

Legislative Assembly of Alberta

Title: **Monday, June 4, 1990 8:00 p.m.**
Date: 90/06/04

[The House resumed at 8 p.m.]

[Mr. Deputy Speaker in the Chair]

head: **Government Bills and Orders** **Second Reading**

Bill 29

Public Utilities Board Amendment Act, 1990

MR. DEPUTY SPEAKER: The Minister of Energy.

MR. ORMAN: Thank you, Mr. Speaker. I've got nine Bills here, Mr. Speaker; I'm trying to figure out which one is 29. Ah, the Public Utilities Board.

Mr. Speaker, in moving second reading, we are, as a result of a couple of reasons I'd like to share with the Assembly, changing the manner in which we fund the Public Utilities Board. As hon. members know, the Public Utilities Board is a regulatory body that deals with issues from time to time that affect the utilities industry and the consumers in the province of Alberta. The objective of the amendment is to recover that portion of the board's operating costs that relate to utility generation.

One of the primary reasons, Mr. Speaker, that we are changing the manner in which we fund the PUB is, firstly, with regard to our efforts to achieve a balanced budget. Secondly, it will reduce the current funding demands on the General Revenue Fund by approximately \$2 million annually, and it is consistent with our direction in other boards and agencies in terms of a policy where the user pays. It will have a minimal effect on the consumers, Mr. Speaker; the overall impact is negligible in terms of the impact in the rate base.

Mr. Speaker, the PUB is subject to the same constraints as other government departments, and in recent years the board has taken a number of initiatives to streamline the hearing process and control intervenor costs. At the same time, the number of intervenors continued to increase on an annual basis, and it is consistent with the same practice that we have with regard to the Energy Resources Conservation Board. Now, I should tell you that the assessment for the ERCB is 50 percent by the industry and 50 percent under the General Revenue Fund, and having assessed the ratio of user groups who are before the Public Utilities Board, we came up with a balance of basically a two-thirds, one-third basis for funding of the Public Utilities Board: two-thirds by the user groups and one-third by the government. This principle of user pay, as I alluded to earlier, is consistent with the National Energy Board and the Canadian Radio-television and Telecommunications Commission, and we are basically pursuing that particular philosophy here in the province of Alberta.

Mr. Speaker, based on the operating revenues for 1988, it is estimated that a rate of approximately one mill, or one-tenth of a cent, will be applied to each dollar of utility revenue, and this will provide funding for approximately two-thirds of the board's operating costs. We have had discussions with the various jurisdictions that are impacted, the variety of utility companies

and gas co-ops in the province, and basically they understand the direction we're going in.

So, Mr. Speaker, I urge all members in the Assembly to recognize the importance of the user-pay philosophy and support this particular legislation.

MR. PASHAK: Well, I don't want to support a user-pay philosophy in principle, but I must say with respect to this particular Bill that I have no particular problems with it. I think it's as the minister described it: it will put the costs for applicants and participants appearing before the PUB on a basis such that the applicants themselves will be picking up a greater share of the costs of the operation of the Public Utilities Board. I looked at their annual statement. I think their annual operating costs are in the neighbourhood of \$2.8 million – at least they were – and I assume that two-thirds of that will now be picked up through the change that's being proposed here.

But let's not fool ourselves. Instead of taking it out of one pocket, we're taking the costs of operating the board out of another pocket in a sense, because as I understand it, the participants will then roll those costs back into the rate base possibly, and then consumers that are buying electricity or gas will wind up paying a little extra. But as the minister says, it probably will be so small in relationship to their total bill that it will hardly be noticeable.

There's just one other problem that is not in the Bill that perhaps could be addressed, and that's a provision to make it easier for bona fide consumer groups to have access to the deliberations and hearings that are sponsored under the Public Utilities Board.

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

MR. CHUMIR: Well, thank you, Mr. Speaker. We have somewhat more problems with this legislation than do our colleagues, and unless I'm under some misapprehension, we will not be supporting this legislation. We would insert for "user pay" rather the term "consumer pay," the consumer being the ultimate user of utilities. In fact, what's going to happen is that there will be a passing through of this cost of the Public Utilities Board's process to consumers. I note that this is a regressive tax. It's not a huge amount, but it's regressive and in philosophy and principle we think it's wrong at this time. When I say "at this time," we note that it comes after the Provincial Treasurer's decision in his recent budget to eliminate the income tax rebate which flowed from the provincial government to consumers.

So we will not be supporting this legislation at this stage, and if the minister comes up with an argument or some explanation which reflects an error in our thinking, well, we'll certainly reconsider at a later stage.

Let me also bring to the minister's attention another concern that we have, and that is with respect to the mechanism of levying the charges on those who appear before the utilities board. As I read this legislation, it provides the board with the unrestricted discretion to levy fees and taxes on any basis that it may desire. Now, the minister has suggested that it will be a certain mill rate based on dollars of revenue, but that's not set out in the legislation. This is a totally unfettered power to tax whichever entities appear before this group at whatever rate the board may itself decide. And this is compounded – as if this weren't enough, this carte blanche in terms of taxation, we find the fee payer has an appeal. And to whom does that entity have a right to appeal? The appeal is to the prosecutor; it's to the

board itself: no independent entity. You go right back. You have the board being prosecutor and judge.

Well, it's not that I lack any confidence in the board, but if this is the kind of process that this government feels is appropriate for governing the province of Alberta at this particular point of time in levying taxes, well, include the Alberta Liberal Party caucus out on this piece of legislation.

MR. ORMAN: Mr. Speaker, in closing debate on second reading, I think the Member for Calgary-Forest Lawn put it in the most simple terms, and I'm surprised it went over the head of the Member for Calgary-Buffalo. That is, somebody pays. That's the issue. If the member is suggesting that we disband the PUB and allow the utilities to set their own rates and pass them on to the consumers, then that's an interesting policy for him to take. It appears, though, that the NDP and the Conservatives in this particular case see the wisdom of allowing for the redistribution of the costs, of putting in the rate base. It's almost negligible, Mr. Speaker, and won't be reflected by a rate increase unto itself. It's just another way of dealing with the cost of regulatory authority. I'm quite surprised to hear the Member for Calgary-Buffalo has missed that.

In any case, Mr. Speaker, I hope that all members of the Assembly support second reading of this Bill.

[Motion carried; Bill 29 read a second time]

Bill 43

Oil and Gas Conservation Amendment Act, 1990

MR. ORMAN: Mr. Speaker, it gives me a great deal of pleasure to move second reading of Bill 43, the Oil and Gas Conservation Amendment Act, 1990.

Mr. Speaker, this Bill does two things; it has two provisions. The first is that it provides the framework, the enabling legislation, for the government to implement the ethane policy as announced in October 1988. The Bill also addresses a second provision, and this deals with the increased penalty levied by the ERCB pursuant to the compulsory pooling order in the legislation. I should point out to all hon. members that the principle behind these two is mutually exclusive: they are not related to each other but are matters we are wanting to deal with under the amendment to this legislation.

First, Mr. Speaker, the Alberta ethane policy. I should point out that with regard to the policy itself the Minister of Economic Development and Trade and myself have been working on a modification of the government policy with regard to ethane. I have had the opportunity to meet with the ethane owners, meet with the petrochemical industry in this province, particularly Dow and Nova, and had official discussions with Alberta Energy with regard to the impact of the ethane policy on future petrochemical development. This legislation will deal with that. The actual policy is not contained in this legislation and will follow as an initiative of the government.

Mr. Speaker, the importance of this policy is reflected in the sense that the development and upgrading of our resources here in Alberta are first and foremost and always have been as a policy of Progressive Conservative government in the province of Alberta. This approach is encouraging petrochemical development in the province, and it has led to the development of world-scale petrochemical industries already in the province of Alberta. We have seen that with Joffre 1 and 2 – Alberta Gas Ethylene at Joffre – and the embarkation by Dow to build a petrochemical complex at Fort Saskatchewan. We're pleased

to see that, Mr. Speaker. In my view, this ethane policy that has been pursued by the government of Alberta has really facilitated the development of a world-scale petrochemical industry. The result, Mr. Speaker? Well, there has been a substantial number of jobs, diversification of the economy, expansion of markets for natural resources, and opportunities for further expansion of industry in the province of Alberta.

The ethane policy, in our view, establishes a fair and a predictable environment for petrochemical development. We have had consultation, Mr. Speaker, with the ethane owners and the petrochemical industry, and they have given me their assurance that they are satisfied with the policy we are now discussing with them that will be a result of this enabling legislation that I have before you today. The policy will ensure that ethane extraction facilities provide feedstock to the existing petrochemical industry, and they will continue to have ethane available to meet their requirements.

Now, Mr. Speaker, I should make it clear that our forecasts are that there will not be a shortage of ethane in the province of Alberta. However, this policy is for that less than 5 percent probability that there is a shortage of ethane, and the policy simply ensures that the supply arrangements underpinning the existing industry will be secure against removal of ethane before it reaches the straddle plant facilities currently providing a feedstock to the petrochemical industry.

Mr. Speaker, this legislation allows the Energy Resources Conservation Board to implement and administer the policy, to specify the facilities affected, to identify the threshold volumes of ethane, to make arrangements to ensure that ethane will be made available to maintain those threshold volumes, and to develop the detailed procedures of implementation.

