

## Legislative Assembly of Alberta

Title: Monday, June 18, 1990 2:30 p.m.

Date: 90/06/18

[The House met at 2:30 p.m.]

[Mr. Speaker in the Chair]

### Prayers

MR. SPEAKER: Let us pray.

O Lord, we give thanks as legislators for the rich diversity of our history.

We welcome the many challenges of the present.

We dedicate ourselves to both the present and the future as we join in the service of Alberta and Canada.

Amen.

### head: Introduction of Visitors

MR. HORSMAN: Mr. Speaker, it is my pleasure to introduce to you and through you to members of the Assembly His Excellency Wolfgang Behrends, the West German ambassador to Canada. His Excellency was appointed ambassador to Canada in 1983. He's visited our province on a number of occasions in the past. He's accompanied by Mr. Rolf Berkner, the consul of the Federal Republic of Germany, located here in Edmonton. Alberta and West Germany have enjoyed a long and productive and mutually beneficial relationship that deals with trade and investment, and of course, since Alberta has a very large number of citizens who have German origin, it is important that we maintain these close ties. I would ask His Excellency and Mr. Berkner, who are already standing in your gallery, to receive the warm welcome of this Assembly.

### head: Introduction of Bills

#### Bill 54

#### Miscellaneous Statutes Amendment Act, 1990

MR. ROSTAD: Mr. Speaker, I request leave to introduce a Bill being the Miscellaneous Statutes Amendment Act, 1990.

This Bill contains a number of printing errors and omissions: some nonsubstantive changes to a number of other Acts.

[Leave granted; Bill 54 read a first time]

### head: Tabling Returns and Reports

MR. GOGO: Mr. Speaker, I wish to table the 1988-89 annual report of the Students Finance Board.

### head: Introduction of Special Guests

MR. TRYNCHY: Mr. Speaker, it's a special day today, and it's my pleasure to introduce to you and through you to the members of the Legislative Assembly the winners of the first ever Occupational Health and Safety school safety poster contest. The theme of this year's Canadian Occupational Health and Safety Week, June 17 to 23, is "young and alive." Today I was able to kick off Occupational Health and Safety Week in Fort Saskatchewan and present prizes to the winners of the contest at Harry Ainley high school. Mr. Speaker, we received many excellent entries in the contest, some of which have been

on display in the Legislative pedway this past week, and the recent copy of *Occupational Health & Safety Magazine* also features the winning posters.

The first prize winner, Misa Nikolić, is seated in the gallery with his father. We also have with us the technical arts students from the Bellerose composite high school and their teacher Mr. Gerald Banford. This school won the group project category in the contest. I would ask all these young people to stand up with their escorts, and let's give them a rousing welcome.

MR. SPEAKER: The Chair doesn't make a habit of doing this, but I think in the sense that this person has been here longer than the rest of us, he really deserves to be welcomed on his 27th anniversary: the Minister of Municipal Affairs. [applause]

### head: Ministerial Statements

#### Education Capital Funding

MR. DINNING: Mr. Speaker, Premier Getty has made it clear that education is this Alberta government's number one priority. To meet that responsibility and to make sure that our children are ready for a world of unending change, we have been changing what students are taught, changing how they are taught to make sure their needs are met today and especially tomorrow. Educational needs are also driven by our government's economic diversification efforts, Mr. Speaker. With economic growth come new opportunities, new jobs, new families, and more children requiring an education. Clearly, education is an essential investment in the future of our province. Students, parents, and taxpayers and school trustees across the province have told me, in fact they've told all of my colleagues in government, that we must continue to invest in our schools.

Mr. Speaker, the provincial government has heard the message from Albertans loud and clear. Today I am pleased to announce a five-year \$700 million commitment to the capital construction of new schools and the modernization of a number of our existing schools throughout Alberta: a multiyear \$700 million plan. This year, the first of the five-year plan, will see a commitment of \$140 million for new construction and modernization. Overall that's a major contribution by Alberta taxpayers, especially on top of the \$1.2 billion contribution over the last decade.

Mr. Speaker, this new plan also reflects a more forward thinking approach, an opportunity for school boards to plan ahead and get more mileage out of Alberta taxpayers' dollars. School boards will be invited to submit three-year capital plans. Instead of the year-to-year approvals of the past the province will give a green light to projects in year 1 and approval in principle to plan for projects in years 2 and 3.

In summary, Mr. Speaker, a five-year \$700 million commitment to new and modernized schools: a major investment in education, a long-term investment in our children, a tremendous investment in Alberta's future.

MR. MARTIN: Mr. Speaker, in replying to the ministerial statement, let me first of all say that we do welcome the announcement. Certainly I'm sure people in Alberta will welcome the money, because as I travel the province, there is absolutely no doubt that the infrastructure in educational institutions is in serious trouble. That's especially true for some of the rural boards that are not in good shape financially.

As I say, I would say to the minister that I welcome the ministerial announcement and I will congratulate him for

bringing it forward. But before they pound themselves on the back too much, Mr. Speaker, we must remember that it's this government that has been in power for the last number of years, and when this government came to power, roughly 80 percent of the revenues for education came from the provincial government. That's down to less than 60 percent in a lot of cases; in some rural boards almost half. So they have created the problem, although I give credit that they are going at least a small step in the right direction by putting this money over the next number of years.

I'm also pleased that the school boards will be invited to submit three-year capital plans instead of the year-to-year approvals in the past. That makes much more sense in terms of the overall planning, and again I'll give the minister credit for that. But we'll see, Mr. Speaker. I don't begin to know if this is going to be enough to do the job over five years. As I say, it is a step in the right direction. We'll have to take a look at it. But we will give credit where credit is due and welcome this announcement from the minister today.

