

**Legislative Assembly of Alberta**Title: **Monday, May 28, 1990 8:00 p.m.**

Date: 90/05/28

[The House resumed at 8 p.m.]

[Mr. Deputy Speaker in the Chair]

head: **Government Bills and Orders****Third Reading****Bill 41****Appropriation (Alberta Heritage Savings Trust Fund,  
Capital Projects Division) Act, 1990-91**

MR. JOHNSTON: Mr. Speaker, the heritage fund itself has been under consideration in the Legislative Assembly this year, and I guess every year, debating the strengths of this fund, pointing out the way in which the fund itself has been able to assist in such a diverse range of areas, opportunities, and objectives, and today we're called upon to finalize the appropriation Bill, which provides \$158,978,000 for very significant objectives of this government, objectives, I think, which are shared by the people of Alberta to a very high degree.

I only want to make just two or three comments about the appropriation Bill as we close it today. First of all, if you look at the array of opportunities that have been satisfied with dollars by the Capital Fund, dollars which go to diversify our economy, dollars which do those unique things that would not normally be possible either in our province or in a province which has gone through the kinds of economic change we have seen here in Alberta – if you stand back and look at the heritage fund, you realize what a major part it has been of a variety of objectives served by this government. One, the simple fact that it touches on Agriculture, Health, Environment, Energy, Recreation and Parks, and the research areas really distinguishes this fund in its objectives. Secondly, it's part of a diversification package which has allowed the province already to move away from dependency on the oil and gas sector. As we pointed out in our budget speech and has been shown by investment attentions, that diversification is working in the form of enriched and well-paying jobs, providing new investment opportunities for the private sector, assisting the private sector in conducting and determining where they want to put their money and what kind of opportunities rest in our vast province. Thirdly, targeting specific parts of the province with dollars directly encourages and provides additional comparative advantage to that sector of the province and does the unique sorts of things that are important to that section. Whether you talk about irrigation in the south; Forestry, Lands and Wildlife perhaps in the north; or Farming for the Future research, which touches all the agricultural sectors of this great province, you realize how important this fund has been.

So I know that on that side all members share the objectives of the fund. Although this is a lot of money, nearly \$160 million in terms of our capital expenditure program within the fund itself, because this fund still is a very large fund – over \$12 billion in financial assets and another \$3 billion or so in very important fixed assets of the fund – it certainly has been a major part of the character, I guess, of this province. Fortunately, we did have it set up so that we could continue with these kinds of objectives.

A second point I want to make is the fact that we've had, as I said in my opening comments, quite a considerable period of time to look at the way in which the heritage fund operates. As we move the appropriation Bills and the capital requests through the Legislature, the Standing Orders provide for a considerable amount of time to debate, to have the ministers themselves describe their expenditures, and to have the Legislature review in the fullest possible way the spending priorities put forward by the Legislative Assembly and members of the government. Secondly, the Heritage Savings Trust Fund committee also operates generally through the midsummer to the fall of the year, reviewing and talking to the ministers on a follow-up basis to see that the appropriate policy considerations are reflected in the decisions of the government. And, of course, there is the full reporting, which takes place in a variety of ways in the Legislative Assembly, through public accounts, through annual statements, through the Auditor's report, et cetera.

Once this appropriation is finished, we will also have an opportunity to debate the resolution which calls for the appropriation from the fund to the various departments: in Agriculture in particular to serve the Ag Development Corporation, to serve the Alberta Opportunity Corporation, and to provide funding as well to the Alberta Mortgage and Housing Corporation, based on their capital needs.

So, Mr. Speaker, it's a very important part of the financial plan. It's a very important appropriation that we're putting through this evening, and I would encourage all members to provide support and consent to third reading of Bill 41, Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1990-91, and I do so move third reading.

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

MR. McEACHERN: Thank you, Mr. Speaker. Needless to say, the Treasurer always opens with a few remarks that require a little expansion and a little debate. He talked about how the heritage trust fund has helped to diversify the economy, and to some extent that has some merit. The particular appropriations before the committee, of course, are from the capital projects division, and that's the particular part of the heritage trust fund that we're looking at in some detail now.

We've been through the specific votes and estimates fairly well. If you think about it, we had five days, actually, for these. We had 12 if we needed them, but five seemed to be approximately enough. We passed estimates of almost \$159 million in five days, but when we were debating the full budget, we ended up passing some billion dollar estimates there in one day, one day being an hour and a half to two hours. So I would ask the government to rethink their priorities in terms of time spent. Perhaps those seven days that we didn't need on the heritage trust fund could be added to the general estimates and allow us a little longer on some of the bigger departments. It would seem to me a fair idea.

Now, Mr. Speaker, we're being asked to approve the expenditure of nearly \$159 million in the capital projects division of the heritage trust fund. This division is a section of the fund that has a mandate to spend money on projects that help Albertans but that do not necessarily by their nature bring a return to the fund. In fact none of them do except the Vencap loan, which is not really in the capital projects division exactly but is one of the financial parts of the capital projects division, a sort of separate division from all the rest; it has a separate category in

its own right. So it's true that these particular expenditures do not return earnings to the fund that can then be transferred over to the general revenue account like the rest of the fund which makes up the financial assets, which the Treasurer a moment ago said was just over \$12 billion.

Well, on paper the rest of the assets are over \$12 billion, but one would like to remind him that those three Crown corporations that he mentioned he's going to have to bring in a motion to write new debentures for don't really earn that much money. In fact, they lose money and have been losing money since 1981. So really your financial assets that earn money in the heritage trust fund would more properly be considered to be about \$8 billion; not to say that Alberta Mortgage and Housing and the ADC and the Alberta Opportunity Company aren't worth something, but certainly something less than the \$4.2 billion we have them listed at. Or in order to make them so that they earn money, we have to keep putting money into them every year: recycling the debt forward five years with debentures, for one thing; straight grants is another way, often in the neighbourhood of \$200 million for Alberta Mortgage and Housing, plus we've allowed Alberta Mortgage and Housing to stack up a debt in the neighbourhood of \$600 million, which it just carries on the books.

So it's a rather extraordinary sort of claim that the heritage trust fund has in it financial assets over \$12 billion. I think the Treasurer uses the term a little loosely when he says that. That's why I've been saying for some time now that the debt of the province, which is in the neighbourhood of \$9 billion or \$10 billion, depending what date you pick, is pretty well equivalent. In other words, the overdraft in the general revenue account of \$9 billion or \$10 billion is pretty well equivalent to the financial assets of the heritage trust fund, and that will show up, I believe, next year. When this year's public accounts are in a couple of years from now, I think it will show that the debt servicing costs will pretty well equal the earnings of the heritage trust fund for the year 1990-91.

The capital projects division has spent a considerable amount of money over the years: just over \$3 billion at December 31, 1989, which is the latest figure we have; the last quarterly report was for December 31 of '89. That's a lot of money to put into this section. Now, some of the projects are quite worth while, but there are two things that bother me about doing this. One is the way it's kept on the books as if it's still an asset for the heritage trust fund. It is expenditures in most cases. The money is spent; it is not going to be recouped. We built the University hospital rather lavishly and overspent, and it is now an expensive white elephant to run. Nonetheless it's there. The money's spent; the money is not there. So to claim that we have the money still in the capital projects division and keep it on the books doesn't really make a lot of sense. The same with Kananaskis and a number of the other expenditures. Of course, the Auditor General keeps telling the Treasurer that, and we keep telling the Treasurer at this time of year that he doesn't know the difference between an expenditure and an asset because of the way he tries to keep them on the books.

Another thing that bothers me about him: although these specific expenditures of \$159 million get a fair amount of debate in the Assembly in those five days, nonetheless, by doing these expenditures out of the heritage trust fund, the Treasurer makes it difficult for Albertans to realize just how much money is being spent each year. He made it even more difficult last year when he suddenly got the bright idea that in the Budget Address, which he brings in every year, he should quit counting the

expenditures of the heritage trust fund as part of his financial plan for the province for the year. I mean, last year he had a \$149 million deficit planned out of the budget, and the \$141 million that he had planned to spend out of the capital projects division of the heritage trust fund he suddenly, for the first time in several years, when he had been combining those two years together and saying that this was our fiscal financial plan, 'quit counting the heritage trust fund in it. So the number, of course, came out looking smaller; instead of \$163 million, it was \$149 million. This year, of course, he's carrying on with that same practice, so the people of Alberta don't hear about this \$159 million unless they also happen to listen to the heritage trust fund capital projects division debate, which is separate from the budget.

These expenditures are really no different than budgetary expenditures. Most of them are handled by the appropriate department, and to set them aside like that and not count them and not let the people know . . . Even the other day, when the Treasurer was indicating that his deficit for this year would be \$780 million – plus don't forget he mentioned the capital projects division, some \$265 million; so there's almost a billion dollars of deficit there – he said that that's why he needed the \$2 billion borrowing power under Bill 21. Why didn't he add in the other \$159 million expenditure here? Now, I know he says, "Oh, well, you know, we're going to keep it on the books and pretend it's part of the \$153 billion total in the heritage trust fund." But he knows, the Auditor General knows, and the whole world knows that really that money's spent and is not going to be there to use again. So he should have counted it in his financial plan. He should not have started that process last year of giving Albertans some numbers that didn't really, truly represent all his expenditures.

There is another thing about these expenditures in the capital projects division that I've asked the Treasurer about at least once, and I asked another minister or two the same questions earlier, and I've not had an answer on it. The expenditures in the capital projects division have gone up and down a bit over the last few years. I recall that in 1986-87 we were coming off a year – well, the year before, the expenditures were over \$236 million. Then they went down considerably; I think it was something like \$164 million. Then the next year, because of the big deficit in '86-87, the government took it right down to \$140 million and in fact actually only spent \$129 million, perhaps the lowest amount of expenditures, certainly in recent years, out of the capital projects division of the heritage trust fund estimates. It was made very clear at that time by most of the ministers. I remember particularly the now Minister of Public Works, Supply and Services, who was at that time in charge of building some of the dams – I guess he was Minister of the Environment – showed us a chart in which the government was systematically eliminating those expenditures under the capital projects division. The intention seemed to be, and this message came through from most of the ministers at that time, that they were going to cut the expenditures out of the capital projects division and take any expenditures for those types of things or finish any of those projects that were under way out of the general revenue account. One area they did this in a fairly major sort of way was AOSTRA, and we understood and expected that to continue to happen because of the deficit of the province.

Now, Mr. Speaker, the deficit in that second era after the big drop, the \$4 billion drop in '86-87 – the next year the deficit was at one and a half billion, and it's been \$2 billion consistently for the three years since, counting this year. I'm assuming \$3

billion; I guess the Treasurer thinks it will only be \$1 billion, or at least so he claims. In any case, what I'm wondering is: why has the government sort of reversed its policy on that and turned around and built the expenditures of the capital projects division back up again?

