

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Thursday, August 17, 1989 8:00 p.m.**

Date: 89/08/17

[The House resumed at 8 p.m.]

[Mr. Speaker in the Chair]

head: **GOVERNMENT BILLS AND ORDERS**
(Second Reading)
Bill 15

Alberta Energy Company Amendment Act, 1989

[Adjourned debate August 14: Ms Barrett]

MR. SPEAKER: Before the Chair recognizes you further, the Chair would like to go on record as having been in error the other night with respect to trying to confine too closely the matter of speaking on the amendment. So the Chair wishes to apologize to hon. members who found themselves overly constrained, and the Chair also points out to all members of the House, then, that the debate with respect to the six-months' hoist can be fairly broad-ranging.

The Member for Edmonton-Highlands.

MS BARRETT: Mr. Speaker, a point of order first, please.

With respect to your observations from just a moment ago, I'd like to share with the House some brief information. First of all, I was advised of a possibility that you would be making that observation as early as 1 o'clock today in a meeting with the two deputy government House leaders. How it is that they had that information before I did I don't know, but they did. I would like to make a couple of observations in response.

First of all, Mr. Speaker, there are past practices in the Assembly where after hoists have been dealt with, one has been entitled to go back to the second reading itself. Obviously, if the hoist was dealt with in that way, it means that it was defeated. There are examples; I looked them up this afternoon in *Hansard*. So that would be the first issue I'd like to make.

The second issue is that during the course of comments from several of my colleagues on Monday evening under consideration of the motion to hoist the Bill, several of those colleagues were interrupted and asked to stick narrowly to the issue of the hoist itself, which, by the way, they did under order from the Chair. They also did so under the assumption that we would be entitled to come back to second reading if -- and I say if -- the hoist was dealt with and defeated.

Now I'd like to read a quote from August 14, 1989, page 1431 of *Hansard*. It says:

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]

That's the end of the reference, Mr. Speaker. Now, I don't know how it is that the Chair would assume or on what basis the Chair would assume -- I guess it's an assumption -- that the hoist would be defeated. But it is clear that the Chair said, "when second reading continues." The assumption is that we would go back to second reading on the matter.

I asked the Parliamentary Counsel this afternoon what cita-

tions he might refer us to with respect to an order that may follow the conclusion of the hoist motion that would put the question automatically at the end of second reading.

MR. SPEAKER: Hon. member, the comments that the member is dealing with now will indeed be appropriately entertained when and if we get to that stage, but until then we're dealing with a hypothetical situation. The Chair will be quite happy to deal with it when we get to that point. But the first point is speaking to the narrowness of the debate on the amendment to hoist, and the Chair has already made that manifestly clear that now there can be wide-ranging debate with respect to that issue. When and if we reach the next stage, that's when we should be having this discussion. Until then it's entirely hypothetical, and the Chair at that time will be willing to share comments not only on what you've raised today but further discussion.

MS BARRETT: Thank you, Mr. Speaker. You'll appreciate that I was put in an awkward situation by your reference at 8 o'clock, because you see, if you did indeed rise and rule that the question now be put at the very moment -- just a moment please -- that the hoist might be defeated, after your ruling I have no authority to get up and argue. I am logically in the position of having to do so in advance.

Now, if what you're saying at this moment is that at the end of the debate on the hoist you are prepared to hear the rest of my point of order, I'll appreciate that, and I'll just carry on with my comments. But I think it's important to get that recognition prior to a ruling on the matter.

MR. SPEAKER: Just a moment.

Speaking to which point of order, Edmonton-Strathcona or any other person?

MR. WRIGHT: It arises directly from your observation, Mr. Speaker; that is to say, your error in ruling, very fairly acknowledged. We have to speak, I think, to it now because it will be too late at the end if the logical consequence of your ruling is followed out at the end. That's to say that I speak to the overriding point of fairness in the rules, because there were some hon. members who cut their remarks short because of your ruling. Since it isn't a standing order but part of parliamentary tradition, there is an overriding element to that, and that is fairness. So it's fine to proceed from now on in what has been discovered to be the correct mode, so long as those who did cut their remarks short as a result of your ruling are allowed in again in the interests of fairness.

MR. SPEAKER: Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Speaker. I'm on the same point of order because I was one of the ones who spoke on Monday evening. If Your Honour will refer to page 1433 of *Hansard*, there are two occasions in which I was interrupted by the Chair. In the first case the ruling was, "We're not dealing with the Bill; we're dealing with this hoist." In the second case: "Let's talk in generalities and get it back also to the six-month hoist." So clearly I spoke under a different interpretation.

If the rule is now to be understood that a hoist debate is a substitute or the same or similar to second reading debate, then I think we have to apply that rule from the beginning rather than halfway through the debate. That's the submission that I make.

Well, it all really does depend on what this means. If this means that there is no opportunity to go back to second reading debate, then clearly I was ruled out of order twice in my speech for straying from a guideline which no longer exists. I mean that seemed to be the indication from the Chair. So I think we should have some understanding of where we're going with this. If it means that we do get to give our second reading speeches -- mine is right here, all ready to go; I of course didn't deliver it because of the ruling of the Chair -- then there is no problem. But if on the other hand this is to be taken as the same as second reading debate, then we do have a problem, a serious one.

MR. GOGO: Mr. Speaker, I think, sir, your ruling has been more than gracious. Where you, as I understood you, said a moment ago that your interpretation during the six-months' hoist amendment at second reading to Bill 15 was interpreted to be very narrow, you've opened tonight by saying that it's your view that debate now on the hoist motion would be very wide ranging. The government considers that most gracious of the Chair and interprets that to mean just what . . .

MR. WRIGHT: Yeah, but how about those who had spoken?

MR. GOGO: Please.

MS BARRETT: Point of order, Mr. Speaker.

MR. SPEAKER: You can't have a point of order on a point of order, first of all.

MR. GOGO: . . . just what you said. So, Mr. Speaker, the government benches view that as a very gracious offer and offers all members an opportunity to speak as wide ranging as they wish. The very fact that Standing Orders apply where a member may not speak twice, I would assume those Standing Orders apply.

MS BARRETT: Mr. Speaker, I thought you had asked us to stick just to the issue of the anticipation of your ruling. Yes, that was the question. When I sat down, it was because I'd asked: will we get the opportunity to debate this point of order prior to a ruling on whether or not debate ceases the moment the hoist is concluded?

MR. SPEAKER: It should be noted that various others speaking to the point of order were having difficulty staying focused in on it as well, and that's understandable.

Well, if one needs to deal with all these aspects at once, I guess we'll deal with them all at once. So, Edmonton-Highlands, continue with your whole argument.

MS BARRETT: Thank you, Mr. Speaker.

The next point I wanted to make is that I had contacted by note the Parliamentary Counsel who served this afternoon in the Assembly and asked for the citations that would warrant ceasing debate the moment the hoist is concluded. The assumption on that was, of course, that the hoist would be defeated. He referred me to a reference in *Erskine May's* 20th edition. Unfortunately, Mr. Speaker, the reference then refers to a British standing order, a standing order that is not in our Standing Orders, nor do we have anything like it. The standing order was the British House of Commons Standing Order 41, and it said:

If on an amendment to the question 'That a bill be now read a

second time (or the third time)' it is decided that the word 'now' stand part of the question, Mr Speaker shall forthwith declare the bill to be read a second or the third time as the case may be.

And (2):

When the question has been proposed 'That a bill be now read a second (or the third) time' and the question on any amendments to leave out all the words after 'That' and insert other words has passed in the negative, the main question shall be put forthwith.

Mr. Speaker, we don't have a standing order like that. Not only do we not have a standing order like that, we also have no precedents in this Assembly where upon defeat of a motion to hoist was the question on the second reading put forthwith without further debate.

Now, in fact I do appreciate that our Standing Order 2, procedure in unprovided cases, states as follows:

In all contingencies unprovided for, the question shall be decided by Mr. Speaker and, in making his ruling, Mr. Speaker shall base his decision on the usages and precedents of the Assembly and on parliamentary tradition.

Mr. Speaker, I looked back in *Hansard*, and I discovered a couple of instances where a hoist motion when defeated did not constitute putting the question immediately forthwith without further debate.

Not only that, but the other question that begs to be answered, if this is to be used as an argument, is that given the absence of a direct standing order related to the one I cited from *Erskine May* in our Standing Orders or in Standing Orders elsewhere in Canada, are we then to assume that we can go through the entire parliamentary traditions of the entire Commonwealth to find one rule that should apply to us? The logical and reasonable answer to that question, Mr. Speaker, would be no. We are our own Assembly; we make our own rules. It has long been my view, and I have lobbied every Government House Leader since I've been elected -- in fact, I did it before I got elected -- to have our Standing Orders changed. Some of them are in need. Perhaps a special committee, as I suggested some months ago, would be appropriate to deal with this matter. But in any event, the case remains that it would be illogical and unreasonable to go to every corner of the earth, as far as Tanzania, to look for a standing order in their House of Commons or their Legislature that might be used as a reason to deny certain things in the House.

Now, as members of this caucus have already stated, it is not fair to change the rules midstream. It was your ruling on Monday night that the debate related to the hoist must stick very carefully to the issue of the hoist. That is not the first time you have ruled that way, Mr. Speaker, and because members did that in anticipation of being able to speak again in second reading following your own comments on record, I think it is very clear that the rule should not be changed, and one can only interpret your opening comments at 8 p.m. this evening as an indication that you are considering that. On behalf of the Official Opposition New Democrat caucus I urge that you do not further consider that and that second reading be allowed when the hoist is dealt with.

Thank you, Mr. Speaker.

MR. SPEAKER: Do others seem to be jumping up or not? Okay.

There are a few comments that need to be addressed, and we're going to -- if indeed the Chair upon reflection from Mon-

day night would come to the House and offer an apology to the House that is . . . At least it has been noted in *Hansard*.

It is an unusual circumstance for the Chair to be put in the position whereby the other evening while we were in debate -- and the Chair was trying to deal with this issue while the rest of the debate was going on -- Parliamentary Counsel at Table that evening later on then came to the Chair with this matter of discussion that there were these issues of the narrowness of focus on the debate and also brought to my attention the fact that a practice that had occurred once in this House was out of order. That had occurred, I believe, previously with Bill 55, the Child Welfare Amendment Act, 1988. So at that time the Chair was in error for allowing the debate to continue at second reading after we had dealt with an amendment related to a six-months' hoist. Those were two of the areas, so this was the first opportunity for us to come back to this and the first opportunity for the Chair to offer its apology to the House.

Now, if one continues along that line -- and as the Chair has said, there will be broad and free-ranging debate with respect to the six-months' hoist. On the speakers' list for the amendment the hon. Member for Edmonton-Kingsway is now the fifth speaker speaking to the amendment. In the opinion of the Chair there are many other members in the opposition, or government benches for that matter, who may wish to participate with respect to the amendment, and everyone would be entitled to half an hour to go wherever they wished to go, almost, within the general confines of the Bill before the House. The Chair is not in a position to now say to the previous members who spoke and found themselves shortchanged by the Chair that they may now re-enter the debate on this amendment. That would not be possible.

In terms of trying to deal with fairness to the whole House, the Chair did indeed know of this matter for the last number of days and could well have done the other process, which would be to drop it on all political parties at the same time later this evening so that when the procedure arrived and we ran out of speakers on the amendment on the six-months' hoist, there would be no further debate.

At approximately 5 minutes to 1 o'clock this afternoon the Chair learned that there was a meeting of House leaders from the three political parties and conveyed the information to at least one of the parties -- an executive assistant, for that matter -- to convey this possible decision to all three political parties so that there would not be that kind of thunderbolt or, given the weather tonight, a tornado, to land in the Assembly. So the Chair did the unusual thing of telegraphing a possible procedure motion to all political parties, when in actual fact the Chair probably should have just said nothing and just allowed everything to transpire in the debate and then hit it. I did not feel that that was being fair to any part of this House, so that then was communicated. That is the reason why, hon. Member for Edmonton-Highlands, you did not learn of it directly from my office, because I understand that about three minutes later you folks were indeed meeting.

The Chair then also later this afternoon, having spoken to the Parliamentary Counsel, Mr. Clegg, invited him to convey the message back to yourself and hopefully to the Liberal caucus that in terms of speaking to the amendment, the Chair would allow broad-ranging debate. If the fact that the other members have been shortchanged on their time wants to become an issue here this evening, then perhaps that's something that if there is unanimous consent of the House, we could go back and vary

that procedure. But it would be exceedingly strange and would not set a precedent if by unanimous consent we went back to it.

After we get through the process of the amendment, no matter which way it goes, now indeed the Chair will feel, working on the established tradition of Westminster, that a certain procedure will indeed take place.

The comment on this, though: that as the hon. Member for Edmonton-Highlands was stating, you can apply anywhere else in the Commonwealth; that is not logical. I would agree that argument has some attraction. However, I know by the experience in Ottawa that they indeed have gone to almost anywhere in the Commonwealth to solve some of their difficulties. In the last 18 months to two years I believe they went to the unusual procedure of applying a rule that was in the Indian Parliament, which was then translated to Ottawa in order to solve one of the incidents that was occurring there. I forget whether it was bell ringing or some delay or whatever. So that precedent is indeed there. But we're not asking or we're not directing that we go to any other exotic part of this globe, but we're indeed going to refer to our main source of parliamentary tradition, which is the Mother of all Parliaments, and that is indeed where the appropriate citations occur and, I assume, will happen in due course.

In the meantime, however, if we find ourselves still involved after the points of order, we have plenty of time, perhaps all evening and perhaps all night, to deal further not only with the amendment -- and then if we go further into Committee of the Whole, I expect that there will be quite long-ranging debate in terms of Committee of the Whole. Certainly there's plenty of room to operate there. There, of course, all hon. members have more than one opportunity to speak. I have had a conversation that would allow, I hope, as a direction to the Chairman of that committee that they indeed will allow broad and ranging debate with respect to Committee of the Whole on this particular Bill.

MR. WRIGHT: A further point of order, Mr. Speaker.

MR. SPEAKER: Further point of order. Thank you.

MR. WRIGHT: In view of the unusual state of affairs on this debate, it seems to me that the part of fairness would be when that anticipated course of action takes place, to allow those who were shortchanged, as you so aptly express it, Mr. Speaker, to complete their remarks, and then they can end.

MR. SPEAKER: Well, not unless I receive some motion from the House, I believe, at that stage.

MR. STEWART: Mr. Speaker, if it would accommodate the situation, on behalf of the government we would be prepared to make a motion just prior to going into committee that would extend the rule of Standing Order 62(2) in order to provide for a broader range of debate in committee and in respect of those members who had not had an opportunity to speak to the principles of the Bill during the period of the hoist. If that would be an accommodation that would be helpful to alleviate the situation of those that have already spoken on the hoist, the government would be only too happy to make that motion at that time.

MS BARRETT: Mr. Speaker, I'm sorry. The posturing of the Deputy Government House Leader may seem reasonable until one appreciates that that would require unanimous consent, and that cannot be guaranteed. [interjection] It cannot. I mean, I

can certainly suggest where the New Democrats will vote, but it is not in his capacity to guarantee that, and that doesn't, I don't think, mitigate the problem.

MR. SPEAKER: Well, just a moment.

With due respect, on that point I would assume that the Deputy Government House Leader, having made that statement, can guarantee delivering the votes on behalf of the government, and I know that Edmonton-Highlands can guarantee them on behalf of her caucus. So perhaps there might be some comment made from the Liberal caucus, which would be the group that might or might not allow unanimous consent.

MR. McINNIS: On a point of order.

MR. SPEAKER: Well, forgive me.

MR. FOX: There's already a point of order.

MR. CHAIRMAN: From the Liberal caucus, Calgary-Buffalo.

MR. CHUMIR: On the principle of the matter we're prepared to accept the views of the interests of the opposition as being expressed by my friends on the right, Mr. Speaker.

MR. SPEAKER: Thank you.

So then may we take it that there would be that understanding that at the next stage of the Bill . . .

SOME HON. MEMBERS: Agreed.

SOME HON MEMBERS: No, no.

MR. SPEAKER: All right. Thank you. Okay, then that unanimous consent is not likely to happen. Thank you. So what's another . . .

MR. McINNIS: Point of order.

MR. SPEAKER: A new point of order. It must be new.

MR. McINNIS: On a point of order. I'm the Member for Edmonton-Jasper Place. My right to speak in second reading does not depend on the unanimous consent of this Chamber. Where we are right now is that I've been denied the right to speak in second reading debate because the Chair has now found a new way to view the matter of the hoist as compared with the way it was viewed not just last Monday but, according to my learned friend the opposition House leader, according to the precedent in this Assembly. There is not one but there are several precedents in which we've gone through a hoist debate followed by a second reading debate, and what we're in the middle of is a change in the practice of this Assembly. I don't think anybody can buy the notion that it can be changed halfway through a debate. I think that on a matter of principle my right to speak in second reading does not depend on unanimous consent for me to deliver that speech in committee. I'm sorry.

MR. SPEAKER: Well, thank you for your input, hon. member, but it's not that simple. Because of what has transpired that evening and since then, now in order to change and vary that procedure, it's not just simply a matter that the Chair can do it all by

itself. The Chair having made the previous decision, it's now up to the House to determine what will be the correct procedure. So in that regard it does depend on unanimous consent of the House to allow those members who spoke in part previously to be given the full allotment of time to continue. So in that vein the Chair will now put to the House that proposition.

Is the House prepared to allow members who had previously spoken to the amendment to hoist to reopen their debate to finish their allotted time span, or less if they can do their arguments in less than their half-hour period? Is there unanimous consent to that proposition?

MS BARRETT: May I amend the proposition, Mr. Speaker?

MR. SPEAKER: Well, hon. member . . . Is there unanimous consent to that?

SOME HON. MEMBERS: Agreed.

MR. FOX: Could we have clarification of what the Speaker is asking?

MR. SPEAKER: Would you call for the Blues? We'll take half an hour and wait for the Blues.

MR. FOX: I'm just asking the Speaker if implicit in your request is that second reading will not proceed when every member has completed debate on the hoist amendment. If that's the case, I'm concerned that we're establishing a very restrictive precedent in the House. The case, I suppose, could be made that those participating in debate on the hoist amendment are in some senses speaking against the principle of a Bill, which could be interpreted as being debate on second reading. But that's not necessarily the case, and members should not be prejudged about whatever their motive may be in respect to speaking on a hoist amendment. It may not be the principle of a Bill that offends. There may be a number of other things; for example, the judged competence of the minister presenting the Bill or the stars not being in alignment or some such argument, Mr. Speaker.

With respect, I think the concern of members on this side is that debate in the future, not in terms of this particular Bill but debate in the future, not be restricted. There are very, very limited tools available to members in this Assembly to make sure that views are adequately considered and presented, and to suggest that a hoist amendment negates the possibility of further debate in second or third reading is a restriction that is one we just are unwilling to accept.

MR. STEWART: Mr. Speaker, I think what is being proposed -- and the government is more than willing to accommodate the situation -- would be done by unanimous consent and therefore not be precedent-setting in respect to the procedures of this House. It is something to accommodate the circumstances of the day, to be fair and reasonable, and to allow debate to proceed on a wide-ranging basis without any prejudice to any member.

MR. FOX: What about second reading?

MR. SPEAKER: The Chair has made it, I believe, manifestly clear what the Chair will have to do when the time comes.

In the meantime there is a proposition before the House which would be more than generous -- well, it would be fair -- if indeed it receives unanimous consent. So the proposition before the House is: are you in favour of that variation in our rule?

MS BARRETT: Mr. Speaker, could we postpone the question until after the debate on the hoist is concluded?

MR. SPEAKER: No.

All those in favour of granting unanimous consent to this House to allow the members who previously spoke on the amendment to have their full allotment of time to speak to the amendment, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: All right, then, speaking to the amendment, Edmonton-Highlands.