Mr. Speaker, I'd like to draw to your attention one significant change contained in the legislation which differs from the statement on ethane policy implementation. As I've indicated to you, there were threshold amounts that we had discussed previously, and I'm pleased to let you know with regard to the policy that the threshold volume will be maintained until June 30, 2004, at levels determined by the Energy Resources Conservation Board. There are mechanisms in the legislation to allow the ERCB to determine those threshold volumes. Beginning July 1, 2004, the threshold volume will be reduced by 20 percent per year with the policy terminating on June 30, 2008. Therefore, we are on a phaseout program with regard to the threshold amounts, and the Bill, as I've indicated, provides for expiry of the legislation at that particular time. Mr. Speaker, this ensures that the policy remains in effect as long as the longest running current industrial development permit is in effect. It then provides for the transition period before termination of the policy.

Mr. Speaker, I want now to turn to the second provision in the legislation, which deals with compulsory pooling. The Energy Resources Conservation Board from time to time issues pooling orders with respect to drilling spacing units, and it specifies a penalty to be paid by owners of a tract in the event that the owner should fail to pay promptly his share of costs relating to the drilling of a producing well. The Bill will increase the maximum penalty that can be levied from one-half of the owner's share to two times the owner's share. Mr. Speaker, industry requested this increase, and I have the support of industry associations in this connection. The existing penalty, in their view and in our view, is out of line with the much higher penalties industry has been paying in its voluntary pooling agreements. Those pooling agreements are in the PASWC procedures and the Canadian Association of Petroleum

Landmen joint operating agreements. So it simply brings in line the ERCB's pooling order provisions with industry practice, Mr. Speaker. That is the second feature of the amendment to Bill 43, the Oil and Gas Conservation Amendment Act, 1990.

I would ask support from all members of the Assembly in moving second reading.

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

MR. PASHAK: Thank you, Mr. Speaker. Again I see no particular problem with this legislation as far as it goes. [some applause] Thank you.

In effect, it just implements a policy that was already agreed upon, but I may have some concerns about the original policy, and I'll just try to make those clearer. There was a bitter debate that went on, as members of the Assembly will recall, a few years ago, not very long years ago either. It was a relatively bitter debate between small producers, who felt they were entitled to the ethane that was part of their stream of gas . . .

AN HON. MEMBER: All producers.

MR. PASHAK: Well, all producers, then; not just the smaller producers. All producers wanted to control that ethane supply because they were getting a better return for that ethane if they used it for enhanced oil recovery rather than having the ethane going into the straddle plants, where it's later extracted for redirection to the ethylene plants in the province. At that time Alberta Gas Ethylene wanted to build a third plant. They felt they had a commitment from a previous Alberta government to have an assured supply of ethylene, and they argued their case rather strongly. We had, actually, a bit of a debate in our caucus as to the merits of those two approaches, and I personally thought that if we're going to advance this province economically, we should do as much processing of our raw materials as we can here in this province. It made sense to me to convert as much of the ethane in this province to ethylene and later to polyethylene, which is . . .

AN HON. MEMBER: We had the same debate.

MR. PASHAK: Whose side were you on?

It seemed to me that it would be very advantageous for this province to get into, actually, the plastics business as much as we possibly could. It's possible to make houses, for example, out of plastic these days. Certainly if you go into Canadian Tire, look at the lawn furniture that's now made out of plastic. Talking with some of the people at Alberta Gas Ethylene, they were committed to doing the research that would be necessary to expanding a plastics industry in the province, and they were committed to helping firms get off the ground.

Well, in terms of what's happened recently, of course, there seems to be a commitment on the part of Dow to take ethane and convert it to ethylene, and my fear is that a lot of that ethylene will just get into the Cochin pipeline and go east, where the tertiary upgrading of that product will take place in eastern Canada rather than here in Alberta. So that's a concern. I'm also concerned that Alberta Gas Ethylene has announced the cancellation of their third plant in the Joffre area. Now, it's very difficult to make the case that that's due to the Alberta government's ethane policy; it probably has a lot more to do with soft markets for ethylene. But for some reason Dow is able to go ahead with its plant and the plant at Joffre is on hold, the plant

that I think held out more promise for a plastics industry here in the province of Alberta.

With respect to the compulsory pooling, I guess I have no comment to make there other than it seems to be logical that if the industry wants it, that should be – I see no real difficulty for other producers in the province. I must say that I had some technical help, some assistance from surprising quarters with my review of this Bill. Generally speaking, I think the industry is much of a mind on this. This was a compromise that they arrived at that apparently they can all live with, and I think the industry in general would be supportive of the measures that are included in this particular piece of legislation.

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

MR. CHUMIR: Thank you, Mr. Speaker. The basic principle of this Bill is to get the government out of a mess by letting it pass regulations. It's amazing to hear the minister state that the policy is not in the legislation but will be in the regulations, yet we're here as policy-makers to pass legislation. In fact, it's really enabling legislation to allow a policy which has been made behind closed doors to be proceeded with.

This piece of legislation, Mr. Speaker, demonstrates the trouble a government can get into when it seeks to appropriate the value of a product – in this case ethane, which belongs to producers of natural gas – to the benefit of another industry. The ethane policy that we had in this province for most of this past decade is a policy which is one set by letters: the Dowling letters, which are to protect the supply and price of ethane to Alberta Gas Ethylene. This has, of course, created a furor amongst gas producers and amongst competitors, and it's jolly to see even Alberta Energy Company, 36 percent owned by this province, publicly criticizing government policy last fall. Heck, even the Energy Resources Conservation Board disagreed with the policy of the government, and after protracted hearings stated that disagreement publicly.

Now, the government has been faced with intense dispute in the industry, culminating with this legislation. This is, as I mentioned, enabling legislation which provides for a scheme of regulations to be passed which will protect the supply of ethane to Alberta Gas Ethylene plants 1 and 2. Now, I understand that meetings have been held, arms have been twisted, and that some form of agreement has been reached between the interested parties on the amount of ethane to be dedicated to Alberta Gas Ethylene. The issue of price, however, is one which I understand is still undefined. The question is whether the ethane dedicated to Alberta Gas Ethylene will command fair market value. I understand that this is to be determined by arbitration but that the terms of arbitration are such that it's not clear whether that will be fair market value. If it's less than fair market value, let me state that we will not only have justifiably unhappy producers but a very important issue will arise under the free trade Act as to whether any shortfall below the fair market value constitutes a subsidy subject to countervail, as in the case of the softwood lumber issue.

That being said, let me say that one can very well understand the desire which I share to keep our petrochemical industry healthy and ensure that it can compete heavily; we have a very major investment in petrochemicals in this province. However, a more honest way to provide this assistance would have been for the government itself to pay the cost of any subsidy that it desired to see levied. Now, this of course, in these days of the free trade Act, would put the cat amongst the pigeons with

respect to the impact of such an overt subsidy. It remains to be seen whether there will be subsidy followed under the free trade Act under the present scheme. Hopefully, a fair arbitration process will eliminate that danger.

Now, we in the Alberta Liberal Party want to see a strong Alberta Gas Ethylene Company and a healthy petrochemical industry; we want to see upgrading of our resources take place here in this province. But we have to face it that we can't have it both ways and commit to a free market and a free trade agreement and at the same time provide a protective subsidy scheme. I'm just wondering where this government stands. In particular, as I noted earlier, if we're going to subsidize and help industries, we shouldn't do it on the backs of other members of the industry, in this case the natural gas producers.

So we hope that all goes well from here on in. We don't like the way the government has handled this whole issue; we don't like to be faced with a piece of legislation which is totally devoid of policy, leaving that policy to be set by regulation. But Alberta Gas Ethylene has a major investment in this province. It has acted on the basis of government promises, and it deserves some protection. At the same time, to a very large extent we understand that the free market will prevail as it should for the rest of the market, and since we understand that all parties have accepted the compromise, we'll go along with this piece of legislation, with some misgivings at this stage, but we will be looking for further assurances and information with respect to the policy that we're going to be seeing in regulation during the course of committee proceedings on this Bill.

MR. DEPUTY SPEAKER: Would the hon. minister like to conclude debate?

MR. ORMAN: Thank you, Mr. Speaker. The Member for Calgary-Forest Lawn brought up a very important point that I neglected to include in my opening remarks, and it was echoed by the Member for Calgary-Buffalo. Mr. Speaker, there is the question of how the price will be determined for ethane that is reinjected into the stream for the straddle plant used to distribute to the petrochemical industry, and this is an outstanding issue. We have not landed on a way in which we can deal with the arbitration issue, what the parameters of arbitration will be, but I have undertaken to the industry that sometime this summer we will sit down and in consultation with both the petrochemical complex and the ethane owners come up with something that is acceptable to both parties that will determine an arbitrable price.