One of the major items that has caused this, of course, is the individual line service to rural Alberta. It's certainly a worthwhile program, a very good program that the Member for Vegreville and myself have commented on and asked questions about before. There's nothing wrong with that expenditure. The point is that it probably should have come out of the budget under the Agriculture department or Technology, Research and Telecommunications or whichever. It should not have come out of the heritage trust fund capital projects division. The Treasurer really should have continued with that program of cutting back those expenditures to zero, because as the Auditor General keeps telling him, these expenditures are that: they are expenditures not assets, and are not something we should keep on the books as an asset of the province.

There are a number of questions built in there for the Treasurer, and I might, before I sit down, ask him one other question. Because this particular appropriation Bill is sort of representative of all the Bills, for just a moment I'd like to remind him of a question I asked the other night on Bill 39. The supplementary requisitions in the big book, the budget itself, were listed at \$348 million, yet his Bill 39 had the supplementary requisitions for the year '89-90 at \$351 million. I asked him why the discrepancy of some \$3 million there, and I didn't get an answer. I wonder if the Treasurer could come up with an answer for me on that.

So, Mr. Speaker, most of these expenditures are things that our party agreed with in the individual debates as we went through them. I wasn't expecting that we would take away our support for them, because most of the programs are ones we can live with. But the method of financing these projects is something that should be changed. The Treasurer's been doing this for too long. We should have continued to wind down the expenditures under the capital projects division, and the Treasurer should quit trying to kid the people of Alberta that he's not spending this money by keeping it on the books as deemed assets.

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

**MR. TAYLOR:** Thank you very much, Mr. Speaker. I just wanted to make a few points. They're not small points: major points. I'm a little disappointed and have been for a couple years in the way the Treasurer handles the savings trust fund's capital projects. I think it is something we could do a little bit of planning ahead on. This present \$159 million vote is just a small snapshot of the overall picture, and I think it behooves a well-managed economy to try to give an idea where they're going with their capital expenses down the road. I just came from a meeting with one of the sections of the Alberta School Trustees' Association, running from Fort Saskatchewan over to about the Saskatchewan border and down to south of Vegreville, and one of the things that came up time and time again was the lack of planning: they didn't have any idea what this government was going to do from year to year. Apparently, the government MLAs sort of agreed too. So I thought I'd pass that on to the Treasurer, that the ad hoc, seat-of-the-pants, devil-may-care, shoelaces-untied, earflaps flying in the breeze type of financial

planning that the Member for Lethbridge-East brings to this has got to come to an end sometime, and he should sit down and try to do something on a longer term basis, something long into the future like, say, three years; something fantastic, five years, if you really get enthusiastic.

I'll get into the particulars, though, once I've made that comment, that all we get is a very small picture. At one time, I used to think that we were being, if you'll pardon the unparliamentary expression, misled – not that; that we were being manipulated. But I now find, Mr. Speaker, that that's not true. They don't know where they're going either. So, therefore, what I thought was a deep, dark plot was nothing more than the usual lack of competence displayed over there in planning.

But I'd like to touch on a couple of things, Mr. Speaker. In Energy they've set aside \$1 million for renewable energy research. One of the things that bothers me there is that from what I've seen of this government so far and the description of the research they're doing, there's no discrimination between clean energy and dirty energy, particularly in the pricing aspect. Certainly it would seem to me that they'd do a lot more for renewable energy research if indeed the kilowatts or the Btus or the ergs or whatever you want to use for measuring energy came from sources that were clean. Solar or wind would have an advantage over the so-called dirty sources like coal and hydrocarbons. But no; instead, we spend money over here doing research that I'm afraid is going into the pockets of many of our multinationals rather than trying to give some direction, which government should do.

The same way when I come to environment. I'm on an environmental kick tonight, Mr. Speaker; it seems everyone else is, so I might as well join them. Grazing reserves enhancement. Well, grazing reserves enhancement in most cases means poisoning the natural growth, which is brush and poplar, to try to maximize the production of grass; either that or draining natural habitat for ducks and geese to make more space for grass. In both cases I think they're environmentally negative, so Grazing Reserves Enhancement of \$1392 million is rather an antediluvian approach, something you'd expect from back in the 1920s or 1930s and maybe something you'd expect of this government. I think they should be looking at whether that's entirely necessary at all, because to me it is destroying your environment instead of trying to work with it.

Finally, Mr. Speaker, as a representative from a rural area I don't see urban park development having to be restricted to urban parks. Now, I know this government has taken an awful beating in urban areas and they may want to plant a tree or save some grass wherever they want to pick up a couple of hundred voters in the cities, but I think our small towns could, on a population basis, make very good use of that same park development. So if I'm making a quick suggestion to the minister, the hon. Member for Lethbridge-East, maybe we should take the grazing reserves enhancement and add it over to park development and do both urban and rural development.

Thank you.

**MR. DEPUTY SPEAKER:** The hon. Member for Vegreville.

**MR. FOX:** Thank you, Mr. Speaker. After consultation with the Deputy Government House Leader and the House leader of the Liberal Party, I would like to request unanimous consent of the House to deal with the following motion.

Be it resolved that Standing Order 61(5) be deemed now effective and that the question subject to it be now put.

MR. DEPUTY SPEAKER: I gather that it's not the desire of the House to have the hon. Provincial Treasurer close debate on this Bill before . . .

MR. FOX: I'll pull the motion off the table for a moment to listen to the illustrious words of the Treasurer.

MR. DEPUTY SPEAKER: Thank you.

MR. FOX: Why didn't you stand up sooner?

MR. JOHNSTON: We knew you didn't know what was happening, Derek. It's okay; we'll forgive you. You get this big responsibility of being the House leader over there, so . . .

Mr. Speaker, I wanted to just close by saying that yes, we've had a long and extensive debate about what happens to the capital projects division. I've heard all the arguments before about "These aren't assets," and "What are you talking about? The assets which show up in the heritage fund are not assets." Well, that just isn't the case. These are assets just as clearly as the 50 cents I have in my pocket is an asset. These are assets which belong to the people of Alberta, which have been paid for from the Heritage Savings Trust Fund, which are disclosed in the balance sheet of the Heritage Savings Trust Fund in a fair and I think consistent manner. That's how we're treating the assets, Mr. Speaker, and I think that's a very good approach to it because it is consistent with the way in which we have treated them previously.

In that capital projects division section, Mr. Speaker, are some assets which have very good value. Are you telling me the railcars don't have value? The member already mentioned that the University hospital here in Edmonton has value. We may not agree on the value of it. The Heritage Scholarship Fund, for example, has value; it's worth \$125 million. The research facility shows \$300 million; it has value, about \$500 million. The Vencap investment: yes, it's shown with the financial assets, but it's part of the capital projects division as well. These are all significant assets which have to be shown to the people of Alberta because they sense the pride that the government feels at being able to accomplish these investments, Mr. Speaker. That's why I think it is consistent with the approach we have taken as government to continue to disclose them in that fashion, each one unique, each one meaningful to a part of the province, and each one related to a long-term plan which this government has put forward to ensure that this particular source of dollars which is so unique to governments around North America and so important to Alberta to carry us through these very difficult periods we have faced: part of a plan to ensure that these special dollars are invested for the future of this province.

That's what this debate is about here: an investment in the future, a continuing part of the plan that we have presented to Albertans time and time again, which has been endorsed by the people of this province, and which we'll continue our commitment to; such things as rural line service, the irrigation service, research in particular, and of course the heritage fund's commitment to providing a little extra money to those top students who go through the grades 10, 11, and 12 system. That's what this is about, Mr. Speaker, and that's why it's very difficult for the opposition to criticize. They talk only about the process, not about the reality of what's being achieved in this fund, Mr. Speaker.

I won't even respond to the Member for Westlock-Sturgeon when he talks about planning and financial capabilities. I can stop right there, because everyone can draw their own conclusions, Mr. Speaker.

Mr. Speaker, I will simply move Bill 41, Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1990-91, for third reading.

[Motion carried; Bill 41 read a third time]

MR. DEPUTY SPEAKER: The hon. Member for Vegreville.

MR. FOX: Thank you, Mr. Speaker. It took another infusion of the Treasurer's limitless wisdom to wake me up here.

I request unanimous consent from the House that we approve the following motion:

Be it resolved that Standing Order 61(5) be deemed effective now and that the question subject to it be now put.

MR. DEPUTY SPEAKER: Having heard the motion of the hon. Member for Vegreville, all those in favour, please say aye.

HON. MEMBERS: Aye.

MR. DEPUTY SPEAKER: Opposed, please say no. Carried unanimously.

[It was moved by the members indicated that the following Bills be read a third time, and the motions were carried]

No.	Title	Moved by
39	Appropriation Act, 1990	Johnston
40	Appropriation (Alberta Capital Fund) Act, 1990	Johnston

MR. DEPUTY SPEAKER: Hon. Deputy Government House Leader, before proceeding to the next order, the hon. Provincial Treasurer this afternoon raised a point of order, and the Chair wanted to have the opportunity of reviewing the Blues. The point of order related to comments made by the hon. Member for Calgary-Mountain View and involved the word "fraud." The Chair was wondering whether the hon. Member for Calgary-Mountain View might want to respond to that point of order before the Chair makes a ruling on the matter.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I've tried on two occasions this evening to review the Blues in the room at the back of the Chamber and a copy with my remarks was not available. I know Mr. Speaker to be a fair man who would allow me the opportunity to review the Blues, and once I've had that opportunity, then perhaps we could pursue the matter further.

MR. DEPUTY SPEAKER: That's acceptable, hon. member. The hon. Deputy Government House Leader.

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

head: **Government Bills and Orders**  
**Committee of the Whole**

[Mr. Jonson in the Chair]

MR. DEPUTY CHAIRMAN: The committee will please come to order.

### Bill 21

#### Financial Administration Amendment Act, 1990

MR. DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this Bill?

Before I recognize Edmonton-Kingsway, perhaps hon. members could rise.

Edmonton-Kingsway, please.

MR. McEACHERN: Thank you. I was just giving the Treasurer a moment to stand up and perhaps reply to some of the points I made at second reading the other day. I pointed out that the key to the Bill, of course, is the fact that the government is asking to have the borrowing power of the province expanded to \$11.5 billion from \$9.5 billion.

One of the interesting things the Treasurer did say on introduction, and he did not rebut the point that I made in this regard, was that he had built into the borrowing power of the province a margin already, that the \$9.5 billion figure from the year before would have in it about a billion dollars of margin. According to the Budget Address, you'll find that the borrowing of the province as of December 31, 1989, was \$8.1 billion. So add probably another \$400 million, for example, and you've got about 8 and a half billion dollars of actual borrowings by March 31, 1990. Yet he has the authorization to borrow up to \$9.5 billion. So he's already got a margin of a billion dollars built in from previous years. I'm sure it goes as far back as the \$5.5 billion borrowing power that he asked for in '87-88. That was up from \$2.2 billion, in case anyone forgot. So the Treasurer has allowed himself this margin all the way along.