### head: Oral Question Period

#### Provincial Budget Projections

MR. MARTIN: Mr. Speaker, to the Treasurer. To continue talking about finances, we're near the end of a quarter of our fiscal year. If I may say so, things are not looking too dicey for our Treasurer's bold predictions about reducing the province's deficit by \$1 billion. Now, Mr. Speaker, I know the Treasurer is under a lot of pressure – it's tough when you keep making bad predictions – but he's always able to put on a brave face while his revenue predictions are falling to pieces. But let's face the facts. The stabilization payments are nowhere to be seen. The federal Conservative government's high interest rate policy and our own higher debt servicing costs, the continued slump in oil prices, plus the GST starting on January 1, 1991, must have this Treasurer very worried. My question: without meaningless rhetoric, will the Treasurer indicate to the Assembly what our budget projections look like at this particular time?

MR. JOHNSTON: Mr. Speaker, what I can say is that so far into this fiscal year most of the projections, with the possible exception of the oil revenue number, are holding fairly firm. What we see is a very strong economy in this province with low unemployment, which obviously means that more people are earning more money at higher levels and therefore the tax collections are up, and corporate profits, although not as strong as we'd like to see, are in fact positive.

Mr. Speaker, what we have seen in the last day or so has been characterized by a low oil price. Today's announcement by Norway wherein they've indicated that they're going to ignore the production limits has of course sent the stock market, the mercantile market, jumping just a bit, and the market has dropped towards a \$16 level. That's not enough to cause us to review our assessment of the oil price revenues or the target, for that matter, because what the market shows is that the long-term contracts are far above the short-term contracts, which means that most expectations with respect to oil prices certainly are for a higher price towards the latter part of this year. That's in line with our numbers, Mr. Speaker. I'd also add with respect to oil and gas that the demand, generally speaking, for oil and gas products – liquid hydrocarbons: gasoline in the car – is in fact expanding in most large countries with strong economic

growth. In the United States, Germany, Japan, the heavily industrialized countries, the demand for oil is particularly strong.

Mr. Speaker, we think that the Alberta economy is very strong right now. We think we'll be one of the few provinces which will go through 1990 with a very strong economic growth, probably one of the strongest in Canada, and as a result, generally speaking, our revenue projections, our economic projections are exactly as we believe. We are seeing some softness in oil price, I agree, but that's not enough to cause us to re-evaluate or to reconsider the deficit projection we put forward in March of about \$800 million. We think we're pretty close to that target.

MR. MARTIN: Well, I guess it depends on what you mean by pretty close, Mr. Speaker. I guess he could say he's been pretty close on all his other deficit projections, but that's frankly not good enough. I expected the answers: again, rose-coloured glasses.

But I say to the Treasurer that those predictions are getting more laughable as each day goes on. The \$21: we've never been up there for four months, Mr. Speaker. The federal high interest rate policy surely has some impact on it, and we aren't even close to getting the stabilization grants. My question to the Treasurer is this: how can the Treasurer possibly say that his budget projections make sense, with all the negative economic indicators that I've mentioned?

MR. JOHNSTON: Well, Mr. Speaker, this government doesn't hold the same gloomy view that the Member for Edmonton-Norwood does, and we have repeatedly said before that it's only the worst case scenarios that benefit the opposition. If they want to put that out as their policy position, that's fine. Our view, Mr. Speaker, is quite clearly the opposite. We believe in this province, we believe in its economic strengths, we believe that our economy is as strong as any province in Canada, and contrary to some of the trends taking place in the maritimes or other parts of Canada, our strength is there, Mr. Speaker. Look at the unemployment numbers, look at the new jobs created, look at the new investment intentions: those are the fundamental indicators you must look at, not just one indicator, to see how our economy's performing. This economy is performing strongly, Mr. Speaker. It's on track, and despite the naysayers across the way in the NDP, we in fact believe that we're very close to one of the strongest economies ever seen in 1990. Our revenue forecasts will be very close, and we have good control of our expenditures, as I said before. This government's expenditure control is, in fact, the best expenditure control record of any government in Canada, and we intend to stick to it, Mr. Speaker.

MR. MARTIN: This is from the Treasurer who just said, "Could we borrow another \$2 billion more?" Now, Mr. Speaker, I asked not for the rhetoric, but I expected to get it anyhow. The reality is that the price of oil is at \$16.04.

If this Treasurer is so confident that everything's on track, would he be prepared to table a quarterly financial statement, so Albertans know exactly where we stand? Would he be prepared to do that in the summer months?

MR. JOHNSTON: Mr. Speaker, this government prides itself on the amount of information that's provided. We have just gone through a very large debate on the budget: we spent over 25 days examining the revenue forecasts, the expenditures of this government; we've looked at the heritage fund. All of these have been debated fully. This government puts forward a

comprehensive set of information, the data is provided to all Albertans, and we have just finished, as I've said, a very exhaustive debate. Public accounts are available as well, Mr. Speaker, to look at the expenditure side. This government continues to maintain its position that we are on course to that balanced budget. We reduced our deficit last year by over \$1 billion. That's a commendable objective and a record we have to be proud of. This government is on track. We believe in the future of this province, and we think that 1990 and 1991 will be boom years for this province, not gloom years as the member would like us to believe.

MR. MARTIN: Just because you yell and scream doesn't necessarily make it come true.

