LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Monday, August 14, 1989 8:00 p.m.**

Date: 89/08/14

[The House resumed at 8 p.m.]

[Mr. Speaker in the Chair]

head: **GOVERNMENT BILLS AND ORDERS**
(Second Reading)
Bill 12
Credit Union Act

MR. JOHNSTON: Mr. Speaker, Bill 56, Credit Union Act, which is now in second reading, is an important piece of legislation.

AN HON. MEMBER: Bill 12.

MR. JOHNSTON: I'm sorry; Bill 12. Bill 56 was the previous one. Excuse me.

Bill 12, now in second reading, is a very important piece of legislation for us. This Bill was introduced last year, received a considerable amount of debate and input from the credit union system, from people in financial institutions right across western Canada, certainly. Now it's back here today with our intention of passing this legislation.

The reason, of course, that we want to get it in place now is that the year-end of the credit union system is October 31, 1989. Therefore, when the new year starts on November 1, we would like to have the new legislation and regulations in place to allow some 450,000 Albertans to parlay their investments in this credit union movement, a movement, Mr. Speaker, which was first recognized in Alberta in approximately 1933 and has had a very interesting history in this province. The legislation first was passed by the Assembly of that date, and here, about 56 years later, we will be bringing it up to date and changing that important piece of legislation to ensure it reflects wherever possible the contemporary way in which financial institution legislation applies.

But in doing that, of course, you can't immediately shift to the most contemporary form of legislation, but you must meld together the precedents, the history, the happenings, I suppose, that have taken place over the 50-year period. Therefore, this Bill does bring together the best of the traditional credit union operations and attempts to overlay and weave into the legislation the most contemporary form of changes which we can put into the legislation, changes which have been debated fairly widely in Canada, which have been the focus of some discussion here in western Canada, and now, in terms of harmonization of legislation, are becoming more important as the provinces draw together to ensure that there are certain standards, certain fundamental principles, certain approaches to legislation regulating the financial services sector that are common, the so-called harmonization of legislation which is now, I think with Alberta's and B.C.'s lead, becoming a reality across Canada. So we have discussed this piece of legislation since its introduction last year with other provinces to give them the benefit of our thinking and to learn from them as to what kinds of legislative changes, what kinds of approaches they would be using in their legislation themselves.

I should say, Mr. Speaker, that this credit union legislation is part of a fairly comprehensive package which the province is putting together, a package which was outlined by the Premier when he spoke two Fridays ago with respect to the Principal affair, wherein he tabled in the Legislature and for all Albertans a package, including a paper called Alberta Government Actions for a Fair Financial Marketplace. In that latter document we put forward our government action, which is quite extensive, quite comprehensive, and I think does deal with the kinds of problems which we've experienced here in Canada, and to some extent in Alberta more specifically, and attempts to put into place those kinds of issues, which I'll deal with in a minute, which ensure that the way in which a financial institution operates is prudent and that with respect to the kinds of investments these institutions make there are certain guidelines, certain principles, which are followed to ensure that the definition of the portfolio is such that it is intended to be less risky investments, that there are some limits on the kinds of investments they can undertake, but as well to ensure that the equity of these entities is built up over time. Of course, despite what any people say, if you have equity and profitability in financial institutions, you'll find that an awful lot of the problems a financial institution faces are eroded.

So both pieces of legislation do at least two things: one, ensure that the kinds of portfolio management are outlined carefully; two, ensure that the investment and equity in the entity is safe, increasing, and protected. That's a common, prudent way to ensure that equity and retained earnings are maintained in a financial institution to cushion it from changes which we saw in '86, including losses. Then, of course, to go on to talk about the kinds of prohibitions and disclosure requirements both for directors and for investments in these companies -- in particular to ensure that directors are operating wherever possible at arm's length and that the requirements for directors become more specific, more detailed, and certainly transfer considerable responsibility back to those people who operate these entities. At the same time, we have a system, as we outlined, in all financial institutions which I think deals with those kinds of tests, those kinds of emerging requirements which are now found in legislation. And I think you'll see over the next little while more legislation following these outlines. So I do direct and suggest that members of the Assembly who are interested in the way in which financial disclosure, financial legislation, the financial services sector are emerging and moving, should have an opportunity to look at this particular paper, because it does provide the outline for us here in government as to how we expect to operate.

I should just say by way of footnote -- and I hope the House will indulge me -- the savings and loan legislation which I have been promising for some time will be coming in a white paper this fall. We'll have the same kind of discussion you would have if we had introduced it, but we'll allow it to be done on a white paper and then brought back next spring for finalization. But again the principles that I talked about with respect to financial services sector legislation will be in that legislation as well.

So now the Credit Union Act itself in a very general sense dealing with the principles; first of all, the structure of this fairly successful and quite interesting financial system. As you know, as I've indicated already, there are about 450,000 to 500,000 people who participate in credit unions across the province. They draw their dollars together, they help one another on an individual basis, let their assets pool. The intention is to put the money into safe investments and to allow the credit union to

serve its members. There are several kinds of credit unions. There are limited and open credit unions, and of course I won't deal specifically with those today, but that's the way in which these credit union systems operate: self-help.

Of course, we all know that over the past few years the credit union system has been hit hard by the kinds of problems which plagued our economy, in particular real estate problems, foreclosed mortgages, and to some extent the overhang of the speculative era which existed in this province from 1977, say, to 1981, where in fact fast money was being made by some fairly speculative loans, and I think some carelessness crept into the way in which financial institutions operate. Certainly credit unions were no different. So we had to make a massive fix to the credit union system. We have essentially put that fix into place now. There is still some final work to be done. I've already indicated that the leadership of my colleague the Member for Three Hills started the process in 1985, and probably here today we are completing it, a very difficult process, one which I think took a lot of insight and a lot of, I guess, forecasting about what can be achieved in these systems. But now, after the initiatives taken by my colleague, we are completing that program.

So the structure is quite unique. We have something called the CUSC or the Credit Union Stabilization Corp under the old legislation, which has now been renamed the credit union deposit guarantee corporation. It may be a new name, but it's essentially the same entity. This entity will become a provincial corporation. Essentially, its job will be to ensure that the regulatory process, the operations of the credit union system across Alberta -- which is set up in small credit unions, many affiliated, as I've indicated, and still others very large in size -- can serve the members' interests, can protect the deposits of the individuals, and still be viable in an operational sense. So it will have a supervision role. It will also, obviously, provide the guarantee to the depositors as well, through a guarantee from the province of Alberta. I should note that one of the major changes in principle between what we did in the previous piece of legislation, Bill 56, which I introduced last spring, and in this Bill is the way in which the guarantees are carried out. It's very important that this be noted because we are here specifically saying that the province will guarantee the deposits in these credit unions specifically through the credit union deposit guarantee corporation- and this is an up-front, specific guarantee.

We made this more specific over the course of the last four or five months because the credit union system itself indicated to us that without the specific guarantee it would be difficult for them to muster those kinds of deposits which are conditioned or subject to review by their own professional groups. My colleague the Attorney General has agreed that with respect to lawyers' trust money, that would be one of the kinds of deposits which credit unions could accept with this guarantee, and you'll see an amendment or an ancillary amendment as a result of that to ensure that that takes place. This is one of the major changes we've made over the past little while.

But the operation of the credit union deposit guarantee corporation will be quite significant. It will operate, as I say, to ensure that the legislation, the operation, the administration of the system is such that it will become viable, maintain its viability, its profitability, that any abuses are looked at, any investigations, a review of the financial statements as conducted by this group. At the same time, should there be any supervised credit unions -- that is, those which are for some reason still illiquid or, if you like, subject to control by the current Credit Union Stabilization Corp -- it would also be the entity which would manage and control those. So sound business policies, management supervision -- it'll be a provincial corporation, and will in fact carry out the guarantees via the province to the credit union depositors.

At the same time, there's something called the credit union central. This is another interesting element. It goes back some time to the original credit union system. The intention of the credit union central is to ensure that needed liquidity for some of the smaller credit unions can be maintained, and as a consequence all credit unions are required to maintain participation in the credit union central. Therefore, you can see that some deposits will be on hand in credit union central. It operates, I suppose, in analogy close to a central bank in that it will be able to respond quickly to demands for liquidity. Some of the credit unions across the province will regulate to some extent the availability of cash in these credit unions by controlling and maintaining the deposits themselves but will be one of these central banking agencies. All credit unions shall join and it will be, as I say, the fundamental liquidity instrument to the system.

Now, very broadly, Mr. Speaker, in the legislation I've already indicated that we're dealing here with as contemporary an approach to the financial institutions as we can muster in this legislation. We think it is good. As I say, it's been tested within the system, and it's been discussed with other provinces, and we've also had a chance here as MLAs to review it. Members will remember that early in 1988 I sent to them something called briefing notes for the proposed credit union system, which outlined the principles that I followed in the legislation, and that was done in April of '88. The Act was then introduced for first reading in the summer of '88, and now this Act is coming through.

First of all, with respect to directors' qualifications, from time to time we have found that directors tend to become less than vigilant in their duties. In the case of the Code report, for example, we saw how the directors of that entity became the same group of directors in all companies. I think Mr. Code pointed out that they probably didn't conduct themselves as independent directors in that case. There is some possibility in financial institutions generally that self-dealing can occur or that some privilege to yourself can occur as a result of being a director of a credit union system. What we have done in this legislation is to first of all show that disqualification can occur if you happen to be caught in some of these conflicts of interest. We've ensured that remuneration to directors is fully disclosed and available to all members of the system so that there is not any way in which a director can pay himself more than is due to him. We have outlined for him the kinds of prudent acts which we would expect a director of a corporation, certainly an independent director, to carry out. There have been prohibitions in disclosure with respect to payments, with respect to loan arrears, with respect to loans to directors themselves.

So on this side we've tried wherever possible to make the director as independent of the entity as we can. It's not going to be perfect because they're quite closely held entities, and obviously we have to be quite specific in the legislation as to what you can or cannot do as a director. But we think we have gone quite a ways to ensuring that the independence of the board of directors will be there, and they have to disclose the kinds of self-dealing in particular that take place with respect to their own loans, with respect to arrears in their own loans, with respect to the remuneration paid to them.

There's no doubt that the approval of the board of directors is going to be required for certain activities. As under the conflict-of-interest section for the administration, the board is responsible to ensure that some of the decisions made by the administration are subject to the board of directors. Such things as the leasing of real estate or the provision for pension benefits to the senior management are some of those which would require directors' approval to ensure that the fullest possible understanding and information and warning is given to the credit union itself when these kinds of decisions are done, in some cases providing some special benefit, perhaps, to the senior management of the entity. We want to ensure that that information is well understood and well provided. Therefore, we specify that with respect to some forms of management decisions they have to be controlled. We've also talked about related-party transactions. These have been prohibited in some cases, or there's been certainly disclosure in others.

We've obviously, going on to other elements, defined very specifically the responsibility of the external auditor, putting on him more specific responsibilities which probably go further than his own professional code, requiring him to advise the board of directors of certain transactions which may be offside to ensure, therefore, that public information is provided to the board of directors and to the shareholders of the credit union system if some of these transactions which are questionable or in fact prohibited by the Act take place. We think that by formally defining the role of the external auditor, we will have more opportunity to curtail or certainly eliminate unnecessary transactions which ultimately lead to the illiquidity or the nonprofitability of these financial institutions.

With respect to financial disclosure, as I've indicated, we're being more specific as to the provisions of financial information and more clear about the reporting requirements and certainly suggesting that financial statements have to be prepared. There has to be reporting of the financial statements through to the credit union deposit guarantee corporation. There are ways in which it can go to the minister, if necessary, to ensure that compliance takes place with the kinds of investment decisions which we've outlined.

Then with the prudent investment standards, again one of the emerging themes, one of the emerging issues, is that in legislation of this type you define the kinds of investments that can be made, and we have done that in this Act as well. We have tried to outline prudent investment standards for the credit unions themselves to ensure that they do not get too many of their assets or depositors' dollars invested in any one kind of asset and trying to ensure that they use the most conservative approach to their loan portfolio. It certainly ensures the fiduciary responsibility of the directors and of the management and whoever possible attempts to maintain those themes. We've limited, for example, investment in subsidiaries. While the legislation will allow a credit union to invest in trust companies or in security dealers -- investment in insurance brokers, by the way, is not allowed, but those other kinds of investments are allowed, those kinds of investments in subsidiaries which in financial circles now are becoming quite contemporary. So we think the credit union should have that opportunity, but we've also put certain limits in place to ensure that not too much of the equity in particular or too much of the shareholders' position is exposed with respect to investment in those subsidiaries. You'll see those limits in the legislation.

We've also limited the mix of portfolio assets. Now, many credit unions we saw over the past period going back to 1985 tended to get too heavily invested in particular kinds of assets, so there will be the balanced portfolio approach. There will be a basket clause, Mr. Speaker. A basket clause allows a credit union to invest in all those other kinds of assets which are not specifically described. But there will be a limit on the basket clause investments; it will be limited to about 2 percent, if my notes are accurate with respect to the basket clause section. There'll be a limit on securities. A company cannot invest in securities of an entity more than 10 percent of the common stock of that entity. Therefore, there's a kind of limit there as to how many dollars can be invested, certainly market transactions in these kinds of securities. As I've indicated, there will be an investment limit in subsidiaries, limited to the equity of the credit union or the retained earnings and equity of the credit union itself. Therefore, you'll find that those limits, we hope, will control the kinds of risky investments and will allow the credit union to invest in those kinds of securities which are normally suggested for a credit union, particularly mortgages or loans to the members of the credit union system.

So that deals roughly, Mr. Speaker, with the prudent investment standards. We could go on to talk about that in more detail, but that's the rough outline. As I say, this follows carefully along the lines of other financial legislation now commonly found across Canada.

As I said earlier in my remarks, one of the important things to a credit union is to build up its equity and to maintain its retained earnings. Now, in those credit unions across Alberta that had financial difficulties over the past few years, we have put in place a fairly complex system which has essentially stripped from the credit union system the nonperforming real estate assets, real estate assets which have come back to the credit union as a result of foreclosure of mortgages, and put those assets in something called SC Properties. In return we have put preferred shares back into the corporation to allow some kind of an income flow back into the credit union system to protect their viability. At the same time, we've had to do something -- provide a fix, if you like -- with respect to the accumulated losses in the credit union system outside of those experienced in real estate, and that also has taken or stripped away from the company the deficit position and converted it into preference shares as well, allowing the company to get out of debt, to have some kind of an income stream on that security and therefore get on with becoming more viable in the future.

The point is that one of the solutions to long-term viability of any financial institution is its profitability. That's why we're ensuring through the prudent management side, prudent portfolio side, that there will not be as much risk in the portfolio, but at the same time we are ensuring that any profits made at the credit union are protected. Therefore, to ensure that the credit union invests in its own equity, we want that credit union to continue to build up the equity in the entity by purchase of shares, with retained earnings in the system itself. Those, I think, will be important to ensuring long-term viability, because when you do have some kind of loss, some kind of exposure on a loan portfolio, which you must expect in this business, you'll have some place to cushion the losses themselves, either the earnings, the retained earnings, but hopefully not the equity. We hope it doesn't get quite that bad.

So we have, I think, on those bases outlined for you here, Mr. Speaker, most of the elements which I think you'll find in the credit union legislation. We think we have gone quite a

ways to dealing with the legislation itself. I sense that other provinces will be watching carefully to see our legislation to make sure that it satisfies what we want in this province, and I think it's been tested so far. The real test, of course, will be in its operations, but I think you'll find that other provinces will start to copy some of the better elements of our legislation because it is quite complex, as I say, weaving together the historic view, the old Act, and bringing up to date legislation which ensures that the contemporary approach to financial disclosure, financial operations, is in the legislation. So I am pretty confident that we have it close in this Act. I wouldn't say that I won't be back the next couple of years providing some amendments to the legislation as we see the operations take place, but I think it's pretty close right now.

Well, Mr. Speaker, I think in the few minutes that I've had now to outline for you the legislation, I have probably touched on the most important highlights. I think we have outlined for you the contemporary approaches, and I think surely through the description here and probably study in Committee of the Whole they'll have more of an opportunity to understand this legislation. I think the credit union system is important to us in Alberta. It is a strong part of the financial institution sector of our province. It has gone through its own series of problems, going back to probably 1983-84, finalized in the difficulties in '85-86, fixed through the process that I described in '87-88, and now the contemporary legislation put in place to provide a better legislative framework within which it can operate.