MS BARRETT: I believe, Mr. Speaker, when I concluded -- or pardon me; when I ran into the automatic closure motion on a money Bill -- that I was referring on Monday evening to an idea that might appeal to the Conservative government, that might help take the bad spin off of their cheap manipulation and abuse of the public purse. That, by the way, happened last October and November when they decided all by themselves without authority of this Assembly to spend more than half a million of the taxpayers' dollars to advertise their perspective on the pending free trade agreement that was the subject matter of a general election in Canada, quite in violation of all parliamentary tradition in Canada and anywhere else in the civilized world.

What I proposed to help get that egg off their faces -- of course, they might not realize it yet. But what I proposed is that they go to their own party, which is chock-full of money -- given the corporate boardrooms that back them, it doesn't surprise me a bit -- and say, "Pay the Provincial Treasury back that \$500,000 that was used" in the most blatant partisan exercise I have ever even heard of a government attempting to do." Idi Amin probably never attempted to do anything like that, Mr. Speaker. Take that money. Give it back to the Alberta Treasury, and then use that money, that \$500,000-plus, and start advertising what they plan to do with this Bill. Start advertising in daily newspapers and on television and radio that what they're doing is putting themselves in a conflict of interest, and were it not for the incredible integrity of three members of the Official Opposition, who know better than to sit in here and debate this matter and vote on it, because they already have shares in AEC -- despite that integrity and despite that good example the Conservatives have decided that they're going to proceed. Well, why not advertise that you want to proceed if you're so sure that you're not in a conflict of interest? As a matter of fact, Mr. Speaker, they could use this hoist as the perfect time frame in which to do that.

Something else occurred to me, Mr. Speaker, that these guys might want to do, this righteous lot of right-wing autocrats. They also might want to refer the issue to the committee that has been struck by the Premier. They could even refer the issue not just of the Bill and the conflict of interest that it poses for sev-

eral of the cabinet ministers, who claim both to have X thousand shares in AEC and then that they are in blind trust -- you can't have it either way; the Parker commission proved that. To refer the issue of their attempt to vote on the matter itself to the Premier's new review committee: they don't have the guts, and they do not have the integrity.

Why it is that the Official Opposition New Democrats should spend time and energy being resourceful, helping get them out of their own quagmire is beyond me except for that the bottom line is a principle, Mr. Speaker. The bottom line is that those people, in fact one minister I'm looking at right now, should not even be involved in this debate. This matter should go straight forward to this committee that the Premier says he has struck to deal with conflict-of-interest issues. This government should have the decency and common sense to adopt this hoist or, at the very least, to have cabinet ministers and MLAs who have shares in AEC to declare their conflict of interest and put their running shoes on and get out of this Assembly while even this matter is under debate.

I note, Mr. Speaker, that my colleagues who have shares or whose spouses have shares in AEC are not even here, because they believe that it is a conflict of interest for them to participate. Now, that's integrity. And this is unanimous. I mean, we made no question about this; this is unanimous support for this motion to hoist. They believe that the Conservative government and certain members in particular and particularly cabinet ministers should not vote on this matter. Oh, they'll get away with it, Mr. Speaker. They'll get away with it. We've talked, me and the Deputy Government House Leader and the Government House Leader. We know that we might be here all night. We're prepared to do that, Mr. Speaker. We're prepared to speak up for principles of fairness and integrity, not that nonsense that the Premier had on his orange and blue placards and pins during the course of the 1989 election. He made a farce of the word and the meaning of integrity. Well, the Official Opposition New Democrats believe that the meaning should be left intact and that this government should have the good sense to adopt this hoist. If you don't, you'll get away with it in the short run, but in the long run it'll be a real pleasure to look across at some of you, the few remaining of you after the next election, and say, "We tried to help you on a whole bunch of issues; we gave you the very best advice, and you refused to listen."

Thank you, Mr. Speaker.

MR. SPEAKER: On the amendment, Minister of Energy.

MR. ORMAN: Yes, speaking to the amendment, Mr. Speaker, just briefly. With regard to the Member for Edmonton-Highlands' comments, I must correct her on two points that she makes. The first point is that she intimates that this is not being referred to the Premier's committee to review conflict of interest. It was specifically set out as a matter to be reviewed by that committee. If there is some feeling that there is a lack of integrity with regard to MLAs holding shares in this Assembly, then I would say that the hon. member is attacking legislation that's in place. Section 31 of the Act allows for members of this Assembly to hold shares and participate in the debate. If you do not like that, hon. member, then I suggest you propose an amendment and see if your weight carries the day. I would suggest this argument went on when it became a part of the Act, originally. There was discussion, and it was decided by the

House that MLAs can hold shares and participate in the debate.

MS BARRETT: By the Tory majority.

MR. ORMAN: That is the way the Parliamentary system works, and I'm disappointed the hon. member does not accept that.

But, in fact, Mr. Speaker, it is the law of the day with regard to this Act. So I simply want to go on record that I would not allow the hon. member to make a couple of cases in this proposed amendment that are totally absent of fact and understanding. I would hope with regard to the hoist that we vote down this amendment and move into some meaningful debate in second and third reading.

MS BARRETT: Second? You can't have second reading, honey.

MR. SPEAKER: Perhaps you could invite your honey out for coffee out the back.

Member for Vegreville.

MR. FOX: If it's honey they want, I know where they can buy some, Mr. Speaker.

Mr. Speaker, in standing to join in the debate on the hoist amendment as proposed by the Energy critic of the Official Opposition, the Member for Calgary-Forest Lawn, I want to make a few points, because I think the Member for Calgary-Forest Lawn is doing the Assembly a favour by proposing this hoist amendment. He's not suggesting that we vote against the Bill or that we abandon the initiative, although we may want to make those considerations at some juncture. What he's proposing is that

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.

That leaves open the opportunity for all members of the Assembly to consider again, upon sober second thought, some of the things being proposed by my good friend the Minister of Energy in respect to altering many of the things that established the Alberta Energy Company.

I think that sober second thought would be a very good thing. This is a Bill that deserves extensive consideration and input, and I think the six-month time line suggested by the hoist amendment is a reasonable one. It wouldn't force this government -- that seems to have an aversion to things called fall sessions and seems to want to avoid them at all costs, as enunciated by the hon. Premier during the leadership convention in 1985. He said, and I quote loosely here, Mr. Speaker, that he feels that we pass too many laws generally in government and that the solution to that is to not meet as often or sit as long. I submit the Premier has tried to live up to that rather curious point of view in that this is now the fifth session that we've had since the spring session of 1985, not very much opportunity to consider legislation. Certainly the aversion that the government has to fall sessions is well known, and I can well understand after how badly they were beat up in the fall of 1987 session by the Official Opposition, in particular over the issue of free trade, which I will link to my debate on the hoist amendment. But the six-month time line suggested by my colleague for Calgary-Forest Lawn by way of this hoist amendment doesn't impinge on the government's aversion to fall sessions. It would allow the

Premier, for example, to duck hunt to his heart's content, because the six-months' hoist here would have us sitting back here in February, Minister of Transportation and Utilities, which is likely when we'd be back anyway to start the 1990 spring session of the Legislature. So the time line is a reasonable one in terms of the six-month recommendation.

The main bone of contention that has been discussed by members and rather feebly defended by the Minister of Energy is the potential for conflict of interest. I think that needs to be addressed. I want to first of all thank you, Mr. Speaker, for permitting more wide-ranging debate at this stage, because it allows us to get into some of these things that I think are important, and I appreciate that guidance from you. In terms of conflict of interest, for the Minister of Energy to suggest that that has indeed been dealt with I think is somewhat akin to bragging about closing the barn door after the horses have all run away. We have for years, Leader of the Official Opposition -- now the Member for Edmonton-Norwood, previously the Member for Spirit River-Fairview -- proposed in this Assembly time and time again that changes needed to be made to the conflict-of-interest guidelines, a code of ethics that governs the conduct of members of the Assembly. Because it's not only important that we as people elected to represent Albertans attempt to be above reproach in our actions and deeds; we must also wish to be seen in that light.

The people of Alberta have to be able to have some faith in the people they elect to conduct business on their behalf that it will be, indeed, on their behalf, not on our own. That perception is a very important one, I suggest, that needs to be maintained in order to uphold the integrity of our democratic system. I'm not for a minute going to suggest that any ministers of the cabinet or any members of the government have in any way acted improperly with respect to the Alberta Energy Company. I don't suggest, nor do I believe that. In fact, the three members mentioned on occasion I think are honourable gentlemen and above reproach in that regard. But there is the matter of perception that needs to be dealt with, needs to be of concern to members of the Assembly, and that is that even though section 31 of the original Act permits members of the Assembly to hold shares, vote, and take part in the activities that govern the Alberta Energy Company, I submit that it's improper.

After many attempts over a number of years and, I suspect, some other events that occurred during this session of the Legislature, the Premier finally realized that it was important to at least review the conflict-of-interest guidelines that govern members of this Assembly. Now, whether it's just a public relations scam or whether he seriously intends to take a good look at them and make some amendments, I don't know. I'd hate to prejudge that, but I do know that the Premier seems sincere in his intent and appointed three very credible individuals to conduct that inquiry. I look forward to some positive things coming out of it, and not because, Mr. Speaker, I consider it a partisan issue. I think the conflict-of-interest guidelines that are established are of interest to all 83 members of the Legislature, who are empowered by the same process and share the same responsibility and, I think in the broadest sense, the same objectives, and that is to do the job as best we can for the people of the province of Alberta.

So that review is an important review, and it relates in particular to matters that deal with the Alberta Energy Company. For the Minister of Energy to suggest that, yes, that's a valid process and at the same time proceed with Bill 15 as if it doesn't

raise the spectre of complications with respect to conflict of interest I think is a tad naive. The Member for Calgary-Forest Lawn is giving the minister an opportunity to bring this Bill back at some future date for extensive debate after the Premier's commission or council or committee or whatever he wants to call it, established to review conflict-of-interest guidelines, has reported and made recommendations. I think it's an important consideration and one that I hope -- I'm pretty sure the Minister of Energy is now convinced by my arguments and will likely encourage someone else in his caucus to get up and refute what he just earlier said and agree with us on the hoist amendment, partly to give this legislation more opportunity to be considered but, more importantly, to help protect the integrity of the members of this Assembly with respect to perceived conflict of interest and respect the integrity and intent of the council that the Premier has set up to study this very issue. I think those are important considerations with respect to this hoist amendment, Mr. Speaker.

The case could be made that while it may not be the obvious intent of this Bill, it certainly will be a result of this Bill, Mr. Speaker, that the shares will appreciate in value. I don't think that's any secret. The Premier, in response to questions raised by, I think, the Leader of the Official Opposition or by my colleague from Calgary-Forest Lawn -- I don't recall which -- said that, well, you know, that may or may not be the case. Shares go up and down in value, and how can we predict? We're just doing this in some sort of naive innocence. I don't think that's the case. I think any reasonable analysis of the process will show that when you create competition for something, the desire to own and to have and to acquire increases. The value of the product follows in kind, and I think by opening up the ownership base for Alberta Energy Company shares, the minister knows full well that the result will be an appreciation of the value of the shares.

That in itself, that alone, should convince members on the government side that members who own shares will benefit by the passage of this legislation, not intentionally, not because there's any impropriety on the part of those members -- I don't for a minute suggest that -- but that is going to be the likely consequence of the Bill. The matter of conflict of interest that the Premier, if I may quote him in respect of the Ombudsman's report, ordered be done -- that process should be completed before we deal with Bill 15, in my view.

There are many things that I could refer to in respect to other concerns with the Bill. We talked about the intent of the Bill being, in the minister's words I believe, to broaden the share base. I think that's again a naive kind of view. It will likely narrow the share base. It'll make it possible for more people to own shares, it's true, theoretically, but it will result in fewer people owning them ultimately. What we have now is a situation, I believe, where share ownership is restricted to Albertans, and 1 percent of the shares . . .

AN HON. MEMBER: And Canadians.

MR. FOX: And Canadians; thank you hon. minister.

Open to Canadians with maximum shareholding limit of 1 percent per shareholder: that limit's being increased to 5 percent and opening up the possibility of up to 10 percent ownership by non-Canadians. That may seem like a magnanimous gesture, an opening up, a broadening of the base, but the likely consequence of that will be a narrowing of the ownership base

itself. Fewer and fewer people will be involved in the Alberta Energy Company, and it will become more and more just a private company whose objective is to generate profit for the people who own shares. I think the mandate of the Alberta Energy Company was broader than that . . .

AN HON. MEMBER: That's all it is now.

MR. FOX: It could be.

MR. SPEAKER: Through the Chair, hon. member.

MR. FOX: Well, the mandate I think had some broader public objective perhaps in the beginning which may have been perverted over time.

But the contention that this will broaden the ownership base I think is untenable. I think it'll narrow the base, and ownership will tend to concentrate now that we're allowing 5 percent. Certainly the aspect of opening up ownership to people who don't live or who aren't Canadian citizens is one that is of great concern to me and to members of our caucus, a concern that's been highlighted time and time again by the Member for Calgary-Forest Lawn, because what this does is open up the possibility of eventual American control of this company.

I think we have to look at the motive for this, Mr. Speaker. This just didn't fall out of the air, this notion that we should open it up to American ownership. The hon. Premier, when he was Minister of Energy, made it very clear that it was important to keep the ownership of these shares in the hands of Canadians. He's had a change of heart, and I think we have to examine the reasons for that change of heart. I think it's no secret. It's the free trade agreement, the much-vaunted free trade agreement that was supposed to pave the streets in Canada with gold, the free trade agreement promoted unabashedly by this government, that had no negative impact on Canada, nothing but positive outcome. Now that it's passed and signed into law, the government has to go ahead and acquiesce to the desire of the Americans to turn over or open up an even greater share and control of our industry, our resources, and our energy, in particular to American ownership.

Now, I suppose the case could be made that Bill 15 is in some senses more honest, Mr. Speaker, than Bill 62 that the government brought forward last year, the free trade implementation Act. Some new members of the Assembly may not be aware of the free trade implementation Act that was tabled in the Legislature, read a first time, but not proceeded with. I'll explain it to my friends from Rocky Mountain House and Lesser Slave Lake because I know they'd be interested as concerned legislators in what the government was proposing to do with Bill 62 and how that relates to what we have before us today in Bill 15. That was a very small Bill. It didn't have many words in it, but the words were very powerful because what it did in effect was, if it was passed, give members of Executive Council, what we call cabinet members, the authority to amend or alter or change -- I'm not using the exact words in the legislation, but that's the effect of it: alter, amend, change, or update regulations or particular sections of statutes in order to accommodate the free trade agreement, to bring Alberta's legislation in line with the free trade agreement. That offends the very basis of the democratic functioning of this Legislature, where we as legislators are sent here by the people who elect us to debate legislation and work together, however limited the process may be at

times, to create that legislation. So I commend the government in that respect. Bill 15 is a little bit more honest in terms of being a way to line up all our rules in a way that's acceptable to Big Brother south of the border, more honest than Bill 62 was, where the government would have given themselves carte blanche to alter any law that is currently on the statutes without ever coming back to the Legislature to do it.

But that's not enough, Mr. Speaker. The fact that this Bill might be marginally more honest than Bill 62 is not enough to convince me that we shouldn't proceed with -- and here it comes -- the six-months' hoist, because I have a much greater concern about the impact overall of the free trade agreement. I don't think that we can point to very many things that have had as a result of the free trade agreement positive impact on Alberta or on our economy or on our country. I can't for a moment imagine why the government would be willing to proceed with a Bill that is driven by the free trade agreement, a Bill like Bill 15 that wants to open up the control of this important and dynamic and extensive Alberta corporation to American control.

I know this isn't the place to deal with it at length, but we have referred on many occasions to the number of jobs lost to Albertans as a result of the free trade agreement, whether you're a glass worker in Redcliff, a brewery worker about to be pink-slipped in Lethbridge, whether you're one of the many hundreds of employees laid off by Dome in respect to the takeover of Amoco, whether you're an oats producer who's seen the value of their crop drop in half the moment the open market took control of your product away from the . . .

MR. SPEAKER: Order please, hon. member. Breadth of debate on Bill 15 is one thing. Breadth of every topic under the sun is a bit more . . . Bill 15 please, on the amendment.

MR. FOX: Passion overtakes me, Mr. Speaker. I will try and get back, however, to the specifics of the amendment.

But I do, again, recognize that the driving force, the motive, the time pressure for Bill 15 from the government's point of view is the free trade agreement. I mean, they as whipping boys of Washington and Ottawa have to get Alberta's laws all lined up, just the way the Americans want them, to facilitate the free trade agreement. That's why they're proceeding with Bill 15, and because we feel so very strongly about the negative impact of the free trade agreement and increasing American ownership of the Canadian economy, we are proposing this six-months' hoist. We don't want it to proceed. We think it's a very bad idea. I think I would like to make some suggestions about what could be done in the six-month interim and maybe defend the choice of the amendment or the decision to put forward this hoist amendment by my colleague, because there are things that could be done in that period that would be positive and help develop a more comprehensive, useful, and positive piece of legislation. I believe much of that is embodied in Motion 267, standing on the Order Paper under my name, Motions Other Than Government Motions. Now, I recognize that being quite far down on the Order Paper, it's not likely to be dealt with in this session, Mr. Speaker, and that's one of the reasons I support the hoist amendment. Because if this motion had been dealt with by the Assembly -- and I'll describe the motion very briefly -- I'm convinced that members opposite would have seen the wisdom in my suggestion and the strength of the arguments and agreed to establish a process that would help review legislation referred to it by the Legislature in the interests of producing legislation

that has more wide-ranging consideration and input from Albertans and input, indeed, from all hon. members. Because the current process for developing legislation like Bill 15, Mr. Speaker, is in my view inadequate. What usually happens is that the minister, in response to pressure from industry groups or advice on the part of people in the department or whatever, will decide to make some changes to legislation, bring in an amending Act or wholesale changes to legislation to update things. And often the need is apparent and the motive pure.

I know they have a legislative review committee in the government caucus, Mr. Speaker, that does take a look at legislation. They're a pretty sloppy bunch from time to time and need the opposition to point out to them, for example, that Bill 5 ought not to proceed the way it is, that Bill 14 a few years ago ought to be withdrawn, and they've accepted our advice and acted in that regard. I think Bill 15 is another case here where the six-months' hoist amendment ought to be given serious consideration, because it's a darn good idea.

So that's the procedure for developing legislation in the government caucus. It would be wrong of me to suggest that many government members aren't aware of what's in the legislation or to suggest that they just accept the minister's word and say: "If Rick says so, it's okay. I'll vote in favour of it." I'm sure they all take a really close look at all of the legislation, don't accept the minister's judgment of the legislation at face and do their own investigation about the impact and import of legislation so they can make up their own minds. Because I see 61 individuals over there, Mr. Speaker, not a vague, ill-defined mass; I see individuals there. So I think that's the process, but it could and should be broadened, and the six-months' hoist would give us the time to consider just what I propose in Motion 267, which would create some all-party legislative or parliamentary committees, much the same as we have in -- we can't call it the mother of Parliaments; perhaps the sister of Parliaments -- Ottawa and the Ontario Parliament: all-party committees to which legislation is referred for public input, if that be the desire of the Legislature, to consider public input, to consider and perhaps propose and make amendments to the legislation prior to bringing it forward to the House.

In that situation there is broad-based -- we want to broaden the base of the ownership of this company, according to the Minister of Energy. Perhaps we should look at broadening the base of input into the development of that legislation, because it impacts all Albertans, by opening up this legislative review process and including some average Albertans in it. Seek public input. Have an all-party committee that would go through this piece by piece and try and construct a piece of legislation that certainly the government would control, because it's their agenda, Mr. Speaker, but one that would give government members a real opportunity to consider thoughtfully the input by the members on this side of the House, who are elected by and represent 56 percent of Albertans, not the 44 percent over there that seems to make all the decisions. Fifty-six percent of Albertans want input into this process. They do it through the members of the two opposition 'cauci,' and we want this process to proceed, Mr. Speaker.