### Aboriginal Rights

MR. MARTIN: Mr. Speaker, my question is to the Deputy Premier. The aboriginal people of Canada and in particular those in Manitoba are pressuring the federal government to recognize certain basic rights and principles before passage of the Meech Lake constitutional accord. Frankly, I was pleased last week when this government seemed to be rethinking – at least I thought they were – their opposition to the principle of aboriginal self-government. However, reports this weekend suggest that instead of reaching out to the aboriginal people of Canada at this critical point – and I say "critical point" – in the constitutional process, this minister is trying to accuse the natives of derailing Senate reform. Mr. Speaker, that's not a very helpful statement, if I may say to the minister. My question is: doesn't the minister realize that the aboriginal people of Canada have legitimate and important concerns quite apart from the issue of Senate reform?

MR. HORSMAN: Well, the hon. Leader of the Opposition should do more than rely on news reports of what I was reported to have said. I indeed recognize, as did the hon. Leader of the Opposition and the leader of the Liberal Party in his attendance at the First Ministers' Conference, that aboriginal rights issues were clearly placed on the agenda for the second round of discussions relative to the Constitution of Canada. But I said very clearly, and I maintain it now, that Alberta has placed Senate reform as the number one constitutional priority on the table. It has been there since the Edmonton declaration of 1986. It was confirmed in the Meech Lake accord of 1987, reaffirmed on June 9 in the document signed by the first ministers, and it is our clear intention to proceed with that matter in the priority position in which it was placed. But that does not mean that our government is not prepared to deal with aboriginal issues in an appropriate place, and that was provided for in the second round document, which the hon. member is thoroughly familiar with. I take issue with his allegation that we are opposed to aboriginal self-government in this country. That is clearly and totally out of line with the facts.

The fact of the matter is that our government since 1987 has been the sole provincial government that has lived up to the commitment we made at that '87 constitutional conference to deal with aboriginal self-government within the provincial responsibilities. The Bills that are now before this Assembly are proof positive of the fact that our government is committed to aboriginal self-government for the Metis people in a way that has not been provided for by any other government in this country. I assure the hon. Leader of the Opposition that we are fully prepared to co-operate with other governments in the

efforts to define what is meant by aboriginal self-government, and when it is defined, to place it in the Constitution of Canada. We have done so with the Metis peoples of Alberta in a clear and positive way and in a way which has shown absolutely that Alberta is in the forefront of dealing with the aboriginal peoples for which we have responsibility under the Constitution of Canada.

SOME HON. MEMBERS: Hogwash.

MR. HORSMAN: For anyone to say otherwise . . .

MR. SPEAKER: Hon. minister, I'm sorry. We need some for the supplementary.

MR. MARTIN: Well, Mr. Speaker, to the minister: these are very fragile times in our country. The minister said that, and so has the Premier.

I did check these statements out where the minister said:

To use a power play tactic like this to derail Senate reform is not going to sit well with Alberta, or the people or the other first ministers.

Now, what is that if it's not a provocative statement? I ask the minister: how does he find that that's going to be a helpful statement at this particular time in dealing with aboriginal rights? How can he justify that?

MR. HORSMAN: It's quite clear that to derail Meech Lake will not only derail aboriginal rights discussions; it will derail Senate reform discussions and any other constitutional discussions which might possibly be held between the governments of Canada – the federal government and the provincial governments – and the aboriginal peoples. It strikes me as being extremely unfortunate that one group or organization – or province, for that matter – would try to derail the Meech Lake accord in such a way that it would cast into doubt any method in the foreseeable future by which Canada can deal with its outstanding constitutional issues. That applies equally to the Senate reform issue and to the aboriginal rights issue.

MR. TAYLOR: That's more hogwash.

MR. HORSMAN: Now, the hon. Member for Westlock-Sturgeon, as is usual, is yelling out tremendously thoughtful words like "hogwash." Well, I can tell the members of this Assembly that our government is firmly committed and positively committed to dealing with the issues relating to the aboriginal peoples within the constitutional responsibility of the province of Alberta, and we have done so as no other government has done since 1987. Those are the facts.

MR. MARTIN: Mr. Speaker, this minister had better recognize that those comments were counterproductive. I can assure him that they were in this process: they were counterproductive from what he wants.

Now, Mr. Speaker, the problem we also face at this stage is that the native people do not trust governments, and specifically they don't trust this government. In 1987 this minister said that the right to aboriginal self-government would have an extremely destructive effect on Canada as a nation and slammed the door of this government on entrenching aboriginal rights. Now, in view of that, in view of the statements that the minister made over the weekend, my question to the minister is this: when will the minister realize that aboriginal concerns are extremely

important to many Canadians, and that his actions and comments regarding these matters are frankly petulant and irresponsible?

MR. HORSMAN: Well, I regret that the Leader of the Opposition has tried to turn this issue into a political issue at this stage of these discussions.

MR. MARTIN: You did.

MR. SPEAKER: Order.

MR. HORSMAN: I repeat again that our government alone amongst the governments of Canada with responsibility for Metis peoples has moved forward to define what is meant as self-government for the Metis peoples of this province – the only province that has done so since 1987. It is certainly, Mr. Speaker, inappropriate for the Leader of the Opposition and other members in this Assembly to deny that fact. This is absolutely clear. We believe that you must define what is meant by self-government and entrench it in the Constitution. That is what we have proposed to do, what we are doing right now in this Legislature through the Metis legislation now before us, and if other governments had moved the way Alberta has, this problem which is now very clearly that of the aboriginal peoples' concerns would not be there. If other governments had acted the way our government had acted, this problem would not be there today. That is the fact, and it is regrettable that other governments have not moved with the same degree of leadership and direction and consultation with the Metis peoples as we have done in this province. That is the fact.