So, Mr. Speaker, I look forward to the comments of my colleagues this evening as we consider this important piece of legislation. I do hope that the system responds. I think it's workable, and we want as a government to see the credit union system maintain its viability as an important part of the system in this province. To all of those who have contributed in some fashion to the rehabilitation of the credit union system, in assisting with the drafting of this legislation -- and there are quite a few of them in the system right across Alberta -- I want to express my thanks, the government's thanks for their assistance and input. We know it can work. We're happy that we're embarking on this new piece of legislation. We want it in place November 1, 1989, to ensure that it's contemporary with the year-end change, and we're very optimistic about the success of the institutions themselves as we proceed from here on in.

Thank you, Mr. Speaker.

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I'd like to thank the Provincial Treasurer tonight for his extensive opening comments in introducing Bill 12, the Credit Union Act We've heard much in recent years about how important it is that we build a strong financial industry in this province, and I think maybe in some sense the credit unions are sort of the Cinderella of the financial institutions, often overlooked yet the one sector of the financial industry that really has done everything that government would have wanted to accomplish with Alberta-based financial institutions. They are locally based, they are locally rooted, and when they take in deposits, the subsequent lending is done in Alberta to Albertans -- homeowners, consumer loans, small business people, and so on -- to finance economic growth within our province. Unlike the big banks, which take deposits from Alberta and lend money in southern Ontario, there is no equivalent flight of capital through the credit union system. There is no equivalent leakage of capital from Alberta to other parts of the country. So of the many things that this government has wanted in the past to accomplish in the building of a financial industry here in Alberta, I think credit unions have met that bill and have served Albertans well for many years.

[Mr. Deputy Speaker in the Chair]

I also recognize that they've had problems in the past similar to those experienced by other financial institutions, so they were not immune to the economic environment that hit this province in the early 1980s. I guess to some extent -- I would certainly hope to a significant extent -- the experience of recent years has led to the kind of legislation we find now in Bill 12. As I understand it, this is the first comprehensive change made to credit union legislation in almost 50 years, and certainly those early legislators I'm sure could not envision the kind of fast-changing financial environment that we find ourselves in here, approaching the end of the century. So I hope to some extent that this legislation is going to assist the credit unions in responding to those challenges and will see them through admirably in the next decades to come. I accept the Provincial Treasurer's comments that based on experience, we will see where these problems might be created or where gaps might exist that sometimes you can only discover when you put it into operation.

Now, Mr. Speaker, having said those things, I've been interested to see, for example, that in response to this legislation, the one criticism I've seen expressed in a public way is that the credit unions are disappointed that the Bill does not allow for the sale of insurance. It raises a larger question, and it's this. It parallels a similar kind of debate that has been going on in the federal arena about the federally chartered banks, whether regulations would be eased and legislation would be eased to allow them to also sell insurance. I take it from the federal minister that he's not prepared to let federal institutions, federally chartered banks, get into the insurance sales business. And I take it that in a similar way, looking at the parallel legislation in the provincial jurisdiction, the Provincial Treasurer is not going to allow a similar change to take place here as well. I'm not particularly disappointed with that, Mr. Speaker, but I think what it highlights for me is this: that the credit unions operate within a certain climate, within a certain environment, an environment that to some extent is patterned on federal environment related to banks and, as well, to provincially regulated financial institutions such as trust companies. There are sort of all these different types of financial institutions, all to some extent regulated in a similar way, some at the federal jurisdiction and some at the provincial jurisdiction.

When I say, Mr. Speaker, that in looking at the federal arena and seeing that traditional distinctions and traditional barriers have existed between the sale of different types of financial products -- and we see a similar parallel here in the credit union legislation in front of us -- it also raises a question for me that we're dealing with the Credit Union Act in the absence of similar legislation covering other institutions regulated by the provincial government. I'm thinking here particularly about new trust company legislation. That is, we're looking at one piece of a puzzle; we're looking at legislation affecting one aspect of the financial industry. Meanwhile, the federal government is making changes and moving in certain directions toward some kinds of deregulation on the federal scene, and there's now a missing gap and a major gap in trust company legislation

or the legislation governing financial institutions under the purview of the provincial government. The reason that's important is, as I mentioned, that credit unions will be operating in this environment, and I think it's important to ensure that they're not at any kind of competitive disadvantage because of the type of legislation under which they operate. So in one sense we're looking at legislation on one hand and over here looking for the accompanying document that would regulate the trust companies, and we don't see it.

Now, the Provincial Treasurer in his opening remarks made reference to a white paper he intends to release soon. There was a white paper governing trust company legislation that I believe, if memory serves me correctly, was previously released in or around February 1988, about the same time that the document he referred to regarding proposed legislation for credit unions was released. So it seems to me in hindsight that the process was going on not lockstep but at a similar pace in terms of the two pieces of legislation, yet the only one in front of us and the only one that will be on the Order Paper during this legislative session is the Credit Union Act. This concerns me, Mr. Speaker, because I would hope that credit unions don't get treated to a different standard in this legislation as compared to trust companies in future legislation. This is an important aspect, because to a certain extent I believe that credit unions and trust companies compete to serve much the same type of consumer in this province. If we hamstring or hobble the credit unions and give them an unfair disadvantage in a very competitive environment, then over the long run credit unions will not be served, and certainly Bill 12 will not be helpful to building on the strengths of the credit union system and the credit unions in this province.

Just for example, the Provincial Treasurer in his opening comments went into some detail in highlighting prudent investment standards -- I believe that was the term that he used -- and talked about how the Bill spells out such things as the portfolio mix and puts limits on various kinds of investments which credit unions can make. Now, I don't know whether the same restrictions are intended to apply to provincially regulated trust companies, but without the Bill in front of us, it's hard to tell. And if credit unions are limited in that sense, if there are strong restrictions on how they might make investments and how they might carry on their business which trust companies would not in a similar way be required to meet, then we may be creating a difficult problem down the road.

The reason I raise this as a concern is that the Provincial Treasurer has mentioned the steps that were taken by this government in the last four or five years in order to prop up failing credit unions across the province. Now, it's very interesting that the package of support that was put together on the surface appears to be very similar to the process used to bail out North West Trust and amalgamate with it Heritage Savings & Trust Company. It appeared similar in this sense: that a provincially incorporated and owned corporation took over the nonperforming assets, or the soft assets, of the credit unions in exchange for some form of capital injection, as in the same sense North West Trust gave up their soft assets, nonperforming assets, in exchange for a significant injection of capital. But the difference, Mr. Speaker, is significant. The credit unions are going to have to pay all of it back to the provincial government -- the money that they've borrowed, the capital injection -- and the arrangements will require them to pay back their losses over the next several years. But the same requirement has not been imposed on the shareholders of North West Trust.

So it's a different standard in terms of how the two financial institutions were dealt with. The two trust companies were treated differently than the credit unions were treated, and my concern is that if that double standard, or that bias, still exists within the provincial government, it may also be reflected in the kinds of legislation that are presently in front of us as well as being contemplated in the future. And I think it's not serving either the credit union system well or the trust companies well to be dealing with them in isolation. I think it would be important that both those pieces of legislation proceed in concert.

Now, Mr. Speaker, there's one other area that I'd like to touch upon very briefly, as I understand Bill 12 and the legislation in front of us. I think it's probably also based on the experience the Provincial Treasurer had in taking over the Edmonton credit unions to form Capital City financial. I don't think he had quite the same problem in dealing with the co-op credit unions in Calgary to create First Calgary Financial, and that was that there was significant resistance from the shareholders of the Edmonton credit unions in terms of the way the provincial government proceeded with that takeover. As a result if I read the legislation correctly, this Bill streamlines the steps and the process that the provincial government can take, at least through the guarantee deposit corporation, in order to place problem credit unions under some kind of supervision and possible restructuring. It streamlines the whole process of government taking them over.

I'm not saying that that's necessarily bad. I'm just concerned when government is given a lot of powers without perhaps having some of the proper appeal procedures in place to limit or ensure that that power is not arbitrarily used or improperly used. I'm just at this point raising a flag, that I hope the Provincial Treasurer in drafting this legislation hasn't streamlined the process too much to ensure that it's too easy for government to jump in and take over credit unions without giving them the proper time to perhaps remedy their situation without that. But it's not significant enough to make it a major issue. I just, flag that as a possible area to give some further thought to.

Mr. Speaker, I think one of the areas that is important is the whole area of trying to place limits on self-dealing or on conflicts of interest that might potentially exist on the part of boards of directors. I think that's a very important one, not only to protect the consumers and the shareholders in credit unions but also to protect the directors themselves, to ensure that they have a far better and more careful understanding of where they may potentially be getting themselves into areas of difficulty. So I think that stronger legislation that's proposed here is good on that score.

I'd just like to leave one other question to the Provincial Treasurer, which he may wish to respond to at this point or later on during committee review. He mentioned that the financial year for credit unions is coming up in October of this year. I understand that under the bailout provisions for the Capital City credit unions and First Calgary Financial, each year more members of the board of directors will be elected by their own shareholders, and I take it that another two each year are elected than the year previous. Given the new Bill that's come in, I'm wondering whether the process may result in the fact that full elections for all positions on those credit unions might be available, as a result of the passing of the legislation, in the upcoming financial year, notwithstanding what might have been the

agreements under the bailout provisions. Given the new Act, is there a possibility that there will be full elections for all board positions on those credit union institutions?

So, Mr. Speaker, in conclusion, I'd just like to say that the credit union system has been a very important one to many Albertans over the years. Credit unions have served Albertans well. They have served well the communities in which they are located. They have been an important element of the choice which consumers have, and ought to continue to have, in where they do their banking. In that sense they've given a good competitive edge and been a part of the good competitive system of the different financial institutions in the province, and I think an important one that would be a significant loss if, for any reason, the credit unions were to be weakened or undermined. So I'm hopeful that the legislation in front of us will continue to allow the credit union system to build across the province, that it will be user friendly, so to speak, to enable new credit unions to form as people get together to solve their own needs as they see them at the local level, to work together to meet their financial requirements. That's a very, very important element of what we want to see, all of us in all comers of the House, in this province. I'm very hopeful that Bill 12 will do that.

As I've said, I'm concerned that we're doing it in isolation, and I'm afraid that it may be that some biases will have crept into this legislation which will make it not easier but more difficult for credit unions in the future. That causes me very real concern, Mr. Speaker. But given that the Provincial Treasurer has decided to proceed with only the one Bill -- we have only that one in front of us -- I can only say that I regret that the accompanying legislation for trust companies was not included as part of our order of business in this session. I will remain hopeful that that will come soon and that it will not come to the detriment of the credit unions in this province.

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

MR. CHUMIR: Thank you, Mr. Speaker. I second the comment of the Member for Calgary-Mountain View that it was nice to have some reasonable amount of explanation from the minister with respect to this Bill. But that serves as the occasion for me perhaps to comment once again, as I have in past years, on how poor the legislative process is in this House. There is negligible information provided to members on very complex pieces of legislation. I would suggest to the minister and other ministers and those sponsoring Bills in this House that they would certainly do the legislative and the democratic process a service if they were to provide a reasonably comprehensive explanatory document to members of this House at the time of the introduction of the legislation. I can tell you that will certainly be very high on our legislative agenda when we take control of the government of this province. And it won't be as long as you guys think.

MR. JOHNSTON: Two thousand and seventy-five and counting.

MR. CHUMIR: You're a mind reader. That's what I thought you'd say.

Now, credit unions, Mr. Speaker, are a valuable part of the financial industry in this province. It's important that they be kept healthy, they be kept competitive. I understand that there has been an extensive amount of consultation with them on this piece of legislation and that they are in general agreement with the legislation, with a few reservations on certain parts of the credit union movement. As for this party, this side of the House, we believe that it is conceptually a good piece of legislation. There are many well-directed provisions. I just might reflect, though, what a shame it is that it took the financial disasters of this province to get the government to pay some attention to the financial industry as a whole. The changes here, the magnitude of the changes, by their very nature point out how ineffective our legislation has been for purposes of regulating this industry in this province.

Now, in talking to those who are involved in the credit union movement, concern has been expressed about a number of aspects of the legislation, and I think it's important that they be set out on record. The first thing that stands out with respect to this legislation, by contrast to previous legislation dealing with credit unions and other financial institutions, is the extremely high level of control of these institutions by a combination of the government and the deposit guarantee corporation. Now, perhaps it might be said that this is quite justified on the basis that the institutions have by and large been rescued by the government, number one, and secondly, that the government through the guarantee corporation is providing 100 percent guarantee of deposits. I can accept the merit of those particular arguments. I think there is a case to be made. But as with other elements of this legislation, whether or not it really works in an appropriate way, giving these institutions the flexibility that they need, the room to breathe and to grow properly, is something that only time will tell.

The second concern by those in the movement has been with respect to the requirement -- I think it's over a period of eight years -- that the capital of the institutions be raised to the equivalent of 5 percent of the assets. Again one can see the basis, the rationale, for desiring to have a capital base. Now, whether or not these institutions, by virtue of their very nature, are able to achieve that is again something that only experience will tell, but it is worth noting.

The third concern expressed by these institutions has been the fact that they've not been given the authority to sell insurance. This has already been commented on. It's a matter that's under review at the federal level with respect to banks. There is the issue of the level playing field with respect to the competitiveness between institutions. We don't have the definitive point of view on that matter at this stage. We can see why they were not given that power at this particular stage, but it's something that will be the subject, undoubtedly, of ongoing review in this province and indeed throughout the country.

Now, we've had many, many changes in the legislation, changes with respect to the directors, auditors, nature of investment, control by the government and the deposit guarantee corporation. And we don't, as I've said before, know how all this is going to work, but I think it sets a reasonable framework. It sets us in a good direction, and as the years go by and as experience operates, it'll certainly be the subject of ongoing review.

I want to mention another concern, Mr. Speaker, with respect to this legislation that has been raised. That relates to the fact that the legislation contains within it a provision which asks the members of this House to approve in legislation a number of agreements to which the government and the deposit guarantee corporation have been parties, which agreements are not before the members of this House. I must say that I have some great

concern with respect to approving the terms of agreements that are not before us. I'm going to be very interested to hear the minister's explanation of why members of this House should be approving section 240, which purports to approve those agreements which are not here, and approves not only agreements which are in place at this particular point in time but any changes which would take place in those agreements between this point of time and October 31 of this year. There may be precedent for a provision of that kind, but I dare say that if there is such precedent, it's bad precedent and shouldn't be followed. This House should see those agreements before we deal with that section.

Now, the legislation also provides for 100 percent guarantee of deposits by the provincial government through the mechanism of the deposit guarantee corporation. This is an approach that has been adopted by most of the provinces of Canada over recent years. I say "most" because I believe that Ontario still restricts the guarantee to $60,000, as for Canada Deposit Insurance Corporation guarantees. Now, it's clear that this unlimited guarantee of the province gives to these institutions, all other things being equal -- and I understand they aren't necessarily equal -- a competitive advantage over other provincial institutions which may have limited guarantee amounts. It's like the provincial Treasury Branch, which is backed 100 percent by the credit of this province, although as we've seen from the introduction of the Financial Administration Act increasing the debt limit to $9.5 billion, the good faith and credit of this province is steadily plummeting. So who knows whether this will be any advantage to these institutions in the long haul, but it is something that I thought worthy of note and putting on the record. I don't have a definitive view one way or the other with respect to the merits or wisdom of that. I can see some strengths; I can see some potential problems. Again it's a matter that we're going to have to work through by way of experience.

I also would like to express, Mr. Speaker, an overriding concern that I've had in my mind for some period of time with respect to the difficulties of financial institutions which are focused in one province which is so dependent on unstable resource industries, the energy industry and the agriculture industry, as is the case in Alberta. The problem is, of course, that when investments are based in such a province and difficulties arise with respect to either of the main industries, this causes tremendous problems for our financial institutions, and ergo we've had the difficulties throughout the '80s. I don't know what the answer is other than requirements for greater geographical diversification with respect to investments, which is the basis of the stability, or at least the perceived stability, of our national banks. But let us hope that the strength of the controls and the changes that have been implemented and are being implemented by this legislation will help establish institutions that will be as solid as the proverbial Rock of Gibraltar if and when this province goes through another one of these up-and-down roller coaster cycles that we've been experiencing. Let's hope that we don't see any more of those, but that would be, as Dr. Johnson said of second marriage, to allow the triumph of hope over experience. We will probably be able to test the merits and the validity of the concerns which I have at some future date.