If I could be convinced that my motion standing on the Order Paper had been duly considered by the Legislature prior to the proposal to pass Bill 15, then I might be more inclined to vote in favour of it. But in the absence of that, I'm determined to support and speak in favour of the hoist amendment proposed by the Member for Calgary-Forest Lawn. Now, I suppose I could

go on at length and talk about where this committee might travel and the kind of meetings they might hold, but I suspect I'm running a little shy of time here, Mr. Speaker, so . . .

MR. SPEAKER: No, the problem is you're running out of Bill 15.

MR. FOX: Well, I'm talking about the hoist amendment and why we should spend a little more time considering the impact of the Bill and the import of the Bill.

The other thing that I think the minister ought to consider is that though the Alberta Energy Company at first glance is owned by a particular group of shareholders and those shareholders should indeed have the right to sell their shares if that be their wish, I think that's ignoring something that occurred when the Alberta Energy Company was established. That was that some substantial assets involved at Suffield and Primrose were purchased or sold or transferred to the Alberta Energy Company at a value far below reasonable market value. In that sense the people of Alberta in the broadest sense, the taxpayers of Alberta, incurred a loss so that a relatively small number of people who owned shares could benefit.

That's all water under the bridge, but to now suggest that those few Albertans -- and not very many Albertans have enough money to buy shares, Mr. Speaker. There's a relatively small number of Albertans who can participate in that kind of process. To suggest that we should pass Bill 15, immediately increasing the value of the shares, benefits a very small group of Albertans, in a sense at the expense of or on the backs of all Albertans in the broadest sense, who saw some of their assets transferred to this company at a value far below market value. I think that's something that's not been considered carefully enough by government members.

I believe that sums up my comments. I would just make an appeal, again, to members on the government side. I see I've convinced the Member for Rocky Mountain House, who's listened to me as closely as he considered the Bill itself when it came through caucus committee. I just urge the hon. members to support the very honest and accommodating hoist amendment proposed by the Member for Calgary-Forest Lawn that Bill 15 be not now read a second time but that we wait six months and do a decent job of it.

MR. SPEAKER: Member for Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Speaker. I must say that although I am sympathetic and supportive to my friends on my immediate right with respect to the procedural issue in which we have been enmeshed this evening, on the other hand I find myself in the not universal situation of supporting the government's legislation in this instance. Of course, I plan to explain why in my comments.

First, let me state that this is a very incomplete and imperfect Bill. In particular, I along with other members of this House would have very much preferred that this Bill deal with the rather noisome section 31, which allows members of this House to be shareholders of Alberta Energy Company and, at the same time, specifically provides that they're entitled to debate on matters affecting Alberta Energy Company which may put money in their pockets or in the pockets of those who are associated with them. Now, if that isn't a definition of conflict of interest, I don't know what it is. I find it not only astonishing that the

government proceeds to support that, but I find it astonishing that a provision of that nature could ever have found itself in an enactment of this province. It reflects the corrupting effect of absolute power.

It's particularly hard to understand when government members could very easily go out into the streets and talk to the many sensible people who from time to time supported the Progressive Conservative Party, up till now. They're increasingly fewer, decreasing in number. There have been many sensible people. Most people in this province have over the years supported this government, and I think you could go out into the streets -- the minister could go out into the streets -- and he would find them almost universally, when this situation was explained to them, telling the government to get rid of this offensive section 31, which merely serves to erode public respect for legislators. What we see from that provision is the appearance of impropriety. Whether it's there in any given instance or not, it appears to be there, and anyone who respects the democratic process should not allow that to happen to our process.

Nevertheless, the legislation we have before us this evening is, I believe, headed in the right direction. Now, what is that direction? Well, the direction as I perceive it, Mr. Speaker, is to normalize the status of the Alberta Energy Company and to move in the direction of ending its special relationship. I say moving in that direction because there's still a long way to go, but I believe that it's time that this special relationship ended. I must say that for some long time now I've been extremely unhappy with the way in which this government has dealt with the Alberta Energy Company. It shows what can go wrong when you have a company which is neither fish nor fowl and has a large, public, broad shareholding component at the same time as you have a broad number of shares which are owned by the government. At that point of time it becomes virtually impossible for the government to utilize that particular vehicle for the purpose of benefiting the public interest as a whole.

Now, what has it, in fact, been used for? Well, the Alberta Energy Company has been used as a vehicle through which preferential treatment has been given with respect to provincial assets. We go back to the granting of extremely valuable rights to the Suffield Block near Medicine Hat, given for a mere pittance, a sweetheart deal if there ever was one, followed up by a second sweetheart deal with respect to the Primrose facility, again far less than fair market value, giving away provincial assets at a very low price, which by the way enables Alberta Energy Company, a sweetheart of the province, to go out and compete with other companies in this province with respect to a price at which they're able to sell gas, with respect to competing for pipeline capacity, without having the same advantages that this particular company has.

Finally, the adding of insult to injury with respect to these beneficial transactions took place in 1987 when the government transferred its 50 percent back-in interest, its right to receive 50 percent of the net profits on the Suffield Block, for \$51 million to Alberta Energy Company, when the rights were clearly valued at anywhere from \$150 million to \$400 million. We found a brokerage company in Toronto recommending the stock in that company to its investors on the very basis that the Alberta government had conferred a very generous benefit of some hundred million dollars, at least, on Alberta Energy Company by virtue of that transaction.

Well, who is it that's benefited? It's not simply some abstract corporate entity; ultimately, there are shareholders. And

at the time of that 1986 transaction the shareholdings of the Alberta government were in the range of 36 percent. They have varied over the years, but to the extent that a sweetheart deal was given and benefits were conferred, the province did benefit, in turn, to the extent of that 36 percent. But the fact is that the other shareholders, some of whom were Albertans and many of whom weren't Albertans, also benefited.

[Mr. Deputy Speaker in the Chair]

But the essence of the transaction is that a number of individuals, regardless of whether they were Albertans or otherwise, benefited from these transactions at the expense of all other Albertans. The asset of all Albertans was transferred to the company and benefited these individuals. Now, I think that is fundamentally wrong, Mr. Speaker. It's particularly wrong when individuals in this House are voting and have voted on these transactions which benefited them as shareholders by virtue of section 31 of this piece of legislation. Not that they thought the transactions were wrong and not that they intended to benefit, but they did benefit, and that is wrong for this Legislature.

Now, these benefits have been conferred on Alberta Energy Company, and one may listen -- and if one did listen, one would listen in vain -- for suggestions that the company is providing special benefits to this province. But what kind of benefits is it providing? Where was this company when the government was trying to get other companies to participate with Husky in the Upgrader which has been so substantially supported by public funds? Recently we find that this company, which is supposedly serving the interests of Albertans in a period when many companies are leaving the western basin in Alberta behind to go explore on the frontiers -- we find at this very same time that instead of Alberta Energy reaffirming its interests and dedication to putting money into Alberta, it goes and acquires Chieftain Development Co., with the express intention of getting ahold of its foreign assets so it could then go and spend more money drilling around the world and taking money out of Alberta, after it's been to the trough with the sweetheart deals from Suffield and Primrose and the transfer of that 50 percent net profits interest. Now, that's not a structure. It's not a situation. It's not management of a special relationship for the benefit of the people of this province.

So with that, the fact is that this company, Alberta Energy Company, has been acting like any other corporate vehicle: it's been acting in its own interests. It's not been providing any special benefits to Albertans. Now, I'm happy to the extent that it's involved in businesses in Alberta, doing things in Alberta. I am happy to see that, but that doesn't devolve out of any special relationship. I am happy to see it from the many other companies that are carrying on business here in this province which do it without any special relationship with the province of Alberta and without having any particular restrictions with respect to share ownership, whether it be numbers of shares to be owned by any one individual or corporation or by nonresidents.

Now, what this legislation does is move us away from the special relationship in some small way and closer to a normal situation as would pertain to other companies. I believe this is sensible, and of course it will be sensible so long, and only so long, as the government stops the nonsense of giving away assets which belong to all Albertans to this company. I think with 10 percent foreign ownership, we're going to see an end to that.

In fact, I can almost guarantee it.

Now, when we look at the issue of foreign ownership to the extent of 10 percent, and if we see the right of any individual shareholder to purchase 5 percent as opposed to 1 percent of the shares, we have the suggestion that this is a giveaway of Alberta assets below fair market value. Well, the reality is that the giveaway took place before. It took place when Suffield was given. It took place when the 50 percent net profits interest was being given. But there's no giveaway now. The people who were there who had those shares have already benefited. The shares are now on the market; they're at the fair market value given the current shareholder structure, taking into account the current shareholder structure of the company. So there's no benefit being given to these foreign shareholders or to these other individuals. The benefits are there for those who have shares or wish to purchase shares.

Now, what about foreign ownership of 10 percent? Is this something that we should be concerned about and object to? Or should all companies in Alberta have restrictions that no foreigners shall own shares in them? Well, I don't support that form of restriction generally in this province, and I don't see why this company -- notwithstanding its background, but given its current reality, not its history that I'm giving today. Let's look at reality. Let's not look at theory and get caught in, you know, some philosophy. Let's look at the situation of the way the company is operating today, going offshore with Chieftain and not getting involved in Husky. What's it doing for Alberta? It's just a trap for Alberta assets to be put into and undervalued. So I can't see why this company should be different than any other company, and I don't see why it should not be entitled to have up to 10 percent at the least, as a start, of foreign ownership.

Now, having said that, let me state that while I'm not concerned about the legal capacity of this company to sell 10 percent of its shares to foreigners, I am extremely concerned about the sell-off of control of our Canadian companies which is going on under the negative leadership of the federal Progressive Conservative Party. I believe this is very, very shortsighted, and without some form of control we're subject to the ups and downs of currency vagaries. We're subject to situations when due to circumstances which may take place over a year or two, where the yen may be flying high and the dollar is riding very low, those who have yen can come in and steal an asset on the short-term value, the currency fluctuation. I think it's very, very foolish for us to be leaving ourselves open to the massive sellout of control of all of our Canadian companies. However, restricting Alberta Energy Company ownership and excluding the right of foreigners to own any shares is not, I believe, the way to be doing this.

In summary, let me say that I believe the test that should be applied in this particular instance is whether or not this is good policy for all companies, to restrict ownership to Canadians and not to allow foreign residents to acquire shares. I don't believe that it is, and if it isn't good policy for all other companies in Alberta, then I ask: why should there be a special policy here in August of 1989 for the Alberta Energy Company? I haven't heard a reason as to why there should be.

So, in summary, I would move on to conclude that I think we should be moving to normalize the status of Alberta Energy. This is the first step. We should, I think, as the next step move to reduce the numbers of shares we have now, 36 percent, from a strong controlling interest to an investment level, unless we have some way or some philosophy that has totally been unex-

plained today or some plan of ensuring that this company is going to do something that is of special interest to the province of Alberta above and beyond what a normal corporation acting in its own financial interests is likely to do. Let me note that if we are going to sell shares in this company, and this has already been noted by another speaker, these steps will increase the market for the shares and will probably do better. I think that's to the advantage of the people of this province.

Now, I don't have great confidence that those who have their hands on the rudder on the government side are going to manage the operations with respect to the future of this company any better than they have in the past. Indeed, I'm confident that they'll foul it up somehow. But I think the direction we're moving is better than the existing situation, and I'm going to vote for it.

In closing, I would just like once more to raise a general concern that I've expressed in previous debates with respect to the failure of the government, the unconscionable failure I believe, to provide any form of data or background with respect to the legislation they're presenting. There's not one iota of explanatory information that appears with respect to very, very complex legislation. In this instance, there's no indication of the direction, the goals, the rationales of the government for this piece of legislation. There's no analysis with respect to the shareholdings. What we have is simply the usual guessing game, the usual play Sherlock Holmes; be bloodhounds; try and snoop out and figure out what's going on rather than getting the full facts so that we can provide the input that we were elected to provide, and that is on policy matters.

Finally, I would like to just make the point which our party has made earlier in this Legislature, that if this government is going to have control of companies of this nature with its 36 percent shareholding and with the special right to elect four directors -- not that it needs that special right, because with 36 percent of the shares it has effective control -- one would hope that they would in the near future exercise this authority to appoint or elect a woman as a director of this corporation. It is really formidable when you look at this, when you look at the Alberta Government Telephones Commission, when you look at Vencap, when you look at all of the companies that this government is involved in and has the capacity to appoint directors. There are all these gentlemen, and very nice gentlemen and very capable gentlemen; I have no criticisms of them. But there's this wall, this phalanx of gentlemen in their double-breasted suits, and if there was ever the definition of the old-boy network, that's the definition. This government's had its blinkers on, so please take some steps in that regard.

MR. DEPUTY SPEAKER: Edmonton-Calder.

MS MJOLSNESS: Thank you, Mr. Speaker. I think it's very important that we delay this Bill 15 for six months because in the Assembly we've heard a lot of concerns and a lot of questions coming from this side. I think we need some answers, and I think the government needs an opportunity to re-examine this particular Bill. When the debate started in regards to this Bill and then subsequently the amendments, I couldn't help but remember that when I was in high school, I wrote a paper on the concerns and the problems that I had at that time with the amount of foreign ownership that we had in this country and also in this province. I mean, that was quite a while ago, and even at that time I was concerned and I could understand the

problems that we were getting into with such a high percentage of foreign ownership in this province and in this country. That is why, Mr. Speaker, again we must delay this Bill, because I think the government needs to re-examine what they are doing with this Bill and why they are even introducing it.

I have to wonder why the Premier in 1973, and at that time he was a member of the cabinet, told this Assembly and Albertans that "foreign-controlled companies would be excluded from ownership of voting shares," and that control of the Alberta Energy Company "will always remain in the hands of Albertans." Why do we have a Bill like this if in 1973 this was the objective set out? I can't help but think that it's another broken promise. It took many years to come to this, but again another broken promise, because now what this Premier's government is doing is sponsoring a Bill that would in fact allow for a significant number of shares of Alberta Energy Company to be purchased by Americans or other foreign investors, and clearly this is contrary to what the Premier said in 1973. Why this sudden change? We need some explanation on that that we haven't got.

I'd like to know, Mr. Speaker, why the government feels that foreign is better, that American is better. I think it's quite common knowledge that no other modern industrial country in the world has as much foreign ownership as we do in this country, and I really worry about that. And now the government wants to increase the percentage of foreign ownership in the Alberta Energy Company, even though this company was established in 1973 to allow Albertans to have more control over the oil and gas industry in Alberta. I think that's an important objective, and we're losing sight of that. Even when we first began second reading, when the minister was speaking, he said:

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.

Then he went on to say that the company was doing so well that the assets were expanding and were worth a large amount of money; "\$1.93 billion," he said. Now that the company is doing so well and the assets are increasing, they want to sell part of the company or let investors come in and be able to buy shares. To me, Mr. Speaker, this is not in the best interests of Albertans.

Now, I personally know some shareholders that have shares in the Alberta Energy Company. They bought way back in the '70s, they own quite a few shares, and they don't even know about this Bill. They don't know what this government is proposing. Surely to goodness this government has a responsibility to let the shareholders know what's going on, let them know what they're proposing to do. I think that this amendment to hoist this Bill for six months would give an opportunity for those shareholders to get to know what's going on. Perhaps, if the government had the commitment, they would be given an opportunity to have some input into what is happening with this particular Bill. But if we go ahead with this Bill tonight, those shareholders don't have an opportunity to get the information. They'll get it after the fact perhaps, but they certainly don't get an opportunity to get input, and I think the government has a responsibility to do that. Six months is not a long time, mind you, but at least it would give the government an opportunity to reach out to those people and give them an opportunity to have some input.

Again I'll say that I don't believe this Bill is in the best inter-

ests of Albertans. It's another broken promise. I think it's a sellout; it's mismanagement. I think the resources in this province -- and we have to keep reminding the government that the resources of this province do not belong to the government. They don't belong to Americans -- although sometimes we have to wonder -- and they shouldn't belong to foreign investors. I think that's something we have to keep in mind: they belong to Albertans.

Mr. Speaker, I think there have been a lot of questions raised about this particular Bill, and I don't think we've gotten a lot of answers. When the minister was explaining in his remarks at the beginning of second reading, he certainly didn't explain in detail a lot of the things that we're asking in the Assembly.

So I don't feel that the government has any right to sell out a company that was established as an energy investment company that was to be controlled by the people of this province. I would hope that the members on the government would support this amendment, sponsored by my colleague from Calgary-Forest Lawn, that would delay this Bill in second reading for six months.

MR. DEPUTY SPEAKER: The hon. Member for Stony Plain.

MR. WOLOSHYN: Thank you, Mr. Speaker. I'd like to speak in favour of the amendment to hoist this Bill, the Alberta Energy Company Amendment Act, 1989, for a six-month period. It doesn't really matter whether you call it a hoist, a lift, a delay, procrastination, or good old-fashioned common sense. To proceed with this Bill at this time would be nothing more than irresponsible.

I say that simply because if you look at the philosophy behind the Bill originally in the 1970s, I thought it was a very, very progressive Bill that was put together by the current Premier. What that Bill, in a sense, did was give Albertans an opportunity to invest in an all-Alberta company. That was, I think, a landmark decision. It still is a landmark decision. It's one we should weigh very, very heavily before we try to change it. This Bill does more than amend and change two or three different sections in the Alberta Energy Company Act. What it does do, in fact, is change the philosophy of the Act totally. I must reiterate that the Bill, the original Alberta Energy Company Act, restricted ownership in the company to Albertans.

Reference has been made to section 31. I think section 31 is all the more reason for this hoist to be supported by all responsible people in this Legislature, because what section 31 says is that anybody in this Legislature who has a share in the company can participate in the decision-making process with respect to laws respecting that company. What this particular amendment is doing is changing the thrust. It is changing the very foundation of the company, and now I think it is very, very important that Albertans, the public, have an opportunity to react to what is going to be happening to this particular company.

Section 31, for example, would not apply to non-Canadians. I would also like to point out that if the public, through the input process in a six-month period, should feel comfortable with section 31, then I'm afraid I would have to go along with it. At this particular moment, I would be very, very surprised if the public would be supportive of this action if they knew, in fact, what was happening.

I would also question some of the intents behind the Bill at this time. Why would we want to be inviting foreign ownership? The company originally was 50 percent government

owned and 50 percent individual Albertan owned. Since then, the government's share of the company has shrunk to 37 percent. That, to me, indicates that individual Albertans have a very, very strong interest to participate in this company, because the only way it could shrink down to 37 percent government ownership is if individual Albertans chose to pick up that different 13 percent. I might also point out that this shift of 13 percent to the private sector, to private Albertans, had to be limited to 14 different shareholders, because under the current provisions of a 1 percent cap on ownership it was either 14 or more, which I think is also a healthy tradition, if you will, to maintain in this particular Bill.

So, Mr. Speaker, I'd have to really question why we'd go out of our way and invite private ownership. The fact that cable companies can have 25 percent ownership or the banks can have 10 percent foreign ownership or Nova Corporation can have 15 percent, to me, is a very, very weak reason, for no apparent other cause, to open up the Alberta Energy Company to foreign participation.

When the minister gave his introduction to the Bill, I was very pleased to note that Alberta Energy is involved with Syncrude, Elephant Brand products, lumber, Chieftain Oil, Nova Corporation, and so on and so forth. The part now that makes me all the more wary of the 10 percent foreign ownership is if you look at the fact that Alberta Energy owns 57 percent of Chieftain. We'll assume that the other 43 percent of Chieftain is foreign owned. If you get the 10 percent foreign ownership into the Alberta Energy Corporation, you've also all of a sudden made Chieftain very close to being foreign owned. We also own 50 percent of Pan-Alberta, and the argument can be made through all of those companies. So I would again question why we would want to invite foreign ownership into this particular company when there appears to be no solid need for it.