As I indicated to the Member for Calgary-Forest Lawn, we had the same debate in our caucus, and it is, I guess, not unusual that we would have the type of debate that was alluded to by the hon. member. We all want to protect the rights of the ethane owners. They own the ethane, and it is part of the natural gas stream. The market should really be the determinant of the value of that ethane and whether it leaves the province, whether it goes to any EOR, or whether it is reserved for the petrochemical complex. Well, what we've tried to do with this legislation is strike a balance, and we have struck a balance in the sense that in the event that there is a shortage of ethane during the period we have discussed, the first ethane to be reinjected into the stream will be the Crown royalty share. The second amount will be the ethane used for enhanced oil recovery and for the export market. The third will be other petrochemical use beyond the existing petrochemicals that have been developed prior to October 1987. I should point out that on that October date 1987 we are exempting all existing field plants

that extract ethane. This policy will deal with all new field plants that extract ethane.

So what we've tried to say is yes, and the point was brought up: if the province of Alberta feels that this is an appropriate policy, let's not penalize those that are in the industry that are out there discovering natural gas and finding a market, finding investment to strip out the ethane stream and to find a market. So what we've said is that we will take our Crown royalty share first and reinject it into the stream, and hopefully if there is a shortfall – and I've indicated that it seems to be a less than 5 percent probability that between the year 2004 and 2008 there will be a shortfall – the Crown royalty share of ethane will be able to make up that difference. We will not be required to back out enhanced oil recovery or ethane bound for the export market and in the final analysis ethane that is being used for petrochemical development in the province of Alberta. I just don't believe we will ever reach that period when we will have to ask existing petrochemical industries to reinject for the benefit of the existing plants today.

Mr. Speaker, the Member for Calgary-Buffalo said that somehow we are being secretive about our policy. I took the time to lay out the policy to the hon. member, so I don't know how he can suggest that it's secretive. He is criticizing the government for going back and looking at an ethane policy that was developed in 1988, having discussions with all parties involved, modifying that policy that seems to make everyone happy, and then coming to the Legislature and presenting it before hon. members. If we had stuck by the policy of 1988, he'd be criticizing us for being intransigent. You know, I would hope that when something comes forward that makes sense and is acceptable to both parties, they're willing to accept it rather than being critical for being critical's sake. The Member for Calgary-Forest Lawn is taking that approach, and I appreciate that. There are times when you try and avoid being critical just for the sake of being critical. The Member for Calgary-Buffalo does not seem to adopt that particular provision.

Mr. Speaker, I wanted to make the point to the Member for Calgary-Buffalo about the order in which ethane is reinjected into the stream. I've done that as a result of responding to the Member for Calgary-Forest Lawn. I do hope that all members of the Legislature will support this very important policy to further economic development in the province of Alberta.

Yes, Nova is not going to build, in current circumstances, another petrochemical plant. Fortunately, it appears as though Dow is, and construction of their fractionator is well under way at Fort Saskatchewan. I know the Member for Clover Bar is well aware of that. Hopefully, it will lead to another full-blown petrochemical industry out there to be constructed by Dow. I'm sure it will. Alberta Energy Company has just recently started making very firm and loud noises about their intention to move into this industry at this particular time. I'm pleased to see it, Mr. Speaker, because the Member for Calgary-Forest Lawn pointed out that the market is relatively soft right now. However, there is this activity occurring. I have the firm belief that both the producers of ethane and the petrochemical complex are satisfied with this approach.

We have the outstanding issue of arbitration, and I'm committed to resolving that particular issue as soon as this Legislature is out and I have the time to sit down with both parties and deal with that important issue.

Thank you.

[Motion carried; Bill 43 read a second time]

Bill 51**Gas Utilities Statutes Amendment Act, 1990**

MR. ORMAN: Mr. Speaker, I'm very pleased to move second reading of the Gas Utilities Statutes Amendment Act, 1990.

Mr. Speaker, this Bill marks a significant step in the process of natural gas deregulation, and it ensures that all Albertans will have the opportunity to participate in the direct sales market for natural gas with appropriate contractual security of gas supply. Prior to deregulation, as you know, local distribution companies or gas utilities provided natural gas on an exclusive basis on a franchise basis throughout Alberta, and only large industrial users served by utility transmission systems or Nova could buy gas directly from producers or other direct suppliers of natural gas.

Mr. Speaker, in 1986 the Alberta government, with regard to the follow-up for deregulation, asked the Public Utilities Board and the Energy Resources Conservation Board to examine this issue of direct sales. They came up with some recommendations: first, that distributors maintain a portfolio of supply that provides long-term security of supply to users continuing to rely on utilities for gas supply; second, that all classes of consumers have access to direct sellers but that nonindustrial or core market customers, residential, and commercial users who buy directly be required to do so under long-term contractual arrangements. In addition, the board noted that franchise utilities paid a franchise tax. The franchise tax would have to be adjusted to take into account direct sales in a franchise area.

Mr. Speaker, let me just spend a moment on that particular issue. The municipalities charged a tax to the franchisees who were moving gas based on the volumes of gas they were moving into the municipality. With direct sales there will be movement of gas into the municipalities that is outside of the franchise holder. The loophole created is that those volumes of gas moving in would be exempt from the existing tax that municipalities had on those volumes. So this legislation will close that loophole and will return the municipalities to basically a whole position so that they are not in a net loss situation with regard to the implementation of this particular legislation.

Mr. Speaker, extension of direct sales to residential and commercial users to the core market requires legislation to ensure adequate security of supply. Now, our position has always been that core users, primarily residential and small commercial users, and essential institutions must be assured a firm, reliable supply and that in a deregulated market users must enter into appropriate contracts to provide the required level and term of security of supply. The right of consumers to purchase gas directly and the provisions for regulations dealing with the appropriate contractual terms for security of supply are contained in parallel amendments to three Acts: the Gas Utilities Act, the Municipal Government Act, and the Rural Gas Act.

Now, Mr. Speaker, to date discussions have considered three classes of consumers of direct sales: the first is residential and small commercial, the second is large commercial and institutional, and the third is industrial. Groups 1 and 2 will be required to have long-term supply contracts consistent with their dependence on reliable gas supply and their very limited fuel alternatives. That's a key point, in that many of these commercial and residential consumers do not have an alternative in the event that their gas supply is curtailed in the event they are on a spot market contract or short-term contract. It is the feeling that we must have in this legislation a provision that makes sure they contract long enough based on their inability to seek alternatives. Mr. Speaker, in the event that core market customers are

able to exploit alternative fuels in the future, then we would give reconsideration to this particular provision.

Now, it is our feeling that group 3, or industrial users, who have the opportunity to use alternative energy sources, whether it be fuel oil or other alternatives, are on a different contractual arrangement, and it should be recognized. These gas users should make commercial decisions based on the reliance of gas and their alternative fuel capabilities, and for that reason they will be free of any significant term with regard to the policy. Municipally owned utilities and rural gas co-ops will be required to file information on the security of their gas supply arrangements with the Public Utilities Board but would not be subject to formal PUB hearings unless they fail to maintain adequate gas supply security.

I did spend a moment on the franchise tax, Mr. Speaker, and I'd like to return to that. At present the calculation of the gas franchise tax is based on the gross revenue of the utilities – that is, the volumes of gas, as I've indicated, sold by the utility – and it distorts the developing natural gas market. Because utilities pay municipal taxes on their revenue from gas supply in transmission service, while the value of gas in a direct sale is not subject to the tax, the choice of gas supply is being distorted, and this Bill will enable the municipalities to adopt an alternative approach to calculating the franchise tax established by the PUB in order to close the current tax loophole.

Mr. Speaker, this also brings into question the relationship between this policy intra-Alberta for the core market and our negotiations with the province of Ontario with regard to the core market. We have in the past felt that we wanted to establish a core market policy with the province of Ontario before we moved intra-Alberta. That view has changed in my view. I do not have that view. I think we should lead by example, and I'm hoping that this particular policy, once we have it in place with the will of the Assembly, will set a standard for Ontario to look to and follow and support.

It basically says, as I indicated earlier, that if you have an alternative to natural gas, then you are free from the policy. If you don't have an alternative and you just want to exploit the short-term spot market and run the risk of a curtailment in the future, then we cannot allow that to happen, because I know the marketplace won't prevail. The city of Calgary or the University of Alberta will be on our doorstep as legislators indicating: "We made a mistake, we went to the spot market, and we've been curtailed supply because we didn't have a long-term contract. Now we don't have any gas, and we don't have an alternative. Would you please intervene and come up with a solution?" We don't want to be in that business, Mr. Speaker. This policy will facilitate that, and I hope all members see the wisdom of it and support second reading of this Bill.

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

MR. PASHAK: Thank you, Mr. Speaker. I've always had considerable difficulty with this concept of a core market. I think it's a very artificial construct, and it seems to me to be somewhat contradictory to the whole general idea of deregulation, which is that you should just let the market forces determine the price of gas.

On our side we've always had difficulty with the whole concept of deregulation and the way in which it was introduced as well, Mr. Speaker. Deregulation, from our point of view, triggered a very fierce kind of gas-on-gas competition. A lot of gas that had been tied up through various provincial and federal surplus tests for 25 years or so is suddenly available on the market, and it led

to a tremendous decline in price, not just here in Canada but throughout North America.

As the members will recall, at one time we had an Alberta border price that guaranteed all Albertans a fairly significant return, at least comparatively, on the value of gas that was exported from the province. Well, we've seen that price of gas fall. It continued to fall all last year. I don't know where it's headed right at the moment, but we do note that in the Provincial Treasurer's Budget Address he's hoping against hope that somehow the price of natural gas will firm because otherwise what we're doing is flushing out of this province great quantities of a very precious commodity at extremely low prices. I think that's ridiculous by any terms.