When we asked him, "Well, how come you're asking for the right to borrow \$2 billion more this year when in fact you're claiming that the deficit increase is only going to be \$1 billion?" he replies, "Oh, well we have to have a little margin." Of course, I had pointed out to him that the margin is already there from last year and from years gone by. So that's a pretty feeble excuse.

I took that, the fact that he was wanting a \$2 billion increase in the borrowing power, to mean that he really expects the deficit this year to be \$2 billion. I laid that out fairly thoroughly, yet the Treasurer in his response could say nothing more than, "Well, you Marxist-Leninists don't know what you're talking about," and sat down. You know when he stoops to insult that you've got him exactly dead to rights. So I can't help wondering if this Treasurer wouldn't have something more substantive to say if he disagrees with the analysis.

The other thing that he said just a few minutes ago in this Assembly is that the people of Alberta are really behind the Treasurer on his fiscal plan; they know that the heritage trust fund is there just to save us all from these deficits; there's no problem; the government's running the economy just the way it should be run. They also know that four years ago when we had the big drop in income of \$4 billion in this province, our party asked the Treasurer to hold public hearings throughout the province of Alberta to ask people what they would like done with the heritage trust fund given that the situation had totally changed from one where there was surplus of revenues every year to one where there was a big deficit. The government consistently refused to do that. So the people of Alberta just don't know what's going on, that's all.

He says that they back them fully on their fiscal plan, but the fact is that in four years the Treasurer has blown the heritage trust fund. I mean, the overdraft on the current account – that is, the general revenue account of this province – is pretty well equivalent to the financial assets of the heritage trust fund. Yet the Treasurer blithely says, "Oh, everything's fine." All he does each year is kid us about how big the deficit's going to be instead of actually getting down to doing something about it.

Here we are, at it again this year. The deficit's going to be a billion dollars according to him, when anybody that's been following the books for three or four years, as we have on this side of the House, knows that it's going to be closer to \$2 billion. He brings in a Bill to prove us right and then still has the gall to stand up and say that everything's fine, that in fact he's got everything under control, and that we'll have a balanced budget next year. The Treasurer will only have a balanced budget next year if he's prepared to gouge Albertans with incredible taxes next year, and since he's very clearly not going to tax his corporate buddies with any kind of consistency or any kind of enthusiasm, clearly the people of Alberta are going to be the ones to pay. If not, we're going to continue to stack up \$2 billion deficits every year, as we have for the last two years; this will be the third year in a row. The year before it was \$1.1 billion. The year before that it was \$4 billion; that started it all. So the Treasurer has presided over a disastrous management plan, if you can call it that, or lack of management plan, yet he blithely stands up and says that everything is wonderful.

Well, I don't think this House should grant him this \$11.5 billion borrowing power. If he's right, if he knows what he's talking about, \$10.5 billion borrowing power should be enough. We on this side of the House are not prepared to grant him this kind of borrowing power.

Mr. Chairman, I will stop with those comments and hope that perhaps the next time the Treasurer stands up, he'll have something of substance to say.

MR. WICKMAN: Mr. Chairman, I'm not going to repeat the comments I made the other night when I talked in terms of the parallel of the fiscal responsibility demonstrated in the other scenario that I made reference to, the city of Edmonton. However, at that time I did put two questions to the Provincial Treasurer. One question was: has he had the opportunity to look at those comments and do some soul-searching, capitalizing on that wisdom of course? Secondly, I asked him specifically to give a breakdown of where this \$2 billion cushion would go – \$400 million and some towards capital expenditure, \$700 million and some towards the deficit – but what about the rest of the cushion. Just give me that comparison between this fiscal period and the previous fiscal period.

Thank you.

MR. DEPUTY CHAIRMAN: The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I still am baffled to learn or to understand or to know what the Provincial Treasurer's so-called fiscal plan is. As far as I've been able to tell, the fiscal plan consists of the Provincial Treasurer coming to the Alberta Legislature every year and asking for a change to the Financial Administration Act to increase the borrowing limits for the province, usually in increments of \$2 billion at a time.

This certainly is not the fiscal plan the Provincial Treasurer has been telling the people of Alberta about. It doesn't bear any resemblance to the plan he's been telling the people of Alberta about, a plan that's headed in the direction of a balanced budget. That's what he's been telling them, but that's certainly not what seems to be coming through in the form of the amendments that he's bringing to us in Bill 21 and in previous amendments that he's brought to us in previous sessions.

I don't know; I guess it would be reasonable for me to assume that a year from now we'll be here again looking at a similar Bill, changing section 65 of the Act to increase the borrowing of the province from 11 and a half billion dollars to 13 and a half billion dollars. It seems to me that if we go on the basis of a track record, that's the only trend that we can expect to see.

I've reviewed the Provincial Treasurer's comments in *Hansard* from the previous night when this was debated at second reading. He made reference to the fact that he's made an acknowledgement to a concern raised by the Auditor General, and that's reflected in one of these amendments to the Act. But as I recall, the Auditor General was drawing to the attention of members of the Assembly that in the event that the Crown does not own a hundred percent of the shares of a corporation, it isn't defined as a provincial corporation and therefore doesn't fall under his purview as Auditor General of the province.

What I see here on the first page of the amending Bill is that the Provincial Treasurer is proposing a change to section 1 of the Act regarding the definition of a provincial corporation, and all it refers to, Mr. Chairman, is subsidiaries of corporations that already meet the definition of a provincial corporation. What the Bill fails to do, as I read it, is change or broaden the definition of a provincial corporation so that the Auditor General would have the authority and responsibility to audit corporations that might be owned 99 percent by the Crown and not 100 percent, corporations that are majority owned and controlled by the province of Alberta but not a hundred percent owned by the province of Alberta.

While the Provincial Treasurer is wanting us to believe that this Bill represents some reform, and I will admit that in a small way it perhaps does, it fails to deal with an essential issue and a crucial issue regarding the financial administration of the province in the form of corporations under the control of the provincial government. So I would ask the Provincial Treasurer if he would explain when the amendments will be brought in, when those corporations which are majority owned by the Alberta government are going to find their way either into this Act or into changes to the Auditor General Act.

Now, the other thing that I'd like to ask the Provincial Treasurer has to do with the subsidiaries of a number of agencies that are exempted from the Act. Section 2(5) is amended by this Act. Section 2(5) refers to a list of institutions, I guess for want of a better term, that are not subject to the Act, with some exceptions. "This Act," except a number of sections, "does not apply to the following," and it refers to universities, colleges, and technical institutes, among others. What concerns me is that some of these institutes and universities have set up corporations as subsidiaries of their institutes, and some of them have conducted financial transactions in foreign countries. I'm particularly interested in the situation of the Southern Alberta Institute of Technology in the form of corporations they've set up and agreements they've entered into with governments and agencies and corporations operating in various areas around the world.

We've asked questions in the Legislature this session about those situations, and now I find that the section in the Bill is being amended so that it will include corporations that are subsidiaries of corporations referred to in this section or controlled by a corporation in the clauses referred to in this section. So I guess my question to the Provincial Treasurer is this. As I read the Act – and I'll readily admit that I'm not a lawyer, and these exemptions and inclusions being worded together in the same clause are somewhat confusing to me – this section seems to be exempting more corporations or more subsidiaries of these institutions than presently exist, and while it may appear to be a reform in some way, I'm wondering whether by removing these corporations from the purview of this Act, we're not advancing the cause of accountability but in fact setting back the cause of accountability. I think it would bear some further comments from the Provincial Treasurer.

As I read his remarks, reviewed them in *Hansard*, I didn't see that they made any direct reference to this particular clause, and while I admit that I find it somewhat confusing, the conclusion I've tentatively reached is that it seems to be making an exemption for more and more corporations from the reviews and requirements of this Act. It would seem to me to be moving in the wrong direction, not the right one, but I'm quite prepared to have my concerns allayed if the Provincial Treasurer would explain that in a little more detail.

Now, the other question that I haven't seen particularly dealt with has to do with these options or futures traded under the supervision of a regulated market designated by the Provincial Treasurer. Now, I wonder: does this mean that the Provincial Treasurer can designate a futures or commodity exchange, say, in London, England, or Hong Kong or Singapore or Chicago, or does this refer to regulated markets only in Canada? I'm quite prepared to be convinced by the Provincial Treasurer that this is required, but I'm wondering if this means that more and more of Alberta business is going to be conducted in foreign countries as a result of the change to this Act? I'm wondering why it isn't possible to carry out the financial responsibilities of the province through Canadian institutions, why the section doesn't read "a regulated Canadian market," why it is necessary to go overseas or go abroad and do our business outside the country. After all, when you're looking to become 11 and a half billion dollars in debt, that's an awful lot of money to raise. It would seem to me that to do that under a Canadian institution would be more prudent, but perhaps those markets don't exist in Canada; perhaps that's why this is being requested of the Legislature.

I'm also concerned that if more and more of our business is going outside the country, that creates jobs and income and commissions for financial institutions and companies that are not Canadian, and I'd like to see, would prefer to see that business done in Canada. So I just am curious and concerned about what the implications of this might be.

Mr. Chairman, my final remarks again come back to this increasing debt ceiling of the province. We in this province are not yet in the situation of the federal government, where somewhere in the order of 30 to 35 percent of their annual operating budget is going to pay off debt, so some of the people in this Legislature may feel that the situation is not out of control. They may feel that by comparing ourselves to the federal government, things look pretty good here in Alberta. What concerns me more than the aggregate amount that the Provincial Treasurer is asking for is the trend that this represents. I recognize that if we're 11 and a half billion dollars, \$12 billion in debt, that's going to represent somewhere around a

billion and a half dollars a year in interest payments, perhaps more than that as interest rates continue their climb to almost historic levels. That concerns me very much, but there would be some in this Legislature who would say that that only represents – what? – perhaps 10 percent or maybe 15 percent of the province's total operating budget; it's quite manageable. As any yardstick of fiscal management for governments would tell you, that's getting up close to the ceiling of what should be causing concern, but some might say that that's quite manageable.

My point, Mr. Chairman, is this. We've gone from zero debt in 1985 to \$11.5 billion in 1990, in a period of five years, and those gross figures in that short period of time are what's alarming to us in the Official Opposition. It's the trend and the direction that this government is going in and what year after year these changes to the Financial Administration Act represent. They represent debt that appears to us to be out of control, and the Provincial Treasurer seems unable to get a grip on what's going on with his fiscal plan. No fiscal plan, in my view, can tolerate this kind of growth and this kind of trend, and I would say to the Provincial Treasurer that our concerns for this Bill have been echoed every single year he's come to this Assembly asking for these changes to the Act. Our concerns are very real, and they're echoed in concern by many Albertans.