There were some references made, for example, to attracting institutional investment, if you will, by increasing the 1 percent to 5 percent ownership for any one particular group. That on the surface may look good. However, what that really does is fly in the face of the original intent of the 1 percent cap. The 1 percent cap guaranteed that you would have a minimum of 50 different share-holding individuals or groups in addition to the government. Now, by introducing the 5 percent portion, if the government totally withdrew out of the company, you could have it consolidated into a group of 20. With the government's continued participation, you could conceivably have it consolidated into a group of 13 plus the government, with the government being on the short end. So again, with that particular amendment, I would wonder why it's happening. To attract a different source of income into a company that seems to be very healthy and to a company that seems to be attracting individual Albertan's dollars, I have to question it. It does not make an awful lot of sense to me.

I would also like to point out again that this company is currently set up for Albertans. It's a very honourable way: Alberta for Albertans; probably the only company of any substance that has this kind of structure to it. Again I would wonder why the government would be wanting to change that.

The minister alluded to laws. That's what we're doing here: creating a Bill, a law. We're trying to do it in a matter of hours without -- and I stress "without" -- the opportunity for proper public input. A law that's not very well thought out, a law that doesn't give the opportunity to the people it governs to respond to, I think is a very weak law. If the minister chooses to not ac-

cept what is a very good and gracious amendment and create the law properly, then I think the minister is making a mistake which he may live to regret down the way.

I would like to conclude by stating that there is no basis at this time for pushing this legislation through. I would like to add further that the two major provisions -- the opening up of the foreign ownership, for one, and the expansion of the amount of ownership, period, that can be held in the company -- are backward steps. I would strongly recommend to the members to support the amendment to hoist.

Thank you very much, Mr. Speaker.

[Mr. Speaker in the Chair]

MR. GIBEAULT: Mr. Speaker, I'd also like to get in a few comments on this debate in support of my colleague's motion to hoist Bill 15, because this is a very serious Bill. It might not appear that way at first glance, but what is being proposed here, really, are very serious changes to the very intention of the Alberta Energy Company.

It's really not fair to my constituents in Edmonton-Mill Woods and to other Albertans across this province for this government to ram through these changes without some proper public discussion and debate of the matter. A six-months' hoist would allow for just exactly that. It would allow for this government to get the input of Albertans about this, about the very significant clauses in terms of allowing for the first time in the history of Alberta Energy Company provisions that allow foreigners to have shares in Alberta Energy Company and the provisions that allow for a concentration of the ownership of the shares of Alberta Energy Company.

Mr. Speaker, I would submit to you that many of my constituents and other Albertans bought shares in Alberta Energy Company and, to give credit where it's due, commended the government of the day for introducing a proposal that would allow Albertans to invest in their energy industry in their own province, because of course many Albertans realized at the time Alberta Energy was created, and continue to to this very day, that the majority of the Alberta oil and gas industry is not controlled by Albertans. It's not controlled by Canadians. It's controlled by foreigners, mainly Americans. That distresses many Albertans, many of my constituents certainly, and many of them were moved at the time the Alberta Energy Company was created to take out shares in this Alberta-owned enterprise. Many people I know personally have done that and are proud to have shares in a company that is an Alberta energy company, a company that does business in Alberta for Albertans.

So I would suggest, Mr. Speaker, that this particular hoist motion is one that all members of this Assembly should support. We are going to be adjourning the proceedings of this Assembly in short order, I understand, and it would give members of the Assembly time to go back to their ridings across the province, discuss this matter with their constituents and see how they feel about such a proposal that it is now going to allow foreign ownership of this important company that has been taking an active role in the energy sector here in the province and about the proposals that will provide for the concentration of ownership of the shares of Alberta Energy. Mr. Speaker, I am sure that the members of this Assembly would get very much the same kind of feedback that I would very much expect to get in my own constituency, and that would be very negative to these provisions.

I think, Mr. Speaker, that by supporting this hoist motion, this government, the Minister of Energy who sponsored this Bill, and all the members of the government could avoid having themselves facing a great deal of hostile reaction from constituents, from voters across the province. Goodness knows they've got other things that will give them lots of hostile reaction. We could go into the Code report and all that, but let's not do that. So why add one more to a long list of problems? I'm just trying to be helpful to this government. I want to give them this opportunity to go back and discuss this with their constituents, because I think this has really not been properly thought out at all, and I am encouraging all the members of this House to support this hoist motion for exactly that reason.

We are contemplating, as I mentioned, some extremely serious changes to this provision. I mentioned the idea that there's a provision to allow foreign ownership of Alberta Energy Company. Now, when you look at it at first glance, you might say, "Well, maybe 10 percent's not so bad." But, Mr. Speaker, have you ever been 10 percent pregnant? You know, these things have a habit of sort of developing and increasing. I, for one, simply don't trust the government. It lost my trust a long time ago to leave it at 10 percent. I'd like to stand on a principle that Alberta Energy Company and its shares ought to be owned by Albertans. That was the intention of Alberta Energy when it was created several years ago in the '70s, and I want to hope that we can continue to have Alberta Energy Company being just that: a company that Albertans can have shares in and that they can be proud of as Albertans, a company that will work in Alberta for Albertans and not ship all the profits south of the border, which seems to happen with so many other companies that are active in this particular sector of our economy.

Now, Mr. Speaker, just for the benefit of some of these members who I'm sure are carefully weighing the arguments relevant to this hoist motion and giving it their very serious attention, let me just remind them of what one Mr. Getty said in *Hansard* of December 7, 1973.

We are convinced that there is a demonstrated need for an energy investment company whose control will always remain in the hands of Albertans.

Well, Mr. Speaker, surely this government has not given up that vision of an energy company that continues to be in the hands of Albertans. Or has it? Has this government become so cynical, so out of touch with their constituents across this province, the voters of Alberta, that they're now going to abandon one of the main principles that was a cornerstone of the founding of Alberta Energy Company? It's hard for me to believe that, Mr. Speaker.

So again I urge the members of this Assembly to consider supporting this hoist motion. It simply says: let us consider the second reading of this Bill six months from now. Mr. Speaker, I for one am quite prepared to come back six months from now and have another debate on Bill 15. If this government, after having gone through a period of consultation, perhaps with some public hearings and a formalized process, or informally in their own constituencies, and having had feedback on Alberta Energy and the proposals they're implementing here before us today -- I simply don't believe in my heart of hearts that in the province of Alberta, where the majority of people voted against free trade, Albertans will support these kinds of measures. I simply just don't believe that, Mr. Speaker. And I urge the government, rather than trying to ram this thing through in the dying days of this session, why don't we, Mr. Energy Minister,

do the same thing as your hon. colleague the Minister of Health did, who presented a proposal on ambulance service and instead of trying to ram this through the Legislature, took the honourable course of action and said: "This is a draft. We want public comment, and we'll bring this back at the next session." I think that's the honourable thing, and I commend her for doing that. I don't understand why the Minister of Energy won't do an equally honourable thing with Bill 15. It's a great puzzle to me, Mr. Speaker, and I just want to reiterate that taking six months to review such radical proposals as have been presented before us is surely not asking too much.

This is a corporation that many people have bought shares in in good faith, and I think that if we let these measures pass regarding foreign ownership and the concentration of ownership, we will be betraying the vision that originally prompted the formation of the Alberta Energy Company, Mr. Speaker. That is really not fair to the people of Alberta. I would suggest to the Minister of Energy and the other members of the Assembly tonight that if we allow these proposals to go ahead, a lot of people will, in fact, dump their shares. Because if this company, Alberta Energy, is going to be no different than the other energy companies that are doing business in the province of Alberta, then why make a special effort? It will lose a very important attraction to Alberta investors that it once had, and I think that that would be a great tragedy, because we have, I believe, in Alberta Energy an investment vehicle to have a particularly Alberta perspective and impact and influence in the energy sector that is critical in a province where the energy sector is such an important part of our provincial economy.

Mr. Speaker, in closing let me simply urge the Minister of Energy and the colleagues on the government side, who I'm sure would not want to betray the vision of their earlier colleagues who established the Alberta Energy Company back in the early '70s, an initiative that had much merit to it and which will be very seriously compromised if we allow these proposals to go ahead this evening. Because if we do, for example, on the question of the ownership provisions that are going to be changed, allow for a change of having a maximum of 1 percent of the shares by an individual up to 5 percent -- that might not sound like a lot just off the surface, but you know what that means in combination with the provision that allows for 10 percent foreign ownership. It means that Alberta Energy Company could be owned by two Americans and 18 Tories, Mr. Speaker. Now, what a nightmarish proposition is that? That's simply, I would suggest with all due respect, completely unacceptable to the people of this province. We want to have it broadly based; we want to have as many Albertans as possible participate in Alberta Energy. That was the idea of the corporation in the first place: to have it concentrated in fewer hands, as few as 20 hands, and perhaps even two out of the 20 being Americans I think really would be a serious disservice to the people of Alberta.

I implore the government to reflect on that and to support the motion of my colleague from Calgary-Forest Lawn to delay the second reading of this Bill until six months hence.

MR. SPEAKER: Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Speaker.

You know, it's true when they say that justice needs not only to be done but to be seen to be done. Similarly it seems that in politics we need not only substance but the appearance of what

is being done to be that which is done fairly and with integrity. The people, I think, Mr. Speaker, are demanding more and more that their politicians, particularly their leaders, display a sense of integrity and consistency with respect to public issues and public office.

My arguments in support of the six-months' hoist on Bill 15 have not been raised by other members in my caucus. They have to do with this issue: that the six months, I would hope, would be a time in which the Premier of the province could demonstrate a much greater degree of integrity and consistency with respect to his own position on this issue. As we've argued, it's appalling to us that Mr. Getty, who back in 1973 -- *Hansard* records on December 7 -- should be the one to bring in the Alberta Energy Company and to make certain statements about how it's intended to be set up and to remain in perpetuity. It may be a different argument if the minister who brought it in at that point was no longer in office. The current minister could just pick up and say, "Oh well, we've had a change of heart." But to have that person still remain in office, to have had these questions asked in question period and said, "Well, wait until second reading" -- well, we are at second reading, Mr. Speaker, and I would very much appreciate that the Premier of the province who first set it up and whose words are recorded in *Hansard* in terms of a certain position with respect to Alberta Energy Company, should be the one also to explain how it is that somehow his position or the government's position has changed with respect to his earlier statements.

I mean, it's clear, Mr. Speaker, that it was the then Minister of Federal and Intergovernmental Affairs who said:

There is a demonstrated need for an energy investment company whose control will always remain in the hands of Albertans.

He didn't say that it will remain in the hands of Albertans until 1989 when we might have a change of heart for whatever reasons. He said that it would "always remain in the hands of Albertans." Similarly, he said on December 7, 1973:

In addition, 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.

"In the future," Mr. Speaker.

So I think it's a matter, not only as we've discussed in terms of the free trade agreement or changing patterns in the oil patch or whatever economic issues might be at play here -- it's also an issue of integrity, or we should say the lack of integrity or the crumbling sense of integrity. We in the opposition and Albertans generally, the 56 who voted against this Premier, the numbers in his own riding of Edmonton-Whitemud who voted against this Premier -- the feeling is getting more and more widespread that the sense of integrity just is not there. I would wonder why the Premier would himself not make a better defence of the flip-flop which he now is in with respect to this issue. He is in, I believe, a real moral and political dilemma here, and I think he would do us a service if he were to, as I said, personally explain this very obvious flip-flop.

So I'm arguing that support for the six-months' hoist is necessary in order for him to have the time, as he needed with the Principal report, the Code report, and other times. He says, "Well, we need time to review this and to go over this." I want to give him time in this respect, to reflect on his own position and maybe say to Albertans, "I made that statement then, and I now have had a change of heart for these and these reasons," or

whatever. I think honesty, consistency, and integrity would demand that he would make such a statement. That six months should be, in our mind, the opportunity for him to do that.

This, then, is not leadership with integrity. As my colleagues have said, it was plastered throughout the election campaign, his visage with those words emblazoned "Leadership with Integrity." Rather, this is manipulation with gall that we should have Bill 15 presented in such a way and have the Premier's own words in the record so cut asunder by the current Minister of Energy that he is not even here to defend that position.

Now, Mr. Speaker, I'd also want to give the six months because I know the Premier has had a very difficult session. This first session of the 22nd legislature has been a particularly bad one for this Premier. I know it's on top of an already bad year, particularly the Gainers' issue which we've had and the support to Peter Pocklington, the chess tournament and the absolute waste of taxpayers' money which has gone into some very questionable goings-on with that chess tournament, the Treasurer having to come in and increase borrowing power now to almost \$10 billion on top of their record of mismanagement, and then of course the Code report and having to demote a minister of the Crown and having to pay off investors and further the sense of lack of integrity that this Premier has. Now, on top of everything else this session, we have Bill 15 and AEC and this flip-flop which the Premier himself is in. And it's very obvious. I know the media reports it; it's very obvious to them. I know constituents in my riding have talked to me about it. It's very clear that there is a crumbling sense of purpose and integrity and leadership within this government. Now, I say if the Premier wants to use his own wisdom, his own advice, he should take the time. As he said, we need the time to review the Principal matter; we need review panels to look at certain thorny issues.

Well, here's another thorny issue. I say a six-months' hoist would be one which the Premier, particularly with respect to, as I say, his own integrity, would be very wise politically to exercise. Again, I don't want to pry too deeply, Mr. Speaker, into the goings-on over there in cabinet, but we've seen time and time again the way the Premier has had to take a backseat to the Treasurer in terms of a number of issues where the Treasurer has clearly one-upped the Premier. Whether it's with the handling of the Code report or the Gainers thing or whatever, the Premier continues to want to dodge issues and the Treasurer's right there and picks up and does a number of things. Now it seems there's an issue or conflict between the Premier and his own Minister of Energy.

I think again Albertans are looking at this kind of division and saying, "What is going on?" Was there a time in a cabinet meeting when the Minister of Energy said: "Well, we know you've got those words in the record, Mr. Premier. We know what we've said in the past, but you know, you're yesterday's news. We've got to move on." The Minister of Energy would say, "Well, we're going to carry on with Bill 15 despite what you've already said." By what's gone on, we can only assume and conclude that the Premier was railroaded by his own Minister of Energy. Because when we asked the Premier himself in question period, he said he didn't have a response, wait until second reading. Second reading and still no response from the Premier. What else would Her Majesty's Loyal Opposition do but to have a six-months' hoist and say: "Give them some time. Give them some ability to get their act together. If they can't, then we can't allow this to proceed."

So, Mr. Speaker, again I think maybe we're doing the gov-

ernment a favour by saying that within the six months maybe what they really need is not just to review this Bill but to do a review of their own leadership. And I wouldn't be surprised if a leadership review is in the offing. As I say, the Premier seems to be hammered and buffeted about on every side by a number of things that are happening to him but also by his own . . .

MR. SPEAKER: That's a long way from the Bill, hon. member.

REV. ROBERTS: Well, you're right, Mr. Speaker; a six-months' leadership review really would not have anything to do with this hoist. I think maybe if they want to hoist the Premier, we need to have another amendment to do that. These are my comments with respect to that, and I know our colleagues now want to force division on the vote on this amendment, Mr. Speaker.

Thank you.

MR. CARDINAL: Mr. Speaker, I'd like to take just a moment to speak against the amendment. I wasn't planning on doing that tonight, but after listening to the opposition member from Edmonton-Calder mention foreign ownership, I would just like to make sure the people in this Assembly listen when you're talking about foreign ownership. Who is foreign these days in this country? You look at the history of Canada. Who is foreign? Just a bit over 200 years ago our people, the native people, took a chance on foreigners, allowing foreigners to settle in this country. [interjections] I don't think that was a bad move. I married one. I think it was a good move. Looking back a bit on the history of Canada and how tough we've had it here, I think allowing foreigners . . .

MR. SPEAKER: Order please.

MR. CARDINAL: . . . to settle in this country has improved our standard of living.

As far as the Bill, some people would like to bury their heads. I'm here. I'm fighting to build and diversify this economy in Alberta. Part of it is attracting investment in order to build the economy. We cannot build the economy unless we're open and open-minded. We cannot bury our heads. We are dependent on the world economy, and that to me is not necessarily bad. Our standard of living can improve, but we definitely need to be open to world investment and banking. If we cannot do that, I feel our economy's in trouble.

Thank you.

MR. SPEAKER: Member for Calgary-Foothills.

MRS. BLACK: Thank you, Mr. Speaker.

I guess I've listened to the debate on hoist, which I have to admit is a new terminology for me. What I don't understand is that this Bill has a lot of foresight. Maybe there's some misunderstanding the NDP have, but I don't see what the problem is, because we're not talking about giving up a heritage. In fact, we're retaining a heritage. We're keeping this an Alberta company. We're keeping it in Alberta. We're talking about allowing, not giving, an opportunity for investment. Ten percent maximum voting rights: that's all. Ten percent. We're not giving this away. This company will still be headquartered in Alberta. It will still fall under Alberta's legislation and jurisdictions. We're not giving anything away. What we're trying to

do is develop the concept: do we go through debt financing or equity financing? We're expanding the opportunity of a company to allow it to raise capital, to allow it to expand. That's all. That's all that's happening here. I don't have a conflict of interest, because I'm not a shareholder. I used to be, but I'm not now. And I'll tell you, I'm proud of Alberta Energy. It's been a marvelous company. It's been managed beautifully. It's provided Albertans an in to the oil industry, which is a very good industry.

You might talk about foreign ownership, but I'll tell you one thing: if it wasn't for foreign investment there wouldn't be an oil industry in this province. Don't ever lose sight of that. [interjection] It's an absolute fact of life, my dear man. But I'll tell you, all we're doing here is providing a vehicle to raise capital. That's it. Nothing is being given away. And when we talk about profit, what's wrong with profit? The NDP seem to think that's a sinful word, that everything's supposed to be a loss. Let's make a profit on something in the province. That's great. Every time I hear the word "profit," it's almost like it's sinful. I think it's great when something advances and succeeds and progresses, and I guess the NDP and the Liberals don't understand the word "progression."

Anyway, Mr. Speaker, I don't understand their problem. I don't know whether it's sheer paranoia because it's another positive thing or what. But what I'd like to do, in keeping with the hour, is adjourn debate on this, sir.

AN HON. MEMBER: Let's everybody vote yes, okay?

MR. SPEAKER: Adjourn debate? I don't think so. I think an interesting quirk has just developed.

AN HON. MEMBER: No hints from the Chair. You'll spoil the outcome.

MR. SPEAKER: I doubt it.

Those in favour of adjourning debate, please say aye. Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: Additional speakers. No additional speakers.

The motion on the amendment, the six-months' hoist, as proposed by the hon. Member for Calgary-Forest Lawn. Those in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

[Several members rose calling for a division. The division bell was rung]

[Eight minutes having elapsed, the House divided]

For the motion:

Barrett	Martin	Roberts
Fox	McInnis	Sigurdson
Gibeault	Mjolsness	Woloshyn
Laing, M.	Pashak	Wright

Against the motion:

Adair	Gesell	Orman
Ady	Getty	Osterman
Black	Gogo	Paszkowski
Brassard	Hyland	Payne
Calahasen	Isley	Schumacher
Cardinal	Jonson	Severtson
Cherry	Kowalski	Shrake
Chumir	Laing, B.	Sparrow
Clegg	Lund	Speaker, R.
Day	McCoy	Stewart
"Dröbot	"Mirosh	Tannas
Elliott	Mitchell	Thurber
Elzinga	Moore	Trynchy
Evans	Musgrove	West
Fischer	Nelson	Zarusky
Gagnon		

Totals: Ayes - 12

Noes - 46

[Motion on amendment lost]

MR. SPEAKER: In light of there appearing to be some confusion with respect to what has been the practice in this House and in others, and in spite of the fact that the Chair really does believe the practice at Westminster takes precedence, the Chair will withhold its ruling with respect to the matter which would have been before us with regard to placing the question at second reading. Therefore, second reading can continue.

Edmonton-Belmont.

MR. SIGURDSON: Thank you, Mr. Speaker. I don't propose to move a reasoned amendment at this time either.

Mr. Speaker, when I rose to speak on the last occasion, there were a number of things I did want to touch on. I'm glad that I'm now afforded the opportunity to touch on those particular topics, because this is a Bill that is making some substantial changes to the Alberta Energy Company.

