree of control being exerted by the Auditor General. Now, that is the approach I have taken in Bill 209, Mr. Speaker.

As I've said before, there is another answer in our Auditor General Act. I would note that section 10 provides that

the Auditor General may engage, on a fee basis, any person to act as his agent for the purpose of conducting an audit.

But before you can bring that section into effect, before it applies, you need to have some authority for the Auditor General to take control of that audit. That's what this Bill provides, and that's what my Bill provides. It's an excellent provision under the circumstance. It provides for the best public accountability possible. When we're dealing with the Auditor General Act, what's at issue is accountability. That's what my friend from High River doesn't seem to recognize or certainly his comments didn't seem to recognize. I see him nodding his head up and down with apparent agreement at my own comments, and perhaps he's seeing the light.

Now, I might note that I do have a concern with respect to the failure of this legislation to deal with a special problem relating to the Credit Union Stabilization Corporation, all of the shares of which I understand are owned by the provincial government. I might note, for reasons that can be explained but

aren't worth explaining and for which I should have the enduring gratitude of members of this House for not explaining, that because of the provisions of the Financial Administration Act, the Auditor General does not have jurisdiction to audit that particular corporation. I think that is something that has to be remedied, and I attempt to do so in my Bill.

So in conclusion I would suite that the concept of this Bill is a good one in that it allows the Auditor General to audit Softco and other similar companies if he or she should so desire and, at the same time, by virtue of the right to appoint an agent under section 10 of the Auditor General Act, would enable the audit to be passed on to an outside auditor under the control of the Auditor General where a commercial expediency, matters of experience or otherwise would argue in favour of having some outside auditing influence applied in this particular case.

[Mr. Schumacher in the Chair]

With that, Mr. Speaker, I cede the floor to the next speaker and compliment the member on presenting this Bill and providing us with the in-depth understanding of the rationale and the problems which have raised the need for this type of legislation at this particular time.

MR. DEPUTY SPEAKER: The hon. Member for Ponoka-Rimbey.

MR. JONSON: Yes, Mr. Speaker. I'd just like to make a very few short comments on this particular Bill. I think we've heard at some length that the introduction of this Bill is motivated by the desire to look in great detail at the operation of a company known as Softco. I can certainly appreciate the concern over the fact that there was a considerable delay in getting the information that should have been available earlier. I would point out that that statement is now available to this Assembly, and I would not anticipate that down the road there would be any similar delay this Assembly would have to put up with if they are wanting such information.

The setting up of Softco was a long and complex process. I think the precedent has now been established that this information will be provided to this Assembly, and it would seem to me that the purpose for this Bill has somewhat disappeared. I think the issue here is that there is a desire to look in more detail at the entrails of this particular corporation. That will come up against an issue that we're always wrestling with as representatives, as politicians, vis-à-vis the need for a certain degree of confidentiality in terms of business operations, particularly when a company is dealing with an area of business which involves real estate values, where knowledge that would be held on behalf of competitors might be drawn out of a company because of its requirements in this Assembly. That would put them at a disadvantage in their business relationships with other business entities.

[Mr. Speaker in the Chair]

In the current legislation, Mr. Speaker, there is the provision for the Auditor General to audit such a company as Softco and, I suppose, others that we might envision needing this kind of examination down the road. I really think that in the present situation the case has to be made as to why more detailed information needs to be provided than is currently being provided. We

do have the mechanism in our current way of doing things of putting on the Order Paper a motion for a return. I know there's some difference between the two sides of the House on just how effective the motion for a return process is. But I would suggest, Mr. Speaker, to the proponents of this Bill that even if the Auditor General were automatically empowered to audit the statements of the business entities mentioned in the Bill, there would still have to be a judgment made in terms of the degree of detail, the degree of confidentiality or lack of confidentiality that was applied to the publication of information from that audit. We would still be having a debate over that in this Assembly if it was not in enough detail to satisfy all the concerns a particular member might have. I would suggest that we can currently have that same debate in this Assembly in the forum of dealing with motions for returns.

Mr. Speaker, it has served, I know, as a basis for talking a great deal about Softco and to some degree about the two corporations that were set up to provide stability to the credit union industry of this province, but I really do not see this particular Bill accomplishing anything that there's not a means of accomplishing right now. Therefore, I do not support it.

MR. HAWKESWORTH: Mr. Speaker, if the hon. members of this Legislature think this issue is about the Auditor General and the powers of the Auditor General, then they're missing a large part of the point that's being made by the hon. Member for Edmonton-Kingsway. This issue isn't as much about the power of the Auditor General as it is about the power of this government to hide its business dealings and conduct them in secrecy. That's what the issue is. If they fail to recognize that, they fail to recognize the essential point.

This section of the Auditor General Act allows the government to set up 100 percent controlled provincial Crown corporations and keep them from being under the purview of the Auditor General. The fact is that in setting up 354713 Alberta Ltd., the provincial government went out of its way to structure it in a way that the public and the Auditor General have no business poking their noses around in the affairs of that company. It was deliberate, Mr. Speaker, and the fact is that this government does not want the Auditor General, does not want the Legislature, and does not want the public to know what's going on behind the scenes in this company. It was deliberately set up to bring down a veil, a veil of secrecy, so that they can conduct their business affairs behind this veil of secrecy, so that the Auditor General would not have access to those records and would not know what was going on.

AN HON. MEMBER: Do you believe that?

MR. HAWKESWORTH: I certainly do believe that, and that's certainly what's going on with this company, hon. minister of the Crown over there. You should know what your fellow cabinet minister the Provincial Treasurer has done here. He has set up a corporation, 99.9 percent of the shares of which are held by the province of Alberta; .1 percent is owned by a private citizen. By just that simple measure, the Auditor General is not allowed to have a look at the operations of that company.