The justification for doing that in part rests on the notion that we've got almost an unlimited, inexhaustible supply of natural gas. First of all, the ERCB says that we've got about 70 trillion cubic feet of natural gas. We're currently moving our production of natural gas towards the 4 trillion cubic feet a year mark, which means that we've got about 16 years of natural gas supply. The industry and this government say: "Oh, don't worry about it. Once we get rid of that kind of surplus gas that's sitting there, that's deliverable but not contracted for, our gas exploration companies will get really busy and discover all kinds of new pools of gas." Well, in fact, the only major gas find in the last 20 years, at least in Alberta, has been the Caroline pool, and it's not that big a find in relative terms.

Having said that, the province's answer to this question in part, to keep the prices up I think, is to create something called the core market. There's validity to the argument that core market users, the smaller residential consumers that are tied into consumer distributing networks and hospitals and other institutions and smaller commercial users of natural gas, are going to always be dependent on a gas supply. You can't turn off the gas going into people's homes. They are the ones that should have in effect a surplus test that is provided through long-term contracting. Of course, if you buy your gas that way, you're paying a stiffer price for it. If we've got the market forces out there playing, why shouldn't a group of consumers be able to go into the spot market and buy gas just like anyone else does? Having said that, I know what it would do to our revenue picture, and I'm not really advocating that, but there may be other steps that a province could take. Why doesn't the province withdraw its Crown share from the gas that's available for sale and just store it? It could be done. There are various ways in which that could be done. Or why doesn't the province help out our institutions by taking its Crown share and selling that gas to our institutions at those spot prices? There are lots of other alternatives, Mr. Speaker, and I'm not sure that all of these other alternatives have been carefully explored.

I agree with the overall sense of what the government is trying to do. Because gas is this kind of vital commodity – it's the fuel of the future in many respects because it burns much more cleanly; it has the energy equivalent of oil or any other fuel – it's important I think that we husband that resource or at least get a significant price for it. We should be getting a premium price for it as a province. I think that we should be taking that into account when we develop policies with respect to the sale of gas.

In any event I look forward to the discussion that will take place during Committee of the Whole stage. There are many parts to this Bill that I'd like to pursue, and I'd save the rest of my remarks for third reading.

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

MR. CHUMIR: Thank you, Mr. Speaker. We're going to support this legislation. We've gone along with the government for the past four years in its efforts to obtain a fair price for our natural gas in the face of its very poor negotiations on behalf of the people of this province when natural gas prices were deregulated cold turkey, along with oil prices, in 1985. As we have said a number of times in this House, we believe that the government should have negotiated a gradual decline in the price of natural gas in the agreement of 1985; for example, setting price limits on annual drops. The rationale for negotiating this form of graduality would, of course, have been in compensation for sales which we made below fair market value over the previous decade or so and particularly in compensation for the fact that producers in this province were required to maintain a 25-year supply. Now, it's clear that with this 25-year overhang of supply once deregulation took place, prices were going to crater, Mr. Speaker, and of course that's exactly what happened. What was predictable happened, and we're paying for it.

Now, the government in its policies in recent years has resisted from time to time allowing direct sales to the core market with a view to maintaining the price of natural gas. We supported those initiatives in light of the principles which I've just outlined. However, this has been a losing battle in the face of consumer demand. We have to face reality, and at the same time it's important to establish a deregulated market and the principles of a free market, because we will want to be relying on these principles when the prices rise and the inevitable pressure materializes on behalf of consumers to cut prices.

I believe it's a reasonable condition for this government to impose: requiring that direct sales be under long-term contract in the interests of security of supply. This helps as a double benefit: it helps ensure a fair current price, but it also reduces the risk of future shortages which will lead to calls for price cutting, which are contrary to the economic interests of this province. So we will be supporting this legislation.

MR. DEPUTY SPEAKER: Does the hon. Minister of Energy wish to conclude debate?

MR. ORMAN: Thank you, Mr. Speaker. I appreciate the wisdom displayed by the Member for Calgary-Buffalo, and I, too, along with the Member for Calgary-Forest Lawn, look forward to the debate in committee study. It appears, however, that on this Bill we have some philosophical differences as to how the marketplace should work, but that's what makes the world go around.

I would ask that all members support my movement of second reading of this very important piece of legislation.

[Motion carried; Bill 51 read a second time]

head: Government Bills and Orders Third Reading

[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
16	Real Estate Agents' Licensing Amendment Act, 1990	Nelson
18	Personal Property Security Amendment Act, 1990	Rostad

head: **Government Bills and Orders**
Second Reading
(continued)

Bill 27
Advanced Education Statutes
Amendment Act, 1990

[Adjourned debate June 4: Ms Barrett]

MRS. GAGNON: Mr. Speaker.

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

Hon. member, order please. Before proceeding at this stage, the Chair would advise that it did not have the opportunity to review the amendment proposed by — are we on 27? The hon. Member for Edmonton-Highlands had moved an amendment, I believe, to 27, hadn't she? The Chair had not had an opportunity of ruling on the admissibility of the amendment at the time, but the Chair has now had that opportunity and has found the amendment to be in order. Therefore, the debate is on the amendment.

MRS. GAGNON: Thank you, Mr. Speaker. I rise to support the amendment to the motion for second reading of Bill 27, which was presented earlier today by the Member for Edmonton-Highlands. At the heart of the Bill is a very serious flaw, one which attacks the sacred principle of autonomy and academic freedom. This is a centralizing, controlling, and interventionist attempt to give the minister more powers and is an attempt that is offensive to many. Just today I received a letter from someone who is a member of both the senate and the board of governors at the University of Calgary, and he is insulted that the minister would try to be so interventionist in the legislation governing especially the universities.

So I strongly urge members of this Assembly to stop second reading of this dangerous and educationally unsound Bill. Thank you.

SOME HON. MEMBERS: Question.

MR. DEPUTY SPEAKER: Any further debate on this amendment?

The question has been called on the amendment . . . [interjection] Oh, sorry. The hon. Member for Edmonton-Kingsway.

MR. McEACHERN: Yes, I thought I would add a few comments to this debate on Bill 27. I happened to find on my desk this afternoon a copy of *Folio*, the University of Alberta paper, and the headline on the front page says, "Three universities see Bill 27 as erosion of powers." They go on to explain in there how the universities do not agree with this power grab by the minister. So I took the opportunity to look through the Bill a little bit and look at the various sections that indicate that the minister is taking on extraordinary powers. It seems like he wants to be able to approve every program, either adopted or dropped, by every postsecondary educational institution in the province. Page 2 for the Banff Centre; page 10 talks about colleges. There are 29 colleges, aren't there? Isn't that the magic number we always hear? Somehow they don't have the right to control their own affairs in terms of programs.

Now, I understand that the government gives these institutions the money of the taxpayers and, therefore, should have some say

in how they operate. Certainly we expect the Colleges Act — and any new college that might want to be incorporated would have to come under the Colleges Act, and obviously the minister's role should be one of co-ordinating the various colleges and services they provide around this province and also helping them with their relationships with the universities and that sort of thing. Again, on page 29 of this Bill, it says that the minister would have the right to regulate

the establishment of a new school or faculty by a university, or by a private college in respect of a program of study designated under section 645.

It just seems to me a little odd. I think the government hasn't made up its mind what it wants to do with the universities.

One of the things I noticed when I was on the Public Accounts Committee was that every year the Auditor General, when he allows the Treasurer to make a consolidated statement of the finances of this province, always asked that the Treasurer should allow him to include in there the balances of the various colleges and universities and some of the provincially-owned hospitals and so on. Always the Treasurer denied and said: "No, no; we don't control the colleges. We give them the money, and they're autonomous. So they might end up with a little surplus at the end of the year or a little deficit at the end of the year, but that's not our responsibility. We just give them the grants, and they are autonomous." He keeps making that point over and over again. The Auditor General, even, in his last report — I dug back to the '87 report and read it there and then I checked again the '89 report, and sure enough, the Auditor General says again, and I'll just quote him from page 4 of the '89 Auditor General's report:

Agencies not consolidated — In my last three annual reports, I recommended that the Provincially-owned universities, colleges, technical institutes and hospitals be included in the Province's consolidated financial statements.

Over the years, I have debated this issue at length with the Treasury Department. The Department chooses not to include these entities,

and he goes on to say that basically the problem is that the Treasurer keeps saying that the government does not control those institutions.

Now, Mr. Speaker, I think the government's got it backwards both ways around. The financial arrangements made by those colleges and universities are to a very great extent dependent on grants from the government. So those are taxpayers' dollars in the main that those postsecondary educational institutions spend. Therefore, the government should be accounting for them in the consolidated financial statements of the province, as the Auditor General keeps telling the Treasurer. What it would seem *is* that the minister of education has decided that he should rectify the fact that he doesn't control them and start controlling them more, which is what Bill 27 says, yet I'm sure that the Treasurer isn't going to turn around and agree to account for the financial state of all of those universities and colleges in the consolidated statement of the province. So the province is working backwards. To some degree they've been autonomous. They do have some autonomy and should have some autonomy, and particularly in the finer points about particular programs is just where they should be the most autonomous, not in the amount of dollars they've got and the different ways of fund-raising and so on. That has to be worked out with the Treasurer and with the government.