[Mr. Deputy Speaker in the Chair]

Now, Mr. Speaker, there are a couple of areas inside this Bill that we had some comment on tonight during the motion to hoist, and during second reading debate I, too, want to touch on them, as I feel they are of vital importance to the people of Edmonton-Belmont and the people of Alberta as well. What we've got, as I said earlier and a number of speakers said earlier, is changes that are going to change not only just the legislation. Were we only changing the legislation, it wouldn't be so bad. We change legislation on a regular basis inside the Assembly. We have housekeeping amendments that come before us that make minor changes to facilitate some particular action, but this is something a great deal more than a simple change. These amendments are going to change the entire way the Alberta Energy Company operates. We're going away from an Alberta-only based and owned company, although there have been shares outside our provincial boundaries that are enjoyed by other Canadians. But we're now opening that up wide. We're also changing the amount of ownership and the amount of concentration any one individual can have. We're changing that as well. We're changing the ability to have foreign investment inside this company.

Mr. Speaker, what I'd like to do is just deal with them separately for a short while. The first one I'd like to deal with is that principle that changes the regulation and the section on foreign ownership. I was advised the other day that in the House of Representatives in Washington, if there is a Bill before it that says any company that has 10 percent foreign interest is deemed to be a foreign controlled company -- that's in the American legislation. There's also a piece of legislation that again I'm of the understanding is before the House in Washington, D.C. that says that maybe they ought to reconsider the amount of foreign investment they ought to allow people who live outside the United States to invest in particular companies. What we're doing in a primary industry, in an industry that's nonrenewable, in a company that depends on nonrenewable resources, is say: "Here's 10 percent. For those people who live outside Canada, here's 10 percent that people can invest in. We're going to seal that off at that maximum level, that level which another country thinks constitutes foreign ownership." And we're doing that openly. We've taken all our capital; we've invested in it, we've backed it, we've made sure it's grown. It's paid dividends to Albertans; it's paid dividends to Canadians. Now what are we doing? We're saying: "Come on in. Here it is. Secure as it is, it's your opportunity to come in."

Mr. Speaker, I disagree with that. My colleague, in his comments on second reading prior to his motion to hoist the Bill for that six-month period, said if it ain't broke, why are we fixing it? And that's the point. If it's not broke, why are we trying to fix something that doesn't need repair? Surely to goodness, if we were trying to recapitalize, wouldn't an offering inside our province, inside our country, suffice? Wouldn't there be enough Albertans or Canadians willing to invest or reinvest inside Alberta Energy Company? Are we saying that Albertans don't like the administration of the company, that they don't trust this government enough, that they wouldn't invest or reinvest in this company, and therefore we have to go into a foreign market to invite capital in? Is that what is being said? Is that what's being intended by this section, by this principle that so greatly changes the original intent of this company? I don't know. I would suggest that that's part of the problem, that when we allow that percentage, that amount of foreign control, as they say in the United States, that constitutes foreign control; that's enough for them. Quite frankly, in an industry that I think we ought to have more control of, so vitally important to the well-being and the economic development of Canada and Alberta, that amount of foreign ownership is just far, far too great.

The other area that is being changed substantially by this legislation, Mr. Speaker, is that area, that provision, that allows for the increased concentration of ownership.

Now earlier, 1973, going back 16 years to when the company was formed, it's my understanding that the government wanted to have wide-ranging ownership amongst Albertans. Not only did they want to really limit the share issue in terms of concentration to individuals to 1 percent of the total amount of the company, but it is my understanding -- and I stand to be corrected -- that it was hoped that in order to facilitate small investors, people who were making not great amounts of money but ordinary average folk, for those people to be able to invest, there was going to be some kind of plan to finance the investment that average Albertans might make. Now, I don't know if that ever came to fruition. I don't know if the government ever offered a low interest or no interest loan on shares that were offered publicly. That was one of the considerations: to share the

wealth so that Albertans and Canadians would have the opportunity to own small amounts of a company and enjoy the profits from that, not more than 1 percent of the company was to be owned by any individual.

But not in 1989, 16 years later. Sixteen years later what the government is saying is, "Well, we can now increase that 1 percent ownership to 5 percent ownership." From 1 percent in 1973 to 5 percent in 1989. Why? I would like to know, Mr. Speaker, why are we trying to make that change? What difference does it make to the government if, you know, one member in this Assembly or one Albertan has 1 percent or 50 Albertans have 1 percent? Isn't it better that each individual family or individual has 1 percent rather than having 10 individuals that would have a concentration of interest at 5 percent each. I would think so. I would be rather concerned about that kind of concentration.

While it's true that the government is going to maintain 37 percent control of the company, we're going to allow the concentration of ownership to increase to the level of 5 percent. If you take away or add to that the 30 percent control the government will enjoy, add to that the 10 percent foreign ownership, it is conceivable that we could have 10 or 11 individuals take over the ownership and control of AEC. You've got 53 percent left outstanding. Over the course of time the concentration could be such that 10 or 11 people -- it would have to be 11 because of the maximum ceiling of 5 percent -- would control Alberta Energy Company. That is so far away from the original intent of this corporation that it really ought to be reconsidered.

Now, I know that at committee stage my colleague from Calgary-Forest Lawn is going to introduce an amendment to that effect. Those are the concerns that I have and my colleagues have: the concentration of ownership and what is in the United States now deemed to be effective foreign control at 10 percent. A very great concern, and I for one happen to regret that the government is making these changes. But all we can do, Mr. Speaker, is speak out on behalf of our constituents, on behalf of Albertans who may own a few shares in the AEC; try and make sure that they still have, maybe 16 years down the road in the year 2005, the opportunity to own a few shares of AEC; to try and hope that the concentration of shares isn't such that 5 percent is enjoyed in British Columbia and 5 percent in Saskatchewan and 5 percent in Manitoba and 5 percent in all the other provinces, leaving us with only our little bit with 10 percent enjoyed outside the boundaries of Canada. The possibility we face with this amendment is that the only Alberta corporation or individual that could end up owning anything inside our boundaries would be the government. We could end up owning effectively 37 percent, with all the other shares outside of our boundaries. That's part of the problem with this Bill, and that's why we have to be very concerned about it and in fact, Mr. Speaker, that's why we're opposed to it.

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

MS M. LAING: Thank you, Mr. Speaker. I, too, rise to speak against this Bill, because I believe this Bill fails to safeguard Albertans and their resources from foreign ownership and control. This company is not, as the hon. minister has suggested, like a cable TV company or bank, for in the establishment of the Alberta Energy Corporation it received \$250 million from the provincial government; that is, from the citizens of Alberta. It

received lands in the Suffield Block natural gas development area and the Primrose area far below the market value; therefore, from the citizens of this province.

Cable companies and banks, to my knowledge, have not been founded in public dollars and resources. Nor have they been founded in a commitment to the citizens that their endeavours will be as the Premier said in 1973, although he was the Minister of Energy then, "a unique partnership between the Government . . . and its citizens" with the public interest of the citizens of Alberta as their major considerations. None of the cable companies or banks that I have familiarity with have as their major concern the public interests of the citizens of a nation or a province. For indeed their major concern is the interest of their owners and their shareholders and the profits they make for them. So let's get serious about what this Bill is talking about. It is not talking about a cable company or a bank. It is talking about the resources of Albertans and the future of our province.

This Bill talks about increasing foreign ownership of this company that was established as a public trust to serve the interests of Albertans with taxpayers' moneys and lands. What that ownership meant was that the best interests of Albertans would be served. Other industrialized nations have rigorously limited foreign ownership because they know that if their resources and their national interests or sectors are foreign owned, others control their nation's destiny. They know the goals and aspirations of their citizens are put in jeopardy if decisions about the development and use of their resources and the proceeds and benefits of the use of those resources are to benefit another nation or a multinational corporation.

Third World nations are primary examples of what has happened when a foreign country has come in. Rich farmland in many of the Third World countries that once fed an indigenous population is now in the hands of large multinationals which grow inedible cash crops. The peasants have lost their land as well as their ability to feed themselves and their families, and they have been forced into the cities into greater poverty with more social ills than we can dare to imagine or bear to imagine indeed. We would well learn from the lessons of these nations. Poor and undeveloped to begin with, they have learned from their involvement from the multinationals that their interests have not been served, because for the foreign multinationals the bottom line is their shareholders and their profits.

We, in Canada are not a nation like those nations. We are a developed nation. We are rich in resources. We are rich in people, and we are rich in the technological possibilities that will allow us to develop our country to the highest degree possible. We do not need to make the mistakes of the Third World countries, nor indeed of our own indigenous people, who made that kind of a mistake 200 years ago. These people were disadvantaged in both their resources and their development potential. We do not need to return, I suggest, to a state of hewers of wood and drawers of water, but that is in fact what foreign ownership of our resources can mean. Let the development of Alberta's resources be by Albertans for Albertans and for Canada. Where, I would ask, is this minister's faith in Albertans?

We do not need to do what the Third World countries have done in order to get development, and I think we need to say: where do the funds for this development come from? We know that most of the money that has been borrowed by multinationals to develop Canada is Canadian money. In 1985, 85 percent of all growth ownership in Canada came from funds raised in

Canada, and the big five Canadian banks lend 60 percent of all their loan funds to foreign companies developing in Canada. So what's this nonsense about not having enough Canadian funding?

We also know that the profits flow from this country when in fact the companies that develop them and process them are foreign owned. In 1988, 65 percent of the \$47 billion in oil and natural gas revenues earned in Canada went to foreign corporations; 43.6 percent of all Canadian corporate taxable incomes went to non-Canadians. That is the highest percentage in Canada. So if the funds and the resources are to be Albertan or Canadian, then surely the control and benefit should also remain in Alberta and in Canada.

MR. DAY: While you drive an imported car. [interjections]

MS M. LAING: But remember, it's energy efficient and environmentally safe, truly energy efficient. [interjections]

MR. DEPUTY SPEAKER: Order. Order please.

MS M. LAING: Indeed, we see that estimates have been made that for each \$1 increase in the price of oil in Canada payments to foreign companies increased by \$40 million. Surely then we see much of the benefit of increases in the price of oil flow out of Canada.

We need to also look at the numbers of jobs that are created and maintained by foreign-controlled companies. In the period from 1978 to 1985, for every \$1 billion profit Canadian companies created 5,700 new jobs. For that same \$1 billion profit U.S. companies created 17 jobs. I think there's a sorry lesson in that.

This Bill also embodies another aspect that I cannot support, and that is allowing MLAs to own shares and to vote on issues relating to the company. Surely this constitutes a conflict of interest. How can this be allowed, that we who sit and speak in this Legislature should be able to vote on matters which have a direct personal interest to ourselves, rather than representing the best interests of all Albertans? We must not only do that, represent the best interests of Albertans, and be seen to be free of conflict of interest, but we must be seen to do that. Surely this Bill violates that principle.

Therefore, this Bill violates two fundamental principles that I believe we should all hold: that we ourselves should own and control the resources of our province and that we must act in this Legislature clearly from a point of nonpartisanship and non conflict of interest. I therefore urge that this Bill be defeated.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Speaker . . .

AN HON. MEMBER: Oh, God, I can't listen to this.

MR. McINNIS: I'm going to miss that man a lot.

At the dawn of this century, the Prime Minister of Canada, Sir Wilfrid Laurier, leader of the once proud Liberal Party, declared that the 20th century belongs to Canada. The subsequent history has shown more and more that Canada tends to belong to the United States. I oppose this Bill because it will further sell another little chunk of our country to American investors at a time when we don't really need that.

One of the hon. members in this debate said that the purpose of this Bill was to raise capital, that we should support this Bill because it would raise capital. The reality is that the provisions of this Bill don't raise capital for the company, Alberta Energy Company. It may have the effect of raising some capital for people who own shares in the company, because what it does, in effect, is create two new markets for shares in the Alberta Energy Company. The first is with foreign investors who are hitherto prohibited from owning shares in the company, and the second is with large investors, whether they be individuals, syndicates, corporations, mutual funds, even investment companies who wish to expand their holdings from 1 percent up to 5 percent. Those are the two new markets that are created for shares.

We have no indication from the government, from the minister, or from any member of the government or even a member of this Assembly sitting on the government side that the Alberta Energy Company plans to issue new shares from Treasury or that there is some need because of a new issue of shares to create these new markets. Rather the benefits from the new markets accrues to those who presently own shares in the company. I submit that that's a one-time benefit that comes with the passage of this legislation. After that date, everybody will then acquire shares on the same basis. But those who owned shares in the Alberta Energy Company before this legislation was passed, or clearly before it was introduced, because, I suppose, anyone could assume after the date it was introduced that government legislation would pass -- anybody who owned shares prior to the date this Bill was introduced is the primary beneficiary of this particular legislation. It would be interesting, Mr. Speaker, to find out who those people are. This Bill does not raise new capital for the Alberta Energy Company. It creates a new market for those who presently own shares.

[Mr. Jonson in the Chair]

Another hon. member who has left this Chamber, it was Red Deer-North, I believe, heckled across to somebody that they shouldn't speak about foreign ownership because they own a car made by a foreign corporation. Where do you buy a car that's made by a Canadian corporation? There used to be a . . .

AN HON. MEMBER: Oshawa.

MR. McINNIS: Another member yells "Oshawa." The company that operates in Oshawa, General Motors, is not a Canadian company, last I checked anyway. Maybe the member has sources of information that I don't. There was a time in our country when there were dozens and dozens of models of Canadian companies that made cars, but no more. The shame of it all is that so much of the increase in foreign assets in our country has been accomplished with Canadian sources of revenue. Many foreign corporations, especially American, have used Canadian savings to buy equity in Canadian corporations, making them foreign corporations. The reality is that the growth in assets controlled by U.S. corporations has not been matched by new investment dollars, and unfortunately, worse still, it hasn't been matched by increases in employment. In fact, the reality is that employment in American corporations has gone down rather than up.

So okay; the Bill before us will create more foreign ownership in the energy sector in Alberta at a time when foreign own-

ership is already increasing rather dramatically in Alberta. Foreign-controlled corporations now control 65 percent of the oil and natural gas revenues earned in Canada last year, and that has increased for four years in a row. So the gains that were made in terms of Canadian control over the oil and gas sector will be eroded by this legislation. I do feel that at the time the legislation was introduced, this was one of the things that helped to reduce the extent of foreign ownership in the energy sector particularly, especially in the province of Alberta. It was a good move for that reason. I don't wish to repeat the excellent argument put forth by the Member for Edmonton-Belmont, but the reality is that it doesn't take very many shares to control a company of this size and diverse holding. My understanding is that the Alberta government exercises its control over the company by appointing three out of 10 directors. That leaves seven to be elected from the pool. I don't think you have to have very many investors in a syndicate to control that election outcome.

I wish, Mr. Speaker, that all members could hear the fascinating debate going on in the Liberal caucus, because they're trying to figure out whether to support this Bill or not, and I think they're probably making some cogent points. It's just too bad we couldn't all hear what's being said over there. We'll see how it turns out in the end. Derek, maybe you want to loan them your decision-making tool, if you could, just in case it comes down to that.

What we're doing is allowing a group of foreign investors to acquire up to 10 percent of the company, and we're also allowing individual investors to go up to 5 percent. Where does the demand for this come from? It doesn't appear to come from the company. It appears to come, if anywhere, from those who own the shares in the company at the present time.

I think we have to go back to the history of the company, December of 1973, to realize that this company isn't a company like the others. It was in many ways a gift to those Albertans who were given the opportunity to buy those shares initially, because they were given an asset which was far more valuable than the market price. All one has to do is look at the statement of the then Minister of Energy, the Premier now, and see that the company was given a buy-in to the Syncrude project near Fort McMurray: 80 percent of the pipeline, 50 percent of the power facility through AEC power, 20 percent of the Syncrude extraction plant by way of option, the Suffield Block, an investment in Pan-Alberta Gas, and also timber rights to the Primrose air weapons range. Those are things that no other corporation could be granted or would be granted, and many Albertans took advantage of it. Many have profited very handsomely. I happen to think that's a good thing. I think profit is an absolutely wonderful thing, unlike what somebody else had to say in the debate here. There are many Albertans who profited from that. A question I have to ask is why should those Albertans, or whoever they may be now, then be able to profit again by flipping this investment to foreign investors who have hitherto been prohibited from buying shares in this company and to large institutional investors who are capable now of increasing their holdings from the 1 percent level to the 5 percent level? Why should those people who happened to own shares at the date when this legislation was introduced be allowed to take advantage of that additional market?

Thank you.

MR. ACTING DEPUTY SPEAKER: The Member for Vegreville.

MR. FOX: Thank you, Mr. Speaker. In speaking on second reading of Bill 15, the principle, I think it's important to refer to the arguments I made, in brief at least, during the hoist amendment, and that is to examine closely what the motive for the Bill is. What is it that's compelling the government to proceed with this Bill that alters the structure and purpose of the Alberta Energy Company? Why do it now? What is it that has changed in Alberta or in Canada to compel the government to want to make changes to this piece of legislation? I think it's obvious, Mr. Speaker. It's the free trade agreement that's putting pressure on this government, at least ideologically speaking, to bring in the changes in Bill 15, the idea being that if the Americans want more open investment opportunities to buy up our industry and take even greater control of our resources, especially our resources, our resource base and wealth, then this government's going to do whatever they have to do to accommodate that.

The free trade agreement, in spite of the book that was sent around to all hon. members from the Minister of Economic Development and Trade, talking about what opportunities there are for Alberta business in the United States in terms of increasing exports -- the real motive for this agreement is to harmonize the politics and economies of the two nations. This government seems to be willing to bend over backwards to accommodate the needs and wishes of the Americans with respect to free trade. That's what this deal is all about; that's what this Bill is all about, to open it up to American ownership and American control.

They can refer to 10 percent being a moderate amount, but I remind you that when it was first conceived, Member for Dunvegan -- and I look forward to hearing you debate at least once in this Chamber. When this thing was originally conceived, there was no intention of having ownership outside of Canada. To suggest now that 10 percent is reasonable flies in the face of history in terms of this government. What it is is the not-too-thin edge of the wedge, Mr. Speaker. It's a clumsy attempt by this government to open the company up eventually to foreign dominance and control like much of our country is.

I take offence to that, because as a Canadian and as an Albertan I'm proud of our abilities, I'm proud of our ingenuity, our talent, and our aggressive pursuit of improved conditions for all of us. It pains me to see that Conservative governments and Liberal governments throughout our history have had no faith and confidence in the ability of our people to direct the economy of Canadians, to work together in a co-operative sense to build an economy that serves people rather than having people used to serve the economy. It's an unfortunate, very narrow, and negative view of our country and its potential and its opportunity and the people who make up this great country of ours. That is the Conservative view, and I think that's reflected in this unfortunate piece of legislation.

I was puzzling, Mr. Speaker, over why our Liberal colleagues, as few as they are in debate when there aren't television cameras here, would vote against the hoist amendment proposed by the Member for Calgary-Forest Lawn. It dawned on me later. It's all got to do with their confusion over the impact and import of the free trade agreement on the Canadian economy. There was a time when they were opposed to it. I think that probably changes from day to day. The free trade agreement was something that the Liberal Party ostensibly was completely opposed to. For John Turner, in the federal election, it was the crusade of his life. Even though Donald Macdonald helped draft the darn thing and it was traditionally Liberal policy,

somehow he felt he could get some electoral advantage out of opposing it and did, in spite of the fact that leaders of the party in both Alberta and Quebec seemed to be eager, ill-informed cheerleaders in respect to the free trade agreement. Nevertheless, we had a Liberal caucus who was, I think, on principle, opposed to the free trade agreement and would normally be opposed to something like Bill 15 were it to come forward. But, lo and behold, when the Member for Edmonton-Glengarry took over the reins of the party, he had to rein in his members and restrain their conscience in that regard, and now we've got a caucus that apparently is . . .

MR. ORMAN: Bill 15.