He's got to understand that this kind of uncontrolled growth in debt is what's bothering us. Debt, if it's managed properly and managed responsibly, we have no problems with. Every government does it, and every government has to do it. What's concerning us is the growth, the size of the increase, and the short period of time in which this has been incurred. Unless some action is taken in this budget in the coming year to start curbing this growth, this increase, the province's fiscal plan will not tolerate the almost exponential-like growth that's occurred in the last five years. I would say to the Provincial Treasurer that these kinds of amendments just cannot continue to be brought forward in years to come if we're going to have any kind of responsible fiscal plan in the future.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Perhaps, hon. members, the subcommittee in the back row could quiet down, please. And sitting down might be a good idea.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you very much, Mr. Chairman. I somewhat hesitate to ask too many questions, because when I started out a little earlier, the Provincial Treasurer appeared to be quite upset this evening and, in fact, threw a real dirt-kicking snit and wouldn't answer any of the questions. But I'll go on anyhow and see just what he will do.

I think Bill 21 splits itself really into two main parts, the housekeeping amendments and the debt increases. We've heard quite a little on the housekeeping amendments, but what bothers me most there is that he appears to be allowed to gamble on futures. The taxpayers' money will be able to invest in options or futures, traded on regulated markets, that is. Now, the Treasurer is fond, when I get him in the corner, of pointing out sometimes that I've lost a lot of money in my life, and I agree with him. I've probably lost a lot more than he'll ever see. But I might also point out that I had it to lose. Show me somebody who's never lost a dollar, and you'll show me somebody who's never risked a dollar.

Just to answer that, I can tell him that playing with futures, playing with either commodity futures or futures which he may

be thinking of – oil futures, I don't know – even on the so-called regulated markets of the world is a pretty dangerous pastime. He could lose an awful lot of money in a hurry, and I don't think it's the type of thing that taxpayers expect you should be investing in. I hope he can console me and say that I've misunderstood the Bill, but it does say "agreements in respect of interest rates or currency exchange," which is really buying and selling currency ahead. I used to do a lot of that. Sometimes I gained; sometimes I lost. But it is not the type of thing for the fainthearted, because certainly the variation of an Italian lira vis-a-vis a Swiss franc vis-a-vis some other currencies and U.S. or Canadian dollars can create a big headache in an awful hurry. I don't think the taxpayers want to see that type of gambling with their finances.

To go on to the debt increases. This is a little bit puzzling to me. For a government that prides itself on being fiscally conservative – FC rather than PC – I would have thought they would have tried to adopt some of the legislation that is rampant in the United States and is creeping across the line here of putting ceilings, voting a ceiling on government debt. Because if there's one thing that concerns the average taxpayer, as you roam the province here and chat with them, it's debt. They're worried about personal debt; they're worried about provincial government debt, school board debt, municipal debt, federal government debt. Debt is something that has become almost a buzzword.

Instead of appearing to put a ceiling on debt, this Treasurer seems to go on and on and on. Last year it was only – what? – \$400 million or so that he missed by. He wanted to increase the level. But this year it goes up a full \$2 billion. Well, \$2 billion is really 20 percent of our annual cash flow, and to increase one's debt in any kind of business by 20 percent of the cash flow in the one year without something major being on – as if you were building a refinery or suddenly going into a huge business – is a little difficult. This to me looks like mostly operating capital and maybe switching debt a bit from one type of debt to another. But if that is the case, switching debt doesn't cause you to raise the ceiling. If anything, it should hold even or come down a bit, but I don't see how switching debt from one type of security, maybe short-term to a longer term or with better interest rates and the same term, would make any reason for the Treasurer to go ahead.

I would like to know just when the Treasurer thinks he will be able to balance the budget. It would appear that with this increase in debt the government has come up with either of three solutions. It can't meet the balanced budget projections it has made. A combination of lower than expected oil revenues and higher interest rates, and the Canadian dollar has thrown our budget projections out of whack. Thirdly, there are big changes forthcoming that will add to our debt load, like swallowing, for instance, a portion of the Crown corporation debt like AGT or Alberta Housing. Has the genial Minister of Municipal Affairs, that's restructuring much of the debt, come up with an idea that it may be the debt that Alberta Housing or Alberta Agriculture and Alberta Opportunity Company, which is a phoney debt, I'll admit, in a lot of ways – are you going to write it off? Are you going to just get rid of it? Is it, in other words, a transfer of that debt to the provincial debt?

So I'm just curious as to what the minister has up, and I hope I haven't sparked his democratic feelings so bad, although I think the local media would like to know that he refused to answer the last questions. If he refuses to answer these ques-

tions, then I can presume he does have a good job offer somewhere and is expecting to retire early.

Thanks.

MR. DEPUTY CHAIRMAN: Before recognizing the next speaker, the Chair would like to observe that we are in committee study of the Bill, and the occasional reference to clauses of the Bill are getting few and far between. So let us deal with the clause-by-clause study of the Bill, if you wish to do that and not return to second reading, which has already concluded.

The Member for Calgary-Forest Lawn.

MR. PASHAK: Thank you, Mr. Chairman. The clause that I just want to look at is clause 7 of the proposed Bill, which deals with section 65(1) of the Act and which calls for amending the existing Act by striking out the 9 and a half billion dollars and replacing it with 11 and a half billion dollars. So I understand that we're increasing our ability to authorize debt by some \$2 billion and that we still have a bit of a cushion in that we've only used up somewhere over \$8 billion of our present authorization. My question really has to do with: what is the source of that need to increase the authorization? Does it have anything to do with changes in the estimate he made for the price of oil over the coming year, for example? I note that he estimated oil at \$21 a barrel and *it's* been substantially below that ever since he made his estimate. I'm not a doom-and-gloomer. I'd like to see the price of oil go up to \$25 a barrel or \$40 a barrel, and I just don't envy the Treasurer at all in having to make a budget based on estimated oil prices, because as we've noted over the years, they do fluctuate wildly and for circumstances over which we have very little or no control. But I was surprised with his original revenue estimate, when he estimated revenue this year for nonrenewable sources at \$2.954 billion, which is up almost half a billion dollars from the previous year. That estimate was up in spite of the fact that we know we're getting declining production, at least on the oil side. So I thought his estimate was a little high at the time.

Just to repeat, then, my question to the Treasurer is: does that need to increase the borrowing authorization have anything to do with changes in an estimate that he would now make for the price of oil for the rest of this fiscal year?

MR. JOHNSTON: Mr. Chairman, let me try to deal with the questions in, I think, three or probably four broad areas, if my notes are all accurate and reflect the questions raised by my colleagues.

First of all, with respect to the need to increase the amount by \$2 billion from the current level of \$9.5 billion, I think I said before in the House that we probably would not have to put ourselves or the Assembly through this debate every year, but we consider it part of the fiscal plan. We want to identify and talk about the Financial Administration Act borrowing limits when we bring the budget forward. Of course, nobody wants to run up the debt of a province, but it's a fairly tough balance to strike between what is reasonable in terms of our expenditures and the kinds of services that Albertans wish, the debt levels which can be acceptable to a government or to the borrowing capital markets themselves and the amount of taxes which we can levy on individuals. But the fundamental question which we had to ask ourselves, going back to 1987 say, was that because the price of oil changed so dramatically in that year, unforeseen, driven by other forces that were world-sensitive as opposed to typically explained in our province, it was clear that it would be inap-

propriate for us to increase the personal taxes or the corporate taxes, levy that deficit back on the backs of Alberta taxpayers, when in fact this deficit was essentially driven by the price of oil change.

So we've now gradually moved away. The price of oil has stabilized. We've controlled our expenditures. We've used some other revenue sources, I agree, and we've balanced our three options of revenue, expenditures, and running the deficit. In doing that, some predictability has come back to our revenue sources, as I've described before. Although the Member for Calgary-Forest Lawn looks at the price of oil, we tend to agree that we'd like to see the price of oil higher. I think next year, when we're back in here debating this whole issue, you'll see the price of oil pretty close to what we're calling this year. On average, it will probably be pretty close to \$21. The member follows the oil markets, is probably an energy economist as much as anyone here, and he knows full well that there are a lot of pressures being focused on the price of oil right now. I would expect that it will come back up to some significant level over the next year, noting again that we're only a few weeks into the current fiscal year now.

One of the reasons that the revenue has increased on the nonrenewable resource side is for a variety of changes which we've made in that revenue base, changes which flow from the Alberta royalty tax credit, changes which flow from the Bill that my colleague introduced that we'll be discussing here very shortly with respect to enhanced oil recovery royalty costs, with respect to lease costs themselves. All of those are bundled into the revenue nonrenewable resource item, including as well a forecast on gas, which we keep to ourselves, and the forecast on oil. The member's absolutely right. The volume on oil is falling off this year, and unless something happens, new drilling takes place, we'll probably see a fairly flat line with respect to the oil volumes. In the longer term, though, we're optimistic both on volumes and on price and particularly on natural gas, as we've discussed here before.

So you've identified the area. Yes, I'd be the first to admit that there is, if not volatility in that price, that the predictability limits are between probably plus or minus 10 percent right now. Right now the price – I didn't see it this morning. I couldn't get the New York market on my screen this morning, but when I looked at it at the end of last week, it was trading just around the \$18. It traded below the 18 bucks. But as they say in the market, there is a backwardation on the contango; that is to say, the long-term market is probably higher than the short-term market right now, showing that there'll be expectation of price rise over the next period. Sure, it raises the question always, but we do put it out for that reason. That's why the price of oil is shown, is to focus on the susceptibility of the revenue prediction based on the oil price.

But it is that lack of predictability or lack of certainty which is around the oil price that requires us to have a borrowing limit above what we consider to be any maximum amount. You have to have a cushion. In 1986, if we'd been playing with a 1 billion dollar to a 1 and a half billion dollar cushion, we'd have had to call the House back in, probably in the middle of July sometime, to ask for a Bill to change the borrowing limits so we could continue to operate. I point out as well that this debt limit includes not only the General Revenue Fund but also the Capital Fund as well, and that Capital Fund this year will run around the \$300 billion level somewhere.

Moreover, there is a seasonality in our expenditures. There is a seasonality taking place right now, whereby in the early part



of the year, the first four quarters of the year, you always find greater demands on your dollars. If you're to have, say, a \$100 million or a \$250 million limit only as a cushion, you would soon go by that, because you'd obviously have to run up your short-term borrowing to pay the kinds of first part of the year expenditures that are required, transfers in particular to those essential areas of municipalities, hospitals, and schools, which tend to get paid off earlier on. If you look at the budget, there's a large cash demand in the first part of the year. That's why you have to have the additional limit.

As I said again, we can avoid this debate every year by simply bringing in the Bill, increasing the limits to, say, \$10 billion more than we need, have the debate once, and you wouldn't hear from us again. But we do want to maintain control on the debt. We don't have any reason to believe that our forecast for this year is out of whack. We think, in fact, it'll be more precise this year than we've seen before, and we intend to stay on that course, subject to, always, the frailty of the prediction and the revenue source — oil and gas. So that's the general explanation as to why it's needed.