### **Pulp Mill Emissions**

MR. DECORE: Mr. Speaker, Albertans are concerned about the prospect of further pollution of their waterways. My questions are to the Minister of the Environment. As recently as last week a national conference held in Edmonton on environment and health identified substances – dioxins and furans – as cancer-causing substances. They also concluded at this conference that much more knowledge was now available, that much more concern should be placed by government in the area of the development of plants, pulps mills in particular, that intrude into the environment. We now have a study of fish fillets that show dioxins and furans that exceed Canadian standards. My first question is this: will the minister agree that extra care and precaution, more attention and more review is now needed because of these most recent conclusions in the area of environment and particularly dioxins and furans?

MR. KLEIN: Well, yes; of course I'll agree. That's why we have commissioned Jaakko Pöyry to take a detailed review of the scientific evidence contained in the Al-Pac report. That's why the Premier committed without any hesitation whatsoever to a full and detailed study of this whole situation on the Athabasca and Peace rivers. Of course we are concerned, and we as a government want to get as much information as we possibly can on this whole issue of chlorinated organics and determine what mitigative measures have to be put in to make sure that these chlorinated organics are reduced to the most possible extent.

MR. DECORE: Mr. Speaker, if the minister is now concerned, and it looks like he's more concerned than before, would he agree to put the second proposal of Al-Pac before a proper

environmental review assessment, a thorough scientific review, so that the dangers of these substances are clearly understood?

MR. KLEIN: Well, Mr. Speaker, I think I have to point out once again – it's been said in this House many, many times – that this government has demonstrated a tremendous concern for the environment: such concern that we have put in place the highest achievable standards in the world relative to a pulp mill development and the environmental protection that has to be applied – the highest achievable standards in the world. With respect to the revised proposal this is a matter that was just recently discussed between the federal government and officials from Alberta Environment, and in due course I'll be discussing this matter with my government.

MR. DECORE: Mr. Speaker, this is the sort wishy-washy baloney that Albertans have been getting for some time. The question is simple and clear: will the minister – now that he has seen that this is a concern, that more attention, more review is needed because of the dangers of these substances to human beings, to the environment – agree to allow the NRCB to do a thorough review of Daishowa and Al-Pac's second proposal? A clear answer.

MR. KLEIN: With respect to Daishowa the answer is no, because that particular project went through all the reviews that were required at that particular time. I've explained time and time again that they played by all the rules that were in place; not only that, they went beyond the rules, refitted that plant halfway through construction to make it probably the most environmentally safe bleached kraft process in the world today.

With respect to the revised Al-Pac proposal, I will repeat: this was a matter, an issue, that was discussed by my officials and federal government officials on Thursday and Friday of last week. I have yet to assess their recommendations, and I have yet to discuss this matter with my government. I'll be doing that in due course, and once those discussions have taken place, I'm sure that there will be a public pronouncement of some sort, relative to where we go from here.

MR. SPEAKER: Athabasca-Lac La Biche.

### **Federal Stabilization Payments**

MR. CARDINAL: Thank you very much, Mr. Speaker. My question is to the hon. Deputy Premier. I believe that our province has no doubt the best social programs in North America. We are spending . . . [interjections] If you listened to these guys, there'd be more people on social assistance. The best social programs in North America, Mr. Speaker: we are spending billions of dollars on these programs. During February of 1990 the federal Finance minister announced a reduction in assistance through the Canada assistance plan to Ontario, Alberta, and British Columbia. I understand that there was a recent court ruling on this important issue. My question to the Deputy Premier is: what is the impact on the province and intergovernmental agreements of this court ruling?

MR. HORSMAN: Mr. Speaker, it's a very important issue which is now being decided by the British Columbia Court of Appeal.

MS BARRETT: Sub judice, eh?

MR. HORSMAN: On that, of course, I want to be careful, since the possibility exists that an appeal might lie to . . .

MR. DECORE: Because you didn't show any leadership on that one.

MR. HORSMAN: Mr. Speaker, I'm having so much trouble because you are being advised by the House leader for the NDP and by the so-called expert the Liberal leader about what may or may not be sub judice. I'm just . . . [interjections]

MR. SPEAKER: Order, so that the minister can get part of the answer out.

MR. HORSMAN: Obviously, as the hon. members are aware, our government was very concerned that the federal government acted unilaterally in terms of breaching an agreement between the governments of Canada. A court action was taken in British Columbia, joined into by Alberta, Ontario, and Manitoba, and the British Columbia Court of Appeal has unanimously ruled that the federal government cannot unilaterally breach such agreements. That, of course, in terms of continuing assistance to Alberta and those other provinces under the Canada assistance plan, we believe will be a major step forward in terms of defining how governments deal with each other in the future. It's another example of the concern and the leadership that our government has taken to make sure that we do have good relationships based upon legal and binding agreements between governments.

MR. CARDINAL: In light of this decision is the Alberta government going to ask the federal government to rescind Bill C-69, and possibly what does this mean in dollars to Alberta annually?

MR. HORSMAN: Well, here's where I think the sub judice rule does come into play in a very major way. We're going to have to wait and see whether or not the federal government does decide to appeal the decision. In any event, should the decision be not appealed, or upheld, then of course it would mean that additional moneys would flow to us according to the terms of the original agreement. That of course would be in keeping with the ambition and the aim of our government in joining in the lawsuit: as I said, another example of leadership on behalf of the people of Alberta.

MR. SPEAKER: Edmonton-Avonmore.

### **Children's Mental Health Services**

MS M. LAING: Thank you, Mr. Speaker. My questions are to the Minister of Health. Mr. Speaker, on Friday a federal study reiterated what we've known for many years: that sexual abuse of children is a severe problem which has serious mental health and social implications, including behavioural disorders, teen suicide, and substance abuse. Although the Minister of Health has allocated new money for children's mental health, it is a small amount when one realizes that 50 percent of female children and 30 percent of male children are victims of childhood sexual abuse. In light of this most recent study will the minister commit to providing targeted funding to community-

based treatment programs for children who have been sexually abused?