Of course, the strength of a system and legislation is only as good as the will to enforce that legislation. We have in the past number of years seen a failure of will of this government in that regard. Accordingly, one can only hope that the significant hands-on philosophy of this legislation is a reflection that this government has learned its lesson and will be keeping a very, very close eye on the credit union movement and will take timely steps where necessary. Again I say that keeping in mind the reality, there is a need for room to breathe. These institutions can't be smothered and stifled, and it's going to take some wisdom and some balance in order to make these things work for the good of the people of this province.

So with those, I would close by affirming my support for the legislation and for the credit union movement in this province, which I hope will move on now to become a stronger and more valuable pillar of the financial industry in this province than it has even been heretofore. Thank you.

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

MR. McEACHERN: Thank you, Mr. Speaker. The most significant aspect of this Bill is obviously the role of the credit union deposit guarantee corporation. In giving it the power to regulate the credit union system and to guarantee deposits, the government makes some very significant moves. To start with, it makes it easier for the Provincial Treasurer to take over the credit union system or some part thereof in the event of trouble.

Now, those difficulties may be of two kinds, it seems to me: one, financial difficulties based on, for example, real estate difficulties, which the Treasurer talked about earlier, or certainly problems with properties, mortgages, that sort of thing, in the case of Alberta from the boom and bust of the late '70s and early '80s; but also, in the case of some of our financial institutions certainly and perhaps to some degree in the credit union system, the possibility of wrongdoing on the part of directors or people that run and organize those financial institutions. Here I'm now including other institutions besides just credit unions; I'm thinking trust companies.

So I looked across the border to the States also, for what's going on there, and I think that re-emphasizes the point I want to make. The savings and loan companies in the United States that got into trouble -- what the Federal Deposit Insurance Corporation of the United States found when they got to investigating this, at least this is what I gather from quite a number of articles I've read about it over the last few months -- was that when a lot of the companies got in trouble it was not based on booms and busts in any particular industry or in real estate; in most *cases* where the company got into trouble there was some bad management. So I sort of looked back at Alberta and wondered if that didn't have some application here. I guess when you think about the Principal affair it is an obvious one, but also Dial, Tower, CCB, Northland, Fidelity: a whole raft of companies in Alberta that got in trouble. From what one has heard of most of those cases, there didn't seem to be just the clean "Well, it's the fault of the economy" sort of thing; there seemed to be a certain amount of difficulty in the management to run things in a proper manner. I think the Principal thing really brought that home.

Another company, of course, that illustrated the same problem was North West Trust However, the government managed to cover that one up in a somewhat different way, and we haven't had the details on that to figure out just how bad the management really was, other than that we know they put the Treasury Branches into a certain amount of jeopardy with the amount of borrowings out of it.

Talking of the Treasury Branches, in some ways it seems to me that not only does this Bill make it easier for the Treasurer to take over if the credit unions get in trouble but it may in fact have set such strict strictures on the operation of those companies, at least if the deposit guarantee corporation chooses to act in that manner, and of course the letter of the Act, so as to almost make the credit unions into another Treasury Branch. Certainly in terms of liability of the government that is the case. The government is talking here 100 percent liability for all deposits in the credit unions. The government should not take on that role lightly; it's a fairly major responsibility. I believe the credit unions, presently under supervision by the stabilization corporation, as it is now called, have something in the neighbourhood of $800 million in value of the deposits. Now, I think the Treasurer talked about $330 million to some $350 million in costs to the provincial government to bail out the credit unions in this last series of takeovers in 1987. I know the Edmonton Savings & Credit Union alone still has outstanding debt of some $157 million.

I would like to point to the kind of double standard that my colleague from Calgary-Mountain View mentioned in that compared to, say, the North West Trust situation, although the funny thing in the North West Trust situation . . . We bailed out all depositors in the credit unions. Okay? We've also bailed out all the depositors for North West Trust and Heritage Trust Now, what happens from there and how strong the guarantee is to the future is a question mark in terms of North West Trust We were not able to get the Treasurer to agree to tell us what the indemnity situation is in terms of CDIC and the trust company at this stage.

An interesting point, of course, is that we're guaranteeing our own company, because now the Alberta government owns the company of North West Trust However, they have set aside all the softer properties into Softco, or 354713 Alberta Ltd., and supposedly the new North West Trust, being made up of the better portfolios of Heritage Savings & Trust and North West Trust, will now be sold back, if they can find a buyer, to private industry. They will get the benefit, of course, of the taxpayers' picking up the Softco costs. The same courtesy was not extended to the credit unions. The credit unions -- certainly Edmonton Savings & Credit Union still has, as I said, some $157 million outstanding debt in preferred shares to the S C Properties.

Now, there is supposedly some kind of formula which says that -- I think it's in some 21 years; something like 2010 -- the remaining debt will be forgiven. But if that's really true, then what the Treasurer is really telling Edmonton Savings & Credit Union is that they should every year run their books so they come out almost even; you know, certainly they don't stack up any more debt, but there's no need for them to show a profit and pay off on that $157 million because by 2010 it will all be forgiven anyway. And so it is a rather extraordinary arrangement. I suppose the thing that is silliest about it all is that the Treasurer has not chosen to make the present stabilization corporation books public so we can know just what is going on -- just what were the costs; was it the $350 million he projected of the takeovers of these credit unions? -- so we can see exactly what the problems are in each and every one of them and so that the S C Properties' books would also be made public. We do have a statement, I believe, from March 31, 1987. With great reluctance he did give us a March 31, 1988, on Softco. But he has still not done so for S C Properties, so we don't know just what's happening there with the stabilization corporation. We do know that it's a very cozy job for some Tory friends. I gather they get something like $750,000 a meeting as pay.

AN HON. MEMBER: Not bad.

MR. McEACHERN: Yeah, not bad. They set up some very expensive offices, and I guess the credit union members around the province are going to have to pay for that.

So credit union members should know there's a price to pay for this guarantee of their deposits, and that is that a certain amount of autonomy has to be given up. The government has set some pretty stringent restrictions, some of which the Treasurer mentioned. Some of the strictures that are put on the credit union system will be enforced by the deposit guarantee corpora tion. Page 55:

> 98(1) Except with the prior approval of the Corporation, a credit union or its subsidiary shall not acquire any land unless

And I'll skip (a) for the moment.

> (b) the fair market value of that land at the time of its acquisition, together with the book value of land already held by the credit union and all its subsidiaries at that time, does not exceed an amount equal to 5% of the credit union's assets, calculated on a consolidated basis, as at the end of the fiscal year preceding the acquisition.

So there are some pretty stringent strictures placed on credit unions. Another one that I might mention, on page 57 . . .

MR. DEPUTY SPEAKER: Hon. member, I hesitate to interrupt, but in second reading we're not supposed to deal with individual sections. It's just the general principle. I've allowed you to refer to one of the sections, but I don't think I can allow you to go through the entire Bill section by section pointing out those things.

MR. McEACHERN: I've no intention of going through it section by section. I just wanted to pick out a couple of points related to the main principle of the Bill, which I think is that the stabilization corporation is guaranteeing the deposits of the credit unions, and in order to do that, of course, there is a price to pay. I was just naming a couple of them, and I wasn't intending to debate the merits in great detail. I think, with all fairness, one example isn't perhaps enough, and I could be allowed, perhaps, a second one?

On page 57, section 101 . . . [interjections] Oh, it'll only take a couple of lines, for heaven's sakes, and it does point how strict some of the rules really are. The Treasurer did mention one, and I should be able to mention a couple without upsetting everybody too much. It says:

> 101(1) Subject to this Act and any prescribed restrictions, a credit union or its subsidiary may acquire . . .

And they talk about shares in this section. I'll just skip to the relevant part; it's subsection (g)(iv) on page 57.

> securities issued by a related party, other than a subsidiary or affiliate of the credit union, except where their acquisition was approved by the Corporation pursuant to subsection (2)
>
> will not exceed 2% of the credit union's assets . . .

So again we have some pretty strong restrictions that the members of the credit union need to know that they pay as a price for having their deposits guaranteed.

[Mr. Speaker in the Chair]

The Bill, I believe, does have some good points in its conflict-of-interest section. The definition of related parties and the conflict-of-interest guidelines for directors and managers of credit unions I think are adequate. They're not unlike and modeled on or at least somewhat parallel to the proposed trust company legislation that the Treasurer put out back on February 15, 1988. I think he did so accidentally; I understand he was a little surprised when somebody started quoting parts of it back to the Treasurer. In any case, the conflict-of-interest guidelines there were good also. I would just say to the Treasurer that I'm a little disappointed that he hasn't proceeded more quickly with the trust company legislation. If he could have that document out, that proposed legislation, by February of '88, he should have been able to have a Bill into the Assembly by this time for the approval of the Assembly.

MR. SPEAKER: Meanwhile, back at Bill 12, please.

MR. McEACHERN: Well, the Credit Union Act, Mr. Speaker -- and we are on the principles of the Bill -- is done in the context of the financial institutions of this province. So to make some comparisons seems to me to be in order.

MR. SPEAKER: I think 117 pages are ample room to comment.

MR. McEACHERN: I beg your pardon?

MR. SPEAKER: A hundred and seventeen pages of this Bill are ample room to comment. Please carry on.

MR. McEACHERN: Okay. Thank you, Mr. Speaker.

So it's interesting to point out the contrast there: that while the Treasurer is prepared to write some pretty stringent guidelines for the credit unions, he's been a long time bringing them in in terms of the trust companies.

Some of the other moves -- and the Treasurer referred to this earlier in his introduction -- to the response of the government to the financial crises that we've had in this province over the last few years. We've seen some action on the securities side, Bill 6. It's quite a good Bill and raises some good points. I'd say the document on fair dealing and the report coming out of that are a little on the weak side. We'll be interested to see just how strong a role the Consumer and Corporate Affairs department plays in getting the Treasurer to live up to some of the nice words in that document. Certainly if they're going to rebuild the confidence of the people of this province in our financial institutions, one of the places they need to take another look -- the Securities Act goes some way to moving in this direction, but they should look at how they're handling the blind pool things; it certainly has given the Alberta Stock Exchange a bad reputation. I might remind the Treasurer of things like the Commonwealth audit resources scandal of a few years back, and nothing much has really been done to rectify some of those problems.

Mr. Speaker, in terms of guaranteeing all the deposits, it seems to me that the Treasurer might have chosen a slightly different route, or certainly it was possible to have done so before we got into the crises that precipitated these changes and the takeover of a lot of the credit unions by the stabilization corporation and the Provincial Treasurer. Some of the credit unions, many years back, tried to convince the provincial government and the federal government to get involved in helping them to meet the requirements of CDIC so that they could have the same kind of deposit coverage that banks and trust companies had for certain of their deposits. The problem really boiled down to the fact that CDIC was demanding a certain size of premium -- I suppose that would be the fair way to say that -- and some of the smaller credit unions could not match that.

Now, it seemed to me, with the setup of credit union central, if the provincial and federal governments had seen the value of the credit union movement, they could have and perhaps should have done something about setting up an insurance system for the credit unions similar to the banks and trust companies deposit insurance. Instead, they didn't do it, and that left the credit unions out to dry, except that of course when the crunch came, the Provincial Treasurer could not see them all go down the tube -- there were just far too many people involved, and on that point I agree with him -- so he has chosen the route of making the taxpayers then responsible for the depositors in credit unions, and I'm not sure that he's got the right solution. Certainly, as I said, it imposes a cost upon the members, not least of which may be the giving up of a certain amount of autonomy and right to control their own organization.

At the present time with the Edmonton Savings & Credit Union, for example -- I should call it the Capital City Savings & Credit Union now, of course. In February members of Capital City, of which I am one, were able to elect four of the 12 directors again since the takeover, and next year supposedly another four, and the year after another four. Yet I believe in this legislation he points out that there should be 12 elected directors for a credit union. So I'm wondering if the Treasurer intends in the next elections to allow the other eight to be elected so that we have all 12 this coming year, or will the effect of this legislation be delayed a year in the case of this credit union and probably the other ones that the government has taken over as well?

So, Mr. Speaker, those are some of my comments on the Credit Union Act, and I look forward to more detailed debate in Committee of the Whole.

MR. SPEAKER: Thank you.

Provincial Treasurer, summation.

MR. JOHNSTON: Mr. Speaker, as I sit here and listen carefully to the comments that have been made, I observe, I guess, three points I need to at least provide a bit of a comment on to be sure that the government's position is on record.

First of all, I must say that most of the comment from the Member for Calgary-Mountain View dealt with prospective legislation and tried to compare and contrast this piece of legislation with the savings and loan legislation, for what reason I don't know. I mean, that is one of the most difficult debating points I've seen, and so I will not even attempt to deal with that. That piece of legislation will be coming. It will be set forth in the same fashion as the financial institutions legislation is set forth, and members know well that I've already outlined for them, as the Member for Edmonton-Kingsway has noted, that I have provided a summary document which sets out the principles in the savings and loan legislation.

One of the reasons we have not put that legislation forward is not just because I something like 15 or 17 Bills on the Order Paper here today, but because we wanted to be sure we under-

stood what it was Mr. Code had to say before we proceeded with that trust legislation. It's quite significant that we spent the money to understand what Mr. Code's recommendations would be, and now we want to have a chance to listen to them. I think we've had a chance to review them, and we will put the Bill forward in white paper form. It's the first time we have put a credit union savings trust legislation forward in white paper form, and so I don't think that part of the debate is even germane to the comment today.

But second, with respect to the process, I wasn't sure what the Member for Calgary-Buffalo did say when he said that it was unfortunate this Bill hadn't had more opportunity for debate, review, consideration, and discussion. My goodness, I don't know of any other Bill -- well, probably with respect to some Bills, but certainly Bills that I have put forward. The Planning Act, going back to 1976, had a similar approach whereby you published a paper, introduced a Bill, let the Bill stay on the Order Paper for the session, and brought it back the next year. We're doing the same thing here. So I think in terms of the process of this credit union legislation, the way in which it's almost exhaustively been reviewed by the people within the system itself -- I don't know of any other legislation the Treasury certainly has put forward which has had the same kind of comprehensive overview and input.

I should note very specifically that the number of objections to this legislation, as it now stands, are very, very few. In fact, if anything, the credit union system would suggest that we should toughen up on the way in which we administer the tests, the prudent portfolio, the investment criteria; are very supportive of the strengthening we have put into this legislation to ensure that the systems operate effectively; and support fully such things as the movement towards strengthening the equity base of the credit union system. So fundamentally I couldn't find much fault with that. But it does move to the second point I wanted to touch on, and really the Member for Calgary-Buffalo raised it It deals with: what is it we're doing here in terms of making very sure that our guarantee is in place, making very specific that 100 percent guarantee is provided to the credit union deposit corporation, and what is it we're taking back as a result of that?

Well, let's remember that there was no real, specific guarantee of the deposits in the credit union system up to the period 1985 when the government had to step in to ensure that a run on the credit union deposits did not take place, which would in fact cost the government much more than the $300 million or so which we're probably on the line for now. So I think we've been more than generous in the way in which we've operated. We certainly moved quickly to put in place a rehabilitation program, and we have backstopped the potential losses in these corporations to a considerable extent. That's been our clear position. So without actually having legislative authority, perhaps we have done it without seeing the legislative words specifically in place, but we feel we had a commitment to this system and wanted to see it made viable and maintain its position as a competitive financial entity within the Alberta system. That's why we went to the extent that we did to ensure that the refinancing and restructuring package was so effective, and that it did turn out to be one of the ways in which we could fix the system.

But in doing that, of course, we took a lot of risk. We put a lot of the taxpayers' money at risk, and we think that the quid pro quo, which is reasonable in terms of the credit unions' assessment, is that we exact some fairly rigorous management techniques and performances and criteria from the system itself to ensure that this kind of a problem does not exist in the future. That's why we spelled out very specifically the kinds of assets that the entity can borrow. That's why we're suggesting that the equity must be built up to 5 percent of the assets. That's why we're ensuring that the prudent portfolio is there, that the role of the directors is safe, because it ensures profitability and with profitability in the system goes an awful lot of other comfort. If you have retained earnings and equity in the entity, as I've indicated before, you'll find that the system will perform amazingly well, that it will in fact become a viable system, and the province's guarantee over time will become less significant than it is right now.

So we had no choice but to provide a 100 percent guarantee. We had no other way of doing it but to go to the credit union deposit corporation. We could have put in place our own deposit system, but that wasn't probably as effective. It is a 100 percent guarantee of the deposits, which means that the deposit is protected much like a Treasury Branch to 100 percent of the deposit which is taken. That's probably the only way that you can get these systems to become financially viable, and as a result, the confidence restored in the system and with the legislation -- we think that the back-to-back combination is effective. But to confuse the bailout of the credit union system with what was done in North West Trust is absolutely a red herring. It is transcendental. It doesn't even fit with this system because, of course, it didn't cost the taxpayers of Alberta a nickel to bail out or to fix North West Trust.