It would seem to me, Mr. Speaker, that the government wants it both ways. They don't want to account for the finances of the colleges, yet they want to control the colleges. I think the Minister of Advanced Education should take those clauses out

of those various sections. He does not need to specify that he has the power to tell Banff Centre or one of the colleges or one of the universities that they must continue this program, or they must cut that program, that they have to apply to him to ask if they might change, in a form prescribed by him, assuming the regulations. I think the Treasurer has it all backwards. [interjection]

Perhaps the Member for Calgary-McCall would like to put his name on the list and stand up and speak to this Bill; either that or keep his mouth shut when somebody else is speaking.

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

MR. PASHAK: Thank you, Mr. Speaker. Speaking to the amendment, the amendment suggests that while the current Bill hands more power to the minister, that's depriving postsecondary education institutions of traditional and vital autonomy in program-making, decision-making, and self-governance. So I support the amendment. Having been in the community college system for a number of years, I think there are perhaps some problems that are serious and ought to be addressed, but I don't think it's by reducing the autonomy of members of the institutions. I think there are other ways that these problems could be dealt with.

Now, some of the problems that I think exist and do require the attention of government have to do with the fact that in a city like Calgary we have a number of postsecondary institutions. All of those institutions are fine in their own right, and they provide a good level of educational offerings, but there is an unfortunate duplication in many cases. For example, Mount Royal College offers courses in journalism; so does the Southern Alberta Institute of Technology. Mount Royal, the Southern Alberta Institute of Technology, and the University of Calgary all offer business administration programs. So there is this duplication that runs throughout the system. Instead of having the minister make all these decisions, another way of handling that would be to set up some kind of postsecondary educational authority in Calgary that would consist of members of all these institutions, who would sit down with each other and work out their own way of rationalizing the course offerings in the greater Calgary area. I think it could be done.

There is a second problem, too, that exists within postsecondary educational institutions, and it has to do with the fact, especially – and this is particularly true at the community college level, in my experience – that a lot of the courses that are offered through the institutions are limited in the sense that not all the educational needs of people in the community are taken into account. There seems to be a bias towards certain kinds of career-oriented programs as opposed to offerings in general arts and sciences. I think the reason for shortcomings in the kinds of programmings that are offered has more to do with the composition of the boards themselves. The boards that are appointed to run the community colleges are drawn usually, in my estimate and my observation, from a limited sector of the population. They tend to represent purely and solely the professional classes. Most members of the board usually have a legal background, or they're represented by the wives of lawyers on those boards. The dominant values that seem to exist within these institutions, therefore, become not values that have to do with trying to educate the general population and uplift their general educational orientation, but rather the programs often are oriented more to develop specific, say, vocational skills, as opposed to broad-based learning.

Because of this again, Mr. Speaker, there's an encouragement, it seems to me, within the educational institutions to try to create a climate of expansion for the sake of expansion. A lot of board members are interested in enhancing their own status, it would appear, and the way to advance one's status is to get behind an expansion program in one of these institutions, add new buildings, as opposed to look at the real educational needs of the constituency or the geographical area they're serving. I think one way to get a better type of educational response would be to have members appointed to boards, first of all, through a more neutral process than just having the cabinet select board members and give approval to that. But I think there should be some very specific commitment to trying to get as broad a cross section of people on these boards as possible. I don't know of a single member of a trade union, for example, who sits on a board. I know very few people who have a background in education per se who sit on boards. I know very few religious leaders in the community who sit on the boards of governors of at least community colleges. Now, there may be exceptions to what I'm saying, but just as a general rule of thumb, I do not think that the boards of these institutions reflect the population as a whole.

Now, I'm not knocking or being critical of members who have been appointed to the board. A lot of these people are really giving of their time and energy to try and make the institutions they represent better places of learning. But the point I'm trying to make is that in spite of the goodwill and the hard work and devotion of many of the board members that are appointed to these institutions, the problem is that most of these people are relatively homogeneous in their background and they don't represent the whole range of interests, views, and aspirations that are present in the communities in which these postsecondary institutions are located. So I'd like to see some real changes made in who sits on the boards of governors of these institutions.

Secondly, in order to ensure that, I don't think it should be the cabinet itself that makes these appointments. Why not have general elections to determine, for example, who sits on the board? Or why not allow groups that have indicated that they have some responsibility in the community to nominate people whose placement on the boards would be assured? Why can't the local labour council, for example, name someone to the board? Why can't significant religious organizations within a community nominate people to the board? There are just many ways other than the current approach, which I think is biased and doesn't give us the best range of people to represent the interests of the community.

Thank you, Mr. Speaker.

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

MR. CHUMIR: Thank you, Mr. Speaker. Our caucus will be restricting our comments at this stage to brief observations on the amendment, and I and my colleague the MLA for Calgary-McKnight will, of course, have more to say when the main issue is debated.

We are supporting the amendment. Without prior consultation this Bill involves, through section 67(b), an unreasonable and unexplained arrogation of powers over postsecondary education reminiscent of the philosophies of a number of jurisdictions around the world which wanted to centralize control at the political level. This, of course, presents a serious threat to the autonomy of the universities and other postsecondary

institutions. It has caused, Mr. Speaker, unprecedented concerns amongst dedicated senior administrators at the universities and colleges who have dedicated their lives to higher education only to find themselves faced by a piece of legislation which would put bureaucrats and politicians in the midst of key academic decisions.

What, might I ask, Mr. Speaker, do we expect our boards and administrators and faculties to be doing if these kinds of decisions are to be subject to political control? What evil, we must ask, is this legislation intended to address? Why has there been no consultation if there was a problem with respect to curriculum and courses? Of course, there are no answers, and we don't expect any answers. But there must be answers, and we ask the minister to drop second reading of this Bill to consult, to discuss, to explain, and to listen. That's what's needed.

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

MR. FOX: Thank you, Mr. Speaker. I too would like to add my voice to the many that are supporting the amendment to Bill 27 made by the Member for Edmonton-Highlands. The principle of this amendment is a simple one: that we ought not to read this Bill a second time now because there are some important principles expressed by the Bill, some directions indicated by the Bill, that we think are offensive and that go beyond the scope of a Bill like this. What the Bill purports to do in several ways by amending several Acts is to deprive some of these autonomous postsecondary educational institutions of the kind of decision-making latitude they've had in the past. It deprives them of some self-governance. We believe, based on the assessment we've made of this Bill, that when you threaten that autonomy and threaten self-governance, you in some way imperil the quality of the educational opportunities of the scholastic endeavours in the school. I think that's an important argument for government members to consider and think very carefully about.

The genesis of this Bill is something that ought to give members pause for concern as well. It would, I hope, give government members living in communities where some of these 29 postsecondary educational institutions are located pause for thought and encourage them to come and join the Member for Edmonton-Highlands, members of the Official Opposition, and the Liberal opposition in supporting this amendment. The people who work so hard to make these postsecondary educational institutions work, the people who are given the responsibility of administering and making decisions based on whatever their portion is of the billion dollars the minister likes to refer to have some concerns about this Bill.

The minister likes to tell us that they've been consulted and that he's personally traveled the province in his term of office and visited some of these people. You know, he gave us the impression that they supported the Bill and had been consulted and knew what he was after. But upon introduction of the Bill and after some persistent questioning by my colleague the Member for Edmonton-Highlands, attention was focused on the issue, the light of day focused on the clauses in the Bill, and lo and behold, we hear that these people responsible for the institutions are concerned. They're upset. They were unaware that there was going to be such a massive power grab included in Bill 27, and they're not satisfied with it. I think that basic principle that we as legislators should adhere to, the principle of including the people affected in our decisions in that decision-

making process, is one that ought to encourage people to support this amendment.

What are the implications of not reading the Bill a second time? Well, I suppose there are a number of options members would need to look at. I would suggest that the implications of passing this amendment aren't serious and don't present undue obstacles to the passage of the Bill. We're just suggesting that it not be read a second time because there are some principles in there that offend, and certainly the opportunity is there for the minister to advise members of the Assembly that upon sober second thought, he is going to introduce some amendments to the offending clauses in committee. Then he'd have a better chance of convincing opposition parties to support this Bill, because we would know that the minister has listened, the government has listened, to the concerns that are raised not just by us, not just by the members that sit opposite the government, but by many people in the educational community, the people that have to implement the decisions we make day after day after day. They need the freedom – not unlimited freedom; no one's suggesting unlimited freedom – they've had to date to implement programs that best serve the mandate of the educational institution, fulfill the overall objectives of our educational system, and meet the specific needs of the various communities they operate in, Mr. Speaker. So I think this is an important amendment for members to consider.

I don't know; it wouldn't be proper of me to ask for a show of hands from all government members who may have read the amendment. I hope they have, and I hope they've listened carefully to the debate presented tonight before voting on it. Don't just raise your hand the way you're used to raising it. I hope you've considered the arguments made and found them persuasive.

AN HON. MEMBER: The copies are coming down. Quit.

MR. FOX: Copies are coming down.

Well, that's good, Mr. Speaker. Anyway, I'm urging members opposite to think seriously about supporting this amendment because I think it's a darned good one.