MRS. BETKOWSKI: Well, Mr. Speaker, within the overall context of the budgeting planning for the provincial government certainly the issue of adequately funding our whole health spectrum but including our mental health spectrum is clearly a priority of this government. I am interested in the results of the federal study. I was particularly interested in the emphasis that the federal study put on education as a major target area for understanding and preventing child abuse, and certainly the Minister of Education may wish to supplement my remarks, but within the overall contextual planning we will continue along those priority areas.

MR. DINNING: Mr. Speaker, just briefly to supplement, the school setting is just one means, one vehicle by which we can overcome this serious problem, and we are conducting a serious review of the entire area of special education and virtually redefining the special education field. This is one area that involves children in that the ability of a child to learn is impeded in a serious way when they come to school with serious social or psychological or emotional or behavioural problems. I'm looking forward to the outcome of this study to know how better we can equip teachers and parents and the larger community to ensure that we've got better solutions to overcome this very serious problem.

MS M. LAING: Well, Mr. Speaker, one of the solutions is to provide treatment for children who are victims of child sexual abuse. Education initiatives can only promote disclosure, and then we need treatments.

Mr. Speaker, the report calls for a response to this major social problem by implementing federal/provincial cost-sharing programs for front-line workers. Will the minister commit immediately to meeting with the federal minister of Health and Welfare in order to get more funding, because our children need treatment not studies?

MRS. BETKOWSKI: Well, Mr. Speaker, in fact there is a meeting of health ministers scheduled in the next several months, and I'm sure that the federal health minister and all health ministers will want to review the results of this study. But I think it's important to highlight the move that was made in the budget this year with respect to children's mental health, for treatment services for children, not only from the cause of sexual abuse but from whatever gets to the point where that child has a mental health problem. That is the way we approach mental health in this province. I'm not denying that child abuse is one of the items, but putting resources into appropriate treatment in our whole mental health system is clearly one of the priorities. But in terms of the agenda for health ministers it'll certainly be something that I know we will all want to discuss with him.

MR. SPEAKER: Westlock Sturgeon.

### **Agricultural Development Assistance**

MR. TAYLOR: Thank you, Mr. Speaker. My question today is to the Minister of Agriculture, I believe the front one; I'm not

sure which one. This is with respect to the malting barley. I think malting – it would be Clyde . . .

MR. JOHNSTON: Nick, you've got next week's tie on.

MR. TAYLOR: . . . I believe, if it's to do with malt. They do with the Sexsmith canola . . . I'm sorry, Mr. Speaker; the Treasurer is up to his tricks again: taking our attention off his big deficit.

The agricultural processing industry has been in some disarray largely because of this government's interference. We go back historically all the way to the Sexsmith canola plant, the Cargill beef processing plant, the Gainers and Fletcher's pork facilities fiasco: clearly a case of the mistakes that over the last 10 years have cost the taxpayers nearly a billion dollars in mismoves. My question today is: in view of the recent announcement and the fact that Canada Malting, one of the free enterprises in the business operating without government subsidies, may have to suspend a \$22 million modernization program, why would the province decide to go ahead and subsidize a new entry into the field when the malting manufacturers are doing quite fine without government subsidies now? Why . . .

MR. SPEAKER: Thank you, hon. member. Thank you.

MR. ISLEY: Mr. Speaker, I might point out that the Out-of-province visitors that were in the gallery last Thursday when I introduced them in connection with this project were not impressed with the rude interjections of the Member for Westlock-Sturgeon. I might also point out that the community leaders from Alix were just as unimpressed. I might also point out that if the hon. member would take his role as an agricultural critic conscientiously and if he'd have been over for the announcement and learned the details of the announcement, he would know very well that there is no subsidy involved here.

MR. DECORE: Does that mean you're mad at him?

MR. SPEAKER: You've already had your question.

MR. TAYLOR: Mr. Speaker, as Eliza Doolittle would say, "His words break me ruddy heart."

To go on a little bit farther, Mr. Speaker – and I think "ruddy" is all right. In view of the fact that one of the last abortive attempts by the minister to stick his nose into the free market resulted in the pork subsidies following from the Gainers bailout in the free trade agreement, what attempts has he made to check out whether the Canada/U.S. free trade agreement now will not countervail all our malt exports just because he decided to help out a plant that's locating in the Premier's constituency?

MR. ISLEY: Mr. Speaker, the hon. member obviously cannot hear or will not hear. I would further correct him and suggest that the village of Alix is located in the constituency represented by the hon. Member for Lacombe.

I stressed in my first response that there was no subsidy involved here. The Agricultural Development Corporation has a mandate to promote agribusiness in this province. This government is committed to as much value adding as possible to our agricultural products to increase employment in rural Alberta, to bring revitalization to rural Alberta, to bring jobs to rural Alberta. This project fits in very neatly. Since it's truly commercial as far as our involvement is concerned, there is nothing countervailing here. It's a tremendously good-news

story for a lot of farmers and for a small community in this province, and I'm amazed that the agricultural critic from Westlock-Sturgeon would be working against his farming population.

### Education Capital Funding

MRS. BLACK: Mr. Speaker, today the Minister of Education announced a five-year \$700 million school capital program. This announcement once again confirms the Premier's commitment to education. However, in my constituency parents, teachers, and students have all recognized the need for schools in the MacEwan-Sandstone areas as well as in my neighbouring constituency in the Hawkwood community. Can the Minister of Education please advise that with this announcement these schools will now be built?