MR. McEACHERN: So you say.

MR. JOHNSTON: Well, that's what I've said. That is the record. If you have something different, you'd better get up with it. Otherwise, you're holding this whole House in contempt, because that's not what's happened. [interjections]

MR. SPEAKER: Order. Order.

MR. JOHNSTON: So, Mr. Speaker, to confuse the two issues is in fact wrongheaded. The Member for Edmonton-Kingsway knows that's the case, of course, and I'll simply ignore his attempts to draw me into this curious, peculiar debate that seems to have captured his imagination. Little else has, by the way; but that has.

Let me say that not one nickel of the government of Alberta's dollars was involved in North West Trust. The federal government bailed it out, as it was their commitment to do. They charged the rest of the system the cost of bailing out North West Trust, and that was not at all what was done in the case of the credit union system. In the case of the credit union system we did use our own money. Appropriations in our budget which have been just passed by the Assembly show that clearly. We do have a contingent liability, I suppose, to the extent of the unfunded deposits as well, and that's been noted in the financial statements of the public accounts. All those contingencies have been shown.

So let's not confuse what is being done here. Let's remember that it's the credit union system that has suggested and helped us and worked with us to make this system operate. We didn't impose this system on it. In many cases the people from the credit union system have come to us and said, "That's not

tough enough; strengthen it, be more rigorous, apply more specific tests, take more control of the system, but for goodness' sake don't let it happen again." That's the message to us, and that's how this legislation essentially was framed. It was to save the credit union system, keep it working effectively as members have suggested we should, and put the government's resources, strength, and determination to make the system work as the backstop to the system. So that's what we have done here, Mr. Speaker.

So in listening to the real words which have been said here, I think it's clear that the opposition can find very little fault with this legislation because they know the strong support for the system is there. We know we have worked with the system to cooperate with them to bring their advice and wisdom to this process. I've already said that probably it's not going to be perfect; we may have to come back with some secondary amendments. But we've had a lot of experience, an awful lot of experience since 1985 when we moved to save the system, and that experience as well as the 50-year history which is involved in the credit union system is reflected in this legislation. We know it's going to work, Mr. Speaker. Yes, maybe some fine-tuning, some administrative problems, but we think this piece of legislation is as contemporary as any credit union legislation in Canada, and we're very proud of the move and the recommendations and the support we've had from the system.

So, Mr. Speaker, I'll put aside some of the smaller arguments that have been made by the opposition simply to waste the time of the Assembly and not really deal with the substantive principles of the legislation, and move second reading of this Bill.

[Motion carried; Bill 12 read a second time]

Bill 18
Investment Contracts Repeal Act

SOME HON. MEMBERS: Question.

MR. SPEAKER: Perhaps we could have a formal motion.

MR. JOHNSTON: Mr. Speaker, Bill 18, the Investment Contracts Repeal Act This legislation is now well understood. I don't have to spend the time to outline to the Assembly what the Act is doing, but we do recommend the legislation. It flows on the recommendation of Mr. Code. It transfers this Act from the so-called deposit section into the security section where disclosure and prospectus disclosure is more germane and relevant and the investor is not misled to think that this is a guaranteed or regulated deposit to any extent.

So, Mr. Speaker, if the Assembly is encouraging me to move second reading, then I will move second reading.

MR. McEACHERN: Just a minor point. I'd just say it's about time this Act was brought in and suggest also that the Treasurer take a look at removing FIC from the Trustee Act of Alberta. I think it's still on the books.

SOME HON. MEMBERS: Question.

MR. SPEAKER: Summation, Provincial Treasurer? A call for the question.

[Motion carried; Bill 18 read a second time]

Bill 16
Provincial Court Amendment Act, 1989

MR. SPEAKER: Member for Banff-Cochrane.

MR. EVANS: Thank you, Mr. Speaker. I'm very pleased to have the opportunity to rise this evening in second reading of Bill 16, the Provincial Court Amendment Act, 1989. As most members will readily appreciate, the Small Claims court in Alberta is the people's court in Alberta. The intention of the amendments being proposed is to make that court more effective, more open to the general public in the province of Alberta, make it more accessible.

I'd like to briefly review some of the highlights of the amendment, Mr. Speaker. One of the first is the increase in the monetary limit of the court, doubling the limit from some $2,000 up to a $4,000 figure. The provision with respect to dispute notes is an important provision as well, because previously a court appearance was required, usually twice during a process of suit under the small claims proceedings, once for setting of the trial date and secondly for the trial. Under the proposed Bill, if the defendant does not file the dispute note, a default judgment may be entered for a debt or liquidate demand, and that's entered by the Clerk. So again, this speeds up the process considerably. If a claim is for other than debt or liquidate demand, then the provisions in the amendment provide for an ex parte application to the court or to the Clerk for a hearing to assess damages.

The appeal process has been amended as well, Mr. Speaker. The intent is that appeals would be taken only with respect to the court exceeding its jurisdiction or failing to follow the rules of natural justice. The appeal would be on the record rather than by trial de novo, unless the Court of Queen's Bench orders otherwise. The rationale of this is that the court should be both an quick and efficient place where disputes can be settled. There shouldn't be the ability to proceed to the court and then, if the result is not to the liking of one party or the other, the ability to proceed again to a higher court for a rehash of the entire issue. This is to give credibility to the court process and make this court a court of higher record on the streets and in the minds of Albertans in general.

The other substantive change is a change in the name of the court. The intention to change that name of the court is to be more reflective of the importance government places on the court to indicate that it does have a unique stature in the legislation in the province of Alberta and, therefore, to call it the civil division of the Provincial Court.

With that brief overview, I would certainly open the matter up to questions from the opposition or from any member of the government side as well.

MR. WRIGHT: Mr. Speaker, it seems a pretty good Bill with some pretty good ideas in it One question at this point is what assurance the government can give us that the constitutionality of this has been checked out, inasmuch as $4,000 is quite a substantial encroachment upon the jurisdiction of the Queen's Bench, which everyone has to agree with as being practical, but there is still the constitutional question of the monopoly, as it were, of Ottawa-appointed judges over most of the jurisdiction.

MR. SPEAKER: Additional comment Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Speaker. Generally, I share the sentiment that this is a positive piece of legislation. I have several concerns which have been expressed to me on behalf of the role of defendants under this legislation. The first relates to the provision in the legislation which provides that the grounds for defence must be set out in this dispute note and adhered to, and the concern has been expressed -- and I must say I share some of those concerns -- that this provides some limitation. I would prefer to have seen greater discretion given to the court to assist the defendants in circumstances such as that.

A second concern, that has been transmitted to me, and it is one I share as well, relates to the requirement to file a transcript at the time of appeal. Those who have been involved in the judicial process are aware of the high cost of transcripts and the obstacles this provides to indigents. I am aware that there is provision in the legislation which allows the Court of Queen's Bench to deal with the matter in a number of ways, depending on whether or not a transcript is able to be filed, but it still is of some concern. It's not simply restricted to this situation. It's one which crops up time and time again in dealing with litigants and, indeed, those subject to criminal process and is somewhat troubling.

I might note one omission which is of concern. That relates to the failure to provide any means of assisting plaintiffs in collecting judgments. This has been stated for some period of time to be one of the most serious and frustrating problems for those who use the small debts process, namely that of actually collecting on the judgment I understand that the province of British Columbia has set in place a system whereby the judicial process will effect the collection, and I think that is something that perhaps we might well look at in this province.

Generally, we plan to support this legislation, and I look forward to the introducer's comments with respect to my concerns. Thank you.

MR. SPEAKER: Banff-Cochrane. Summation.

MR. EVANS: Thank you, Mr. Speaker. With respect to the comment from the Member for Edmonton-Strathcona on the constitutionality of the increase to $4,000, there has been quite a bit of research into whether or not this is in fact a problem with jumping into the jurisdictional area of the Court of Queen's Bench. It's felt that it is not, that the figure is certainly reasonable. As the member will recognize, we are basing this kind of philosophy and this kind of finding on the fact that back in 1867 there was a distinction between the lower courts and the higher courts, and we just have to do an actuarial review of dollar figures from that point up to this. It's felt that $4,000, doubling from the $2,000, is well within the jurisdiction of the Small Claims court and should create no constitutional arguments, no constitutional cases that would have the possibility of succeeding. So there is a great deal of confidence that that $4,000 is equitable, number one, and appropriate to the circumstances, number two.

With respect to the comments from the Member for Calgary-Buffalo, I would point out to him regarding the requirements for defence that the Bill does provide that the rules of evidence needn't be applied, nor the Rules of Court. So there is a jurisdictional ability of the court to be as open-ended as the court feels is appropriate in the circumstances. Again, recognizing that this is the people's court, it's the hope that the court would be rather liberal -- to use a term familiar to the Member for Calgary-Buffalo -- in its interpretation of the requirements under the Act such that there will be maximum opportunity to allow redress to this court by all those who would be dealing with it.

The second point brought up by the member is with respect to the cost of transcripts and the requirement for a transcript. It's felt that again the intent of the amendments is to make sure this court acquires a higher stature, and to require the appellant to pay the reasonable costs of a transcript is felt to be one way to preclude frivolous appeals taking place. It is not the only way to deal with this, but it is one of the ways to deal with it. The costs of the transcript, with all due respect to the member, would not be so substantial as to create an incredible burden to any defendant. As the member is well aware, these cases are usually not long in terms of time frame, and there are very few legal arguments presented -- usually they're matters dealt with on the facts -- so it's not felt this would be a terrible burden to the appellant.

Thirdly, the hon. member has indicated his concern with respect to collection of judgments. With all due respect, I would just reiterate the current system now: that if a person does secure a judgment in small claims matters, that individual, after the appeal period has expired, may approach the Court of Queen's Bench and file the judgment with the clerk. That judgment then becomes a judgment of the Court of Queen's Bench, and all the remedies that are available to an execution creditor are available. It's felt that those remedies are readily available and do provide any successful plaintiff with sufficient means to collect on the judgment.

[Motion carried; Bill 16 read a second time]

Bill 17
Department of Public Works, Supply and Services Amendment Act, 1989

MR. KOWALSKI: Mr. Speaker, I'm pleased to move second reading of Bill 17, the Department of Public Works, Supply and Services Amendment Act.

The Bill, only one page in length, will permit the Department of Public Works, Supply and Services to enter into agreements with individual hospital boards to provide project management services. All members will recall that in the fall of 1988 administrative responsibilities were changed within Executive Council and that's now a responsibility of the Department of Public Works, Supply and Services. Hon. members will also know that I made comment with respect to this matter in recent appearances before the Legislature with respect to various estimates put forward.

The second purpose of the Bill is to amend the procedures to permit a more rational disposition of surface lands under the administration of this department. These provisions will permit the sale of land without public tender if the land is sold to an original owner who retains adjacent land holdings or to facilitate development of adjacent land by its owners. It will also delete the requirement for appraisal of low-valued properties. In the case of original vendors, Mr. Speaker, it should be considered that in almost all instances the government initiated the original purchase for a government program. Such land later becomes surplus, and the original owner still owns adjacent property. We believe it's fair practice that he or she be given the first opportunity to repurchase the land. In instances where there are small, isolated parcels of land, particularly in the Edmonton and

Calgary RDAs, and development is taking place on adjacent property, this land can reasonably only be sold to the developer of the adjacent land. The deletion of the appraisal requirement applies only to low-valued properties. In some cases the cost of obtaining independent appraisals is near or exceeds the value of the land. In these instances appraisals will be done by in-house, certified land appraisers.

Finally, Mr. Speaker, the Bill makes provisions for the transfer of public lands under the administration of the Department of Public Works, Supply and Services to any other minister of the Crown or to a Crown corporation.

MR. SPEAKER: Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Speaker. I just have a couple of points I'd really like to have some clarification on with this Bill before we proceed. One has to do with this definition of "health care facility." I know when Bill 5 was first introduced, the Minister of Health was very clear to point out that health care facility referred only to Crown-owned and -operated hospitals or the four that were in question, that in fact it was very specifically related to certain facilities that weren't, in the more generic sense, understood as hospitals. The minister of public works has now said that health care facility refers to all hospitals. So I just would like some clarification if whether in this Bill or elsewhere we can point to a definition of what the health care facility is referring to. Does it, for instance, refer to reconstruction of the Boyle McCauley health centre or a health unit or extended care facilities or full, active-treatment hospitals? I just would like a much clearer definition, particularly with respect to what I thought was the more narrow definition used in Bill 5.

The second is just . . . I guess I'm still not satisfied, despite the fact I went through the capital vote with this minister, with the reasons as to why the design, construction, alteration, extension, repair, demolition of health care facilities now falls under the mandate of this minister. I certainly hope, as I've said before, that this does not mean he's going to be proceeding in ways and directions that aren't in companion, of course, with the Minister of Health's own policies. But I think the division that is here now does give one pause. Moreover, I'm just wondering why the minister of public works hasn't taken over the design, construction, alteration, extension, repair, demolition of advanced education facilities, because that has somehow been left with the minister of that department So I still think there's some inconsistency here. We'll be certainly monitoring it. We don't have any deep objection in principle, but it does give us some concern about the definition and the reasons for the change.

Thank you.

MR. TAYLOR: Here again, I won't add to what the hon. Member for Edmonton-Centre has already pointed out in the hospital thing, but the next portion . . . It would appear that this government has a sorry record of keeping the public apprized of what is going on as far as agreements reached with the private sector. The way I interpret this Act is that there would even be more secrecy involved in the disposal of the public's property if the amendment goes through as it is, indeed to the extent that apparently you can overlook sealed tenders. Indeed, it's up to the minister to get the best value, but who is to tell if it's the best value, Mr. Speaker? I know time and again you have told us that the inner workings of the cabinet, when we try to find out, are not subject to the rules of *Beauchesne.* So it can't be done that way. Although they're very loquacious and long-winded and there's a great deal of excessive redundancy and verbosity in the House, it never gets down to trying to find out just what the agreement reached with the private sector is.

It would certainly appear to me -- and, of course, I would be subject to being enlightened by the minister if I'm wrong -- that under this Act the minister will have even more authority, which I think is already sweeping, to dispose of Crown property without the normal methods of competitive bidding. At least under competitive bidding the public becomes aware of what's going on, or at least a few people. Somebody puts a bid in and then notices the transfer is less than they bid, and they call the opposition MLA or whoever it is and start complaining. But under this system it might be years before we find out what had gone on, Mr. Speaker. At least my initial appraisal of the Act is that the minister is asking for authorities that even Henry VIII was not willing to give to his chamberlain when they ran the Court of Exchequer over there.

Thanks.

MR. SPEAKER: Minister.

MR. KOWALSKI: Thank you very much, Mr. Speaker. The questions with respect to which health care facilities and operators would be dealt with by the Minister of Public Works, Supply and Services I believe were addressed. For the sake of brevity for the Assembly tonight, perhaps I might refer my hon. friend to page 1316 of *Hansard,* in which I identified what the various groupings would be. They coincide with respect to the estimates that were requested and received approval from this Assembly by the Minister of Public Works, Supply and Services just a few days ago.

With respect to powers provided to the Minister of Public Works, Supply and Services by this one-page Bill being of equal value to those provided to Henry VIII, with all due respect, my hon. friend from Westlock-Sturgeon, astute as he may be, is a rather imaginative fellow. Essentially what we're trying to do, Mr. Speaker, is to reduce the costs of very low-valued land transactions from the province to individuals, and perhaps I might just give several examples. Over the years, over the decades in this province, thousands and thousands of small parcels of holdings have fallen to the Crown as a result of land purchased for the development of roadways, highways, and the like, land purchased for the development of canals, land purchased for literally dozens of different kinds of examples. We would have a landowner who might have a viable farming operation and/or something and be proximate to a two acre or two and a half acre parcel of land, a low-value parcel of land that simply is a burden to the Crown in the sense that the Crown has to undergo a yearly maintenance thing with respect to weeds and all those other things that go with it, and it would only make sense, in essence, to offer it for sale. There is only one buyer, though, in this case because these parcels of land tend to be isolated, so they would be adjoining landowners.