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

MR. SIGURDSON: Thank you, Mr. Speaker. I, too, want to rise and support the amendment that's been proposed by my colleague from Edmonton-Highlands, because I think the amendment is an important one. It's a very serious one. Anytime you've got a motion coming before the Assembly that proposes that a Bill not be read a second time now, it is one that has to be given a great amount of consideration. This amendment speaks of a number of problems that are contained inside Bill 27, the Advanced Education Statutes Amendment Act, 1990. It's attempting to provide a period of time for the government to go out and seek input on this important Bill, because it is an important area of consideration for all of us here.

What the minister is proposing to do is make a number of changes in how universities and postsecondary institutions operate in the province of Alberta. For a long period of time they've operated pretty much autonomously, and they've been able to make decisions based on the needs and interests of their own communities. Whether it's a community of academic scholarship, whether it's needs perceived by the community in terms of educational programs, those universities have been able

to set up those programs based, again, on what they find to be expressed inside their own communities, not the minister. But what we've got now, Mr. Speaker, is the minister proposing to make some very serious amendments, some very serious changes to that autonomous body, that autonomous group of facilities, and go out and impose certain decisions that the minister and only the minister may want to impose upon the academic community.

Mr. Speaker, I think that other universities' councils have proposed certain things that suggest there's already enough control. The Minister of Advanced Education controls the budgets: the operating budget, the capital budget, the tuition students pay. That's a great amount of control that's already there. Surely to goodness the Minister of Advanced Education doesn't need these extraordinary powers that are going to be provided to him should this Bill go forward now and go through the process of second reading, committee work, third reading, and proclamation.

Mr. Speaker, we've had a number of individuals that have contacted the offices of the Official Opposition to express their concerns about what's contained inside the Bill. They want an opportunity to make representations to the members of the Assembly – most certainly to the Minister of Advanced Education – and that's not being provided. Part of the problem we've got at the moment is that that opportunity to make those representations is not being provided to those postsecondary institutions. So without having that opportunity, without those individuals being able to approach us here tonight or any other day, we need to have some period of time in order for them to become aware of exactly what's contained in the Act, make their positions known to all of us, and especially to the minister, and perhaps then we'll be able to debate this Bill with some additional amendments. For the moment I certainly support the amendment that's been put forward by my colleague from Edmonton-Highlands.

Thank you.

MR. DEPUTY SPEAKER: Is the Assembly ready for the question on the amendment?

SOME HON. MEMBERS: Question.

[Motion on amendment lost]

MR. DEPUTY SPEAKER: The hon. Member for Calgary-Forest Lawn on the main motion.

MR. PASHAK: Back to the main motion. Well, the major objection we have with the Bill is contained in section 33 under the Colleges Act, but that's the same section that finds its way into three other parts of the Bill. It appears throughout the Bill. It's the section that deals with the "orderly growth and development of the post-secondary educational system." It's the section that gives power to the minister, if he so wishes, to

- (a) regulate the establishment, extension or expansion of a service, facility or program of study by a member of the college system, and
- (b) regulate the establishment of a new school, faculty or department by a member of the college system.

Secondly, the minister has the power "to reduce, delete or transfer a program of study." He has that power once that proposal's been

submitted to the minister in the form prescribed by the Minister and the Minister may approve or refuse to approve the proposal.

Well, that's the section that has to do with the autonomy of institutions.

[Mr. Jonson in the Chair]

It would be very interesting to hear from the Minister of Advanced Education as to why he feels this power is absolutely essential. From our point of view, Mr. Speaker, we wonder, too, how much opportunity the minister has had to hear from representatives from the colleges or the universities or the technical institutes or from the Banff Centre. Has he taken this proposal to them? Has he asked students, faculty, board members themselves, the presidents of these institutions to respond to this proposal? If so, what kind of information has he had back? Because I doubt very much that the minister has had the opportunity to do that. Also, Mr. Speaker, because we have a very real likelihood of a fall sitting this year, there's absolutely no need to rush into this legislation. There's no reason why we couldn't at some point just let the legislation sit on the Order Paper and bring it back in the fall after some kind of reasonable opportunity to hear from the different interest groups that exist in the Alberta community.

With that, Mr. Speaker, I'd like to propose an amendment to Bill 27. I'd like the Bill to be amended by striking all the words after "that" and substituting:

Bill 27, Advanced Education Statutes Amendment Act, is not now read a second time but is referred to the Public Affairs Committee to determine if the powers sought by the government in the Bill may threaten unduly the academic freedom historically enjoyed by postsecondary educational institutions and to bring witnesses forward, should the committee choose, to help it in that deliberation.

I can proceed to speak on this, Mr. Speaker. As I've indicated, it would be very desirable to give the . . .

MR. ACTING DEPUTY SPEAKER: Order please. The Chair would request a copy of the amendment.

MR. FOX: She can't bring it to you when you're standing, Mr. Speaker.

MR. ACTING DEPUTY SPEAKER: That's correct, hon. Member for Vegreville. However, it is also usually the courtesy of a member moving a motion to have provided the Chair with a copy ahead of time.

MS BARRETT: In advance? Since when?

MR. ACTING DEPUTY SPEAKER: It's nice to have it. Please proceed.

MR. PASHAK: I'd like to apologize to the Speaker. I assumed that when I submitted it to the Clerk for review, he would forward a copy to you. So that's my omission. I should have checked and ensured that it was delivered to you forthwith.

I understand that now the Speaker has a copy of the proposed amendment. I was about to say that this matter is of such significance, as indicated by the number of representations we've received both from students and from faculty, from all sectors of Alberta's postsecondary institutions, that we really think the public interest could be best served by giving the public an opportunity, through one of our standing procedures here in the Legislature, to have a further review. Why not establish the select Standing Committee on Public Affairs? They have the power to call witnesses before them. We could invite the

presidents of all the institutions, chairmen of the boards, presidents of faculty associations, presidents of students' associations, representatives of the support staff at these institutions to come before this committee.

In addition to that, Mr. Speaker, as I've indicated, there are all kinds of other groups out there in the province who have a very real concern for postsecondary education who would very much like to have their voices heard. I could see church groups of all religious persuasions wanting to make a representation before this committee. I could see trade unions wanting to make a representation before this committee. I could see the business groups within the community, chambers of commerce, wanting to come before the committee to have their voices heard in terms of the shape and direction that should be given to postsecondary education policy in this province. What an opportunity that we have before us to really develop some meaningful legislation at the postsecondary level. Who knows? Maybe there's someone out there in the general public that has better ideas about the way postsecondary education should be conducted in this province than the members in this House on the side opposite.

Mr. Speaker, I have no hesitation at all in supporting this amendment. I would merely hope that all members of this Assembly would give due deliberation to the ideas that are brought forward here. I think we could have a very profound, very meaningful policy debate on this issue, and out of this would come some significant improvements to postsecondary legislation in this province but also to the postsecondary practice as well. After all, we'd like to think that we're perfect in this province, but we probably fall a little short of the mark. We always like to move towards perfection. Why not invite members of the larger public to have that opportunity to contribute, to make what is essentially probably a – well, I won't say "reasonable"; I'll say a good postsecondary educational system, even better and stronger than it is at the moment.

AN HON. MEMBER: You taught in it.

MR. PASHAK: As I said, I think it's a good postsecondary education system, but like everything else, perhaps it could use some fine-tuning. We won't know just what kind of fine-tuning should take place until we've talked to all the people who are certainly stakeholders and practitioners in that system and we talk to other people in the general public that may have some concerns about the direction we're headed in. I think we as members of the Legislature could benefit from having some of our colleagues or some of us participating in the membership in that select committee.

With that, I would encourage all members of the Legislature to support this proposed amendment.

MR. ACTING DEPUTY SPEAKER: Prior to recognizing the next speaker, I would like to just comment on the amendment before us. It is true that it is custom rather than a hard and fast rule; however, it is the custom of the House that proposed amendments be submitted for the vetting and approval of the Chair. In the case of this particular amendment, such approval was not given, and there are a number of technical problems with the wording of this amendment. For instance – and I will not dwell on it at length – it is the Advanced Education Statutes Amendment Act, 1990, and there are a few other things by way of wording which I believe the hon. House leader of the New Democratic Party was advised of.

However, the amendment is understandable, I guess, as far as intent is concerned, and I will let it go forward for debate this evening with the warning that the Chair would want the usual custom adhered to in the future for the clarification and advancing of debate in the Assembly.

MS BARRETT: Point of order, Mr. Speaker.

MR. ACTING DEPUTY SPEAKER: Yes, Edmonton-Highlands.

MS BARRETT: Mr. Speaker, under Standing Order 13 I have the right to know the basis or reason for your ruling. It is absolutely custom and, in fact, I understand required – by whom I don't know – that Parliamentary Counsel has to initial amendments before they can be distributed in the Assembly. On the other hand, there is absolutely no rule that prevents anybody from making a verbal amendment at any given time, and I would like a citation, if you can find one.

In the second place, Mr. Speaker, no one should take offence at the Speaker not receiving a copy. The Speaker got the copy as soon as it was absolutely possible. In fact, I tried to wave to get one single one brought to the Speaker. So no offence should be taken on that point. But on the other, I would like the citation and have the right to it.