Let me also talk about the question of the amendments to section 1 and section 2. We'll be doing a more thorough review of the question of Crown-controlled corporations and Crown corporations, but this amendment arises from a concern raised last year by the select Standing Committee on Legislative Offices and the Auditor General, and these two sections essentially are interlinked. More specifically, they deal with an agency under the University of Alberta hospitals which did not want to be audited by the Auditor General, and since they were using money appropriated from this Assembly for those purposes, we thought it appropriate that the Auditor should audit those funds. So the first section provides a clarification with respect to the Crown-controlled corporations, and the next section provides that the effect is that the Auditor General be the auditor of that subsidiary of an Alberta hospital's entity.

I would not, I stress, recommend that we change the way in which we deal with other Crown-controlled corporations, and as I corrected in the House before, the Auditor under section 16(1) of the Auditor General Act already has access to the audit information and under section 19(3) has the right to report his findings on any Crown-controlled corporation. So the Auditor has full access to Crown-controlled corporations. We think in some cases, where it's consistent with the way in which we treated the direct agency, that subsidiaries of those direct agencies should be brought under the Auditor's control, and that's essentially what this legislation is doing.

I note also that some colleagues are talking about the question of why we have to be involved in these strange new creations which are characterized now by the capital markets: options, for example; swap options, more specifically; foreign currency options, more particularly. The intention here, Mr. Chairman, when we move into these kinds of protections is not at all to gamble; quite the contrary. These kinds of vehicles provide a protection to an underlying asset which the province, through one of its funds or directly, owns. Therefore, if we see some particular change or some uncertainty which may be taking place in the market, we can lock the current profit which we have by taking a futures position in one of the marketplaces to protect that underlying asset. And that is quite commonly found now when you deal with interest rate changes and currency changes, in particular, but it's not at all a speculation. We don't speculate. As I have said before, wherever possible and where prudent, we bring our foreign exposure back into Canadian

dollars, lock it at some appropriate time, and we have done that with essentially many of our issues. In fact, we did a Swiss franc issue a year ago. We locked it the fall of 1989, and of course the Swiss franc when we did the issue was equal to the Canadian dollar. When we locked it, it was far below the Canadian dollar, and now, as those people who play the markets will realize, the Swiss franc has gained again in price. So we have made a considerable profit for the people of Alberta, profit not in the sense of making a fixed dollar amount but fixing the rate of borrowing which goes to those people who consume the dollars; that is, usually the taxpayer.

As well, the Financial Administration Act we felt, and our legal opinion confirmed, did not provide us with some protections which were necessary when you did a fairly significant bond issue in a foreign currency under our changing interest rate conditions. There are vehicles which allow us to lock the spread that has been agreed to at the time of the deal, and sometimes between the time of the deal and the settlement date, depending which market you're in, you're looking at three weeks to five weeks perhaps. You can see that over that period a lot can happen, between the time you either lock the deal or price the deal and the time you take the proceeds both in terms of currencies and in terms of interest rates. Obviously, if you wanted to lock the spread, you could do that as well. I'm referring to spread being the price the province of Alberta would pay above the normal government treasuries of the currency involved.

Yes, we'll be playing with some of the other commodity markets. In fact, we would designate the Chicago Board options exchange and the trans-Canada options as a part of the play. The reason you go there, of course, is because they're the only place you can trade in size, do the kinds of transactions we're looking to, and they have a very liquid market. They move quickly, the price is as good as the market anytime, you can get in and out of that market very, very quickly, and you know that the transaction's going to stand. It's not a question of doing business outside of Canada. We do business outside of Canada every day in terms of capital market plays, because that's where the availability of funds is and that's where the cheapest borrowing price is. This is simply additional protection which will play off the options to ensure that we can also protect some of the underlying assets of the government itself.

As well, I think debate here on the heritage fund, just by the by, suggests that we should invest in other stock markets. We are now limited, as you well know, to investing in the North American stock markets. We would like to see ourselves play other stock markets simply to provide protection and a hedge against dramatic changes in one market versus another. In fact, there is an inverse relationship between the market performance in the United States and the market performance in Japan. Obviously, if you invested in both of them, you'd tend to have a smooth position as opposed to taking a loss in any one market. So we will do that, Mr. Chairman. And yes, there'll be in Chicago sometimes, and New York perhaps or other options, markets where we can trade, but that's where you have to go to do the deal. And no, it's not a question of us out there speculating with currency or playing a long position in canola or a short position on U.S. currencies. We're doing it to protect an underlying value of an asset and to deal with a time problem between the time a transaction takes place and the time you receive the proceeds.

I think those are the essential items. I have to confirm again that we will have a cushion above that required. It's not a

restatement of our financial plan at all. The fact that the borrowing limits will go to \$11.5 billion does not mean that we're targeting that, does mean we're going to go close to that, but we do have to have the cushion. In fact, as the Member for Edmonton-Glengarry pointed out, you have to have that cushion when you're dealing with the kinds of fluctuations in oil and gas as you see here in the province of Alberta.

I think, Mr. Chairman, that deals with most of the questions, certainly to the best of my understanding, but I'd be glad to pursue this discussion further if necessary.

MR. DEPUTY CHAIRMAN: The Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. Just a couple of questions for the Treasurer – actually three points that I want to raise. He said that he didn't really have to come back and ask for this money each year, and while that may be true, he could ask for, you know, \$5 billion more in borrowing power this year and maybe next year he wouldn't have to ask again. But that would be an extraordinary signal to send out to the money markets of the world and might have something to do with whether or not we would end up with a triple A or, I think it is, a double A-1 rating that we have now. So the Treasurer's reasoning that he does it just to be open and honest with the people of Alberta quite frankly is really a bit fatuous, because it would send out an incredible kind of signal about his budget and his fiscal plan and everything else if all of a sudden he was asking for an increase in borrowing power of \$5 billion. It's bad enough that he asked for \$2 billion when, by his own reckoning, he only needs \$1 billion.

The other point I wanted to ask about: did I hear the Treasurer say that the Auditor General has access to the books of all the Crown-controlled corporations like North West Trust, I assume he was referring to, and its subsidiaries like N.A. Properties and Chateau Developments and some of the other subsidiaries of North West Trust? It may be that he has access to those books, but I'd like to point out to him that the Auditor General does not release those documents. He cannot make them public; he cannot put them into the public accounts. The same is probably true of SC Properties, of Softco. There are a number of Crown-controlled corporations which the Auditor General does not have the right to say, "Here are the books, and it's part of the public accounts and part of the consolidated debt of this province." The Treasurer knows that and is being very secretive about what's going on with some of those companies.

The third point I wanted to raise is something of a question, really. He said that the government does quite a bit of borrowing outside the province under the General Revenue Fund in lieu of this borrowing power that we give him with Bill 21. He also suggested that he would like to do the same with some of the heritage trust fund money, the commercial investment division. That's something I've been wondering about for some time now. A couple of years ago when I was on the heritage trust fund committee, the committee agreed with the Treasurer that he could have that right to borrow money outside Canada, and I've been wondering why the Treasurer hasn't brought a Bill into the Assembly to proceed with that. At the time I was against it, because it was approximately the time of the big stock market crash on October 19, 1987. So I didn't really like the idea particularly. What I was actually wondering was if the Treasurer had gone ahead and done it. But if I understand the

heritage trust fund Act correctly, I believe he would have to ask the Assembly for the . . .

MR. DEPUTY CHAIRMAN: Hon. member, order please.

MR. McEACHERN: He wasn't the one who . . .

MR. DEPUTY CHAIRMAN: Order please.

AN HON. MEMBER: "Order" means sit down.

MR. NELSON: Sit down, you mental peewee.

MR. McEACHERN: Oh, shut up.

MR. DEPUTY CHAIRMAN: Order, order.

MR. McEACHERN: If you don't shut this guy up, I'm going to. Stick your finger in your mouth and shut up. [interjections] Just shut up.

MR. DEPUTY CHAIRMAN: Order, hon. members. The Chair just wishes to point out that I think the hon. member is going beyond just reacting to the hon. Treasurer's comment. We're not debating an imaginary Bill here now. We're on Bill 21. Please proceed.

MR. McEACHERN: Yes, I understand that and was merely following up a comment made by the Treasurer.

We were talking about borrowing abroad. I will stop with one final point in that area. Why hasn't the Treasurer released schedule 4 of the heritage trust fund commercial investment division for 1988-89? We've been asking for it for months.

MR. DEPUTY CHAIRMAN: The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. I just hope I have the intellectual equipment to enter this debate. I think four shut-ups were in there.

I wanted to go back to the Treasurer for a moment. What he talked about is what you call. . . [interjections]

MR. DEPUTY CHAIRMAN: Order please. I would ask that the Member for Calgary-McCall and Member for Edmonton-Kingsway either come to order or go and discuss your differences outside the Chamber, please. [interjections] Order please. It is not the business of this Assembly to deal with your conversation back and forth, which is only disturbing the Assembly. So to both members: please take the advice of the Chair, or further action will have to be taken.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman, for helping me get my train of thought going. The section I was worried about, hon. Treasurer, was section 50(1). You described what goes on in section 61(3) and that, which is hedging. I think they're two different things entirely. I'm sure the Treasurer realizes that. But having been involved in both, it is one thing to offset and margin upcoming debts or balance out commitments that you might make down the road in buying futures. That is quite well described in section 64 in buying forward, buying back, whatever way you want to look at it "with respect to the purchase or sale

of foreign currency for the purposes of . . . 61 and 69." In other words, financial hedging and working and arbitrage brokers are described there. I don't question that, and I think that's good, sound financial management, with which many people have been concerned. But in section 50(1) I think the minister's rose-coloured glasses may have hidden the fact – and he may not always be Treasurer – that section (m), with "options or futures traded under the supervision of a regulated market designated by the Provincial Treasurer," is a very, very wide open clause indeed. If it's only going to be used as the Treasurer points out – and I think he's right that it should only be used for that, to cover hedges and debts in the future – that's fine, but this is actually a right to go out and buy "options or futures" that are not any relation whatsoever to the province's debt or upcoming rollovers that you might have to cover or anything like that. This is actually a right to go out and buy options and futures. At least I read it that way, and I would ask – now, I know it's in committee stage – that the Treasurer ask his experts whether or not I'm right.

Thank you.

MR. JOHNSTON: Mr. Chairman, let me attempt to deal with the two issues which remain, the role of the Crown-controlled corporations and then the options and futures section, which the Member for Westlock-Sturgeon suggested.

Mr. Chairman, let me say that I've already referenced those sections of the Auditor's Act which indicate what the Auditor can do with respect to Crown-controlled corporations. In that legislation, to paraphrase – other members can read it as well as I can – it says that the Auditor can review the working papers of a Crown-controlled corporation if he wishes to. In fact, the section, if I recall it:

The person performing the audit [must] . . .