We could go to the public and say, "Well, we would get normally two or three appraisals." The appraisals may very well come in to the tune of $600, $700, $800, $900, and the land in question may only be worth $200 or $250. And of course over the years we've had complaints from individuals saying, "Well look, I'm not going to purchase that land and reduce the carry-

ing cost of the province of Alberta." Because in essence if you tie in the cost of these appraisals for these isolated, low-valued parcels of land, then they simply cannot dispose of them. So what we're asking for is approval of the Legislative Assembly to come up with an innovative, cost-effective approach in dealing with selected parcels of land. Should the hon. Member for Westlock-Sturgeon send me a letter once or twice a year asking how many of these transactions have been carried out by the Minister of Public Works, Supply and Services, I'd be very, very happy to submit that information to him so he would not be operating in a cloak of secrecy.

[Motion carried; Bill 17 read a second time]

MR. STEWART: Mr. Speaker, I move that you do now leave the Chair and that the Assembly resolve itself into Committee of the Whole.

[Motion carried]

GOVERNMENT BILLS AND ORDERS
(Committee of the Whole)

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: Order please. Would the committee please come to order.

Bill 5
Department of Health Act

MR. CHAIRMAN: I just want to sort of clear the floor so we might begin the committee's consideration of Bill 5. There is a government amendment that has been tabled by the hon. Minister of Health. Are there any comments or questions on the amendment?

On the amendment, the hon. minister.

MRS. BETKOWSKI: I think the amendment was passed on Friday last, Mr. Chairman.

MR. CHAIRMAN: Sorry. Moving right along then, are there any further comments or questions regarding Bill 5 as amended?

The hon. Member for Edmonton-Centre.

REV. ROBERTS: Yes, Mr. Chairman, I too have some amendments which got passed out at 1 o'clock last Friday, and I hope members have them kicking around somewhere. There are six of them, and I would like to speak to their merit now. I'm just wondering, Mr. Chairman, for some direction. Are we going to deal with these by way of vote seriatim or . . .

MR. CHAIRMAN: Order please. Did the hon. member say that his amendments had been distributed to all members?

REV. ROBERTS: They had been. Yes.

MR. CHAIRMAN: I'm sorry. Hon. Member for Edmonton-Centre, would you happen to have another copy of your amendment, a spare copy? It appears that the Table doesn't have one. We have now got a copy, so please proceed.

REV. ROBERTS: My question is whether we're to vote on them one at a time or as a package.

MR. CHAIRMAN: Is there agreement to deal with it as a package?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed? So ordered.

MR. FOX: Point of order, Mr. Chairman. Isn't it up to the mover to decide? The amendments are clearly quite separate from one another. They're listed A through G.

MR. CHAIRMAN: Actually the mover of the amendment was asking the committee for its feelings on it and . . .

REV. ROBERTS: I just wanted to know what the custom is. I think in the past the Liberals had several amendments which had been dealt with individually, and that's what I was wondering. If we were going to continue that practice, I was prepared to do that.

MR. CHAIRMAN: Well, just for clarification, it always turns into what the consensus of the committee is. There is no precedent, and that's why the Chair asked the committee how it wished to deal with this particular set of amendments. I had heard the committee say there was general agreement that we could debate these things separately but we'd have one vote on all the amendments as a package.

REV. ROBERTS: All right. So we have six amendments I'd like to propose to Bill 5 in a package that's just irresistible, I'm sure.

AN HON. MEMBER: A six pack.

REV. ROBERTS: A six pack.

Now, Mr. Chairman, I've carefully gone through the two previous Acts, the Department of Hospitals and Medical Care and the Department of Community and Occupational Health Acts, of which Bill 5 is something of a hybrid, and so there are some things I'd like to make in my comments in terms of referring back to those Bills. Bill 5, as we said at second reading, we support in principle as the whole notion of bringing together two previous departments under one. I think that makes good sense for a number of different reasons which we won't argue again here.

With respect to my six amendments, you'll see amendment A is really making provision under section 2 of Bill 5 for there to be an Associate Minister of Health. I think this is very crucial, to look at amending it in this fashion at this point when we're setting up a whole new department.

As I said at second reading, it's somewhat inconsistent to me that we should have an Associate Minister of Family and Social Services and an Associate Minister of Agriculture, but here with this one department of government which spends more than any other and many put together, a grand total of $2.7 billion, it should all be at one stroke of the pen of the one Minister of Health. It seems to me that it would make good sense while we're establishing the department to put in legislation here that the minister who shall preside shall be appointed by the Lieutenant Governor and to add at the end: to be assisted by the Asso-

ciate Minister of Health. I know this is going to be another good idea of mine that the government is soon going to adopt, and they'll see the merit of it in time.

I suggested before, at second reading, that such an associate minister could, for instance, take responsibility for the long-term care division in the department. As we know, the elderly in the province consume about 40 percent of health care services, so to have a separate person in cabinet to be an associate, to be an assistant to the minister as well as to be able to be at cabinet and speak up on behalf of, for instance, the long-term care needs I think would go a long way. As we know, the population is aging, and this is going to be a continuing need, to have somebody who is on top of every single issue with respect to long-term care, not just for the elderly but for those more and more Albertans who are living with chronic care needs.

Now, I don't want to go on and suggest that the Member for Calgary-Glenmore should be the associate minister at this point. I think she would be well suited to having such a post I don't see any reason in the world why someone of her calibre, having studied it in the way that she has, shouldn't be elevated and given such a position. Nonetheless, there is a need, I feel very strongly, to have it not just all piled up on top of community health and the health care insurance division and hospitals and mental health and AADAC and all the rest of them having to come under the purview of this one minister.

Now, as I say, it does make provision in the Act for there to be two deputies, which again I think is something of a departure from most departments in government. I'm surprised that to my knowledge to date only one deputy has been appointed. So I don't know the way they run things over there, but at least it seems to me to make sense to have an associate minister and to have two deputies, to have the best personnel at the top to be really driving not only the consistent policy planning development of the department but to do it with some good minds working co-operatively. If you can do it in Agriculture and you can do it in Family and Social Services, I think we need to be able to do it in Health, which, as the minister's already said, is one of the great values we have as citizens of this province. That would be the first amendment under section A.

Now, the second amendment I'd like to propose, again under section 2, would be to have a subsection (2) under section 2, which would really be to begin to put into some legislative language some of the goals, some of the vision, some of the purpose for which this department is being set up. Now, I don't know that we need to be that hollow in our legislative drafting that we just put together a bureaucracy here and not give it some reference, whether for the minister or for the courts or for Albertans or for any of us as MLAs to be able to go to the Act and see what is the purpose for which the department is set up. What is it we're trying to get out of this department and the allocation of $2.7 billion annually? I know the minister in her opening comments made comments of similar sort of hope. There could have been a preamble or something that could have captured the essence of what this Department of Health is to be about.

I submit that under this amendment there could be a very simple and yet a very reasonable and important setting out of the purpose of the department That's why I have it here. It's taken from the World Health Organization definition of health, and I've added:

> The Department of Health is to enhance the health status of Albertans . . .

We can all be agreed on that

> . . . by providing . . .

And here's where I borrow from the World Health Organization.

> . . . promotive, preventive, curative and rehabilitative health care services.

Now, I've heard the minister say many a time and oft that she wants to increase the community, the health promotion side of the department and its policies and its spending. Power to her. I just think it would be good to set out in a simple statement of purpose at the beginning that, yes, we're going to help enhance the health status of Albertans by providing promotive health care services. Health promotion is a big item which over the next decade, into the next century, we need to be investigating much more fully: how we can promote our health through improving life-styles and so on. Now, it could be argued, I suppose, that this could also be the mandate of the Department of Education or the Department of the Environment or some others. I'm not saying that it's exclusive to this department to enhance the health status of Albertans by providing promotive services, but certainly with what the minister has already said, we can agree that in the department these kinds of activities have and need to continue to go on.

Similarly with preventive health care services. Certainly we have known that an ounce of prevention is worth 2.7 billion pounds of cure. So let's get straight that we want to develop with Albertans and with nurses and with physicians and everyone in the system ways to prevent accident, injury, disease, and unnecessary and untimely death. I mean, these are all kinds of things which are going to improve the quality of life as well as to reduce costs, so let's put it in there.

Now, curative, I think, would be a pretty embrasive term to describe diagnostic services, treatment services, the whole range of things which go on in active treatment hospitals. Maybe you could spell it out by saying diagnostic services or treatment services. I just think curative is a good word and can embrace a multitude of good in terms of what we're getting at there.

Then rehabilitative health care services I think needs to be in the definition as well to get at those services which the department-provides to a number of people who aren't ever going to necessarily get better from their affliction but at least can improve their situation by a great deal of rehabilitation. The work going on, for instance, at the Glenrose in physiotherapy and occupational therapy and all of these other services is rehabilitative in nature and part of what this department's about, whether it's in physical or in mental health.

Mr. Chairman and members of the Assembly, I submit this to be a simple but a very significant amendment which would help to set and define the purpose of the department, and if we don't get it now, I guess we're never going to get it. That's why I plead that the minister consider the fact. I know that in her own intention she may have tried, and I think this is going to be a simple way of achieving it without stepping on the toes of other departments and without locking us into language which is going to be confusing. But let's get on with trying this, and if it needs amendment down the line, then we can do that as well. But I think we need to capture the moment now, or as they said in the *Dead Poets Society,* seize the moment, the Latin being "carpe diem."

AN HON. MEMBER: Seize the day.

REV. ROBERTS: Right We need to seize the day, Mr. Chair-

man, stand on our desks, and adopt this amendment.

Now, the third amendment, C, referring to section 7 of the Bill before us, has to do with advisory boards, committees, or councils. Again, some interesting things in terms of what I perceive to have shifted. Now, I'm not sure of the status of a number of the advisory committees, the mental health advisory committee or the public health advisory board, which we had the annual report of last week, or a number of others which I know assist the minister. My remembrance was that they were spelled out much more clearly in the Department of Hospitals and Medical Care Act. Here there seems to be much more of a generic reference to any kind of advisory committee that would assist the minister on matters under his administration.

But I think that while we are looking at this section, it would behoove us to make very specific reference to there being a council, which I would refer to as a regional health council. Now, I know this is a new concept, but I think if we were to frame it now and give it legislative status now, we could work it out in terms of detail and function as we go. It basically would mean that the minister would be able to establish with the Alberta Hospital Association, with the Health Unit Association of Alberta, and others ways to look at the province with some very clearly delineated, coterminous boundaries around certain regional health councils, one in the northeast, the northwest, Edmonton, Calgary, central Alberta, and the south of the province.

Such regional health councils I know would go a long way to improving the co-ordination of services within those regions, both on the hospital side and the health unit side, the mental health side and the geriatric side. They could serve a host of very creative co-ordinating functions. It does go on voluntarily now, particularly within the Alberta Hospital Association and their regional councils, but I would like to give it some more teeth and some more direction and allow us to say from the Legislative Assembly on down, "Let's get on with looking at the health services throughout the province being delivered efficiently and rationally in a co-ordinated way and give regional and local health council people the mandate to do that kind of co-ordinating function."

This has been the case in the province of Ontario. I know the Rochon commission in Quebec recommended strongly the same kind of approach. I wouldn't at all be surprised if the Premier's Commission on Future Health Care for Albertans would recommend the same kind of thing. It only makes sense. I think that if we were to do some hard work around it, where the boundaries could be formed and what health units could be involved where and linked up with hospital board districts and all the rest -- I know it would be very confusing at first to find just those kinds of boundaries that a certain region would be delineated by, but once we got over some of those initial hurdles, I know it would go a long way. So I submit to members of the Assembly that if we are looking at advisory boards, committees, or councils, now is the time. Carpe diem. We need to move right now with setting up regional health councils to help us deliver better health care for Albertans, to improve quality, reduce costs, and deliver it in a more efficient manner.

The next amendment I'd like to propose is that section 8 of the Bill before us be struck out. This I know my friend from Edmonton-Gold Bar will support as well. Again it's interesting. When you look at the previous Department of Hospitals and Medical Care Act, the powers of the minister as outlined in that Act were quite extensive. There were about five different sections on the powers of the minister. Interestingly enough I thought they were not totalitarian powers or any powers which you would think would be dangerous, but they were in a co-ordinating function. They seemed very enlightened powers. For some reason all of those powers as delineated in the previous Act have been struck except for one, and it appears here. The only one that's left remaining is that "the minister may take or direct measures [she] considers appropriate to prevent and suppress disease."

Well, I have to ask some questions here. Does this mean the minister has the power to go to the Solicitor General and tell him to stop smoking, for instance, because his stopping smoking could be a measure that she could direct to prevent further disease? Now, I know she would not be allowed such powers, given the Charter of Rights and Freedoms which we have as Canadians, and thank goodness we do have that Charter because it would help to restrict the powers of any minister of any Crown in terms of what they could do to direct measures they consider appropriate. But again I have to ask: why is this left in there? We need to understand that there's not a notwithstanding clause here, but it does seem to give the minister extraordinary powers, particularly in the area of public health.

Further, I would argue that as we have looked at the Public Health Act, the powers are already well in place to prevent or suppress disease or epidemic or any kind of infectious disease which may get out of hand that the minister may want to have powers around. She doesn't need to have the powers as outlined here. They're already in the Public Health Act where the minister has certain powers, where the director of communicable diseases has powers, and where the medical officers of health have powers, all worked out in ways which I think achieve some balance and protection in terms of individual rights and the public good.

So why do we need to pull out this one section from the previous Act, which I think in and of itself is somewhat dangerous? But why also put it in when I argue that it's already redundant given what we have in the Public Health Act? Again, I don't want to see the minister have these powers alone. I think the director of communicable diseases should have some of these powers; the medical officers of health should have some of these powers. It's this very difficult issue of balancing individual rights and freedoms with the public good or public safety. So that's a reason I feel very strongly. I know the Member for Edmonton-Gold Bar would support me that section 8 -- we were going to try to amend it, but we said: "Why amend it? Just strike it out. It's already in existing legislation, in the Public Health Act."

The fifth amendment comes to amend section 9(2)(j). I really must make a point here. It seems like a small point in some regard, but to me it says a great deal on the point that we need more than ever in Alberta to call into account those people and organizations to whom we allocate supply from the Crown for health services. We need more than ever to do some, as I said before, outcome studies, evaluation studies. Are we getting value for dollar? How do we know that a particular hospital that we give millions of dollars to a year is actually doing the services which we've asked it to do? Even the Auditor General is asking these questions. We need just a better fiscal accounting.

I'd like to ask for some accounting of how the health status has been improved in a particular area, what new programs, what unmet needs they are addressing, and so on. In this drafting they've left out the words "or organization." Section 9(2)(j) says that

the Lieutenant Governor in Council may make regulations . . .

(j) requiring any person receiving a grant to account for the way in which the grant is spent in whole or in part.

That's good. I just want to say not just "any person," because who is a person? Maybe a physician who bills the plan, and we need to have that accountability, but I think we need to amend it by adding the words "person or organization," which obviously refers to a hospital board or a health unit board or a long-term care board. These organizations as well as persons, I believe, need to account for the way in which the grant they've been given is spent.

Again, I can't understand why this has been left out when we lived with it for a few decades under the previous Department of Hospitals and Medical Care Act. It used to use the phrase "any person or organization." Now, why in heaven's name we'd have to drop the word "organization" just at the time when we want to increase this sense of accountability I don't know. I would just argue strenuously that the Crown should really have those powers. Because here again, with the stroke of a pen allocating millions and billions of dollars -- I don't see any reason why we can't have the stroke of a pen on a letter saying: "Please give an accounting. Come into the judgment seat, and let us know what you've been doing with the talents, with the gifts, with the grants that you've been given." That's not just any person but any person or organization. This amendment, I think, would go a long way to do that.

Then finally section 12. It's again, I guess, a moot or minor point. But here we have it saying that "the Minister may charge fees for any service or materials provided or research done by the Department." Now, I can understand this to some degree. You don't want to have consultants or private citizens milking the good people at the department for research or for services and materials provided to them if it involves a lot of photocopying or a lot of data. So there could well be some limits placed on this. But as it is, it says that

The Minister may charge fees for any service or materials provided or research done by the Department

when, in fact, the department is set up at taxpayers' expense, gathers information at taxpayers' expense, is doing policy evaluation at taxpayers' expense. Why shouldn't taxpayers at some level, up to a certain cap of whatever we might want to set, $200 or $500 worth, be able to access those services for free? So to put in here that "the Minister may charge fees for any service" I think takes it too far. Now, I know she's going to argue that it's just still the use of the word "may," and maybe in her generous heart she'll waive some fees for some people at some times. But again I think if we're going to put it in here, I'd like it clarified a bit more and again have that responsibility to the taxpayers, which elect us and which allow us to set up these departments, to in their own terms be able to access certain materials or research done by the department.