MR. ACTING DEPUTY SPEAKER: First of all, the Chair made it very clear that the Chair was not making a ruling. I would simply also say that I think there is the need for some discussion on the procedure for getting amendments approved from a practical standpoint. I said the debate shall go forward, and hopefully it will.

Calgary-Forest Lawn, did you wish to proceed? All right.
Calgary-McKnight.

MRS. GAGNON: Thank you, Mr. Speaker. I rise on behalf of our entire caucus to support very strongly . . . [interjections] Well, they're not here, but I'm good enough. . . . to support this second amendment, which would ask that this Bill be

referred to the Public Affairs Committee to determine if the powers sought by the government in the Bill may threaten unduly the academic freedom historically enjoyed by postsecondary educational institutions.

Mr. Speaker, I think this is an excellent suggestion. I'm not only speaking tonight on behalf of the rest of my caucus but on behalf of literally hundreds and thousands of people whose representatives have contacted me. I have heard from faculty associations, graduate students, students unions, boards of governors, and senators, all of whom are very concerned about the powers which the minister is seeking through this Bill. If a series of hearings were held, having been arranged by a public affairs committee, all of these people could make their voices heard by the government and would certainly be able to improve the Bill.

The minister, when he presented the Bill, said that he had approval, that there was opposition from only three quarters: the University of Alberta, University of Lethbridge, and University of Calgary. Well, I happen to know that the Athabasca University president has also publicly come out against the Bill and that his board of governors was going to ratify that formally at a meeting as soon as one could be held. In addition, the minister has said that the changes are based on Guidelines for System Development, which was approved by the institutions, specifically by the universities. However, the universities tell us

that these guidelines were never formally approved. They were simply presented to them as a fait accompli, and they really never had a chance to discuss them nor to approve them. So the minister is wrong when he says that there is public support, that there is institutional support for this Bill.

As I said earlier, I would urge all members of the Assembly to support this motion. Otherwise, what we would be doing is approving a Bill which tries to interfere in the internal priorities of an institution. Furthermore, the minister has enough control already. He has control over the distribution of funding and the setting of tuition fees. He has substantial authority already and certainly needs no further authority. Again I repeat: universities across the province are reacting very negatively to this totally unnecessary intrusion into internal affairs.

I would strongly urge all members here present to support this amendment, which is to refer the Bill to the Public Affairs Committee.

Thank you.

MR. ACTING DEPUTY SPEAKER: Member for Edmonton-Belmont.

MR. SIGURDSON: Thank you, Mr. Speaker. You know, every once in a while I see in the newspaper nice little advertisements that are paid for by the taxpayer. They've got these wonderful portraits of various members of the front bench, and they say, "This minister is going to be able to talk to you between the hours of 11 o'clock and 1 o'clock, because it's this government's commitment to open government." You know, every once in a while I'm pretty impressed by it. I'm sure that the ministers must get a variety of telephone calls from people. I've even seen the portrait of the Minister of Advanced Education gracing the pages of the *Edmonton Journal*, again in those paid advertisements, not in one of the stories that the journalists like to give us. Open government: we want to hear from you; we want your input.

But then when we get to legislation, Mr. Speaker, what do we get? We get a government that shuts up, shuts down, and shuts out. Pretty amazing. I wonder why we spend all of the money that we spend trying to convince people that we have this open system of government. Why would we do that and then go out and do something completely contradictory to that? Because what we're asking is just an opportunity, just a simple opportunity that wouldn't cost the taxpayer a single dime in advertisement space – wouldn't cost the taxpayer a dime in advertising space. We could open it up – I'm sure that the journalists would cover it in the front pages of the papers – and say that we were going to refer this matter as per this amendment, as per this motion, to the Public Affairs Committee of the Legislature. That would be an amazing story for journalists to cover. I'm sure it would get coverage in Lethbridge, where the Minister of Advanced Education is from, get coverage in Red Deer, get coverage in Edmonton and Calgary, and those individuals who have a share, a stake in postsecondary education would come before this Assembly and offer their opinions on the matters and the provisions that are contained inside Bill 27.

This is an opportunity for people to come to the Assembly and talk to their elected representatives. This is an opportunity for elected representatives to pull out a Q-tip, clean out their ears, and listen to the will of the people. It's not unheard of. It's been done before. It's been done on rare occasions, but it has been done before. There are, Mr. Speaker, a number of interested groups that would welcome the opportunity to make a presentation to us here. I can think of my two colleagues from

the Calgary constituencies who have given a number of groups that would like to come before the Assembly, but I can think of a couple as well. We've recently had problems in industry that could be perhaps alleviated if we had government and unions and business working together to make sure that certain programs of study in the area perhaps of proficiency trades were looked after. There would be an opportunity for some of those people to come here.

Mr. Speaker, what we've got right now is conflicting information. The minister says that there's public support for Bill 27 out there. Some of the stakeholders that are involved here happen to disagree. They say that the support is limited to the minister. Well, there's a story, there's a conflict. Mr. Speaker, surely to goodness it's our job to find out where that conflict lies, where that line is. Is there public concern about this? We happen to think so, because we're getting some of the information. The information should come before this Assembly, and the information could come before this

Assembly if this motion were supported. I would encourage all members of the Assembly to support this motion that's been presented by my colleague the Member for Calgary-Forest Lawn.

Thank you.

MR. ACTING DEPUTY SPEAKER: Are you ready for the question on the amendment as proposed by the Member for Calgary-Forest Lawn?

SOME HON. MEMBERS: Question.

[Motion on amendment lost]

MR. GIBEAULT: Mr. Speaker, we're now back at the Bill again, Bill 27, the Advanced Education Statutes Amendment Act, 1990. I'm rising to oppose this Bill and encourage members to oppose this Bill because, as we've heard, this is a Bill that does not have the support of the people who will be most affected by it, the province's universities and other postsecondary institutions. There is a feeling out there which is broad that the government has not properly consulted with the universities, that the government seems to be intent on taking powers for itself which are not appropriate, which will compromise the autonomy of the institutions of this province and their boards of governors and other components. So it is strange to us, Mr. Speaker, that the government is refusing these amendments which, if any of them had been accepted, would have the effect of providing an opportunity for a further period of consultation, which obviously is needed.

My colleague the Member for Edmonton-Kingsway just referred earlier to the newest edition of *Folio*. The *Folio* newsletter from the University of Alberta had a front-page story talking about how all three main universities – the University of Alberta, the University of Calgary, and the University of Lethbridge – having expressed their "strong opposition to Section 67(2)" of this Act, felt that this would be

a substantial and unwarranted diminution of the authority of the Board of Governors and of the General Faculties Council, and an unacceptable reduction of University autonomy.

Now, Mr. Speaker, when we've got that kind of concern on the public record, surely a government that is concerned and wants to have legislation that's in the public interest and which will promote a more effective, perhaps, interaction between the minister, the Department of Advanced Education, the universities, and the other institutions in the province providing advanced education programs would want to have a legislative

framework which would support a good working relationship among all those players. Clearly, as I've mentioned, the universities see Bill 27 as an erosion of powers that they feel are most appropriately left with the local institutions, which of course, in the last analysis, are best placed to make decisions about programs that are required in their community rather than the minister, with all due respect, having to sit here under the dome and figure out what might be appropriate or not appropriate.

So, Mr. Speaker, we're going to give this government one more chance here. At this point I would like to submit the following motion, a copy of which should have been passed your way. It would be to amend the Bill

By striking all the words after "That" and adding:

Bill 27, Advanced Education Statutes Amendment Act, 1990, be not now read a second time but that it be read a second time this day six months hence.

That is the amendment, Mr. Speaker. Since we are almost sure to be in legislative session six months hence, having to do with the report of the Electoral Boundaries Committee, I think this would give us an opportunity over the next several months to conduct the public hearings and so on that would be germane to this particular Bill, to see if we can't come up with a good, working understanding between all the players, as I mentioned, and to make sure we have legislation that will meet the needs of the institutions in the province that are delivering programs, the people who work in those institutions, the boards of governors, and of course the students, Mr. Speaker, and we must remember that that's got to be our overriding concern.

So with that, Mr. Speaker, I would encourage all members of the House to support my amendment.

MR. ACTING DEPUTY SPEAKER: Speakers on the amendment. The Member for Calgary-McKnight.

MRS. GAGNON: Thank you very much, Mr. Speaker. I certainly support this last amendment that the Bill be hoisted or be read a second time six months hence, and there are a number of reasons for doing so. The Bill that we have before us is flawed and not only in 67(2), which is absolutely the worst part of it, but in a number of other ways as well, and as was said earlier, there must be some time for further deliberation, further consultation, further input. I cannot support this Bill because, as I've said earlier, it undermines the sacred principle of autonomy and academic freedom. The minister in speaking to the Bill talked about other principles, the principles of accountability and accessibility. However, I think that autonomy and academic freedom would have priority over those previous principles just mentioned.

It seems to me that this minister and this government are obsessed with accessibility because it is a hot political issue, and they are obsessed with that accessibility to the detriment and erosion of quality, something which is of great concern to the administration of institutions. It seems as though the minister and this government wish to grab power, which will seriously affect the quality of service which is given to students, services which are best determined by local boards. I think that is a sacred principle that all of us would adhere to. Especially in the case of postsecondary institutions, the individuals on those boards have been named mostly by the minister. They are people who are caring, involved, knowledgeable, dedicated, committed, and it would seem to me that they would make the best decisions concerning some of the issues at stake here.