MR. FOX: Well, let me beat up on him a bit, Minister of Energy. It's fun.

MR. ACTING DEPUTY SPEAKER: Order, hon. member. Order. I recognize the broad nature of debate allowed on second reading, but, hon. member, with respect, I feel that you're straying into an internal discussion. Could you get back to the Bill, please?

MR. FOX: Well, I'm just saying, Mr. Speaker, that I and members of the New Democrat Official Opposition caucus take a principled stand on this Bill, and that is to vote against it because we're opposed to narrowing the ownership base of the Alberta Energy Company by allowing people to gain greater and greater control over the shares, raising the limit up to 5 percent. We're really concerned about the foreign ownership provisions here that open up the Alberta Energy Company to greater and greater control by foreign corporations. I'm just, I guess, in the context of that debate making that principled argument, trying to encourage my wayward colleagues in the Liberal caucus to see the merit of that argument as well. I know it's painful for them, having strong feelings against the impact of free trade and foreign ownership, to have to vote in favour of this sort of Bill. The Member for Edmonton-Glengarry tells them they have to, because he decides from time to time that he's in favour of free trade because he thinks that's appropriate in parts of Alberta.

So I just want to make that point in second reading, Mr. Speaker, and again join with my colleagues in opposing Bill 15 in principle for several reasons: the conflict-of-interest potential that has not been dealt with, which the government itself is trying to resolve through a Premier's commission; the issue of the concentration of share ownership by increasing the limit from 1 to 5 percent; and the new and unprecedented inclusion of ownership of shares outside of Canada. On those three principles I object to the Bill and can't support it.

MR. WRIGHT: Mr. Speaker, this Bill is about a breach of public trust. It's the trust imposed by conscience on those who hold the shares, having got so much of the assets of the company cheap from the public of Alberta, both in terms of initial money investment and in terms of two properties so very much below market value to the company. It is a Bill about a sellout to foreign corporations that is implicit in the amendments. It is a Bill about a sellout of the principle of wide ownership by Albertans, or at least by Canadians, by removing the 1 percent restriction. It is a Bill about Members of the Legislative Assembly drumming up the value of the shares that some of them own. It is about a minister who in effect is a lackey of the oil capitalists in

piloting this Bill through this House. It is a Bill about members putting money into their own pockets and the pockets of their friends. It is a Bill about the selling off of Canada. It is a Bill that is typical of the small thinking of one dimension.

We should be ashamed of the whole idea that we cannot survive in this company without having the ability to sell it off to foreigners. If we need foreign capital, we can borrow it. The assets of this company form an extremely good security for any loan, for any bond. If it needs capital, and I dare say from time to time it will, let it sell bonds, but let it not sell off the birthright of this province. It is a Bill instinct with small thinking, a typical narrow-minded, avaricious, pillaging Bill that seeks to put money into the pockets of those who have done nothing to earn it. It takes nothing except some capital to buy the money and then to manoeuvre the ownership so that without any effort at all the shareholders are enriched at the public expense and at the expense of Canada. It is typical, in short, of many Conservative Bills and needs to be defeated in the interests of good government, good thinking, and good conscience.

HON. MEMBERS: Question.

MR. ACTING DEPUTY SPEAKER: Seeing no further speakers, all those in favour of second reading of Bill 15, Alberta Energy Company Amendment Act, 1989, please say aye.

SOME HON. MEMBERS: Aye.

MR. ACTING DEPUTY SPEAKER: Those opposed, please say no.

SOME HON. MEMBERS: No.

MR. ACTING DEPUTY SPEAKER: It is carried.

[Several members rose calling for a division. The division bell was rung]

[Mr. Speaker in the Chair]

[Eight minutes having elapsed, the House divided]

For the motion:

Adair	Fischer	Nelson
Ady	Fowler	Orman
Black	Gesell	Payne
Brassard	Getty	Schumacher
Calahasen	Hyland	Severtson
Cherry	Isley	Shrake
Chumir	Jonson	Sparrow
Clegg	Laing, B.	Speaker, R.
Day	Lund	Tannas
Drobot	McCoy	Thurber
Elliott	Mitchell	Trynchy
Elzinga	Moore	West
Evans	Musgrove	Zarusky

Against the motion:

Barrett	Martin	Roberts
Fox	McInnis	Sigurdson
Gibeault	Mjolsness	Woloshyn
Laing, M.	Pashak	Wright

Totals: Ayes - 39

Noes - 12

[Motion carried; Bill 15 read a second time]

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

MR. FOX: The minister has to report it.

MR. ORMAN: Mr. Speaker, I move Bill 15, the Alberta Energy Company Amendment Act, 1989, be reported.

MR. SPEAKER: No, no. It's not necessary, hon. minister. Thank you, hon. minister. Sometimes it really doesn't pay to listen to what the other side of the House is saying.

Is there a request, Government House Leader, for unanimous consent that this other stage of this Bill be taken on this day?

MR. STEWART: This not being a reading, Mr. Speaker . . .

MR. SPEAKER: It's the next stage of the Bill, in our interpretation, but one assumes that will all happen.

MR. STEWART: I urge you to seek the unanimous consent of the Assembly in that regard, Mr. Speaker, so Bill 15 may proceed to Committee of the Whole.

MR. SPEAKER: Thank you.

MS BARRETT: A clarification, Mr. Speaker. I just want to clarify that that implies just for the committee reading, not for third reading as well, that the vote only deals with committee. Thank you.

MR. SPEAKER: Only committee was in the motion.

MS BARRETT: Agreed.

MR. SPEAKER: Thank you. Those in favour of the motion, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Motion carries. Thank you.

Now the other motion please. Government House Leader.

MR. STEWART: Mr. Speaker, I would move that in the event of any division in respect to any matter of a vote coming out of the Committee of the Whole, there be a one-minute bell.

MS BARRETT: I assume that the Deputy Government House Leader means a one-minute bell and a brief delay and then another bell. Can we propose . . . I'd like to amend the motion by proposing a 30-second bell, a one-minute delay, and a 30-second bell.

MR. SPEAKER: I'm sure that the Deputy Government House Leader would put that into his original motion so we don't have to have the two.

MR. STEWART: Agreed.

[Motion carried]

[On motion, the Assembly resolved itself into Committee of the Whole]

head: **GOVERNMENT BILLS AND ORDERS**
(Committee of the Whole)

[Mr. Schumacher in the Chair]

Bill 15
Alberta Energy Company Amendment Act, 1989

MR. CHAIRMAN: The hon. Member for Calgary-Forest Lawn wishes to propose an amendment?

MR. PASHAK: Yes, I do, Mr. Chairman. Actually, I have a series of four amendments. I've left copies of those amendments for all members of the Legislature. They're at your Table, and if it's your wish, I'll wait until those amendments are distributed to all members. Is it your pleasure, Mr. Chairman, that we wait until the amendments are distributed?

MR. CHAIRMAN: Unless some member wishes it, you can go ahead. If it's desired . . .

MR. PASHAK: My intention, Mr. Chairman, is to move each of these amendments singularly; that is, one at a time. And our first amendment -- this is for the benefit of the Member for Red Deer-North. So the first motion . . .

MR. CHAIRMAN: Order please. Have some of these conversations either outside or while you're in a seated position.

MR. PASHAK: Our first, Mr. Chairman, is that Bill 15 be amended by striking out section 3. If I may speak to that amendment, section 3 in Bill 15 repeals section 7 of the existing Act, and section 7 of the existing Act restricts ownership of shares to Canadians or to persons who are residents of Canada. So the purpose of our amendment would be to restore the Alberta Energy Company Act to its original position; that is, not allowing shares to be sold to non-Canadians or nonresidents. I would like to provide some reasons for why it is that we are advancing that particular amendment, Mr. Chairman.

The basic reason, essentially, is this: why should non-Canadians be allowed to take advantages of resources that are part of the birthright of all Albertans and, by extension, the rest of our countrymen, all Canadians? This company was given the key role of protecting the interests of particularly Albertans but of Canadians in general. I would just like to go back to some of the remarks that the current Premier of this province made at the time that he made a ministerial announcement when he introduced the idea of the Alberta Energy Company in the first place, back on December 7, 1973. At the time, the current Premier was then the Minister of Federal and Intergovernmental Affairs. He had this to say, and I'm just going to provide three brief quotes at this point, Mr. Chairman. First of all, he said:

Mr. Speaker, the government of Alberta has been continually assessing ways and means to provide Albertans with opportunities for equity investments in Alberta energy

resources.

He went on to say:

It is the government's belief that these opportunities should clearly involve the potential for individual Albertans to participate in both the profits and risks which are inherent in the development of these resources.

Why is this government now extending the benefit of these resources that belong to the people of Alberta to nonresidents of this country? The Premier has had ample opportunity to answer that question. He refused to answer it when I put that question to him during question period, and so far we haven't heard a response to that question from the hon. Minister of Energy.

Further to that, Mr. Chairman, in introducing this proposed company, the then Minister of Federal and Intergovernmental Affairs said, and I quote again:

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.

Well, certainly they provided a stake for Albertans at that time, but now they're removing that opportunity for the children of those people in the 1970s and their grandchildren -- reason enough, Mr. Chairman, to vote against the Bill and to support the amendment that we are proposing here today.

As part of the birthright that was built into this company as it was established, the government provided \$250 million of taxpayers' money to provide half of the original capitalization of this company. At the same time, Suffield Block properties were given over to this company at values well below market value, and later on the Primrose properties were acquired on the same basis; that is, that property was given to the Alberta Energy Company at costs well below what it would have fetched if those interests had been sold on the open market.

I would just like to give you some idea of just how important the Suffield Block properties are. The Suffield Block is a 1,000 square mile block of land just north of Medicine Hat. At the time the Bill was introduced, there were estimates that those properties had reserves of over 4 trillion cubic feet of natural gas. Further, a key part to the acquisition of those properties by Alberta Energy Company was also spelled out by the Premier at that time when he was the minister of intergovernmental affairs. This is really a key statement on his part. He said that:

Alberta's future needs will be recognized in framing the proposed agreement for sale of Suffield Block reserves, and the possibility of allocating these reserves for use as the prime source of lower cost natural gas by Albertans will be fully explored.

That's particularly relevant today, Mr. Chairman, because what we're doing in this province at this point in time is flushing all of the really inexpensively-found sweet gas in this province out of the country. We're opening up pipeline opportunities to sell more gas into the American northeast as well as into our traditional markets in California. I heard the Minister of Energy the other day say in this Legislature that that's no problem; we probably have reserves of up to 200 trillion cubic feet in this province. Well, that's pure conjecture. The only proven reserves we have, by the latest ERCB estimates, are reserves in the order of 72 trillion cubic feet. With these additional gas sales that we're going to get locked into -- and believe me, we're going to be locked into them because of the Mulroney trade agreement -- we've got less than 16 years of gas supply left in this country.

What happens when that goes out? Where are Albertans going to get low-cost gas to fuel their industries and heat their homes? Well, we won't be able to get it, because all that low-cost gas will be gone. Sure, we may find some more gas, like the Caroline field, but I'll tell hon. members that that was the first major find of gas in this province in over 20 years, and it's not that huge as gas pools go. The companies have shown no signs that they're prepared to go out and engage in the kind of expensive exploration that would lead to other gas finds in this province. Instead, the big hope is to find gas offshore, off the Arctic coast, and then pipeline that gas down to Alberta. You can imagine what Alberta residents will be paying for gas when that begins to occur.

So, Mr. Chairman, we have to ask: who should reap the benefits from all of these assets that were put into Alberta Energy Company in the first place? It's certainly not going to be Albertans in the future. We're going to increasingly allow non-residents to acquire ownership in this company and derive the benefit from assets that clearly belong to Albertans.

Now, let me just comment on the other aspect of this foreign ownership question, and I think there are some extremely important issues involved here. The first one is that in 1985 foreign-controlled corporations received 60.2 percent of all the profits made in the province of Alberta. In the next year after that, that figure dipped somewhat, but since that time it's been going back up. Figures that have been released by the federal department of statistics show that there have been record increases in foreign ownership federally through the periods 1987 and '88. In fact, in the first half of this year there's been a record for foreign direct investment in this country. And this is critical to what goes on in Alberta, because Alberta has always led Canada in terms of having the highest level of foreign direct investment of any Canadian province. What we're doing with these proposed changes to the Alberta Energy Company Act is furthering the Americanization of not just Canada but of Alberta. And when the profits roll out of Alberta, it means that there's less opportunity for us to tax those profits, there's less opportunity for us to provide the goods and services that Albertans have become accustomed to.

Mr. Chairman, I think that unless we support this amendment as we've proposed it today, which is to restore this Bill to its original state which prevents nonresidents from owning shares in the Alberta Energy Company, it's going to be a dark, sad day in Alberta's history. It's going to represent a loss of that very important heritage that the former Premier of this province once said should be transmitted to our children and to our grandchildren in the years to come.

MR. SIGURDSON: Well, Mr. Chairman, I was hoping that the minister would stand up and respond to my colleague's questions. I find it rather regrettable that one is not allowed to say that the minister isn't here, but I wonder what one ought to do. I seek your guidance. I'd like to put certain questions to the minister. Is the Deputy Government House Leader about to write them down so that the minister will be able to see them when he comes back in? Because I would like some answers to these questions tonight. I don't propose to speak to an empty chair. It's rather important, I think, that we get certain questions answered; otherwise, we're going to be here for a long period of time trying to extract information from this government.

So, Mr. Chairman, I seek your direction with this. I don't propose to speak to an empty chair. I'd like to put some ques-

tions. This is the opportunity.

MR. CHAIRMAN: Hon. member, it is out of order to refer to a member's absence.

MR. SIGURDSON: I didn't refer to the member's absence. I said I don't propose to speak to an empty chair.

MR. CHAIRMAN: Hon. member, you may have the option of not speaking at all, then.

MR. SIGURDSON: Oh, that's fine. I was just wondering how long I should wait, if there would be an appropriate pause.

MR. ORMAN: I heard you on this loudspeaker out there.

MR. SIGURDSON: I'm glad. Thank you, Rick. I know that you've kept a monitor of me on a number of occasions.

Mr. Chairman, I have some very specific questions that you may respond to in terms of answering my colleague for Calgary-Forest Lawn as well. But I'm wondering why we're trying to repeal section 7. Clearly, section 7(1) says:

No person, other than a Canadian citizen or a person who is a resident of Canada, is eligible to purchase, own or hold voting shares of the Company.

Now, Mr. Chairman, I don't think that by opening up ownership of shares to non-Canadians we're going to be raising any additional capital. We're going to have a paper exchange that goes on between individuals, but it's not going to create any additional capital coming into a company that's questionable whether or not it needs to be capitalized at all. So that's, pure and simple, the question: why, specifically, the change to allow the ownership of shares outside Canadian borders or to individuals who do not normally reside in Canada? Depending on the answer that we get from the minister, we may have more questions or we may not. We may be satisfied. Let's maybe be satisfied and surprised.

MR. ORMAN: Mr. Chairman, I don't know whether the hon. Member for Edmonton-Belmont has ever been in the business of capital formation, but it seems to me that he has not. The problem, I believe, is that there is a basic misunderstanding of the difference between debt and equity. I have heard many of the members opposite speak about the preference for bond issues or some form of debt instrument. Debt is not always preferable to equity; very seldom is it preferable to equity. We could go ahead and constrain this company, allow them to accumulate all sorts of debt through the issuance of bond instruments, but equity is much more preferable, particularly a balance. In Canada, as I indicated in the introduction of this Bill, Mr. Chairman, there is not enough equity or debt available in this country to fund all of the demand for debt and equity in this country. That's why Canada is well known on foreign markets both as a debtor and as a country that is involved in equity, both at home and abroad.

So it is the global marketplace for the raising of debt and equity. This company is of such a size -- it has gone from a company of \$500 million to \$1.93 billion in assets. It is getting to a size where it cannot rely totally on local markets for debt or equity, particularly equity. The experience of the company is that they must move to a global marketplace for equity, and it's pure and simple. So we are allowing for up to 10 percent

Now, it may be that a large portion of Alberta Energy . . . Let me say this, Mr. Chairman: there are a number of people who are Canadian expatriates living in other countries, and they have been prohibited from investing in the Alberta Energy Company because of this restriction. You had to be living in Canada, a resident in Canada, to participate. It may be that there will be a large take-up of those shares, but we are simply saying that we are going to the global marketplace the same way governments do, the same way any other company of a significant size does.

MR. SIGURDSON: Here's the minister proposing to get rid of a section that he's not even familiar with. I'll read it out to the minister:

No person, other than a Canadian citizen or a person who is a resident of Canada . . .

Canadian citizens can live in Los Angeles; they can live in New York. They're still Canadian citizens. Canadian citizens who live outside our country are eligible, I would suggest, under this section to be able to purchase shares in the company. The minister is saying that because they live outside our borders, because Wayne Gretzky happens to now reside in Los Angeles, Michael J. Fox resides in Los Angeles, and a few other folk are residing in Los Angeles -- the fourth largest Canadian city, I understand -- those people can't invest. Not according to this Act. They are eligible to invest according to this Act, right there, section 7. It's not an and/or situation; it's an or situation. Now, I'm very surprised that the minister isn't aware of that section of that Act.

I'm wondering, you know, if the company over the course of 16 years has grown in size -- what? -- 400 percent approximately? The minister would know; I'm sure he'd have it at his fingertips. If it's been able to survive this long, what studies has the government done to show that we have to go into a global market? Why do we have to open it up wide? I'd like to know what studies have been done that say that it's now stopped; we can't finance it anymore. What studies are there to show that we now have to open the doors to foreigners to invest?

MR. ORMAN: Mr. Chairman, there aren't studies done by government. This company is involved in a number of initiatives; they've been delineated by many of the members opposite. They are now moving into the forestry industry in a major way in this province. They're involved in pipelining in a major way, in heavy oil upgrading, and Syncrude. They are a major Alberta company. They are a major Canadian company, a global company. They are now at such a state that they cannot attract capital to the extent that they require in terms of equity to continue to grow at the rate that they're growing right now.

Now, you may think that Canadians are good citizens, and all you have to do is tell them about AEC and they'll rush out and borrow some money and buy some shares. That isn't the case. It's very competitive in the Canadian marketplace, as it is in the global marketplace, and they are simply looking to go beyond the borders of this country to get investment into their company, debt and equity. So it's quite clear. As I said, this company has grown from \$500 million to \$1.93 billion in assets. When you get to be that size, you have to look beyond your borders. It doesn't just happen for Canadian companies looking abroad in the United States or Europe or Asia. You have Asian companies, American companies, and British companies also looking here. It has to do with a mix of the portfolios that the

investors are looking for, and this is a classic case.

MR. WRIGHT: Mr. Chairman, I am astonished at the naivety and ignorance of he who has ambition to be leader of his party as displayed by his remarks just now. He says that because the company needs money, this large and powerful company with lots of assets, they therefore have to open their shareholdings to foreigners. I mean, how stupid can one get? Let's accept that we need money from abroad. So does it have to be obtained by selling off bits of the company? Of course not; it can be borrowed. I would have thought that the bonds of the Alberta Energy Company would have been a most salable commodity on the capital markets of North America and elsewhere. Let us raise money that way and keep the ownership of the company here. Borrow money and pay it back: that's the wise way of doing it. Why is this not acceptable? I'll tell you why, Mr. Chairman: because the shareholders of this company -- of whom some are sitting in this Chamber, or were shortly, and certainly are members of this Chamber -- want to drive up the price of the shares, which you do by making the shares more widely available, to put money in their pockets and the pockets of their friends, money that is in trust to the shareholders because of the liberal dispositions of public money and public assets to this company in the past.

MR. CHAIRMAN: Are you ready for the question on the amendment?

HON. MEMBERS: Question.

MR. CHAIRMAN: All those in favour of the amendment proposed by the hon. Member for Calgary-Forest Lawn to section 3, please say aye.

SOME HON. MEMBERS: Aye.

MR. CHAIRMAN: Those opposed, please say no.

SOME HON. MEMBERS: No.