(b) make available . . . to the Auditor General on his request all working papers, reports, schedules, et cetera, et cetera, et cetera, spelled out in his request. So the Auditor has clear access to that information.

Moreover, Mr. Chairman, in section 19, the other section I quoted, the Auditor General can report to the Legislative Assembly anything he may see that is untoward. I would draw members' attention to page 13 of the current annual report of the Auditor General, wherein he does just that. He reports on North West Trust Company Limited, looks at the papers, looks at all the facts and figures, then says:

Nothing has come to my attention during the review of the audit firm's working papers which, in my opinion, warrants the attention of the Legislative Assembly.

So all members can draw their own conclusions, Mr. Chairman. Number one, the Auditor has the right to review all the working papers, how the external auditor arrived at his professional opinion, and if he doesn't agree with that professional opinion, he has the right to draw it to our attention. He does just that when he comments on North West Trust 354713 Alberta Ltd. So let it never be said again in here that the Auditor General does not have the right to look at Crown-controlled corporations. He has the right to do it. He has the right to comment how he wishes, and he has gone through the process of doing just that in the Auditor's report itself.

Now, with respect to section 51(m), options and futures. Currently, Mr. Chairman, the government has the authority to invest in options and futures in respect to securities enumerated in section 50(1). However, the authority to invest in those so-called derivative instruments, indexed options or futures, is really unclear. Now, we would invest in those kinds of products, as

they like to call them in the marketplace, probably to provide the province an opportunity to adjust or to acquire or to limit exposure or limit losses on the fixed income currency markets in particular. So the same thesis is applied here. We would use it to protect the value of an underlying asset, and we would do it on the indexed option as opposed to the futures option. A technical question, I agree, but we're correcting the Act to provide certainty.

MR. DEPUTY CHAIRMAN: Are you ready for the question?

HON. MEMBERS: Question.

[The sections of Bill 21 agreed to]

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 21, Financial Administration Amendment Act, 1990, be reported.

[Motion carried]

### Bill 9

#### Electrical Statutes Amendment Act, 1990

MR. DEPUTY CHAIRMAN: There are amendments to Bill 9. Those have been circulated as of May 7.

I would call on the Member for Three Hills.

MRS. OSTERMAN: Thank you, Mr. Chairman. It's a pleasure for me to be able to speak to the amendments tonight. I would move those amendments to Bill 9, the Electrical Statutes Amendment Act, and speak to them. I think most members will remember the discussion in second reading. It's fair to say that a number of members in the House were very concerned about issues that they felt had not been addressed in this particular legislation. In looking over a number of comments that have been made, I think it's also fair to say that many issues that surround electrical generation aren't necessarily a topic for discussion in this legislation, but I know the minister is committed, when the amendments are discussed, to make some further observations on the comments that were made in second reading.

Mr. Chairman, tonight we're talking about amendments that will affect the Hydro and Electric Energy Act, the Municipal Government Act, and the water, gas, and electric companies Act. I think what's really important is also to talk about the legislation that is unaffected by the amendments that are proposed this evening. I think this is key, because the concerns I and a number of other members had raised in the House indeed are dealt with in various pieces of legislation, and it takes a number of hours of study of those various pieces of legislation in order to find the elements that speak to the concerns that were raised here. The legislation that deals with the Energy Resources Conservation Board, that deals with surface rights, and the Electrical Protection Act: all these particular pieces of legislation have a bearing on what we are doing, and they are unaffected by these amendments. I can assure hon. members that from the lengthy discussions I have had, I am quite satisfied that our concerns for the most part were addressed. I would thank the minister for making the appropriate resources available to make sure every one of those issues had been addressed very specifically, with briefing notes and further

explanation to myself, so that I would have a level of comfort with the amendments that were brought forward.

One of the things I wanted to mention was that a key for me in looking at what might be engrossed in this piece of legislation was a provision we have that anything beyond 69 kilovolts is, in fact, an amount – that type of line can be referred to the Surface Rights Board. This is very important, because I know a number of members are concerned about what lines might go in in the future and not be able to attract any compensation.

With those remarks, Mr. Chairman, I would say that I wholeheartedly endorse the amendments before us and obviously await any other discussion there may be and, as well, mention again that I know the minister has some further remarks.

MR. ORMAN: Mr. Chairman, this has been a good experience for me. I might add that having had discussions with the Member for Three Hills really brought to mind . . . I was very clear on the intent of the legislation and felt that the letter of the legislation was doing, in fact, what the intent was, but it certainly brought home to me the significance of these power lines in rural Alberta and how important it is in terms of clearances and moving farm equipment up and down the access roads and across right-of-ways. I didn't realize, but I quickly found out, that this issue with regard to right-of-ways and access was one of the reasons why the Member for Three-Hills came into political office. I was quickly reminded of that and brought up to speed with her wealth of knowledge in this area, and it certainly was important when we were discussing the amendments.

As I said, it was a learning experience. It wasn't what we had in front of us that was the problem; it's what we didn't have in front of us. The Member for Three Hills pointed out the Energy Resources Conservation Act, the Surface Rights Act, the Electrical Protection Act, and the Telecommunications Act – the forerunner actually was the AGT Act – and made it clear to me that sometimes you have to bring those in and make it clear that you're not interrupting the course of events in other legislation.

Mr. Chairman, I'd like to respond to some of the comments that were brought forward in our last reading, second reading. The Member for Stony Plain raised some questions, and I believe most of them have been covered and will be covered in the amendment. His question . . .

MR. DEPUTY CHAIRMAN: Hon. minister, order please. I hesitate to interrupt, but we do now have an amendment before us.

MR. ORMAN: Right. I was pointing out, Mr. Chairman, that the comments he made are the reasons that we moved towards an amendment, and so for that reason I wanted to bring in the comments that were made.

Now, with regard to the amendment that was put before us by the Member for Three Hills, we must understand that this legislation makes it very clear which components of a transmission system are considered in the amendments by direct reference to, and the definition deals with those components that are affected by this legislation.

Mr. Chairman, I think the Member for Three Hills also touched on some questions that were raised by the Member for Westlock-Sturgeon, and obviously there are questions that have not been dealt with in the amendment. I will do that at the point that we're able to conclude our remarks in this connection.

Thank you.

MR. DEPUTY CHAIRMAN: Before recognizing the Member for Stony Plain, I would indicate to the committee that although they are interrelated amendments, we will deal with them as A, B, and C when comes the time.

The Member for Stony Plain.

MR. WOLOSHTYN: Thank you, Mr. Chairman. As I recall, when the original Bill was proposed, the minister indicated that there was a need to rectify a past problem, the fact that there are many power lines throughout Alberta that were intruding into private airspace, for lack of a better term.

I think what has happened is that we've gone into a great degree of overkill. I'm looking for, somewhere, an identification of the sizes of the line. However, that's perhaps not quite all that important at this time. I do appreciate the amendments because they go partway in addressing my concerns. However, we'll stick with this first section, that deals with the Hydro and Electric Energy Act. Section 34 says:

When an operator requires an estate or interest in land for the purposes of a power plant or a transmission line, the estate or interest may be acquired in land owned by the Crown or by any other person

- (a) by negotiation with the owner,
- (b) by expropriation under the Expropriation Act, in the case of a power plant, or
- (c) by proceedings under the Surface Rights Act, in the case of a transmission line.

This amendment then takes and renumbers section 34 as 34(1), and then 34(2) becomes this particular amendment. I'll go to the bottom of the first paragraph, and it says something along the lines:

. . . project into the airspace over the property adjoining that land without the consent of the owners or occupants of the adjoining property, to the greater of . . .

Then it goes on to describe the apparatus without any specific dimensions, without any specific heights, without anything other than the original proposed legislation, which says a crossarm, power lines, and so on and so forth. I think when you're intruding into private airspace, the height of the line becomes very important. When you're intruding onto private property from public property, and that's what this Bill is all about, the length of the intrusion is equally as important today as it was when I last spoke to the Bill.

Then the part that really is the most upsetting in this one is subsection (3). It says:

No person is entitled to any remedy or damages or any other compensation or relief as a result of the existence of a projection described in subsection (2),

which is that that's immediately above here, which means quite specifically that if a company intrudes into private airspace, they cannot go back to the protection that's built into the Hydro and Electric Energy Act, which is the land surface rights Act. That's the way I read this.

So on that basis, unless it's specifically stated that the people affected by this can go back to the Surface Rights Act or whichever the arbitration is, fine and dandy. But the way this reads, following from the current legislation, putting this in place, they have lost all rights to (a) permission to have that intrusion, (b) the degree of the intrusion, and (c) any compensation for the intrusion. On that basis I would have to speak against this amendment as it stands now. It doesn't go far enough.

Thank you, Mr. Chairman.

MR. ORMAN: Mr. Chairman, I guess this gets us into the difficulty of responding to the Member for Stony Plain's concerns in second reading. The member is concerned about the restrictions with regard to the projectiles. This is subject to the Electrical Protection Act; this Act will do nothing to alter the legislation around the Electrical Protection Act. That was the point we were making earlier and the point the Member for Three Hills was making, that we are simply dealing with the issue of overhang in existing circumstances. It will have nothing to do with health concerns or any ability for landowners to go back to the Surface Rights Board of the ERCB on issues other than simply the overhang.

If there's a concern about the length of the crossarms, the number of crossarms, the height above the ground, or anything like that, this is all part of the Electrical Protection Act and not dealt with here. The reason you don't see it before you is because it's not pursuant to this particular legislation.

We are just trying to ensure that, from here in, there will be no recourse for landowners for power lines that have an overhang onto their property. You know, these power lines have been there for 50 years. Setback requirements are established by the Surface Rights Board, and if it's on private land, they must seek compensation. This is for right-of-ways on public lands only.

MR. DEPUTY CHAIRMAN: Member for Stony Plain.

MR. WOLOSHYN: Mr. Chairman, thank you. The minister has just underscored my concern. If you take this legislation and put in the fact that whatever happened 50 or 100 years ago you can't be liable for, I agree with you 100 percent.

What this does is give the power companies who choose to be on public right-of-ways, public property, the unequivocal right to intrude into the private airspace without limitation, and I think on that basis, that is what's wrong with this legislation. If you have to go back through various statutes to find out how much and where, I think it makes it all the more incorrect. I would suggest that it would be far simpler, if the intrusions are indeed as small as they want to have us believe – they may well be – why not make the intrusions zero without compensation? Have the power company, if they're going to intrude into that airspace, starting from tomorrow, have to end up in an agreement with the owner of that private property, because I don't think this is right at all, the way this legislation is written up. It gives them just too much power to intrude without any kind of redress on the part of the owners.

Thank you, Mr. Chairman.