MR. DINNING: Mr. Speaker, today's announcement is really phase 1 of a two-phase announcement. By the end of this month 150 school boards across the province will have provided to the school buildings branch a list of priorities, a list of projects that they consider to be the priorities in their individual school districts. Those 150 lists will be brought together on one list. The criteria and the priorities are well laid out and very clear to all school boards as to how we come up with a provincial list of priorities. Once that process is completed – and, Mr. Speaker, I should add that that whole process is driven by need. Where the enrollments and the growth in enrollments is the greatest, where the need for remodeled, remodernized facilities is the greatest: those are what drive the provincial priority list. That will be completed by the school buildings branch over the summer, and then I expect that the province will have an announcement to make in the fall, sometime in October, when we will announce a project-by-project basis for the 1991 capital year and approval in principle to plan for additional projects in 1992 and 1993.

MRS. BLACK: Mr. Speaker, sometimes reality has to be recognized, and in a time of fiscal restraint \$700 million of taxpayers' money is a substantial commitment. Could the Minister of Education please advise us as to how he can justify a five-year plan and this major commitment of funds?

MR. DINNING: Well, Mr. Speaker, the hon. member raises exactly the point that school boards and school trustees have been making to all of my government colleagues over the last number of months: we need some assistance in planning for the future, is what school trustees have been saying. We've faced in this province over the last two years a net enrollment growth of some 8,000 students every September, and we expect that to continue unabated over the next five years. That plus the need to modernize existing schools – we have some 1,500 in the province; about one-half of those are more than 25 or 30 years old, and by the end of the decade we will face three out of four of our schools that are in excess of 25 or 30 years old. So, clearly, there is a need to modernize those facilities.

That pressure is there, Mr. Speaker, to ensure that we can give school boards the opportunity to plan ahead, and therein lies the reason why we've gone to a three-year rolling approval: so that in year 1 we can give a green light to projects to proceed in full, but also for years 2 and 3 to give school boards approval in principle to plan for projects for years 2 and 3.

MR. SPEAKER: Edmonton-Jasper Place.

### **Pulp Mill Emissions** (continued)

MR. McINNIS: Thank you, Mr. Speaker. Until now the provincial government has attempted to justify licensing new sources of organic chloride pollution on the basis that the older mills were reducing their amount of pollution. The argument is that we have just the right amount of toxic pollution and if we spread it around to more pulp mills, then we'll be able to go on with the agenda of completing the pulp mill expansion in Alberta. Well, that's their story anyways, Mr. Speaker, and they have stuck to it up to now. But the argument has been blown out of the water by some new fish samples which indicate that there are fish in Alberta rivers which exceed existing Health and Welfare standards for human consumption of fish. These fish were trout and Whitefish samples caught on the Athabasca and Wapiti rivers. Sound familiar? Well, I wonder if, in view of the new information, the Minister of the Environment would indicate whether he personally supports and whether his government supports the very clear recommendation in the Al-Pac EIA Review Board report that the studies on dioxin in fish be completed before new pulp mills are licensed.

MR. KLEIN: Well, we have a situation of comparing apples and oranges and grapes and every other kind of fruit you can find. But very simply, Mr. Speaker, the situation relative to this report – and I don't have it in my hands right now because the normal way of reporting through Environment Canada is through Fisheries and Oceans to Health and Welfare, and Health and Welfare on the basis of their analysis determine whether or not a health warning should be issued. They have not yet done that analysis, so we don't know what the situation is officially from the federal government relative to their examination of those fish. I think it would be very inappropriate – very inappropriate – to comment at this particular time, because unlike the hon. Member for Edmonton-Jasper Place I'm not in the position nor will I ever be in the position of fear-mongering.

MR. McINNIS: Mr. Speaker, the minister talks about apples and oranges and fruits; we're talking about fish caught in Alberta rivers which are above safe levels for human consumption. It's an alarming situation. I don't think he can talk about fearmongering. I've had Motion for a Return 183 on the Order Paper for more than three months asking for just the information in the possession of this government on dioxin and furan in fish, and it sat while hundreds of other motions have been dealt with. It sat and it sat – well, three months.

You know, it seems to me irrefutably clear that the province is hoping to license this Al-Pac mill without sharing the existing information on fish contamination in the river. They won't do the studies they were told to do by the board. I wonder if the minister will indicate what gives this government the right to manipulate the process by withholding this important information while they're considering licensing a new pulp mill.

MR. KLEIN: Finally the message is getting through. I'm glad that the hon. member alluded to Motion for a Return 183 because we as a government are also waiting for the same information that he's waiting for. I just explained to the hon. member that it goes from Environment Canada to Fisheries and Oceans to Health and Welfare Canada. Once they have done their assessment, they will get that information back to me. That will be public information. When I get that information,

I'll be glad to share it with the hon. member and all other Albertans.

### **Worksite Safety**

MR. GIBEAULT: Mr. Speaker, my questions today are to the Minister of Occupational Health and Safety. Of course, as this is Occupational Health and Safety Week in Canada, we have to be horrified when we look back at the past year in Alberta at the spate of occupational health and safety disasters in this province. We had lead poisonings in Medicine Hat, we had gassings in Hinton, we had two workers killed at Daishowa, and the list goes on. We had some 60,000 injured workers or killed workers in Alberta last year. The latest victims of this government's negligence in occupational health and safety are the hundreds of workers at Suncor who have been dismissed from their jobs because they dared to exercise their rights under section 27 of this minister's Act, the Occupational Health and Safety Act, and refused to work when there was a dangerous condition: in this case an asbestos hazard. So I want to ask this minister: given that this kind of dismissal by employers is a direct violation of section 28 of his own Act, will he send a clear message to the employers of this province that this kind of intimidation is totally unacceptable and launch a vigorous prosecution against Suncor on this matter?