MR. CHAIRMAN: The amendment fails.

[Several members rose calling for a division. The division bell was rung]

[One minute having elapsed, the House divided]

For the motion:

Fox	McInnis	Sigurdson
Gibeault	Mjolsness	Woloshyn
Laing, M.	Pashak	Wright
Martin	Roberts	

Against the motion:

Adair	Fischer	Nelson
Ady	Fowler	Orman
Black	Gesell	Payne
Brassard	Hyland	Severtson
Calahasen	Isley	Shrake
Cherry	Jonson	Speaker, R.
Chumir	Laing, B.	Tannas
Clegg	Lund	Thurber

Day	McCoy	Trynchy
Drobot	Mitchell	West
Elliott	Moore	Zarusky
Elzinga	Musgrove	
Totals:	Ayes - 11	Noes - 35

[Motion on amendment lost]

MR. CHAIRMAN: The hon. Member for Calgary-Forest Lawn.

MR. PASHAK: Thank you, Mr. Chairman. I'd like to move a further amendment to Bill 15 as follows: Bill 15 is hereby amended by striking out section 6. I'd like to provide reasons for that.

Section 6 in Bill 15 repeals section 26 of the existing Alberta Energy Company Act and thereby permits nonresidents to own an aggregate of 10 percent of the total number of issued and outstanding voting shares of the company. In some respects the arguments for presenting this amendment are similar to the arguments for presenting our first amendment. What we're doing here: first of all, by stipulating that nonresidents can own up to 10 percent of the voting shares, there's no guarantee that that can be controlled. We found that at the federal level with foreign-controlled firms, there's a tendency for these companies to set up nominees or dummy shareholders residing in Canada to inflate their levels of Canadian control, and there is an investigation by the federal government into that practice. I'd like the minister to tell us how he can guarantee and assure the members of this Legislature that foreign control will not go beyond the 10 percent level ever. I don't think he can keep it to that.

Well, why is that important? As I understand it, at least from talking to people in the investment community -- and they're quite convincing in their arguments -- 10 percent of concentrated ownership in a company is often sufficient to give control to the owners of that 10 percent, especially where you have a company in which the shares are widely dispersed. With the Alberta Energy Company, I'd just to point out that only three of the 10 directors are appointed by the Alberta government. And as I'll mention in a further amendment, I think the real reason for this Bill coming forward at this time is to provide conditions that would allow the government to sell its remaining ownership in the company.

In any event, it's interesting to note with respect to that that the United States Department of Commerce regards any corporation with as much as 10 percent foreign ownership as being under foreign control. Now, that's different from the Canadian practice. We only deem a company to be foreign controlled if 50 percent of the shares are foreign held. But the United States considers that a company that has 10 percent of its shares held by outside interests -- they deem that to be a foreign-controlled company. The reason why they do that is because that 10 percent block of shares that's held outside the country could effectively control that domestic corporation.

I have that fear, because natural gas is a key part of the assets of the Alberta Energy Company. We know that there's a growing shortage of natural gas in North America. We also know that natural gas is the fuel of the future. It's less harmful to the environment. There are proposals to move automobiles using natural gas. It's clearly the most important resource other than the people of the province. It's the most important asset that this province has. Let me just tell you how Alberta Energy

Company treats this whole question of the importance of natural gas. They've just announced a \$30 million project which will provide about half of the gas to a recently announced 50 million cubic feet per day long-term gas sales contract to California markets. Deliveries of gas from this Primrose development will commence on November 1, 1990. That contrasts very sharply with the point that I made in talking to the previous amendment, which is that these resources should be used to provide lower cost natural gas for Albertans.

So the company isn't behaving in the interests of Albertans at the moment as it is. I think the government should consider increasing its participation on the board of directors. Certainly it shouldn't allow nonresidents to own up to 10 percent of the shares of this company.

Thank you, Mr. Chairman.

MR. CHAIRMAN: The hon. Member for Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Chairman. I have a question for the minister. But before that, I just can't resist asking my friends to the right here, who abhor the concept of any kind of foreign ownership in these companies, whether or not it's their view that they would have all publicly-listed Alberta companies with a prohibition that there be no foreign share ownership whatsoever. [interjection] Well, if that's the case, what's so different about this company at the present time? The assets have already been -- the horse has already bolted the barn door. The value has already been given. They've already sold the farm. I've criticized them no end; words fail me to be able to criticize them adequately enough. But the fair market value of the market is valuing the assets. Now, anybody that has to buy them has to buy them at fair value. So, in principle, at this time this company should be no different than any other company, and that's the basis upon which we are supporting the right to sell up to 10 percent of the shares in this company to nonresidents. Again I present my caveat that I am very concerned about the sale of control to nonresidents. Where decisions are made by nonresidents, where head offices and supplies and professional services are directed by nonresidents, those are things that are troubling.

In any event, that having been said, I would like to also ask the minister -- and I say also in the sense that the Member for Calgary-Forest Lawn has already alluded to the question -- there is the issue of ensuring to the greatest extent possible that the 10 percent rule is not exceeded. That is, in fact, extremely difficult. There are two issues: one, ownership, and the other, voting. I note there are separate provisions that deal with those, but it seems to me that under the present scheme brokerage houses could and are entitled to hold shares on behalf of nonresidents, and so long as it isn't known to the company, they don't come within the category of shares owned by nonresidents. So that's the ownership end of it.

In terms of voting there is a formula provided here in sections 26.2 and 26.3. I would appreciate if the minister could explain just how that is going to work to ensure that in their inordinate voting, control will not accrue to nonresidents through the voting of shares which are held by brokerage houses on behalf of nonresidents, because that is really not only conceivable but quite likely under the current structure of this legislation.

MR. ORMAN: Mr. Chairman, the hon. Member for Calgary-Buffalo points out a very important aspect of the 10 percent

limit. First let me try and answer his first question to the NDP. I think it's quite evident, Member for Calgary-Buffalo, that this Bill is a lightning rod for socialist dogma. We are reaching down into the bowels of socialist dogma. This is why there is a difference between that party and your party and this party; it's because of how they believe. This is one of the fundamental beliefs. It's the xenophobic paranoia that they have of foreigners and foreign capital in this country. It's why they don't support the free trade agreement. This has got nothing to do with AEC. This has to do with socialist dogma and economic policy.

The second point I wanted to make, Mr. Chairman, is with regard to a question the Member for Edmonton-Strathcona made. We are simply putting this company, which has a vast majority of Canadian ownership, on an equal footing with all of the other companies that it competes with worldwide. It is unfair to have this yoke on AEC when all of the companies that it's competing with have access to foreign capital. This is a conversation the Member for Calgary-Buffalo and I had on this, and I am pleased that he appreciates this. The reason is because he, like us on this side of the House, has participated in the risk side of the economy, been involved in raising debt and equity, and understands the balance and the importance of both. So we want to make them competitive, allow them to compete with other companies that do business in this country.

Now, with regard to section 26.2, there is the possibility that at any given time the foreign ownership could exceed 10 percent, because as the stocks trade on the Alberta exchange and the Toronto Stock Exchange and, potentially, the New York Stock Exchange, it may be that at some point the foreign ownership may rise to 12 percent or 13 percent at a given point. Section 26.2 says that no matter what the accumulation of foreign ownership of those voting shares is, the aggregate is 10 percent on the ballot. So even if it did slip up over the 10 percent number, they cannot vote more than 10 percent as a block of foreign ownership. I appreciate the hon. Member for Calgary-Buffalo bringing that up, and I think it underlines his appreciation of this Bill.

MR. PASHAK: Well, Mr. Chairman, if it's socialist dogma to say that we believe in an independent, strong Canada in which Canadians have control over those decisions that profoundly affect their lives, then I plead guilty. That's our concern. We're not totally opposed to foreign investment, but we think it should be controlled. We supported the federal government's investment review agency. In fact, we encouraged its formation, because even at that time we could see that over 50 percent of all the profits that were generated in this country annually went to non-Canadians. This has a tremendous implication for our ability to deliver social programs in this country and to hold this very sparsely populated country together. If we want a country, we have to encourage Canadians themselves to invest in these companies.

And whenever an Alberta company has been formed, there's never been a shortage of Alberta investors willing to put up money. I remember Alberta Gas Trunk was oversubscribed I don't know how many times in terms of the shares that were made available to it. I don't know about Alberta Energy Company at the time that it was first introduced, but I'll bet that it was oversold in terms of the number of shares that were available to Albertans to purchase as well. I know that virtually every member of the government at that time bought shares in the company. That's one of the reasons why they introduced

section 31, because they couldn't have had a quorum to vote on it unless they had a measure such as that because all of the members of the government at that time owned shares. And today what's the evidence that the minister can present to say that we have to go to U.S. markets to get money to support this company? Where's the shortage of funds? Where's he demonstrated that there's a shortage of capital here in this country? He hasn't done that.

I have a further concern, Mr. Chairman, and it's very much related to this 10 percent question that's related to the Mulroney trade deal. It has to do with article 1602, the section that covers national treatment. Article 1602(2) says:

Neither party . . .

That is, neither the Canadians nor the Americans.

. . . shall impose on an investor of the other Party a requirement that a minimum level of equity . . . be held by its nationals in a business enterprise located in its territory controlled by such investor.

Now, that clause was grandfathered for existing companies. However, once we allow Americans in particular to own 10 percent or more of the shares of Alberta Energy Company there's nothing that we could ever do to reverse that in the future, because article 1602(6) says:

Once Canada has introduced a new measure pursuant to paragraph 5, it shall not . . .

And then it goes on to say that those measures cannot be reversed in the future. It just shows how completely Alberta has sold its soul to this trade agreement and put decisions affecting Alberta corporations outside of the hands of the Alberta government itself.

So with that, I'd like to hear the minister's response.

MR. ORMAN: Mr. Chairman, article 607(1) grandfathers legislation in place for national treatment and 607(3) provides that amendments are grandfathered so long as the amendment does not reduce conformity.

MR. CHUMIR: Mr. Chairman, going back to the issue of voting in respect of shares held by nonresidents either in their name or on their behalf, the minister referred to section 26.2. That relates to a situation, as I interpret it, where more than 10 percent of the voting shares at a meeting are known to be held by nonresidents, that there has been a leak and 11 or 12 or 13 percent are there, and the company knows that there's a pro rata process. So I understand that. But I'm concerned about the situation that's dealt with in 26.3. I'm just wanting some clarification on the mechanics because, as I mentioned in my comments earlier this evening, the government provides no information whatsoever by way of explanation as to how any of its sections work, and one needs to have a full-time staff of corporate lawyers to explain this.

So I'm concerned about the mechanics and want the minister to deal with the situation under 26.3, which deals with a situation, as I understand it, where the ownership is not really known, where the ownership is in the hands of a broker and it's quite clear that the broker is holding for a third party and that third party may in fact be nonresidents. It may constitute lots of nonresidents; it may be a huge percentage of nonresidents. In fact, as the minister will note from looking at section 26.3(1), the final words there refer to a situation in which, and I quote, "the actual ownership of which is not known to the Company." So that, I think, by definition means: held by brokers on behalf

of someone. There's a formula here, and I'm just wondering whether the minister has, you know, assured himself that that formula's going to be a workable formula in order to ensure that we have the highest circumstantial guarantee, because it has to be circumstantial, that the nonresidents are not indirectly going to be able to control a large part of the voting block of this company.

MR. ORMAN: Mr. Chairman, the reason we have this provision in here is for the very purpose that the Member for Calgary-Buffalo raises. If we are allowing 10 percent maximum on foreign investment, we also want to know that the company is to the greatest extent possible policing the extent to which 10 percent is in foreign hands. So it's as tight as we can make it in legislation, but really the onus is on the company to enforce it. Now, the same issue can arise with zero foreign ownership. Who owns the shares? Well, as the member knows, shares are held in the street name of the brokerage firm, and it may not be possible without a great deal of effort to find out whether or not those shares are in the hands of someone who is a nonresident Canadian or a non-Canadian. But all we can do, as I've done in the legislation, is make it as explicit as possible, put the onus on the company, and at the same time make sure that regardless of whether or not there is slippage in this connection, the voting at the annual meeting of the company will not exceed 10 percent.

I had the same concern. I've discussed it with the company, and I've discussed it with legal counsel who was involved in drafting this legislation, and we have, based on the best advice, done it to the strongest possible extent. Again it is up to the company to police it, and if it is found out that they are not policing it or they're not living up to the terms of the Act, then I guess there are dire consequences, because it is stipulated in the legislation.

MR. CHAIRMAN: Thank you.

Are you ready for the question? All those in favour of the amendment, please say aye.

SOME HON. MEMBERS: Aye.

MR. CHAIRMAN: Opposed, please say no.

SOME HON. MEMBERS: No.

[Several members rose calling for a division. The division bell was rung]

[One minute having elapsed, the House divided]

For the motion:

Fox	McInnis	Sigurdson
Gibeault	Mjolsness	Woloshyn
Laing, M.	Pashak	Wright
Martin	Roberts	

Against the motion:

Adair	Fowler	Nelson
Ady	Gesell	Orman
Black	Getty	Payne
Calahasen	Hyland	Severtson
Cherry	Isley	Shrake
Chumir	Jonson	Speaker, R.

Clegg	Laing, B.	Tannas
Day	Lund	Thurber
Drobot	McCoy	Trynchy
Elliott	Mitchell	West
Elzinga	Moore	Zarusk
Fischer	Musgrove	

Totals	Ayes	-	11	Noes	-	35
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[Motion on amendment lost]

MR. CHAIRMAN: The hon. Member for Calgary-Forest Lawn with regard to section 7.

MR. PASHAK: Mr. Chairman, I move that Bill 15 be amended by striking out section 7.

SOME HON. MEMBERS: Question.

MR. PASZKOWSKI: Ask one, and I'll answer it.

MR. CHAIRMAN: Order.

MR. PASHAK: Section 7 of Bill 15 amends section 27 of the existing Act in order to permit any shareholder to hold a maximum of 5 percent of the shares of Alberta Energy Company as opposed to the current limitation of 1 percent ownership.

Now, as I understand it, the minister wants this change because it will encourage large institutional investors such as pension organizations to invest in Alberta Energy Company. A very simple question: why does he want that opportunity to be created? Can't the company raise the same level of funding under the terms of the current Act? I've never heard the minister provide a convincing explanation for that.

One of our major concerns that I mentioned earlier when we were looking at the possibility of nonresidents, particularly Americans, owning 10 percent of the shares of this company is that two institutional investors with 10 percent of the shares of this company, and given the widespread diverse ownership of the remaining shares, could now very easily control the policy and direction Alberta Energy Company takes in the future. Is this wise? Well, on our side of the House we don't -- we think the government still must ensure its control of this company so that that company serves a public policy purpose. Unless the minister can come forward with a convincing explanation, the only net result of this change that I can see is that it will put upward pressure on the value of the shares. Fair enough. And who benefits from that upward pressure on the value of the shares? Not all Albertans; just the shareholders of that company, and it's obvious and a real concern who are included among the shareholders of that company. I think the cabinet minister can look no further than the cabinet itself.

MR. ORMAN: Mr. Chairman, with regard to amendment C, which deals with section 7, if there is an amendment to this Act that the NDP should be supporting, it's this amendment, Mr. Chairman, because this restriction of 1 percent has constrained institutional investment from Canadian institutions and pension funds from investing in AEC because they have thresholds that are in the area of 4 and 5 percent before they will make an investment. They do not pick off corners of companies or make small investments. They make a big decision and they have

thresholds: minimums and maximums. So for Canadian institutions this has constrained the investment into AEC because of the minimum threshold set by Canadian corporations, pension funds, and so on. So if there is an amendment that could be interpreted to be consistent with your concerns, if in fact they were valid, this would be it.

MR. CHAIRMAN: The hon. Member for Stony Plain.

MR. WOLOSZYN: Thank you, Mr. Chairman.

I've been listening to the debate with great interest, and I recall that when the Bill was introduced on Monday last, the major reason for seeking the changes to Bill 15 was, in fact, that the company needed an influx of cash; section 6 was put in because Canadians don't have sufficient moneys available to generate this cash to come in. The minister has indicated very clearly that without foreign investment AEC would falter, even though the economy is predicted to get better, even though taxes are going to go down and there's going to be more money for Canadians to invest and for Albertans to invest in this particular company.

I find it very strange that section 6 is so necessary and at the same time section 7 becomes equally necessary. Certainly if you wanted to increase the company by 10 percent, you've done it in the previous one, with the foreign investment. Now, I would wonder what the real motivation is for increasing the limit from 1 percent to 5 percent. I would have to agree with my hon. colleague from Calgary-Forest Lawn that there is something beyond just the raising of money for the particular company. There has to be, simply because if it's only the need for more money, it's a matter of selling more shares, whatever have you. I think this country, this province, should be on the turnaround, and there should be sufficient interest to invest in a truly Canadian company.

Therefore I submit very respectfully that if section 6 is being put in, then perhaps we should leave section 7 out for a sufficient length of time to know where we're headed with this particular Bill. The two certainly do not need to go in together.

Thank you, Mr. Chairman.

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

MR. SIGURDSON: Thank you, Mr. Chairman. I think the minister made a number of points when he responded to my colleague from Calgary-Forest Lawn about concentration of interests that one might enjoy holding in the Alberta Energy Company. Way back in 1973 -- not all that long ago; indeed there are a couple of members of this Assembly who were involved in that Legislature back in '73 -- the purpose of the company was to spread out as far as possible to as many Albertans and as many Canadians as possible the opportunity to make an investment in their province, their company, their country, and enjoy the profits from that. Now what we've got -- and it's not been satisfactorily answered by the minister when he says that we're going to allow pension plans to invest and they're looking at larger blocks. I'm still curious as to the reasons why we need to concentrate this percentage into fewer and fewer hands.

Over the course of time it is possible that 11 people in Canada could control 53 percent of AEC. Ten percent would be outside Canada, 37 percent should be remaining under the control of the government, but the total concentration could very well be outside of our province, outside of our provincial bound-

aries, controlled not by Albertans and not for Albertans but controlled by, for the most part indeed, Canadians for their own interests. Who is then going to make the decisions, and in whose interests are those decisions going to be made? At least this way, Mr. Chairman, for the most part the shares being held by Albertans furthers the opportunity to make sure that investment is made in the best interests of Albertans and that the profits are regenerated back into Alberta products and that which will benefit Albertans. This concentration down from 1 percent to 5 percent, from the maximum number of 50 investors -- if 50 investors had 1 percent -- down to potentially only 11, is just a very sorry state for us to now be at, given that the intent of the company was to spread out the wealth so that many people could enjoy it and be part of some rather dynamic growth potential inside this province. That's changed, and I would like to have the minister respond to just that question: why the change?

Don't tell me about pension plans being able to invest. We're not talking about investment. Quite frankly, that's only the exchange of paper. I'm concerned about why the need to change from 1 percent to 5 percent. I'm sorry, I don't subscribe to the minister's theory that pension plans are now going to be involved. They're going to have to accumulate those on their own anyway, and it's only going to be a paper exchange once again.

MR. ORMAN: Mr. Chairman, whether the hon. member subscribes to my theory or not, it is the facts, and if he's looking for another answer, there isn't one. Alberta Energy Company did a survey with all of the major investment houses in this country and asked them what were some of the constraining factors of AEC for them to be able to sell shares on a competitive basis in Canada. Without exception, there were some 12 or 14 responses, Mr. Chairman, from investment firms in Canada, where they indicated that the single most constraining factor was the 1 percent, 5 percent. The hon. member should know that 80 percent of the volume on the Toronto Stock Exchange is institutional investment. That is why we move from 1 percent to 5 percent.

MR. SIGURDSON: The fact is, Mr. Chairman, that they're still going to have to buy them in small blocks to eventually enjoy 5 percent control. You're not going to be able to . . .

MR. ORMAN: Five percent? It's not 5 percent.