So those are my six amendments. I tried to work out another one. I know the minister will appreciate the difficulty in trying to amend this sexist language which we have, referring to he, he, he all the way through here. I'm still sure there must be a way. In fact, I'm wondering whether -- if we did substitute the word "she," I'm told legally that could fit as well if "she" was understood to mean any person. But then when I'm Minister of Health, we'll just have to revert it back. So that would be a difficult thing to keep switching back and forth. But I still think maybe we could go some way to having more inclusive language, whether there are ways in which the pronoun could be dropped and the sentence reworked. I know Parliamentary Counsel looks askance at this, but one lives in hope that the over-reference to the term "he" might be amended in some fashion.

At any rate, these are my amendments. I offer them with a generous heart to the minister to be able to improve now, to seize the day. If she doesn't, I think I'm going to stand on my desk and pound till she does. Anyway, I do offer these and ask for the debate.

MRS. HEWES: Mr. Chairman, I rise to speak in support of, I guess, all of the amendments from the Member for Edmonton-Centre. Just very briefly on them. The first amendment, A. I have no objections to an associate minister, but frankly I believe that the present minister can handle the portfolio admirably on her own with a bag over her head and one hand tied behind her back, as far as that goes. So I have no difficulty with the amendment the hon. Member for Edmonton-Centre has made, but I really see no reason for it under the present circumstances.

Amendment B. Mr. Chairman, at our session on Friday at second reading I spoke about the need for a preamble. The minister did answer this question as to why a preamble is not included in this particular Bill, but I think section 2(2) goes a long way to explain what it is the Act is intended to do. I see no reason why this particular definition should not be included. I think it improves the sense of the Act and the wholeness of the Act, and I would hope that government members would agree with that.

Section 7. Once again I have no objection to adding regional councils, although I believe 7(1) does in fact cover the appointment of regional councils if the minister so desired. I think it's permissive and open-ended as far as that goes. Mr. Chairman, I think the notion of regional health councils, however, would follow the mental health council model, and perhaps from that standpoint it would legitimize that method.

Section D. Mr. Chairman, I've already spoken to that once, and I do agree that it should be struck out. The minister did not speak to this at any length in response to my questions of Friday, and I would hope that the minister will see fit to respond to it now. I think this leaves a great question in my mind. We really need to know what types of prevention and means of suppression we're talking about here. The public health amendments that we passed last year seemed to me to be sufficient to allow the minister to take any steps as necessary, and I believe power such as this could properly be managed in accordance with or through public health boards and not reside solely with the minister. Perhaps the minister would explain to us if this section was intended to cover specific diseases and, if so, which ones they might be. I think AIDS patients certainly would fall within this definition. I think we need to know what the minister intends to use to prevent and suppress disease and whether it conforms to the Charter of Rights and Freedoms. I thought what we did last year in passing the amendment to the Public Health Act was intended to cover this matter.

I also would like to know if the minister has in advance of placing this particular section in the Bill consulted with professionals in the interest groups that have a great deal to say about this kind of section and how the minister can justify establishing legal mechanisms to quarantine AIDS patients or others, yet we still have to see necessary funds made available to establish a hospice for them. So I hope the minister will explain what it is

that is intended by section 8 that would justify leaving it there. I will support the member's amendment to strike.

Mr. Chairman, I have no objection to "or organization" being added in section 9(2)(j). I think perhaps section 12 most properly should be struck out; I've seen or heard no justification for it as well.

Mr. Chairman, I would like to ask the minister, with respect, to answer some of the other questions that I asked at Friday's session, which was somewhat shortened and truncated, particularly regarding the Laboratory of Public Health. If I could be indulged just for a minute. I have submitted an amendment to you, but it's my understanding now from the Parliamentary Counsel that, contrary to the advice I had on Friday, this amendment is out of order . . .

MR. CHAIRMAN: Partially, hon. member.

MRS. HEWES: Partially, only, out of order, but that I feel very badly about, because I was advised otherwise on Friday.

As a result, I won't have any reason to speak, so perhaps the hon. minister would, with respect, answer some of the other questions that I had last week as to whether or not the Provincial Laboratory of Public Health would fall within section 11; if it doesn't fall in that section and if it doesn't fall under this Act, or if it does fall under this Act, why it is not mentioned, and if in fact the minister can tell me under what piece of legislation it does exist. Because I have not been able to find that to date.

Mr. Chairman, I would hope that the minister would answer those questions. Thank you.

MRS. BETKOWSKI: Mr. Chairman, I will go through the amendments as quickly as I can to respond to the comments by the hon. members.

First of all, with respect to the amendments put forward by the Member for Edmonton-Centre, the designation or the change in terms of whether or not another minister is added to the cabinet, to the Executive Council, is truly the prerogative of the Premier. At the moment we don't have an associate minister, and I won't prejudge whether or not our Premier wants to put one in. So I think if there were to be that decision at a future time, which wouldn't of course be my decision, then it would certainly be a rather simple amendment to add.

Secondly, the comments made with respect to a preamble of some kind or at least a statement of purpose in section 2. As I indicated during second reading, I did seek the views of the Legislative Counsel, and there are two concerns basically. One is that a preamble states in general terms what's stated more specifically in another part of the Act, and if something is said twice in a statute, you get two interpretations. That's one of the concerns about a preamble and then a movement to specific text The second concern is that it would be inconsistent with other department Acts, and questions could then be raised as to why this Act would be different from other department Acts and what is the status of this Act versus other department Acts. As a result of those arguments made to me by the Legislative Counsel, I felt it was not something we could or should put into the statute and therefore did not Certainly the mission statement work that we're doing within the Department of Health is far more contemporary and far more broadly based, I think, than any kind of statement we could draft within legislation, and I think that, in fact, is a blueprint for what needs to be done. [interjection] You will in due course, hon. member, and I'll look forward to your comments.

Section 7, with respect to adding regional councils. By the section that's in the Bill already, regional councils are permitted, and it may well be that we set up super councils or some kind of thing. I too await any recommendations the commission may have in that regard.

Item D on the amendments. The matter is in the public health interest, although there is legislative authority under the Public Health Act I believe it's important to continue with the consistency that's always been applied, that this section would be in the Act. In fact, hon. Member for Edmonton-Gold Bar, the section has been in the Department of Community and Occupational Health Act in the past. I have consulted with groups on this Bill, and none have raised the issue with me as a problem.

In section E with respect to person and adding "or organization," in fact "person" means "or organization." A person or an organization is covered by the legislation, so the amendment would be redundant.

Section 12 with respect to fees that can be charged. These, of course, are fees charged by the Department of Health. They have absolutely nothing to do with the provision of health services under the Canada Health Act, for which fees cannot be charged. I believe it is a prerogative the minister should have because there may well be consultative roles, research roles, which the department proposes to do or does for other bodies and should have, in fact, the ability to charge for some of those services.

The hon. Member for Edmonton-Gold Bar raised the question last Friday on the Mental Health Act definition instead of the government health care facility. The purpose of the government health care facility definition is to define these particular institutes in statute and is consistent with previous statutes. I think there's a very important argument to be made for consistency of legislative terminology in this matter. The definition under the new, yet unproclaimed Mental Health Act basically allows facilities to be designated under that Act. That is not the case here. We have existing facilities under the jurisdiction of the Department of Health which may move to some other governance, which are those which I have listed already in the government amendment which has been passed. So I don't support the Mental Health Act definition because I think it would cause more problems than it would solve by creating an inconsistency between the two pieces of legislation.

Finally, the hon. member raised the issue of the Provincial Laboratory. The operation of the Provincial Lab is under the administration of the Minister of Health, so it is section 6 of the Bill:

> The Minister may enter into agreements on or in connection with any policies, programs, services . . .

That is the legislative authority for the Provincial Labs. The southern Alberta Provincial Lab of Public Health is operated under a contract with the Foothills hospital, and the space for the lab is leased from the Foothills hospital. The northern Alberta Provincial Lab is operated under a contract with the University of Alberta, and the space for the lab is leased from the University of Alberta. So the legislative section is section 6 in the Bill that exists now.

MRS. HEWES: It's not mentioned anywhere.

MRS. BETKOWSKI: In the legislation? No.

Finally, with respect to the amendments C and D, part of which I understand are before us as a committee, I'm asking for clarification from the Chairman.

MR. CHAIRMAN: I'd like to clarify that. Is the hon. Member for Edmonton-Gold Bar proposing or going to propose the C and D paragraphs of her amendment or does she wish to not proceed with any part of the . . .

MRS. HEWES: Mr. Chairman, in answer to you, C and D of my amendment are in fact covered in (b) and (c) of the hon. minister's amendment of last Friday. So they are redundant at this point.

MR. CHAIRMAN: Thank you.
The hon. minister.

MRS. BETKOWSKI: That concludes my remarks then, Mr. Chairman.

MR. CHAIRMAN: The hon. Member for Edmonton-Centre.

REV. ROBERTS: Well, thank you. Mr. Chairman, I just would like to get back to two of mine which I think bear some more argument. You know, I know change and starting and doing new things is sometimes difficult I can't understand the argument that just because it's not the case to have definitions or preambles in other departmental Acts, we shouldn't start doing it now because people are going to think that is somehow inconsistent. Who knows? Maybe other departments through a purpose statement that they'd work in among their own bureaucracy but also to bring it to legislative language might get onto the idea. I do know that under the federal statutes there are a number of Acts, the Labour Code and a number of other ones, which have a preamble at the outset of them which gives, I think, a real sense of purpose and direction. I really can't see the argument that just to try it once is going to mean that it's somewhat an odd duck when in fact it might be the golden swan, and we'd want to emulate it with other departmental Acts as we amend them in due time as well. So I'd submit that I think that's a weak argument. I know it's raised by Parliamentary Counsel, but I wish we could have a bit more courage to at least try it and use this amendment as is here.

I would comment positively on the minister's own statement on July 27 in terms of her understanding, her definition of health -- maybe this is part of the department's working as well -- because I do think that part of what I would think to be very valuable about the understanding of health is it has to do with relationships. The minister makes a very good statement in terms of the relationships that we have with others: with our environment, with our families, with our friends and our colleagues in the community. I think that's a very important ingredient to understand that to be in isolation, really, or to be out of a relationship, is where some of our real pathologies begin. There's a certain theologian named Reinhold Niebuhr, who I think gave a lot of good thinking to the same concept. I would, however, caution the minister about her own words of July 27 with respect to definition about "In truth health is the essence of life because without . . . health we have little else that matters." I think I know what she's saying. I think I can understand that. Again, it gets into some philosophical, almost existential reflection . . .

AN HON. MEMBER: Spiritualism.

REV. ROBERTS: Yeah.

But I'd like to caution that this doesn't say to people who are in ill health that their life doesn't matter. There are a lot of people who are either living with chronic diseases, who feel kind of sickly about their bodies, whether it's living, as I do, with a diabetic and always having to take blood sugar readings even though you don't supply the strips and the Glucometer and so on. The diabetics or people with other chronic conditions or elderly people or people who have terminal diseases, they may be losing their health. They may feel that their whole life and their whole relationships are marked by ill health and disease. I don't think it follows that they have nothing that matters, because again what we can get back to is the matter of value which is in the relationship they have with the people who are around them as they're dying or people who are around them who are supporting them in their chronic condition. Whether it's in palliative care or in rehabilitative care, ill health and not feeling good about one's body can be a part of a relationship where you learn -- as I did at the Massachusetts General hospital when I was doing clinical pastoral work there -- to care not just for somebody but to care with somebody. That sense of compassion and caring with them, not trying to take away all that's afflicting them and making them better but rather meeting them where they are and caring with them in a sense of compassion and care: that is also health. So I just put that.

Then I thought the minister's response to my item D with respect to section 8 -- and again, I think it was a kind of weak argument I thought I heard her say that she hadn't heard from other people about this being a problem. Well, that's why we're elected as MLAs, I thought, to raise some of these items which we see to be problems. I think maybe if we were to take this before many agencies and people, they too would see that it's a problem. Again, I would submit that to allow the minister to direct measures that she considers appropriate to prevent and suppress disease really leaves it wide open.

Now, it can be challenged, as I said, under the Charter and wouldn't allow the minister to take unconstitutional measures, but nonetheless whether it's to do with AIDS or whether it's to do with hepatitis or whether it's to do with God knows what else may hit us as a communicable disease. I don't like the idea of one minister having these powers to do anything they consider appropriate. But to do it in the context as we have with the Public Health Act, where the minister is working in concert with the director of communicable disease and the medical officers of health and others, I think provides some safeguards and some balance. I think that if the argument is only that they haven't heard from people about it being a problem, that's not enough of an argument I think a good council would see that it's already existing and that this lifted up from previous Acts and put in here is not necessary, in fact leads us in directions we don't want to pursue.

I think those were the two amendments I really would like to get passed.

MR. CHAIRMAN: Are you ready for the question?

SOME HON. MEMBERS: Agreed.

[Motion on amendments lost]

[The sections of Bill 5 as amended agreed to]

[Title and preamble agreed to]

MRS. BETKOWSKI: Mr. Chairman, I move that Bill 5, the Department of Health Act, be reported as amended.

[Motion carried]

MR. STEWART: Mr. Chairman, I move that that committee now rise and report progress.

[Motion carried]

[Mr. Deputy Speaker in the Chair]

MR. JONSON: Mr. Speaker, the Committee of the Whole has had under consideration the following Bill and reports Bill 5 with some amendments.

MR. DEPUTY SPEAKER: Having heard the report by the hon. Member for Ponoka-Rimbey, all those in favour, please say aye.

HON. MEMBERS: Aye.

MR. DEPUTY SPEAKER: Opposed, please say no. Carried. So ordered.

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

Bill 15
Alberta Energy Company Amendment Act, 1989

MR. ORMAN: [some applause] Thanks, Fred.

Mr. Speaker, in moving Bill 15, the Alberta Energy Company Amendment Act, 1989, I would like to make a few comments, and if I may, first . . . I would like to first provide a brief background and overview of the company and all of the reasons for the amendment to the Alberta Energy Company Amendment Act, 1989.

Firstly, as many members know, the Alberta Energy Company was incorporated under the Companies Act, September 26, 1973, and it was carried by the Hon. Don Getty, Minister of Federal and Intergovernmental Affairs, and he in a statement dated December 7, 1973, outlined the position of the government with regard to the Alberta Energy Company. The purpose of the company, Mr. Speaker, was to establish an Alberta based energy company, to participate in the escalating activity in the energy industry at that particular time, and to give individual Albertans an opportunity to invest and benefit from the development and sale of the province's energy resources. At the time the decision was to restrict ownership to Canadian citizens and Albertans resident in the country who were to receive first option to purchase the shares that were issued. The initial offering was $150 million, and the government retained a 50 percent interest. Today, that company's assets are $1.93 billion, and the government of Alberta retains a 35 percent interest in this ever expanding, diversified, Alberta based company.

The Alberta Energy Company is such a size now, Mr. Speaker, that it ranks 66th in terms of assets as recorded by the *Financial Post* in their top 500 companies, so you can see that it is a major player not only in Canada but internationally. The original intent of the legislation, Mr. Speaker, also incorporated legislation that at least 75 percent of the board members must be Alberta residents.

The Alberta Energy Company is, as I've indicated, a diversified company. It has, I believe, gone beyond the broadest imagination possible in 1973 when this company was conceived. They now have 10 percent of the Syncrude synthetic crude oil project, well known in Fort McMurray; the Primrose block heavy oil development; the Cold Lake pipeline, which moves ethane from the Cold Lake area to the Syncrude plant in Fort McMurray. It is involved in coal in the Edson area, electric power generation in Syncrude, forestry and building products in Whitecourt, aspen bleached chemithermomechanical pulp mill at Slave Lake, and involved in a joint venture for a nitrogen fertilizer operation.

[Mr. Speaker in the Chair]

Mr. Speaker, this company has grown and developed to such a size that we as a government now believe it is time to relax some of the restrictions and take off the yoke of the Alberta Energy Company. We believe that it has well achieved the initial intentions, as set out in the 1973 statement by the Minister of Federal and Intergovernmental Affairs at that time, and it is now diversified and competing on an international scale, and in competing on an international scale must have access to world capital markets.

I have just been advised by my staff, Mr. Speaker, that Canada accounted for 2.6 percent of global capitalization yet at the same time is the fourth largest capital market in the world. So you can see there is no way in our wildest dreams that Canada could fund investment capital projects in this country alone without going outside its borders. It would be absolutely impossible. [interjections]

MR. SPEAKER: Order.