Now, it's not just one company, Mr. Speaker. There are at my count 17 subsidiary companies affected by this decision: 354713 Alberta Ltd. owns, as a subsidiary, N.A. Properties and through N.A. Properties a whole list of subsidiaries. It has other subsidiaries in its own right: another couple of numbered com-

panies, Herco Developments Ltd., Heritage Mortgage Corporation Ltd., Heritage Capital Ltd. « 17 of them in total. But that's not the end of it. Besides that, the province has effective control over North West Trust and, through North West Trust, its subsidiaries. North West Enterprises is an example and, through North West Enterprises, Bissett & Associates and so on. It also has control of the Credit Union Stabilization Corporation and, through it, SC Properties. The list goes on.

My question is, Mr. Speaker: who is it that's looking out for the interests of the public in all of this? That's the job of the Auditor General, but this government has set it up so that the Auditor General doesn't have any mandate to be responsible for the auditing of these companies. Not only that, but now the Provincial Treasurer has promised that the province is going to acquire some of the assets of FIC and AIC. I'd like to know how they're going to set up the disposition of those assets. Are they going to do exactly the same thing as they've done with the assets of North West Trust in bailing them out? The province also has control over the Treasury Branches. At least the Auditor General has access to monitoring those, but imagine what we've got here, Mr. Speaker. We have through the Provincial Treasurer effective control over a number of financial institutions and property management companies in this province, numbering at my best guess at least 20 or perhaps as much as two dozen, a network of interrelated companies controlled effectively by one man, the Provincial Treasurer.

Furthermore, who's going to regulate all these companies to ensure that intercompany transactions do not occur, or if they do occur, who's going to make sure they're done at arm's length? Who's to prevent some form of intercompany transaction, to prevent one company being forced to sell at less than market value to another company in order to boost the profit picture in one particular one at the expense of another?

Mr. Speaker, next month we're going to be hearing a report from Mr. Code. It's been set up at great public expense to investigate the intercompany dealings of another individual in this province, that being one Mr. Don Cormie, who had effective control over the Principal empire, also operating under a veil of secrecy between interrelated company transactions. Mr. Code has spent many months trying to unravel the extent to which those were a result of insider trading or less than arm's-length transactions.

Mr. Speaker, my point is this. Unless the Auditor General is given responsibility for auditing and monitoring the operations of this network of interrelated companies and ensuring that all those companies are reported in the public accounts of the province of Alberta, tabled in this Legislature, then all kinds of abuses can potentially go on within that network. The fact that this government has brought down a veil of secrecy in order to prevent the public and the Auditor General from knowing what's going on is highly irresponsible and open to all kinds of abuse, I think, but then we've had to grow accustomed to that being the name of the game in this province with this government. That's just doing business as usual. I think it's highly regrettable, and I hope the hon. members in the few moments left to them in debate this afternoon will realize what a benefit this change would be to the Auditor General Act and will, in fact, pass this Bill at second reading.

Thank you, Mr. Speaker.

MR. PAYNE: Mr. Speaker, I think it's safe to say that generally speaking the press gallery and the opposition suspect we

government members, in our debates in the Assembly, are little more than preprogrammed robots, chained and fettered by party discipline in our feeble and predictable efforts to bring the approved party line and position to the floor of this Assembly. Well, today I'd like to correct that very serious misconception in the ranks of both the press gallery and the opposition. Here's how I propose to do it.

Of course, it's no secret that we are provided with speech files replete with information and data to buttress and reinforce our participation in House debates. I have today made little or no reference to the blue file. Instead, I have brought only my complete objectivity and attentive ears to the Assembly. Now, I committed earlier today to sit in my place and arrive at a position on Bill 204 strictly on the merits of the arguments advanced on both sides of the debate.

Incidentally, Mr. Speaker, I take exception to the Member for Calgary-Buffalo's cynical observation that there'll be no lineup to buy today's *Hansard*. I'd like to suggest that the quality of the debate has been such, especially on the government side, that we could very well challenge the lineups for *Batman*.

Now, Mr. Speaker, at the risk of appearing overly simplistic as well as idealistic in evaluating the various pro and con debating points today, I have resorted to a very simple, basic scorecard and tally sheet. What I have done, with all the objectivity I could bring to bear, is to score a debating point on either side of this vertical line: on the right-hand side those debating points against the Bill, on the left-hand side of the line those debating points for the Bill. As the members can plainly see, the list on the right-hand side clearly outweighs the list on the left. Had I been keeping a tally, Mr. Speaker, of steam and temperature and voice level and, by all means, from Calgary-

Mountain View, emotional language, the tally sheet would clearly be weighted on the side of the opposition. But in terms of the rational quality, the persuasive logic of the debates we've heard today, clearly the argument has been won by the government members.

Mr. Speaker, I would really like to take some considerable time to recap those very persuasive points that have been made by my colleagues, but I am again challenged by the clock and therefore humbly submit that perhaps we should move to adjourn this debate today. [interjections]

MR. SPEAKER: A private joke with the Member for Calgary-Fish Creek.

Those in favour of the motion to adjourn, please say aye.

HON. MEMBERS: Aye.

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

MR. GOGO: Mr. Speaker, the House tonight will deal with the estimates of Executive Council. I move that when the members do assemble at 8 p.m., they do so as Committee of Supply.

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

HON. MEMBERS: Aye.

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

[The House recessed at 5:29 p.m.]