MR. TRYNCHY: Mr. Speaker, it's my understanding that Occupational Health and Safety, the union, and Suncor are discussing these very things today, and I'm waiting for further responses.

MR. GIBEAULT: Well, once again we have a minister who won't go to bat for the people he's paid to go to bat for, the injured workers of this province.

But if he won't do his job there, could we at least ask the minister this: given the extensive asbestos hazards that exist across worksites throughout the province, would he at least take some initiative he could give to workers today that he will make sure that asbestos hazards are cleaned up all across the province by trained and properly protected workers? Would he at least do that?

MR. TRYNCHY: Mr. Speaker, this minister has talked to more injured workers, has met with more injured workers, and will continue to represent injured workers throughout this province on every day that I can.

Mr. Speaker, in response to the hon. member's question, it's certainly something that Occupational Health and Safety is working on on a daily basis, and we will continue to do so. But to suggest that I do not go to bat for injured workers is just so much nonsense, and the hon. member should know that.

MR. SPEAKER: Calgary-McKnight.

### **Correspondence School**

MRS. GAGNON: Thank you, Mr. Speaker. Last year some 31,000 Albertans registered in some 48,000 correspondence courses through the Alberta Correspondence School. This school offers a most successful and adequate service to a number of people who are dropouts, who are incarcerated in our jails, or who simply are seeking high school equivalency. On June 1, however, the school's fees were hiked by as much as \$130 per course. This substantial increase of 600 percent is just one more

hidden tax, one more roadblock for Alberta's poor. To the Minister of Education: given that this is International Literacy Year, how can the minister justify this regressive tax which will make further education unattainable for a lot of Albertans?

MR. DINNING: Mr. Speaker, perhaps the hon. member would like to lay all the facts before the Assembly, and if she's not prepared to do that, I am. For those students who will continue to be under the roof of a school board, for whom those students will be resident students, school boards are fully funded today to purchase those materials at the new cost that has been spelled out as of June 1. They are fully funded as a result of the grant that goes to all school boards: School Foundation Program Fund grants of some \$1,958 for grades 1 through 6; \$2,106 for grades 7 through 9, and \$2,272 for grades 10 through 12. School boards have more than enough money to purchase those courses on behalf of those students.

Mr. Speaker, for those students who are independent students, who are not under the roof of one particular school board, the fees that are charged – and I'll give the hon. member some examples: say, for biology 20. The course fee for one full course, for biology 20, is going to be \$15, for accounting 10 will be \$15, for computer literacy will be \$15. Now, that is a bargain. That is a bargain given that the kind of material these students will be learning from is upgraded, brand-new material that costs many, many more dollars than \$10 or \$15 to develop those materials. That is a bargain at any price.

MR. SPEAKER: Supplementary, Calgary-McKnight.

MRS. GAGNON: Thank you. Will the minister commit today to establishing a bursary program for those courses with a much higher increase, courses which he hasn't mentioned, so that the impact will be minimized for people on very low income?

MR. DINNING: Well, Mr. Speaker, there is no question that these fees for correspondence school, as they relate to those independent students who are not funded by a school board, have remained virtually unchanged, and it is primarily in those areas and those courses for those students who are fully funded by this provincial government that the fees have gone up. I repeat again that those school boards are in fact fully funded. In fact, if they choose to educate all of their children – their children by way of their students – by way of correspondence lessons, they get more money. Those school boards receive more money than they in fact need to educate those children. So I would hope that when the hon. member raises a question like this in the future, she will want to lay out all information before hon. members of the Assembly.

MR. SPEAKER: Might we have unanimous consent to revert briefly to Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you. Bow Valley.

#### head: **Introduction of Special Guests**

(*reversion*)

MR. MUSGROVE: Mr. Speaker, I'm happy today to introduce some members from the Bow Valley constituency. Sitting in the members' gallery is the Bassano hospital chairman, Floyd George, from the Bassano hospital district; the administrator,

Dean Roy; and a hospital board member Donna Rose. Donna is also a member of the Alberta Hospital Association and sits on the Seniors Advisory Council. Maybe we could give them the . . .

MR. SPEAKER: The Chair advises the House that it did indeed receive a notice under Standing Order 30 for today and also another one under Standing Order 40. In both cases, of course, the Chair would just remind the members that in future it would be much more helpful to the operation of the House to also stand up at the beginning of the day and give announcement to the House in that regard.

So, first the Member for Westlock-Sturgeon under Standing Order 30.

#### head: **Request for Emergency Debate**

MR. TAYLOR: Mr. Speaker, thank you. My motion today under 30 is to have a debate on exporting water from the province of Alberta. In speaking, as rules require, only to the emergency of the debate, I think it's very, very important because the cities of Santa Barbara and Los Angeles are soliciting bids for fresh water throughout North America and in particular in British Columbia. In fact, the Sawridge Band in the Slave Lake area are considering bidding to supply water to the U.S. Now, of course, there's no particular holdback about sending water out in bottles or in glasses or in containers; we all recognize that. But when the cities of Santa Barbara or others in California ask for water, they're asking for a lot more than you would ship out in bottles. Wouldn't that be an awful lot of glass for that, Mr. Speaker? So consequently any contract to supply water to Santa Barbara or Los Angeles would almost certainly mean a pipeline; in other words, export the water and all the infringements, utility laws that come with shipping water out. In other words, you would not be able to cut people off once hooked up by a pipeline.