MRS. OSTERMAN: Well, Mr. Chairman, I would like to give a little bit of additional clarification here. I think the member's obviously concerned about the future and what it is that could possibly overhang in the future that we're not contemplating today. I think what the minister has been outlining is that the Electrical Protection Act, because of the restriction of the voltage that can be carried, automatically governs the height and therefore the crossbars that these poles can hold. It may be that the hon. member somehow foresees that this could change in the future, but we have been dealing with conventional operations here. If there is a new line and there was brush cutting or whatever, farmers would be dealt with in exactly the same way that they are today.

But when you speak about the ability to gain compensation in the same way that you would on an easement, it wasn't ever

contemplated as being required, and it is not contemplated in the future. The restriction is very severe in terms of what can be dealt with by that type of structure that goes on public land but has a short piece of crossbar that goes onto private property. I know that this is always a difficult issue to deal with because you're talking about individual rights versus the overall public good. When you speak about the hundreds of thousands of miles that all of us in rural Alberta see with these power lines that distribute electricity, historically, through all of our communities, Mr. Chairman, it would be inconceivable to contemplate that we would now start going a torturous route of having to look, when we already know that the municipalities govern setback and everything else, for compensation and possibly put the electrical utility companies in the position where their poles get moved. Then we start to have difficulties on our rural roads and secondary highways and can't move our equipment.

So, I guess, Mr. Chairman, it is a difficult issue, and I recognize the concerns of the hon. Member for Stony Plain, but I believe that they are dealt with.

MR. WOLOSHYN: Mr. Chairman, this again underscores what I'm saying.

MR. DEPUTY CHAIRMAN: Order please. The Member for Stony Plain.

MR. WOLOSHYN: Thank you, Mr. Chairman. This just underscores what I'm saying. If these lines need the space so badly that their building totally on the public right-of-way is going to interfere with the traffic on the public right-of-way, then, for heaven's sake, they should be placed on a right-of-way that's negotiated far enough back from the road allowance so as not to interfere with anybody.

I would take you from the rural to the urban setting. Four feet of extension is not very much. There's a lane on this side of a lot, there's a lane on this side of a lot, and it's a 50-foot lot in the middle, which you can find here and there. All of a sudden the property owner wants to build a two-storey structure. The lower the voltage, the lower the line. It's just an ordinary little distribution line through town, and they put a long crossarm on it, so now his 50-foot lot becomes a 46-, a 44-foot lot. Then he has to make some allowances for the building from the power line; then he has to be careful in building the structure going up there.

I would suggest again that the Member for Three Hills should listen very carefully. I am saying quite clearly: no compensation for the past. I don't expect compensation for the past, but we have been making a grievous error in this province for years and years with the way these lines have been set up. Let's start from this day forward and change the legislation in such a fashion that it will make it better. I don't want to see compensation for all the lines that are hanging over the fields and the lots and whatever. Of course not; our rates would go sky-high and people would get carried away. But if that line cannot be placed in safety totally on public property – that's what we're talking about, lines on public property – then for heaven's sake that line should be looked at very carefully and located in such a way that it will be safe to all users and to all people going down there. That's the point that I'm trying to make.

MR. ORMAN: Mr. Chairman, I don't disagree with the concept that the member brings forward. The problem is that the rural

community does not want these power lines on private land. If we were to move it from the public land corridor to the private land, then we've got all sorts of problems with farmers moving their equipment around it. We could locate the power lines in the centre of the public land right-of-way too, and there would be no overhang in many cases. But that would create a problem for equipment moving down the highway, so what you try and do is achieve this balance. And understand who pays for this: it goes into the rate base; we all pay for the power costs one way or another. So you may give some compensation here in one case or another, and we all end up paying in the long run. But I think it's part of a convention that we have accepted over the years, and we find that the legislation does not to the letter support that convention. So you can make all sorts of adjustments, but you are going to create more problems, I can assure you, than are being created in your mind in this legislation.

We looked at the options. We could, you know, move it closer to the road allowance. We could move it totally onto private lands. The cost of private lands, as you well know, would be astronomical if we had to move from the public corridor to the private lands and go through expropriation and negotiations and costs of right-of-ways for power lines, and I could tell you that the rural community would not want that. They don't want it, no matter what the compensation is. They don't want the power lines on their property. They want it on the other side of the fence line, and they're willing to accept the fact, the convention, that the power lines do overhang. That's what we want to confirm in legislation. It's the most balanced approach we can take to dealing with the issue. That's where we're landing up, and there are no other alternatives that are reasonable. We have consulted with the municipalities; we have consulted with all the stakeholders that are involved around this legislation. They accept the fact that it's not perfect, but it's the balance and it confirms convention, and that's all we're trying to accomplish.

MR. WOLOSZYN: Again, you see that either our road allowances have shrunk suddenly to where moving a pole back, in most cases, two or three feet accommodates that, or we've all of a sudden extended the length of the crossarms. Now, if those power poles are so close to the roadway that they'll be a hazard, then something's the matter with that road allowance width or you've put them in the wrong place. If you are suggesting that this legislation does not outline, which is what I suggested last time and I'm suggesting again, let's put a dimension on it. If it's indicating as you are verbally saying to me from talking to you, in this way I could accept your position, but this is being written down, and other people are going to be reading it. The interpretation that I put on this is that for no good reason at all, no good reason whatsoever, you are permitting the intrusion into private airspace, whether it be in an urban area or in a rural area, without consultation with the landowner, without any hope of compensation, and the elimination of that person's ability to go back to the other Acts that protect him.

When we add to that the fact that the lower the voltage, the lower the height, we're entering into all sorts of areas. We won't get into it, but I would wonder all of a sudden about our liabilities, because where is one's property line? Does it go straight up and down vertically? Does it go up 10 feet and over? We don't know that. But what we do know is that what you are giving the power companies here is carte blanche permission to intrude provided they put the main part of the structure on the public right-of-way, and I think that is totally

wrong. We have to have it defined very, very much tighter as to how much can go in there, how and why. I respectfully submit that this legislation, although the intent is good – I don't have any problem with the intent – the way it's written should be reconsidered. I just cannot accept it the way it's written up here.

MR. TAYLOR: Mr. Chairman, I think the hon. Member for Three Hills did a good job as far as it went. It did cover, I think, what we were debating in the Legislature last time around about diagonals. I was glad to see the amendment, because sometimes we in the opposition think we're dealing with a monolithic elephant that has one aim in mind of just marching straight down to the water hole every day, and no matter what we do to it, we can't move it. So it is a great deal of pleasure to find that if you hammer home the commonsense point, indeed it does have some effect on the amendment. I feel that all sides of the House won on that one.

I'd like to go on and support the Member for Stony Plain. He has a point. I think the argument the Minister of Energy made is not too valid when one looks out on the countryside. The hon. member in charge of highways has practically garnisheered and taken over anything as far as the eye can see when you go out to build a highway. They plan it for four or six lanes. Some of our best farmland is going under to the department of highways' desire to have for the next 50 years room to expand. Then after you've got your four-lane or separated highways a quarter of a mile apart going through number 1 farmland, I'll be damned if they put in access roads on either side. For what I don't know: Maybe one farmer, maybe no farmers. Every now and again you'll see a dust plume if you're driving from Calgary to Edmonton or east-west created by somebody using an access road. So there is plenty of room, or at least this government has always leaned overboard in buying right-of-ways for roads. So I don't quite understand why a power line would be so squeezed for room that they would have to hang onto anybody's private property except in the case of cities. I'll admit that a 20-foot lot . . .

MR. ORMAN: That's exactly the point: your back alley. It hangs over in your back alley, back fence.

MR. TAYLOR: That's what I was going to say. The back alleys are the ones that bother me, because it's only 20 feet wide, and I'll admit. . .

MR. KOWALSKI: I'd like to have a back alley.

MR. TAYLOR: Well, especially in Barrhead.

AN HON. MEMBER: His is paved.

MR. DEPUTY CHAIRMAN: Order please.

MR. TAYLOR: They don't have any because they're afraid that the opposition might use them.

But a back alley, whether it's 20 or 30 or 40 feet, is still pretty narrow, and I think there's a point. But maybe that should be taken in with the hon. Member for Stony Plain's comment that where the public right-of-way is less than 40 feet, 30 feet, an overhang can occur. But to say that you need to go over some of these main drags, I kind of question that.

HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: Are you ready for the question on the amendments? First of all, amendment A to section 1(3).

[Motion on amendment A carried]

MR. WOLOSHYN: Are we going to go by each section separately?

MR. DEPUTY CHAIRMAN: We just did the first one, sir.

MR. WOLOSHYN: Thank you very much. Thank you.

Now we go to the next Act, the Municipal Government Act. I won't belabour the point, but what has happened here also is, I think, rather shocking. Section 307. Maybe the Minister of Municipal Affairs will look at this one.

(1) A municipality shall do as little damage as possible in the execution of the powers granted to it by this Part and shall make reasonable and adequate satisfaction to the owners, occupants or other persons interested in the land, waters, rights or privileges entered on, taken or used by the municipality or injuriously affected by the exercise of its powers.

(2) In the case of disagreement, the compensation or damage shall be ascertained by the Land Compensation Board.

The amendment, section 3. It goes on:

... power line attached to or resting ... may project into the airspace over the property adjoining that land without the consent of the owners or occupants of the adjoining property, to the greater of ...

Again,

no person is entitled to any remedy or damages or any other compensation or relief as a result of the existence of a projection described in subsection (3).

So when they come in and put up their power line and they protrude into your property, if there should be damage done in the process of that, this amendment clearly states that there isn't any compensation available. I think that is wrong.

MR. ORMAN: What damage?

MR. WOLOSHYN: I don't know. I really don't know what damage, but why do you have the clause in here if there is going to be no damage? If there is going to be no damage, then perhaps it should be written to indicate that if there is in fact damage, compensation is due. I could foresee far greater damages occurring in urban areas – villages, towns, cities – than in fact would ever occur in the countryside, where the hon. Member for Westlock-Sturgeon and the hon. Member for Three Hills and I come from. I think, with all due respect, that this whole section again should be rethought.

Thank you, Mr. Chairman.

MR. WICKMAN: Mr. Chairman, I guess I just want to get some direction from you. I had indicated earlier that I wished to speak. It's not specifically to the amendments. It's more dealing with the question that I thought the minister would respond to probably later on about the studies and such that have been done about the effects of these transmission lines not only in ...

MR. DEPUTY CHAIRMAN: Hon. member, you have posed a question, and there will be an opportunity to return to the totality of the Bill once we've dealt with the amendments.

MR. WICKMAN: Okay. That's fair enough. Thank you.

MR. DEPUTY CHAIRMAN: Are you ready for the question?

HON. MEMBERS: Question.

[Motion on amendment B carried]

[Motion on amendment C carried]

MR. DEPUTY CHAIRMAN: Further debate on the Bill as amended, Edmonton-Whitemud.