MR. SIGURDSON: Sorry; 5 percent ownership, not control. They're going to have to buy small blocks to get up to that 5 percent. Now, over the course of time, they may very well say -- you know, we're getting into an awful lot of hypothetical situations: "Well, it's going to be too long a period of time to accumulate 5 percent," and still the 5 percent blocks are not being offered. I still don't see any guarantees, especially when this is already out there. It's already been sold. It's already been in the hands of people who are collecting dividends. It's true that there is probably stuff on the market. But what percentage is on the market right now? Can I ask the minister if he is aware of how much is available for trade right now?

MR. ORMAN: All of them, Mr. Chairman.

[Mr. Jonson in the Chair]

MR. McINNIS: Now we're getting down to some real facts here. The minister said that this particular amendment was requested by 12 to 14 investment houses who responded to the survey.

MR. ORMAN: Mr. Chairman, do you think it would be possible that the hon. member could stick to the honest facts as I relate to them? I don't know whether he was in the House when I was speaking, but it leaves me with the impression that he wasn't. That is not what I said, and I would appreciate it. . . . We're having a good dialogue here between three members of the House, and then he comes in, and he's off on another track. I don't think it's fair to an honest exchange of facts on this amendment, Mr. Chairman.

MR. McINNIS: Well, I'll take that in the spirit in which it was offered.

The minister said that there were 12 to 14 investment houses who responded to the survey who said that they felt that the 5 percent would help them to flog shares in the Alberta Energy Company, and that this was requested, in effect, by the company, then, who had done the survey and presented to the minister the results of the survey.

MR. ORMAN: That's fair enough.

MR. McINNIS: Is that fair enough? Now, the point that I think needs to be made is that there may be quite a few other people who have an interest in this matter as well. It seems to me that the government owns a certain block of shares -- in the vicinity of a third or thereabouts of the equity. The limitation figures here don't refer to shares that are not owned by the government but rather the whole class. So let's say we've got a pool of two-thirds of the 63 percent of the common equity shares that are publicly traded. Five percent becomes a rather significant block in relation to the number of shares that are voted. Now, when you come back, there are seven out of the 10 directors who are elected at annual meetings by common equity shareholders. As the government doesn't vote their block of shares, they nominate three shares instead.

I wonder if the minister would perhaps explain to the committee how many of those publicly traded shares have been voted in annual meetings recently. Obviously not everybody comes down to vote at an annual meeting. I was at an Alberta Energy Company annual meeting at one time where the management actually had the people who showed up there show hands to vote on various questions without a counting of the number of shares. Now, it turned out that everybody voted pretty much the same way, so it was all right for people to go there and come away with a feeling that they had voted on various things that had happened. But the reality is that the management, which is appointed by the existing directors -- and there really is sort of a lineage that goes back to the original directors who were appointed in 1973: all government cronies, which is what you would expect because of the way it's set up. But what is the reality in terms of the last several annual meetings?

I think the minister should address this question, because you bring people into these annual meetings that have 5 percent blocks -- how powerful is a 5 percent block at an annual meeting of the Alberta Energy Company? If the number of shares that are generally voted at those meetings is in the 10 to 20 percent range, a 5 percent block becomes significant. It seems to

me that if the minister is prepared to consult with investment houses through the mechanism of a survey done by the Alberta Energy Company, perhaps he's consulted to the extent of finding out how many of those publicly traded shares are actually voted at an annual meeting, because that has a bearing on how important a 5 percent block is.

MR. ORMAN: For every one vote that a 5 percent block has, the government has eight votes for its 35 percent block. I think the argument is somewhat specious and not really relevant to the debate. There are limits within this Bill that are very specific. We appoint the board of directors of this company, and as I recall, we have the right to appoint the whole board. That is my understanding from some original correspondence between the former Premier and the president of AEC. We have traditionally had less than 50 percent, because we made a statement we would not participate in the management per se of the company. But I would say that if it got out of hand, Mr. Chairman, my clear understanding is that we could appoint all of the board. We have never had to do that. It's operated well, and I believe the 35 percent that the government holds is a far greater control than any accumulation of other blocks. It's just not feasible in the current structure that an accumulation of 5 percent would be able to outvote 50 percent of the company.

I don't know what he's leading to or what he's afraid of, but if he's afraid of somehow the assets being dismantled in the company, Mr. Chairman, I should point out to him that in the amendment we made it very clear to Alberta Energy Company that it could not dispose of the bulk of its property other than to grant security. So we put that in to tighten up the possibility that accumulation of shares could somehow dismantle the assets of the company, being sensitive to the role the government plays in this company. So I believe we have sufficiently dealt with that particular concern.

MR. PASHAK: Without disputing what the minister just had to say with respect to ownership and control, our major concern is that by making these changes, the changes are in line with an historical direction that the company has taken which has reduced the Alberta government position with respect of this company. Again, at one time 50 percent of the company was owned by the province of Alberta. It's now down, as I understand it, to 36 percent, and our fear is that by opening the door in the way this legislation opens the door, that control could be further eroded.

Unless I get some clear statement from the minister as to why these changes are necessary at this time, I'm still left with the fear that the real purpose behind this Bill is to increase the value of the shares, and if that's the reason, it could follow from that that the government may be looking at disposing of its ownership in this company, and there are many good reasons why the government might be interested in doing that. Over the last few years we've seen this province accumulate a massive amount of provincial debt. This could be seen by the government as one way of dealing with that situation.

MR. ORMAN: Mr. Chairman, we are getting into some fairly far-ranging speculation, and the hon. member knows that if there is ever a move to sell the assets the government owns, I'm quite sure it certainly would be an issue that would be dealt with here.

MR. DEPUTY CHAIRMAN: No further speakers? Taking the question then on section . . . Oh, Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Chairman. I asked a question of the minister. He went from accusing me of being dishonest to saying I'd made a specious argument to say I had a concern about the liquidation of the company. Maybe I could repeat the question just to perhaps move things along. My question is simply: what are the numbers of shares that have been voted at annual meetings recently?

I take it the minister said that he feels the block of shares that are held by the government are protection against a takeover of the company. He feels that he or the government can prevent anyone from electing a bunch of directors to the company which the government doesn't agree with by voting that government block of shares. That's an interesting statement of policy, because I understand the government's policy has always been that they would nominate three people to the board instead of voting their shares at a meeting. I believe the minister intimated that he's prepared to use the government's shares to block the election of directors the government doesn't approve of, and I take his word for that. I think that's a very interesting announcement, but the question still stands. What are the numbers of publicly traded shares -- that's nongovernment shares -- which have been voted at annual general meetings recently? That's the question.

MR. ORMAN: That's a fairly difficult question for me to answer, Mr. Chairman. I can certainly take it under advisement and get back to the member. I have never been to a board meeting for Alberta Energy Company, but I can tell the member that everyone who holds a share holds a vote, and if they choose to exercise that vote at an annual meeting, they're more than welcome to attend. It's through a notice to shareholders. If in fact they do not wish to attend the meetings, then they proxy their shares to someone else. So I don't know the concern.

It's the same everywhere, Mr. Chairman. It's virtually the same in the democratic process. Everybody has a vote. If there's a concern that there's a block of votes, it's pretty consistent with the democratic process, but I cannot tell you how many particular people show up who are representing a certain number of shares. I don't have that number here. Maybe if he can tell me what his ultimate concern would be, I may be able to address that.

MR. WRIGHT: Mr. Chairman, the idea of this company was a good one in the first place, namely a provincial government presence in the oil patch to effect government policy in the oil industry to the extent that the multinationals basically were not doing it themselves. It got messed up from the start, to a degree, by half the shares being privately owned, which was basically a gift to people who had enough money to buy what the people as a whole owned. That is a typically Conservative concept. It's totally at variance with fairness and decency in that it makes a public offering to those who happen to have the money to concentrate ownership of public assets into fewer hands. But at any rate, 50 percent was owned originally by the government, and the remainder was limited to 1 percent per holder. Consequently, the idea of a widely owned company enjoying these public assets was present.

Now the very nature of the company has been changed, and a further watering down of what started off as being public as-

sets is being conducted. The fact that members of the Assembly were entitled to own shares and vote on them was a reflection of the fact that none of them could own a very large portion of the company and that in any event a large number of Albertans would own shares. Now that is being changed, yet that dispensation to members of the Assembly remains. It's just another illustration of the fact that the original purpose and nature of the company is being distorted in the interests of venality.

MR. ORMAN: Mr. Chairman, if I may, I think I have an answer to the hon. member's question. If the member would refer to part 1, page 3 of the Act, section 3(4), and if I may quote:

The directors may, from time to time, by at least 80 % of the votes cast at a meeting of the Board called for the purpose, remove any director before the expiration of his period of office and appoint any qualified person in his stead for the balance of his term.

So the point being -- that's section 3(4) -- with the government owning 35 percent of the stocks, you can see that they would not be able to achieve an 80 percent threshold to remove a director.

MR. DEPUTY CHAIRMAN: Now, seeing no further speakers, I will take the question on the amendment. Edmonton-Jasper Place.

MR. McINNIS: The minister said he wanted to know what my ultimate concern was. I thought I had made it clear. It seems to me when you have companies widely held, which the Alberta Energy Company is, a 5 percent block is very significant. It's more significant than it is in a company that's closely held. Are you with me so far? I find it odd that the minister knows the view of 12 to 14 investment houses on this thing but doesn't know how many shares are actually voted at a meeting. Really, I thought the minister came very, very close to saying that the government is prepared to hang on to enough shares and to vote those shares to make sure the board of directors of the company isn't taken over by a private interest under this section. Is that what you're saying?

MR. ORMAN: That's what I'm saying, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The member for Edmonton . . .

MR. ORMAN: Sorry, Mr. Chairman. We are dealing on some pretty hypothetical grounds here, and let me say that everything else being equal, the case we are making is a hypothetical case, and the hypothetical answer is: yes, that is possible.

MR. SIGURDSON: Just very briefly. I'm hoping the minister can answer this question for me, because for the life of me I won't be able to figure it out on my own. Would proxy be allowed to go to a foreign shareholder?

MR. ORMAN: Mr. Chairman, as I indicated earlier, it doesn't matter whether the proxy goes to a foreign . . . Let's take another hypothetical case. We have 10 percent of the shares allowed to be in offshore hands. If 2 percent above the 10 percent is proxied, the total amount of foreign voting allowed is 10 percent no matter how many shares are held over. It goes the same with ownership. They must reduce back to 10 percent. If the company's aware that the 10 percent threshold has been exceeded, in this Act the onus is on them to . . . It's called the last

in, first out. The last person to buy shares over the 10 percent is the first one out to get down to the 10 percent threshold.

MR. DEPUTY CHAIRMAN: Seeing no further speakers, I will now proceed to take the vote on amendment (c) to section 7. All those in favour of the amendment, please say aye.

SOME HON. MEMBERS: Aye.

MR. DEPUTY CHAIRMAN: Those opposed, please say no.

SOME HON. MEMBERS: No.

MR. DEPUTY CHAIRMAN: The amendment fails.

[Several members rose calling for a division. The division bell was rung]

[One minute having elapsed, the House divided]

For the motion:

Barrett	Mjolsness	Woloshyn
Fox	Pashak	Wright
Laing, M.	Sigurdson	

Against the motion:

Adair	Fowler	Nelson
Ady	Gesell	Orman
Black	Getty	Payne
Calahasen	Hyland	Schumacher
Cherry	Isley	Severtson
Chumir	Laing, B.	Shrake
Clegg	Lund	Speaker, R.
Day	McCoy	Tannas
Drobot	Mirosh	Thurber
Elliott	Mitchell	Trynchy
Elzinga	Moore	West
Fischer	Musgrove	Zarusky

Totals:	Ayes - 8	Noes - 36
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[Motion on amendment lost]

MR. DEPUTY CHAIRMAN: The Member for Calgary-Forest Lawn.

MR. PASHAK: Thank you, Mr. Chairman. [interjection] So is your mouth. And your brains leaked out a long time ago.

My final concern with Bill 15 is not what is within the Bill but what is omitted from the Bill. I'd like to just ask some questions about a section of the current Act, and then after I put those questions, I'd like to propose an amendment.

Section 31 of the existing Act reads:

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.

That's an exception. That part of the Act is in complete nonconformity with our existing Standing Orders. Standing Order 33, for example, defines "pecuniary interest." It says:

No member is entitled to vote upon any question in which the

member has a direct pecuniary interest and the vote of any member so interested will be disallowed.

And secondly:

If a member feels that the member has a direct pecuniary interest in a matter to be voted upon, the member shall so declare to the Assembly and shall leave the Chamber before the vote is taken.

That's in line with *Beauchesne* 315 on personal interest. *Beauchesne* just repeats the same injunction.

Now, as I understand it, the reason why section 31 was included in the original Act was that virtually every member of the government at that time had shares in the Alberta Energy Company and if a vote were taken with respect to that company, they wouldn't have been able to get a quorum together to vote on that matter. I don't know if that's correct or not, but I've been told that's the case.

I looked at the declaration of interests of members of the cabinet, and I discovered that at least three of the cabinet ministers hold shares in Alberta Energy Company. In raising that issue, I'm not saying they did anything improper over the years by sitting in cabinet meetings where matters relating to Alberta Energy Company were deliberated upon. However, it does raise, I think, some serious ethical questions, because even if the cabinet ministers remained silent while debate went on with respect to any matter affecting the Alberta Energy Company, just the very presence of members at that meeting might -- not inevitably, but there's always that danger -- have affected the views that were presented during those discussions and the way other people may have even voted on matters affecting the Alberta Energy Company.

I note that in the case of my own caucus, a number of members own shares in Alberta Energy Company, and even in our caucus meetings, as soon as we started to deal with that question, they even absented themselves from the caucus meeting. So the amendment I'd like to propose . . . Well, my question basically to the minister is: why, when he drafted Bill 15, did he not consider deleting that section of the current Act that permits members of the Legislature to not only debate but vote on matters affecting the Alberta Energy Company?

So with that, Mr. Chairman, I'd like to move the following motion: that Bill 15 be amended by repealing section 31. I've given, I guess, my reasons for why I'm introducing that amendment.

MR. ORMAN: Mr. Chairman, we as legislators are continually faced with reviewing and examining legislation that is in place and that has been through this Legislature in the past, whether it's last year, last session, a previous government, or a previous decade. It's always a difficult thing for us to examine the spirit and the intention of that legislation. From time to time legislation becomes obsolete, possibly because the spirit and/or the intention, the circumstances, have changed at the particular time you're dealing with it.

With regard to section 31 of the Alberta Energy Company Act, there was some sound reasoning that went behind the inclusion in that Act. There was strong debate. I reviewed the debate. The hon. Grant Notley participated in that debate in a very significant way. It was the decision of the Legislature at that time that this provision be included in the Act. Now, we had proposed amendments to this particular Act, and at the same time the Premier had come to the decision that there would be a review of conflict-of-interest provisions and specifically referred

to to the unique situation surrounding Alberta Energy Company. It was the decision of our government and our caucus that in the event the review suggests that section 31 is no longer appropriate for the Alberta Energy Company Act, we will be back in this Legislature at the next opportunity following receipt of that review and amend that section. If the review suggests that there is nothing inappropriate about section 31, then there will be no amendment. That simply was the thought process, Mr. Chairman. We did not want to constrain Alberta Energy Company in their objectives and abilities to grow and expand and meet some of their corporate objectives while we as a government were grappling with another issue. So the undertaking is to be back in this Legislature and amend 31 if it is deemed appropriate by that particular review committee.

{Mr. Schumacher in the Chair}

MR. WRIGHT: Well, Mr. Chairman, the minister should take a bit of initiative here and make it plain what is obvious: that 1 percent perhaps is not significant because of the very low proportion, but 5 percent has to be significant, particularly in a company of this size. It's possible that a member could have 5 percent of the shares and be voting for them. It's bad enough with 1 percent; 5 percent is ridiculous. To leave that open to a committee to decide on gives quite the wrong message. The right message would be to take it out of the Act right now.

MR. CHAIRMAN: The hon. Member for Vegreville.

MR. FOX: Thank you. Just in respect to this section of the series of amendments proposed by the hon. Member for Calgary-Forest Lawn, I spoke at some length about the concerns we have with respect to possible or perceived conflict of interest. I think I said it this time, and I'm prepared to say again that I believe the Premier to be sincere in his initiative, his attempt to have a thorough review of conflict-of-interest guidelines. I think that that being the case, the Minister of Energy might want to have a little bit more respect for the process and allow that process to take place. If there is a resultant review of legislation and changes made, that would indeed take place and have impact on Bill 15.

The thing he's not yet come to grips with is the contention from this side of the House that the immediate impact of the passage of Bill 15 would be the appreciation of the value of the shares in Alberta Energy Company. Whether there are some changes made to section 31 of the Alberta Energy Company Act in the future, you know, with respect to conflict of interest, it again is closing the barn door after the horses are gone out, after members of government . . . I can hear your head rattling there, minister of occupational health and safety.

MR. McINNIS: It's more of a clunk.

MR. FOX: Yeah.

It would be too late. The perception on the part of the people would be that we sit in here as MLAs and create and pass legislation that is designed to benefit us, and I don't believe that to be the case. I don't believe that's the intent of anybody on that side. I'm not suggesting it for a minute. What I'm suggesting is that we not only need to be above reproach; we need to appear to be above reproach. Certainly the need to rush this legislation through is not apparent to me. I just wish the hon. Minister of

Energy would show a little bit more respect for the Premier's initiative and be willing to pass this amendment and wait for the council to report. I know Dr. Buck will, with his colleagues, have some reasonable things to propose that may well have an impact on directions the government would want to take with respect to Bill 15 and the Alberta Energy Company. But doing it after the fact -- and I'm sure you must have a Latin word to describe that, my colleague from Edmonton-Strathcona, but I can't for the life of me think of what it might be.

MR. WRIGHT: Describe what?

MR. FOX: After the fact.

MR. WRIGHT: Ex post facto.

AN HON. MEMBER: It means sit down.

MR. FOX: Post hoc, ergo propter hoc.

MR. CHUMIR: Simply put, Mr. Chairman. I'm wondering whether the Minister of Municipal Affairs would like to comment about leaving a straightforward matter of this nature to a committee.

MR. CHAIRMAN: Are you ready for the question on the amendment?

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: All those in favour of the amendment proposed by the hon. Member for Calgary-Forest Lawn under heading D, please say aye.

SOME HON. MEMBERS: Aye.

MR. CHAIRMAN: Those opposed, please say no.

SOME HON. MEMBERS: No.

MR. CHAIRMAN: Defeated. Call in the members.

[Several members rose calling for a division. The division bell was rung]

[One minute having elapsed, the House divided]

For the motion:

Chumir	McInnis	Sigurdson
Fox	Mitchell	Woloshyn
Laing, M.	Pashak	Wright

Against the motion:

Adair	Gesell	Nelson
Ady	Getty	Orman
Black	Hyland	Payne
Calahasen	Isley	Severtson
Cherry	Jonson	Shrake
Clegg	Laing, B.	Speaker, R.
Day	Lund	Tannas
Drobot	McCoy	Thurber
Elliott	Mirosh	Trynch

Elzinga
Fischer
Fowler

Moore
Musgrove

West
Zarusky

[Motion carried]

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

Totals:

Ayes - 34

Noes - 9

[Motion carried]

[Motion on amendment lost]

[Mr. Speaker in the Chair]

MR. CHAIRMAN: Are there any further comments to be offered with regard to Bill 15?

MR. SCHUMACHER: Mr. Speaker, the Committee of the Whole has had under consideration and reports the following: Bill 15.

SOME HON. MEMBERS: Question.

[Title and preamble agreed to]

MR. SPEAKER: Does the House concur in the report?

[The sections of Bill 15 agreed to]

HON. MEMBERS: Agreed.

MR. ORMAN: This is more like *Night Court* than night sitting, Mr. Chairman.

MR. SPEAKER: Opposed? Carried. Thank you.

I move that Bill 15, the Alberta Energy Company Amendment Act, 1989, be reported.

[At 1:02 a.m. on Friday the House adjourned to 10 a.m.]