MR. ORMAN: It would be restricting the natural growth and orderly growth of this particular industry and the growth of economic development in this country.

Mr. Speaker, the Bill widens the opportunity for AEC to raise capital. We have ensured that the headquarters will be in Alberta, that the directors are for the most part residents of Alberta, and at the same time we are able to allow them to grow and maximize the share value to the Albertans and Canadians who own the shares now and to allow the company to grow and flourish. Specifically this Bill increases the maximum permissible shareholdings to 5 percent from 1 percent and allows a maximum of 10 percent nonresident ownership. Mr. Speaker, that increase from 1 percent to 5 percent for individual holders will attract institutional investors who have minimum thresholds above the 1 percent number for investments. Keeping in mind that 80 percent of the stocks traded on the Toronto Stock Exchange were through funds by institutional investors and pension funds, it is important that AEC is not restricted in not being able to access this capital.

Mr. Speaker, I should also point out that with regard to allowing nonresident ownership, it allows AEC to access international money markets, and it ensures that it can compete with other Canadian companies in the same business to be able to

attract the same capital on a world basis. I think it's very important. It removes a disadvantage that now is part of AEC with regard to our legislation and will allow them to compete with other Canadian companies on an international basis.

Mr. Speaker, in concluding my remarks, I would like to point out some important facts to some hon. members who have expressed a concern about the levels that we are changing in the Act. I should point out, too, some examples of other Canadian industries and their levels, because I think it is important in this overall contest. I think there is an unfounded paranoia in Canada with regard to the level of investments in some of our small "i" institutions, the cultural side of our country cable broadcasting and in our schedule A banks, our major chartered banks.

As a comparison to Alberta Energy Company, we are, as I've indicated, moving to individual maximums of 5 percent Cable broadcasting restrictive legislation in this country has no restrictions for individual maximums. Schedule A banks have a 10 percent individual maximum, twice the level that we are allowing under this amendment to the legislation; Nova Corporation, 15 percent individual maximum, and Pacific Western Airlines was 4 percent.

Mr. Speaker, as I've indicated earlier, for aggregate foreign maximum percentage ownership, we are in this amendment moving to 10 percent for Alberta Energy Company. Air Canada is 25 percent. Cable and broadcasting is 20 percent. Schedule A banks are 25 percent. So you can see that we are well below the most restrictive legislation in this country covering some of our institutions. So I believe it makes sense, and it will allow this company to grow and compete on a worldwide scale with other companies in the business. I look forward to hearing the debate from my colleagues in the Legislature.

MR. SPEAKER: The Member for Calgary-Forest Lawn.

MR. PASHAK: Thank you, Mr. Speaker. The major concern with the Bill, I suppose, is essentially a small "c" conservative concern. If it isn't broke, why fix it? The minister has described the very healthy, very active company. Why the need for change?

Now, I'm going to go over just a little bit of the ground that the minister went over. Why I'm doing that is that I'm going to put a slightly different slant on it than the slant the minister put on some of his arguments. First of all, why was the company established? Well, it was established in order to give Alberta more control over the development of the oil and gas industry in this province. But at the same time, it had two other major social goals. One was to provide all Albertans with a real opportunity to own shares in a company and get some personal advantage out of an oil industry that was just taking off at that time. There was also a concern at that time in Canada, generally, with the whole question of foreign ownership.

As a result of those concerns, the government in fact did establish a company that has become very powerful. The minister listed many aspects of the company, but I just want to make sure that we all understand just how strong that company actually is. The company owns 10 percent of Syncrude, 25 percent of Alberta-based Elephant Brand fertilizers. It owns a multimillion dollar ammonia plant at Joffre. It's involved in lumber production to the extent of producing 164 million board feet of lumber annually. It owns 57 percent of Chieftain, which is a company engaged in oil and gas exploration and development Also -- and this, I think, is very important, given what is happening today -- it owns 50 percent of Pan-Alberta, which is the company that basically delivers Alberta gas into the southern California export market. It owns two-thirds of AEC power limited, which is the owner of a $300 million power and steam generating plant in Syncrude.

Other assets, Mr. Speaker, include 24 billion barrels of heavy oil at Primrose, approximately 1.8 trillion cubic feet of mostly proven gas reserves in the province, 22 million-plus additional barrels of oil. In addition to that, it owns the Alberta Oil Sands Pipeline, which moves approximately 25 percent of the crude oil in this province. Just a little bit in contradiction to what the minister said, it moves heavy oil from the Cold Lake area into the Edmonton area, but it does own one-third of an ethane gathering system within the province. In addition to that, it has coal and steel interests. So it's obviously a key corporation in the province of Alberta.

Now, what are some of our more specific objections to this Bill? The first one has to do with the business of widespread Alberta ownership, and I think no better statement of what the government's intent was can be provided than that by the former minister of intergovernmental affairs, who is now the Premier of the province, in just two brief quotes from a ministerial announcement he made December 7, 1973. The first one is this.

> We believe that this Alberta-controlled company will be a unique partnership between the Government of Alberta and its citizens and its share distribution plan will be especially designed to attract first-time investors in our province. An opportunity will be presented to every man, woman and child in Alberta to participate directly in the development and ownership of resources in our province while at the same time providing a stake in the future for their children and grandchildren in years to come.

I can't do more than commend the Premier for the statement that he made on that occasion. In addition to that, he went on to say:

> In order to provide the widest possible distribution of shares and to prevent any one person or group from acquiring a large block of shares in the future, the total share holdings of any one investor will be limited to 1 per cent of the shares issued.

Now, arising from the proposal that the government increase the shareholdings of any one entity from 1 percent to 5 percent, we have the concern that the shares will be further concentrated in fewer hands and that it will in the future be possible for a small group of shareholders to accumulate 5 percent of the shares and maybe three or four entities could, in fact, control Alberta Energy Company. I know the province holds 37 percent of the shares. Ten of the directors of Alberta Energy Company are on the board, and three of those currently are appointed by the government. Perhaps the government could, if there was a threat, increase those numbers. But my concern here again is that the province has been moving in the direction of selling off its ownership in the company over time. At one time it was clearly set out that 50 percent of the company would be owned by the government That's down to about 37 percent. I fear that part of this whole package the government has put forward is to increase the broadly held base of the company or the rights of people to own shares in the company and thereby put some upward pressure on the shares, and that might induce the government to consider selling off its remaining shares in the company. Of course, I have to admit that's just speculation. I have no knowledge that that's what the government is going to do.

With respect to the question of foreign ownership, Mr. Speaker, I'd like to draw attention again to a statement made by

the Premier at the time the Bill was introduced. He said that one of his concerns was that

> the bill meets . . . other concern that our citizens have expressed in a variety of ways over the past several years.

Then he went on to say:

> . . . foreign ownership is an issue alive in Canada today.

Now, he made that statement in 1973. Foreign ownership was an issue then. I think the members just have to think back to the last federal election in this country when we got into one of the most rancorous debates we've ever had in this country, over the Mulroney trade agreement People in Canada divided almost equally on that There wasn't an overwhelming majority for Canadians in terms of supporting the Progressive Conservative Party. In the last federal election, I believe they got approximately 44 percent of the vote nationally. More Canadians voted against the Progressive Conservative Party than voted for it The country was badly divided.

However, it is true that in Alberta, Mr. Speaker -- I'm back to the Bill, because I'm trying to tie this in -- there is a question of who owns the industry, whether it's foreign or Alberta or Canada. But in any event back to that election. Alberta, it's true, did express an opinion in that election that was supportive of the trade deal, and we know that a good part and parcel of that deal is to encourage more foreign investment in this country. But fads change, and to permit Americans or nonresident owners who were formerly not permitted to own any shares in this company to now own up to a maximum of 10 percent of the shares goes against that It sets a condition that I think will set a precedent for continued encouragement of nonresidents to own shares in this very, very important extremely important Alberta-based company.

One additional concern with the Bill as it's been presented, Mr. Speaker, has to do with the fact that so many people in this Legislature -- I'm not just talking about members on the opposite side. Members of my own caucus own shares in Alberta Energy Company. Yet on many occasions members of the party opposite have sat in cabinet meetings and made deliberations and commented on the development of this company from time to time. I have no doubt that many of those same cabinet ministers probably took part in this very debate that preceded the presentation of Bill 15 to the Assembly. And they're quite entitled to do that legally; I grant that Section 31 of the current Act does provide that

> the right of a member of the Legislative Assembly to participate in any debate or to vote on any question relating to any matter affecting the Company is not affected by the fact that any voting shares of the Company are held in the name or right of or for the use or benefit of that member.

I think it would have set a much better tone in terms of social responsibility and integrity if the government had at least changed that section and subjected all members to regular kinds of guidelines that have to deal with participating in decisions or participating even in discussions that could have some potential effect as far as their own ownership position is concerned.

I note that the Premier has shown some concern about that as well, Mr. Speaker. On July 24, in response to questions from the Member for Cypress-Redcliff, the Premier announced that he was going to set up a three-person panel to look at this whole question of ministerial conduct and guidelines. He made it very specific. He said that one of the reasons for doing this would be to look at this section of the current Alberta Energy Company Act section 31. So with respect to that Mr. Speaker, I have an amendment to the Bill that's before us. I'd like to read the amendment if I may. The amendment, Mr. Speaker, and I have a copy for you . . .

MR. SPEAKER: This is second reading.

MR. PASHAK: It's a reasoned amendment.

MR. SPEAKER: Well, the Chair didn't know that Thank you. Could I have it brought around? Thanks.

Sorry, we have a few other problems going on in the House. Don't look so terribly concerned, folks. Thank you.

MR. PASHAK: I have an amendment that has been vetted through the Parliamentary Counsel, and I have copies for all members.

MR. SPEAKER: Thank you. Proceed.

MR. PASHAK: I'll simply move the motion, Mr. Speaker that the motion for second reading of Bill 15 be amended by striking out all those words after "that" and substituting:

> Bill 15, Alberta Energy Company Amendment Act, 1989, be not now read a second time but that it be read a second time six months hence.

The reasons for introducing this motion at this time are rather obvious, Mr. Speaker. There is a committee the Premier has established to look at whether or not members of the House, particularly those who may have interests in shareholdings in this company, be subjected to possible rules or guidelines that would limit or control how they would vote or participate in decisions of this nature.

MR. SPEAKER: Calgary-Forest Lawn was indeed finished?

MR. PASHAK: Yes.

MR. SPEAKER: Thank you.

The Member for Edmonton-Belmont speaking to the amendment in its narrow parameters.

MR. SIGURDSON: Thank you. Sorry, Mr. Speaker?

MR. SPEAKER: Speaking to the amendment in its narrow parameters.

MR. SIGURDSON: Yes, indeed. Always.

Thank you, Mr. Speaker. I'm pleased to be able to speak to the amendment to hoist Bill 15 for a period of time, six months. We've got an opportunity for the government to sit back and reflect on the particular Bill. During that period of time there will be the occasion when the panel the Premier has struck to determine whether or not there is conflict of interest with respect to the Alberta Energy Company and members having shares in it will constitute a conflict. I think that's pretty good reason for us to take a period of time to examine whether or not we should be proceeding with this Bill at this time. I say let's not. I say there ought to be the opportunity for that panel, that committee that was struck recently, to be afforded a period of time for them to come back to this Legislature with their report on what constitutes a conflict of interest before we go ahead with this Bill.

Now, Mr. Speaker, there are members in this Assembly, on all sides of the Assembly, who own shares in Alberta Energy

Company. It is a company that was made available through wisdom a number of years ago, and many people have had the opportunity to take advantage of ownership of those resources. Now some of those folks sit in this Legislature. One has to ask whether or not they are in a conflict of interest Section 31 of the Act states that they're not, but some members feel they are. Indeed, there have been stories that indicate that some members should have abstained from being involved in certain considerations.

MR. SPEAKER: Order please. Thank you, hon. member. I'm sure you would like to bring that discussion forward at a later date when second reading continues, but in the meantime this is dealing with a motion on a six-month hoist. [interjections] Thank you. I listened carefully. [interjections]

MR. McEACHERN: Mr. Speaker, on a point of order.

MR. SIGURDSON: No, it's okay.

Another point then, Mr. Speaker. If you don't want to consider conflict as a reasonable reason to discuss this motion to hoist, then maybe what we ought to look at, members, is: how much input have Albertans had with respect to this piece of legislation? We're taking some fundamental changes to the way this company's being structured. We're taking it from 1 percent ownership to 5 percent ownership, from no foreign control to 10 percent foreign ownership of the company, and that's a fundamental change to the structure of the corporation. I would suggest that Albertans have not had the opportunity to have any input into this particular piece of legislation, and they ought to have some input. This is an important piece of legislation that, as I said, does change the structure of the company, and I believe quite frankly that there ought to be some public input, public hearings perhaps. There's no reason why the owners of small numbers of shares shouldn't have some kind of input to a committee struck by this Legislature that travels around this province to listen to Albertans about what Albertans want.

Do Albertans want to have foreign ownership to the degree that's being proposed in this Act? I don't know. Does the Minister of Energy know? Does the Minister of Economic Development and Trade know? I doubt it But you know, a period of six months to travel the province and listen to interested parties would then give some kind of indication as to what Albertans just might want. This is reasonable, in that we're changing something that has served us so well for so long. As my colleague said: if it ain't broke, why are we fixing it? We're about to fix something that isn't broken.

Six months consideration to examine public interest on the matter would be important, would be a worthwhile exercise, I would suggest Six months to allow the committee that's going to examine the conflict of interest rules and regulations is certainly enough time for them to come back and report to this Assembly so we can determine who should or shouldn't vote on this or whether or not those shares should be put into a blind trust Six months, Mr. Speaker, is not a long period of time. It's not a long period of time to wait to get some kind of reasonable return from Albertans who have a very good interest in this company. It's not a long period of time to wait, and that's the reason I support the amendment.

MR. WRIGHT: Mr. Speaker, the purpose of this amendment is to express the strong disquiet of the Official Opposition at the basic thrust behind this Bill. We believe it is the betrayal of a public trust that constituted a great deal of the assets of the company in the first place when this company was set up in the '70s. It was intended as a flagship company for the province. It never developed into the body it was capable of being but nonetheless has developed into a powerful corporation. It got strong assistance from the public by incorporating the mineral rights of British properties -- that's the Suffield test range and the Primrose air weapons range -- at very much under the market value. That value has been carried forward and increased to the present day. Now this Bill, Mr. Speaker, proposes to throw the company much more widely open to foreign acquisition and if not monopoly control certainly control that is effective for the purpose of getting complete control with large blocks of shares. That is wrong, we think, and contrary to the purpose of this Bill and the foundation of the company in the first place.

I remind members that the province of Alberta had a majority holding at the time the rules were drawn up here that made it unnecessary for members to divest themselves of membership in the shares if they were going to take part in debates and the like. The proportion the province held has dropped from a majority holding down to some 35 percent.

AN HON. MEMBER: What's that got to do with the amendment?

MR. SPEAKER: Order.

MR. WRIGHT: It has everything to do with the amendment, because the purpose of the Bill has been subverted. I'm sorry they're looking at what I say, Mr. Speaker, as if it's something completely inappropriate and a lot of nonsense. I suggest you think a little more carefully about this. I suggest hon. members think a little more carefully about this. If the shareholders are given a substantial grant by the public of the assets of the corporation, then that imposes a trust, as it were, on them to be responsible in the use of those assets and not to treat the holdings of the company as if it's merely another private company. It isn't.

Furthermore, there is a very bad smell about this, Mr. Speaker. I allude to the fact that the reasonable and probable result of the amendments is to markedly increase the value of the shares, because they can then be held in blocks, they can be held in some numbers by foreigners, and that would drive up the market value. Yet there are members of this Assembly who can vote on putting money into their own pockets in effect That is an additional reason for this amendment.

Mr. Speaker, you're looking up *Beauchesne,* but I'm talking about the reasonable and probable results of the measures that we're being asked to pass. It has nothing to do with the moral quality of any single member. It is a position in which this Bill is putting all members of the House who have shares. That surely is a very good reason for the Bill to be withdrawn and reconsidered.

MR. SPEAKER: Order. Order please. With due respect to the hon. member as he carries on dealing with the six-month hoist, for him to be presuming what is passing through the mind of the person in the Chair indeed is a little bit presumptuous. As a matter of fact, we were looking at our references with regard to another aspect entirely. So please continue in the six-month hoist debate.