MR. WICKMAN: Mr. Chairman, I would like the minister to give us some indication as to what research, what studies have been done. More and more we see, particularly in the United States, concerns that have been expressed about the effects of the electrical subunits, whatever they refer to them as, and the possibilities of them creating migraine headaches; in some cases, it's been speculated, contributing to cancer. Of course, a great deal of it is just speculation, but on the other hand there are some studies that have been done by professional people in the United States. I believe the most classic was probably in the state of New York, where the proposed planning for transmission lines was fought very, very bitterly. Eventually they were imposed but only after a great deal of jurisdiction.

Now, this question has been asked here in the House before. It's been asked by the Member for Westlock-Sturgeon, directed to the Minister of Transportation and Utilities. At that particular time, because that responsibility was in fact under this particular minister, it was taken under advisement. Now, the Minister of Energy never did get back to this House and give us any indication. I guess what I would like to have is some assurance that there is potentially a problem there, that it is being looked at, that the minister is fully aware of the studies. It's not only in the rural areas, Mr. Chairman. We have it in Edmonton-Whitemud. I got a couple of instances of families that are putting their homes adjacent to the transmission lines in the south part of Edmonton-Whitemud up for sale because they're convinced that the migraine headache problem is being caused by those transmission lines.

MR. ORMAN: Mr. Chairman, I recall this issue being raised. As a matter of fact, I have had some correspondence on this particular issue and a briefing from the Minister of Transportation and Utilities, who formerly had this responsibility. Let me assure the Member for Edmonton-Whitemud that this Act, this amendment, has nothing to do with that particular issue. At the same time, however, I will undertake to deal with the hon. member in correspondence outside the House as to what the current studies are and what the current situation is with regard to the impact and the potential for hazard in this connection. Really this amendment deals with overhang of power lines – in some cases, that far – and it is not connected with that issue. But I know it is an issue of concern. I believe it was raised previously, and I'd be pleased to do that.

I'd like to briefly respond to some of the concerns that were raised in second reading. As I've indicated previously, some of these concerns have been dealt with with the amendment. Mr. Chairman, we have to understand – and this is back to the Member for Stony Plain's comments. They were the same during debate on the amendment as they were in second reading. We have to look at it on a provincewide basis. For those of us that grew up in the cities, we know that power lines in the back alleys overhanging the backyards across the fence. You

can't physically structure a right-of-way to accommodate the cross arms in the cities. You just can't do it today, yesterday, or tomorrow. We understand that the easement is for the location, and the overhang is part of what you get when you're using utilities.

Now, I can tell the hon. member that in the Telecommunications Act this is very clear. We're trying to bring this legislation in line with that confirmed in the Telecommunications Act and confirmed in other legislation. You just can't accommodate the overhang. Now, if there is some damage that occurs as a result of it, there is recourse. If it's damage because it's been a breach of a setback, then that can go to the Surface Rights Board. If it's damage as a result of the erection of one of these towers and it somehow affects operations, or if it's to the point, for the Member for Edmonton-Whitemud, that there are some concerns of health hazards, that's dealt with in the Electrical Protection Act. There is nothing, to my knowledge – and I asked for an example. I've asked not only the Member for Stony Plain, but I've asked other people in the business for an example of how you could encounter some damage as a result of the overhang. Really, you can't other than if you happen to run into it, and you could do that whether you've got the right-of-way or whether you don't. It's just good common sense both in the municipalities and in rural Alberta.

Now, with regard to the length of the cross arm, this is basically restricted by engineering restrictions and specifications in the Electrical Protection Act. This Act defines the distances. So there's nothing in this Act that allows for an override, of the EPA. The length of the cross arm is basically dealt with in that particular legislation.

We've dealt with the issue of going diagonally 45 degrees. The Member for Westlock-Sturgeon brought it up in the last debate, as did the Member for Stony Plain and the Member for Three Hills. That's why we brought forward an amendment. Because on second look – in my view, it was sound the way the Act was written, but if it puts hon. members' minds at ease and the public at ease, I was willing to accept the amendment and be a little bit more definitive. I was pleased to do that.

Now, the Member for Stony Plain said that he found it very distressing that we would even consider giving any private utility the right to intrude on private property and that there shall not be any compensation. Well, I can tell the hon. member that the Telecommunications Act, as I've indicated, is the forerunner. The AGT Act has contained similar wording since 1958, and with these amendments electrical utilities have similar authority as telephone utilities. We're just trying to bring it into line with an Act that's been around since '58.

The intention when this Act was drawn up, Mr. Chairman, was to accomplish exactly what we're wanting to confirm. Unfortunately, it went through the courts, and we found out that the interpretation by the lawyers and the judges in the courts was that it wasn't identical to the Telecommunications Act, so that's why we're wanting to bring it into line.

We did talk about some of the issues in second reading that were brought up during this particular debate on the amendment. Sure there are examples where we could move the power poles into the centre of the right-of-way and there'd be no overhang; there'd be no hazard to the cars moving down the highway, to the farmers moving their equipment down the highway, or to the farmers moving their equipment on their land. But we can't pick and choose. We have to be consistent. It's the same thing for the back alleys and my house at 734 Memorial Drive Northwest, where I grew up in Calgary: same issue.

Same issue on my grandfather's farm at High River, where he had a public right-of-way. He had overhang onto his property. He didn't want that right-of-way. He didn't want power poles or telephone lines on his property, and he didn't want the compensation for it either, thank you very much. He wanted the convenience of being able to work his land in the most effective and efficient way, accepting the fact that in today's facts of life, we have to accept some of these compromises, I guess, as some may see it.

I won't go over the Member for Three Hill's concerns.

The Member for Westlock-Sturgeon talked about whether there was a distinction between alternate current and direct current lines. There is no distinction made between AC and DC lines because the Alberta electrical distribution system of 750 volts or less is all AC. The lines do not feed into the main line or have anything to do with small power producers, as was brought up by the member.

So, Mr. Chairman, those are some of the comments that were brought up. The Member for Calgary-Buffalo was onto a point that, you know, if there is overhang, therefore there should be compensation. The letter of the law would say yes, but the spirit of the law has to be that there are compromises. We are just dealing with aerial projection in this particular amendment, and we're just trying to find the best compromise. It's not simple, but when you take into account rural Alberta, urban Alberta, cities and towns, north and south, east and west, for consistency this is the best wording that we can come up with in the legislation that makes it totally consistent with the Alberta Government Telephones Act.

MR. DEPUTY CHAIRMAN: The Member for Stony Plain.

MR. WOLOSZYN: Thank you, Mr. Chairman. I would like to respond. A couple of suggestions to the hon. minister: perhaps the telephone Act should be brought up to date, and maybe we're going backwards by putting this into the electrical transmissions Act.

The other question that I would have to him: are cross arms really necessary? I would submit that you can build power lines of a rather significant voltage without cross arms, and that has been done.

The way this Act is going, it applies equally to urban and rural, and I think that may sound honourable, but I don't think it's necessarily proper.

One aspect of how it affects the Water, Gas, Electric and Telephone Companies Act. Section 13 states: "subject to section 14, cut down any trees or brush" and whatnot. Then section 14 states:

A company shall make satisfaction to the owners or proprietors of any building or other property or to the municipality or to the Minister, as the case may be, for all damages caused in or by the execution of . . . the powers given . . .

And so on.

Then we look at the amendment, and here we go again. Guess what?

. . . without the consent of the owners [and] no person is entitled to any remedy or damages or any other compensation or relief as a result of the existence of a projection described in subsection (2).

Again, I can't stress hard enough that we are going the wrong way. The intent may be honourable, and I certainly agree with the minister that we don't want to have a whole raft of compensation paid out for what happened in the years past, but now is the opportunity to set the stage right, and I think this is not the



way to do it. I think if you're going to take this approach, perhaps you'd give it some more thinking, be a little bit more specific and address this better. We are affecting three Acts, and it all comes down to one bottom line: no consultation, no compensation. I for one don't feel that compensation is a big issue, but I feel that this is a basic intrusion into an owner's rights, that an Act, a statute of this province, will give a municipality or a power company the undeniable right to intrude into the airspace without any consultation, without any compensation. Here I see that whether it be in an urban area or not, a power company can come in, put the cross arm over somebody's prize shelterbelt, whatever. It grows for a year, and they can come in and cut it out without permission and without any kind of compensation going. That problem, incidentally, exists to some degree currently. On that I rest my case.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Ready for the question?

HON. MEMBERS: Question.

[The sections of Bill 9 as amended agreed to]

[Title and preamble agreed to]

MR. DEPUTY CHAIRMAN: The hon. Minister of Energy has moved that the Bill as amended be . . . No, he hasn't yet. Sorry.

MR. ORMAN: Allow me to do that, Mr. Chairman. I move that Bill 9 as amended be reported.

[Motion carried]

**Bill 2**  
**Department of Transportation and Utilities**  
**Amendment Act, 1990**

MR. PASHAK: I just wanted to test a couple of points with respect to the Bill. First of all, as I understand it, one of the things that this Bill will do will be to make this revolving fund like other revolving funds. I mean, there are some differences between them. I think there are some dozen or so revolving funds, and this will bring it in line with other funds.

The second reason for the Bill, as I understand it: your department apparently buys equipment and leases that equipment out, and that lease money goes into this revolving fund. Instead of having to take this money and put it back into the General Revenue Fund at the end of the fiscal year, you can keep it going beyond the end of the fiscal year. You can maintain that fiscal account beyond the normal year. Is that correct?

MR. ADAIR: Mr. Chairman, basically what occurs – I've got it written down so I don't get it mixed up as well. But when we were in discussions with the Auditor General – the practice of the department has been to put the profits and losses in whichever year they occur into position for being returned or drawn down within the fund. The Auditor said that the way the Act is presently written, you can't draw it down one way. In other words, you can't reduce the profit, but you can take care of the loss. It was his recommendation that we repeal this so that it is then consistent with the Financial Administration Act, and then it doesn't have any concern or any problem as to which comes first. That was the issue.

HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: The question has been called.

[The sections of Bill 2 agreed to]

[Title and preamble agreed to]

MR. ADAIR: Mr. Chairman, I move that Bill 2, the Department of Transportation and Utilities Amendment Act, 1990, be reported.

[Motion carried]

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

[Motion carried]

[Mr. Deputy Speaker in the Chair]

MR. JONSON: Mr. Speaker, the Committee of the Whole has had under consideration certain Bills and reports the following: Bill 21 and Bill 2 and Bill 9 with some amendments.

Mr. Speaker, I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

MR. DEPUTY SPEAKER: Having heard the report, does the committee agree?

HON. MEMBERS: Agreed.

MR. DEPUTY SPEAKER: Opposed? Carried.

MR. GOGO: By way of information to hon. members, Mr. Speaker, the House will sit tomorrow evening to deal with various government Bills on the Order Paper.

[At 10:27 p.m. the House adjourned to Tuesday at 2:30 p.m.]