What we see happening is that the minister has a political agenda, and that is to keep his party in power. They've stuffed the universities with students for whom the university is not getting enough funding to provide a quality education. So I believe that this is not a well-considered Bill whatsoever.

On Thursday the minister clarified some of the sections of this Act, providing definitions for words such as "reduce," "delete," "transfer," "program." I found that none of this was helpful at all in clarifying his intentions or in addressing the concerns of Albertans, of institution administrators, of graduate students, student union members, faculty associations, boards of governors, senators, and parents. I find this Bill is so scary because it does illustrate a centralist, controlling, interventionist kind of mentality and one which will not help whatsoever in the quality of education which Albertans deserve if they are to compete in the next decade.

As was said by many, and I'll repeat it again, the most deleterious amendments contained in all of the Acts here – the Colleges Act, the Technical Institutes Act, and the Universities Act – are those that provide the minister with seemingly unlimited jurisdiction over academic matters. Instead of regulating the extension, expansion, or establishment of services, facilities, or programs so as to regulate those matters as well as the establishment of new schools or faculties so as to ensure the orderly growth and development of the postsecondary system, the minister, if this Act were passed, would also be able to approve or veto a board's proposals to reduce, delete, or transfer programs. As I've said earlier, this is most offensive. It's a retrograde step and is an insult to local boards.

That the province's self-governing postsecondary institutions object strenuously to such ministerial interference is clear and has been stated a number of times tonight. I would have a number of questions to the minister which I would like to have answered before it is to go forward, in case that is the decision made by this Assembly this evening rather than supporting the hoist motion which I ask that members support. These would be the questions that would be asked if this Bill passes as it is at this time: can Alberta's postsecondary institutions be considered self-governing? Secondly, how would the minister define "orderly growth and development"? And third, who would pay for the minister's decisions not to approve board proposals to reduce, delete, or transfer programs, the government or the institutions? In other words, should the minister decree that a program not be deleted, and, if so, would the government provide funds to cover that program's continuance?

I could go on this evening speaking to a number of other aspects to the Bill. A few of them are good. A few of them are progressive. Most of them are problematic. But rather than do so, I would just again very strongly urge members of the Assembly to support this motion, which would ask that the Bill not be read a second time until six months hence.

Thank you.

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

MR. SIGURDSON: Thank you, Mr. Speaker. It seems like the old movie line, you know, where you've got the good cop going in and you try and give somebody the opportunity to do something. We tried that. My colleague from Edmonton-Highlands is trying a very simple motion that would delay this debate tonight. Then we tried referring this to a little harder committee. That would be the Public Affairs Committee. My

colleague from Calgary-Forest Lawn introduced that. Now we've got the tough cop going into the interrogation room . . .

DR. WEST: What's the point?

MR. SIGURDSON: . . . and trying to move a motion to hoist.

I think I recognized a voice from across the way. I think it was the Minister of Culture and Multiculturalism who . . . [interjections] Oh, sorry. I do apologize to the minister of multiculturalism. It was the minister of wrecking parks who wanted to find out what the point was.

The point, Mr. Speaker, is simply this: what we've got is a government that is committed not necessarily to the management of resources, which is perhaps part of the problem that the Conservatives have. It's their mind-set. It's not so much management. . . What they construe to be management is absolute, total control. That's what their idea of management is. It's not setting out an agenda, setting up a plan, and then allowing the agenda, the matter to take its own course; it's controlling it and manipulating it and putting it into a system that suits the needs of their packaging.

You know, it's rather amazing, Mr. Speaker, because it's not just with this particular Bill. We've got a government that's been so involved in absolute control that we no longer are content to just manage certain things like the ALCB or AGT. We've had so much control for so long that it's no wonder there's a feeling of wanting to divest ourselves of some of the problems that these guys have created through wanting to have absolute, total control. That's not management.

AN HON. MEMBER: That's not correct.

MR. SIGURDSON: Stand up and say it then, if that's not correct. Stand up and say it. Get it on the record. Let's hear what your system is. Let's hear what your solutions are.

My goodness, the best example is that we can't even have the management of water resources in our province. We've got to have absolute control by having water diversion programs, because that, again, is how we control the water. We're going to have absolute control, which they construe to be some form of management. Well, Mr. Speaker, that's just not the case. That's not how good management works. What have we got now? We have the minister, through Bill 27, the Advanced Education Statutes Amendment Act, again trying to take over more control of autonomous bodies. It's rather amazing. You would think that with all of the problems that are involved in the Department of Advanced Education, the minister wouldn't want to have even more headaches that are going to bother him on a daily basis. But that's what we're going to have with this.

You know, with absolute control we had the same kind of format being proposed with Bill 59 in a previous session of a previous Legislature. That was the new education Act. That minister and the government then had the good sense to withdraw that legislation, give it some serious thought. They came back some period of time later and introduced a much improved School Act, a better system that didn't need all of the control mechanisms that would have been given the government in that Bill 59 way back when. What have we got now? We've got the minister staggering in footsteps left by previous ministers that staggered about, by wanting too much power and too much control.

Mr. Speaker, that's not management. It's time to recognize what management is, and it's time to recognize what control is.

This Bill is absolute control, not management, so I would encourage everybody to support the motion to hoist.

Thank you very much.

MS BARRETT: Mr. Speaker, you know, I'm actually reluctant to speak in favour of a hoist, but I'll tell you why I'm going to. It's why I absolutely have to. The members of the Official Opposition have offered the government two other ways out of the mess that they have created. We asked them to put the Bill on hold: drop it and review the principles, go back to the drawing board. They said no. They outvoted us. Then we said, "Well, look; if you're not going to do that, why don't you at least take some time over the summer, refer it to the Public Affairs Committee, let that committee hold hearings and witnesses by stakeholders coming into the Assembly to make their case." They said no, and they outvoted us.

[Mr. Deputy Speaker in the Chair]

A hoist is something that you do as a last measure in order to prevent the government from making a serious error, one in which it digs its heels in so deep that it would lose face if it attempted to revert to a previously held position. I have a funny feeling that they're going to say no again. That's too bad, because I think the Official Opposition has done a good job in presenting the alternatives. If the government votes this amendment down, this motion to hoist it for six months – in other words, allow that, you know, sober second thought – they're going to proceed into committee reading, and we'll come up with the amendments that are necessary. But we know that by then they won't accept those amendments as they'll have dug their heels in. Now is the perfect opportunity to say that caucus solidarity is irrelevant. Let's be the democratic organization that we say we are – and by "we" I mean Conservative governments – and let the public make as much input as is necessary on this Bill prior to bringing it back in the autumn. No harm done.

What's the hurry, guys? Why does this have to go through now? Ask yourself. It doesn't. It doesn't have to go through now. There's no CCI pending. There's no critical matter facing Alberta institutions. The government is going to look bad by ramming this Bill through. That's why I say I'm reluctant to speak in favour of a hoist. I mean, I am in favour of it, but I wish that the government had in fact agreed to the prior amendments, which would have avoided this sort of all or nothing, put it on hold for six months or else. But we have no choice but to sponsor this amendment, this motion for a hoist by the Member for Edmonton-Mill Woods, and I believe we're all duty bound in the name of democracy to support it. I'm appreciative of my friend and colleague who sponsored this motion. I think it's absolutely the right thing to do.

Thank you, Mr. Speaker.

MR. DEPUTY SPEAKER: Is the Assembly ready for the question?

SOME HON. MEMBERS: Ready.

MR. McEACHERN: I'd like to hear from the minister, anybody over there.

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

AN HON. MEMBER: You will soon.

MR. DEPUTY SPEAKER: Order please. The hon. Member for Edmonton-Mill Woods has moved an amendment to Bill 27 in the following terms:

By striking all the words after That" and adding:

Bill 27, Advanced Education Statutes Amendment Act, 1990, be not now read a second time but that it be read a second time this day six months hence.

All those in favour of the amendment, please say aye.

SOME HON. MEMBERS: Aye.

MR. DEPUTY SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. DEPUTY SPEAKER: The amendment is defeated.

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

[Eight minutes having elapsed, the House divided]

For the motion:

Barrett	Gibeault	Pashak
Ewasiuk	Hewes	Roberts
Fox	McEachern	Sigurdson
Gagnon	Mjolsness	

Against the motion:

Brassard	Jonson	Osterman
Calahasen	Laing, B.	Paszkowski
Cherry	Lund	Rostad
Clegg	Main	Severtson
Day	McClellan	Shrake
Drobot	Mirosh	Stewart
Elliott	Moore	Tannas
Fischer	Nelson	Thurber
Gesell	Oldring	West
Gogo	Orman	Zarusky
Johnston		

Totals:	Ayes – 11	Noes – 31
---------	-----------	-----------

[Motion on amendment lost]

MR. DEPUTY SPEAKER: Pursuant to the practice of the House upon defeat of the amendment just voted upon, the Chair is required to put the question on the main motion for second reading of Bill 27.

[Motion carried; Bill 27 read a second time]

[At 10:16 p.m. the House adjourned to Tuesday at 2:30 p.m.]