MR. WRIGHT: Again, the thrust of this Bill will be to further erode the tenuous holdings of Canadians in their own assets in the energy industry. As we know, the total holdings have slipped back from something approaching SO percent to something considerably less than 40 percent now. This is just another step in that direction. To the Conservatives in this province it hardly matters, Mr. Speaker, it seems. They are quite content to sell out this country in this way by allowing step by step and little by little the holdings that we have of our own country to dribble away. The minister who promotes this Bill was so far off base that he tried to point out that because of the limited pool of capital in this country, therefore we should be in favour of selling shares to foreigners, ipso facto. It doesn't follow at all. Sure, we need to borrow money abroad, but let us borrow it on the basis of bonds, so that when the profits are generated to repay the bonds, we then own the assets ourselves. Do not let us sell in the form of equity.

I remind members that the United States itself in the last century was very much in the position that Canada finds itself in now vis-à-vis the rest of the world and the need for capital. But they financed their progress by bonds, so that when they were paid back -- and sometimes they never were -- at least they ended up owning it. So here, Mr. Speaker. It is wrong for us to sell off our resources like this and erode the ownership which in this case the government of Alberta, and indeed the people of Alberta, have of their own shares. And that is another reason why this Bill is fatally misdirected and should be withdrawn and reworked. This amendment will give the House the opportunity to do that.

I sum up: it's a betrayal of a public trust and should not go forward in its present form.

MS M. LAING: Mr. Speaker, I rise to speak in support of this motion to hoist this Bill for six months. This Bill presents a serious change in direction of a company that was set up to protect Albertans' future in terms of doubling the amount of foreign ownership that will be allowed. It goes, as we have heard, against the principles under which the company was formed, and violates the intent I think we could learn a great deal from Third World countries about what happens when foreigners own the resources of that country. We see that the needs and aspirations of the indigenous peoples of those lands come second to the profit motive of the foreign owners.

The minister, in saying that he cannot trust Albertans to invest, shows a dismal lack of faith in Alberta's investors and in Albertans' commitment to creating their own future. My experience from talking to Albertans is that they are expressing a new sense of nationalism and wish for sovereignty in determining their own affairs and in their own future. Therefore they should be consulted before any such change is brought forward. We therefore must call for public hearings that will, in fact, find out where Albertans stand on this. I would ask the minister and this government: what do they have to lose by listening to Albertans? If Albertans truly support this move, then they will know that. The government will confirm this, and they can carry on.

I would ask, then, that they proceed with public hearings. Six months is not a very long time inasmuch as this company has been in existence for 16 years, and certainly the minister and this government should be able to commit itself to a six-month period of time to think about these serious changes.

MR. SPEAKER: Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Speaker. I'm amazed that no one on the government side is prepared to stand up and defend this Bill. Have they become so arrogant in the use of their power that they don't have the guts to debate it in the Legislative Assembly? It's unbelievable that he would take a corporation that was set up by this Legislative Assembly and by the government, with not just the blessing of the Assembly in special legislation but very, very substantial assets -- the drilling rights and the Suffield Block and the timber rights in the Primrose air weapons range, which have since been swapped as part of the Alberta-Pacific deal -- and then turn around and attempt to turn it into something else and not be prepared to debate it in the Legislative Assembly. It's beyond belief.

I would like to deal with some of the absolute red herrings that the minister brought into this debate early on when he introduced second reading. By way of pointing out the need for a six-month delay in the passage of second reading of this Bill so that the government can come to terms with what it's purporting to deal with here, I think the first of those is to deal with the notion that somehow there's an analogy that exists between restrictions, or lack of restrictions, in the cable TV and the banking business as justification for this Bill. Mr. Speaker, I would like the minister to name one bank that's received the type of gift from the Crown that this company received when it was setting up. Name one bank that received anything like the Primrose air weapons range and the Suffield Block by way of a capital gift from the taxpayers in setting it up. There isn't one. Name a cable TV franchise that received any such resource gift from the Crown in the right of this province or any other province or the federal government or any other level. I doubt very much that the minister or anybody on the government side could name even one corporation within those two categories that received any type of largess of the sort that set this up.

There is a pro quo that goes along with that quid. If you give a company like Alberta Energy Company those kinds of assets, you absolutely have to, I think, restrict it in some fashion so that the benefit of that asset doesn't accrue, not simply to nonresidents but noncitizens of our corporation. That gets us down to the question of foreign ownership, which is really what is at the heart of this particular Bill. The Bill wants to create a new market for Alberta Energy Company shares, up to 10 percent of the total of the existing shares or, actually, whatever the share base becomes later on pursuant to the enabling legislation. It purports to create a brand-new market for 10 percent of those shares, and there's absolutely no question -- I don't think there can be a question in anyone's mind -- that the effect of creating a new market for 10 percent of the shares will be to bid up the price of the shares. That's absolutely clear. I see Mr. Speaker is pointing to a document which I presume is the amendment.

MR. SPEAKER: It certainly is.

MR. McINNIS: Well, the amendment is exactly what I'm speaking to. What I'm saying is t h a t . . .

MR. SPEAKER: Bring it back to the focus.

MR. McINNIS: Pardon me?

MR. SPEAKER: Bring it back to the focus. Thank you.

MR. McINNIS: The focus of my argument is on the question of foreign ownership. This Bill introduces the concept of foreign ownership to the Alberta Energy Company for the first time. This particular aspect of this Bill has not been debated properly among any of the affected parties. This thing came along more or less out of nowhere. I mean, I don't think any of us on this side of the House can pretend to know all of the circumstances that led the government to introduce this Bill late in the current session, but it is an absolute certainty that this Bill was not discussed during the provincial election campaign which was held this year. That would be one aspect of what might give the government a mandate to bring in legislation like this or even, for that matter, a clear motivation. I think when the minister comes in with such a lame introductory speech, lame in the sense that the biggest part of his argument he blamed on his staff. He said, "Somebody in the staff just handed me a note that says, 'We need U.S. capital in Canada.'" Absolute nonsense.

What he apparently doesn't know about American investment in this country is that most American investors have used Canadian debt capital to buy equity in Canadian firms. American owned, American controlled assets grow astronomically in this country, Mr. Speaker, while employment -- employment -- in foreign owned firms, especially American controlled firms, declines. That's the record over the last two decades in our country, yet we have a minister and a government in Alberta that bring in legislation to promote more foreign ownership, not just of industry in Canada but of the Alberta Energy Company -- the Alberta Energy Company -- created by this Legislative Assembly with a very substantial gift from the Crown. So you have American assets growing and jobs declining at the same time.

The minister refers to concern about foreign ownership and foreign control in our country as paranoia. He used the term "paranoia," Mr. Speaker, to describe that concern. Now, paranoia is a clinical condition in which unreal fears dominate a person's consciousness to the extent that they do irrational things. I think we're dealing not with fears but reality, the reality being the tremendous growth in American ownership and control of our economy not balanced by an increase in jobs, certainly not balanced by an increase in productivity. That's the reality, and yet the minister refers to that as a type of unreal fear. I suggest that the unreality, Mr. Speaker, is not with people who have a concern over foreign ownership but with a minister and a government that will bring in a Bill like this backed by such a shoddy argument As I say, Mr. Speaker, he actually blamed the argument on his staff in his introductory comments, and I think any minister that's not prepared to take responsibility for the argument is going to have a difficult time convincing this House that this Bill should pass second reading today. In fact, I'm not so sure that a six . . .

MR. SPEAKER: Order please. Thank you, hon. member. We're not dealing with the Bill; we're dealing with this hoist And I interrupted you just as you started to start talking about six months. Great. Let's bring it back to that occasionally.

MR. McINNIS: I was saying, Mr. Speaker, I'm not certain that six months is enough time. However, in the interests of not prolonging this debate I'm prepared to support the six-month hoist, because that's the proposal that's before us. I think it's abundantly clear that the government, if it has thought out all of he problems with this Bill, is certainly not prepared to share that thinking with the Legislative Assembly, because the perfunctory introductory comments I don't think could persuade anybody to support second reading of the Bill today, certainly not this Member of the Legislative Assembly.

AN HON. MEMBER: Let's have the question and find out.

MR. SPEAKER: Order.

AN HON. MEMBER: Not likely.

MR. SPEAKER: Order.

MR. McINNIS: There's been a little bit of discussion about section 31 of this Act in relation to the question of conflict of interest. I think it should be on the record that section 31 does not deal with the question of conflict of interest at all. It says that . . .

MR. SPEAKER: Thank you. Order please, hon. member. Another member was called to order for getting into that, the specific section. Let's talk in generalities and get it back also to the six-month hoist.

MR. McINNIS: If you'll follow me for just a moment Mr. Speaker, I'm trying to get to the question of . . .

MR. SPEAKER: Order. [Inaudible]

MR. McINNIS: Pardon me? Yes, of course.

The reality is that there is nothing in any of the legislation dealing with this matter that addresses the question of conflict of interest in relation to voting on this matter, and I think the question of voting on this matter needs to be set on one side of conflict of interest The situation we're in is that there does appear to be legislation that says it's all right to vote on a question of conflict of interest of the Alberta Energy Company even though you may have a conflict of interest That's what it says. It doesn't say that there is no conflict of interest. It says that the question of conflict of interest is irrelevant I do believe that there are, potentially, some members of the Assembly who are in that conflict-of-interest position, and they are, I think, put in an awkward position by being asked to vote on this question today, which is the motion that was before the House.

Now we have an amendment which suggests six months hence, and what that does is give members who have shares in this company six months to resolve the question of how their conflict of interest might affect their vote, even though I certainly defend the right of any member who is in that position to vote, because the law as passed by this Assembly says that one may vote but it doesn't say that a conflict doesn't exist In fact it would be rather pointless to introduce legislation to describe a fish as a fowl, to describe a situation which is a conflict of interest as not being a conflict Of course, the legislation doesn't do that. What it does is simply say the member in question may vote. Now, "may vote" is not the same as "should vote." "Can vote" is not the same as "ought to vote." We are dealing in this debate with the question of when the vote takes place on second reading of this particular Bill.

My position after careful consideration is that this Bill should be voted on certainly not today, not before six months from now, and I urge members to support the amendment.

MS BARRETT: Well, Mr. Speaker, I couldn't concur more readily in the motion sponsored by the Member for Calgary-Forest Lawn or the comments that have been made by my other colleagues.

One of the reasons that I'm so strongly supportive of this motion to hoist is because I can't figure out the rules governing conflict of interest When cabinet ministers can say one and both -- they can say, "I own shares in AEC," and they can spell out how many, and then they can say in the same breath, "All my business interests are in blind trusts." It's either one or the other, Mr. Speaker. I think the Premier ultimately, finally got the message on this issue, which is why he decided to strike a committee to look into conflict-of-interest rules governing not just cabinet but all MLAs. Surely the facts could not escape even members of the Conservative caucus here when they heard their own colleagues from cabinet saying, "I own shares in AEC," specifying how many, and then saying, "Oh, and my business interests are in blind trusts." The reason it can't escape you, Mr. Speaker, is because it smells of just the sorts of statements that Sinclair Stevens tried to make and get away with. It tells people ultimately that the probe into the Sinclair Stevens affair was worth its weight in gold, because what it showed is that blind trusts are not always blind trusts. And maybe . . .

AN HON. MEMBER: Some had seeing eye dogs.

MS BARRETT: That's right.

Maybe if the government had enough brains or whatever it takes -- moxie -- to admit that you could be wrong on this sort of Bill and hold it up for six months, you might just find out that the opposition has done you a favour, that it's not going to result in mud on your collective faces, which of course it should, because that would be appropriate. Nonetheless, you might find yourselves in the position of saying, "Thank you," for a change, because we didn't, as we usually do, close the barn door after the horses have bolted.

Now, I can point out instance after instance of this, Mr. Speaker. In fact, I saw a Bill go through this afternoon -- what was it? Bill 18, the Investment Contracts Repeal Act Time and again this government finds itself closing that famous barn door after the horses have bolted. Now, I say that if you put this thing on ice for six months, which is absolutely the appropriate thing to do, you're going to save yourselves a lot of embarrassment You go through with this now, and you know what the committee is going to find? The committee is going to find that you people probably acted in at least a way that would appear to put you in conflict of interest if not actually, substantively doing so.

But there's another reason, Mr. Speaker, that this Bill should be put on ice for six months, if not forever. That is because of the complicated arguments that are now going across the 49th parallel vis-à-vis which country can invest and to what amount in the other country. Because now I notice, Mr. Speaker, an issue is being referred to that special little mechanism, if it ever gets there, that disputes resolution panel regarding the amount of Canadian investment in the United States. Now, one never knows when one is going to find the shoe on the other foot, but sure enough, it has happened. Don't you think it would be prudent of this government to hold this Bill up for six months and determine if in fact the rulings are going to be, out of these trade disputes, that either you're open to complete foreign ownership or none at all? Mr. Speaker, do you think this government would cry crocodile tears to find that, sure enough, this Bill is deficient, that they'd have to come back and fix it next year and make the legislation make access to share acquisition available to nonresidents without any discrimination, without any limitation?

Well, I know where these guys are at, Mr. Speaker. I know what they care about Canadian content They watch year after year -- they facilitate increasing foreign ownership of Canadian production while jobs decline, while Canadian capital declines. They don't care. They're helping it out. I don't think they'd be crying those crocodile tears six months from now or a year from now when they come back to say: "The Bill was lousy. We gotta make it now, so that we have to have it available to non-residents without discrimination."

Well, Mr. Speaker, once again, by proposing this hoist -- and remember, this is not something we do with every bit of legislation that comes forward, although we're tempted. We're trying to do the government a favour. Surely they would understand that it is in the best interests of, I guess, their public profile to take this very good advice, avoid falling into the traps that they're putting themselves into, and hold it up for six months. In fact like I say, in six months' time they might come back and agree with us. If they wanted to present the same Bill again without amendments, we'd probably propose some other amendments, Mr. Speaker. But even if not they would have at least had that cooling-off period.

Now, I understand -- and this is something else. I would really like to know the answer to this one. I understand that a number of energy people, people not only in this corporation but throughout the industry, have been aware of the coming of this Bill for two years. Now, where did they get that information from, Mr. Speaker? Do you think I should tell the Premier this and get this put on his list of questions for that committee that's going to look into conflict of interest? I do. I think I should tell him, because I think this Bill is fraught with a mess right from the moment it was conceived, and who knows how long ago it was conceived? But surely if it is so important that this Bill go ahead, then it is also important that it go ahead properly, that it go ahead on a clean basis without any doubt being cast upon the motives of the people who authored it, Mr. Speaker.

There's another section of the Bill that I think is worthwhile holding up for six months at the very least and that is related to the concept of selling block shares. You know, I understand that these guys will pursue profit at all costs, Mr. Speaker, but it's always profit for a few and generally these days doesn't even produce jobs. It is simply sort of paper generation of wealth and nothing more. But I think that this government would do well by listening to Albertans, who in a way own part of this company already by way of the government of Alberta having shares in it. Ask them if they think it would be fun to allow some other big leaguers in the industry to come along and eat up 5 percent of the company. You know, you add 37 percent government control already -- that's control -- then you add another, let's say, three companies each buying 5 percent. You know what you've got then? You've got the ability to overturn the decisions that all of the other shareholders may want to make, and you could do it by block vote. That's a dangerous concept in a company that was supposed to be a publicly owned company for the benefit and good of all Albertans, not just now but in the future.

I think those people, if they were invited to participate in this decision-making process . . . In fact, I've got an idea. Why

don't you ask your Treasurer if you can get the $500,000 back that you spent on sponsoring the free trade agreement during the federal election? Get that back from the Conservative Party coffers, use the $500,000, take out ads in the newspapers during the next six months and tell Albertans what you're really doing with this Bill. And then see, Mr. Speaker, if they don't agree that this hoist should be upheld. [interjections] You like it? Then see if they don't actually come forth and start sponsoring some amendments of their own. I'll tell you what the amendments would look like, Mr. Speaker. They would have the effect of going like this to the Bill, of ripping it up. The public at large doesn't like this . . .

Bill 19
Appropriation Act, 1989

MR. SPEAKER: Order, order. Pursuant to Standing Order 61(3) the question is now to be put to the House that Bill 19 be now read a second time.

[Motion carried; Bill 19 read a second time]

Bill 21
Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1989-90

MR. SPEAKER: Further, pursuant to Standing Order 61(3) the question is that Bill 21 be now read a second time.

[Motion carried; Bill 21 read a second time]

[At 11:45 p.m. the House adjourned to Tuesday at 2:30 p.m.]