The emergency of the issue, Mr. Speaker, is that although the free trade Act is interpreted by some as saying no, it will not allow the export of water, others interpret it as saying it does allow the export of water. In fact, those who think that way control the Ontario government's thinking to the extent that they moved a Bill to stop the water from going out regardless of what the free trade Act said. In this particular case, regardless of whether you agree with that interpretation of the free trade Act or not, Mr. Speaker, we have a band of people quite rightfully going ahead spending money and time on the idea that they can export water from Alberta. I think, therefore, it is a very important debate indeed, as Alberta is a landlocked, basically dry province as far as water is concerned. I think it's very important we set in motion or send a very clear message to our public that we will not countenance exports of water that are hooked up by pipeline or for long-term needs. I think that's a very important matter that should be discussed in this Legislature in order to prevent heartache, unnecessary expense, and sending a wrong message to our public.

MR. HORSMAN: Mr. Speaker, this is an absolutely phony motion under Standing Order 30. What recent proposals does the hon. member refer to which are in the administrative competence of the government? What Act or proposal or policy or anything else of the government of Alberta relates to the matter which the hon. member has raised today? There's no proposal by the government of Alberta to export water to the United States. Because he may have read something in a



newspaper about somebody in California maybe wanting to buy water and somebody in Alberta, an Indian band, the Sawridge Band, maybe wanting to sell water, in what form I don't know – to bring a motion of this kind before the Assembly is clearly an abuse of Standing Order 30.

You know, *Beauchesne* 387 makes it clear: "The Standing Order is clear that the question be specific" – specific. "Recent proposals to export Alberta's water to the United States": what is the hon. member talking about? Really, Mr. Speaker, if we are going to have debates under Standing Order 30 on what any hon. member may have read in the newspaper, it's going to occupy all the time of the House. We could be debating all sorts of things. I think this is quite out of order, and I would certainly oppose Your Honour granting the consent of the Assembly today to something which is not a policy of the government, clearly not a policy of the government, where no specific proposal is before this government or before the people of Alberta from the government. It is, in my view, completely an abuse of the process that is provided for under Standing Order 30.

MR. SPEAKER: Thank you.

Additional comments from the New Democrat caucus?

Under Standing Order 30 indeed the requirement of subsection (1) has been met. With respect to the matter of urgency, while the issue indeed has importance, there are other means of being able to address the debate within the life of the Legislature, so the Chair believes the matter of urgency is not met.

#### head: **Motions under Standing Order 40**

MR. SPEAKER: A Standing Order 40 request, Edmonton-Mill Woods.

Mr. Gibeault:

Be it resolved that since June 17 to 23 is Occupational Health and Safety Week in Canada and in light of the fact that tens of thousands of Alberta workers continue to be injured and killed on the job, the Legislative Assembly direct the Standing Committee on Public Affairs to conduct full public hearings across the province to identify areas requiring improvement in terms of occupational health and safety legislation, regulations, standards, and enforcement.

MR. GIBEAULT: Thank you, Mr. Speaker. Clearly, speaking to the urgency now, this is of course Occupational Health and Safety Week in Canada, and we have something which must be considered a disaster: some 60,000 Alberta workers each year being injured and killed on the job. So I ask all members' support for this particular resolution to see if we can't make some reduction in the tragic numbers of injured and killed workers in the province of Alberta.

Thank you.

MR. SPEAKER: The hon. Member for Edmonton-Mill Woods has made a request under Standing Order 40. Those in favour of unanimous consent, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The matter fails.

#### **Orders of the Day**

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

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

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: Order please.

#### **Bill 20**

#### **Consumption Tax Statutes Amendment Act, 1990**

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

The hon. Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I must confess my attention was detracted from here by an intervention to the left of me. I take it it's Bill 20, consumption tax statutes.

MR. TAYLOR: There's nobody to the left of you.

MR. HAWKESWORTH: Nick, a lot of things would surprise you.

Mr. Chairman, these of course are the tax increases that we were promised would never be implemented by this government. I'm particularly concerned, however, with the operation on page 4, referring to section 3, regarding the granting of rebates of fuel oil taxes. I presume the same is going to apply to propane as well. I was interested to read in one of the latest editions of *The Triumph* newspaper in Calgary about Calgary Handi-Bus having to go to Calgary city council to ask for a big increase in their budget from city council this particular fiscal year, which was a surprise to most people until it became known that the reason they were going to city council was because the tax on propane fuel is going to add something like \$75,000, if memory serves me correctly, to their operating costs this particular year, given the fleet of vehicles they operate. It was an unexpected increase. What occurred to me in reading this news article was: why wouldn't they be able to get some sort of rebate from the Provincial Treasurer for their operations in using propane fuel? Now, as I go through page 4 and read the list of groups that qualify or might qualify for a rebate, I don't see where an organization like Calgary Handi-Bus would fit into any of these categories, with the possibility under section 3 of subsection (h), which might be any other applicant that would be "in accordance with the regulations."

So I'm just going to use the opportunity afforded by committee study of this Bill this afternoon, Mr. Chairman, to put a question to the Provincial Treasurer. What about those organizations such as Handi-Bus in Calgary that provide transportation services on a nonprofit, charitable basis to the disabled? They're not a city of Calgary organization per se, although they get virtually all their operating budget from the city of Calgary. They just don't seem to fit into any of these institutional categories identified in the Bill. I don't have the actual Fuel Tax Act in front of me; all I have are the explanatory notes of Bill 20 in front of me. Would the Provincial Treasurer indicate to me whether there's some system in place,

or would he consider putting a system in place, whereby groups such as Handi-Bus might apply directly to the Provincial Treasurer for a rebate? It would seem to me that they would certainly qualify as much as, say, the city of Calgary might or some other school board or college or university might. They're performing a public function on behalf of the city. It's an essential service, being transportation, and for a group that doesn't really have any other options, that being the disabled community, it would seem to me that they should qualify if they don't already. I'm wondering: if they do, what's the process? Do they already receive a rebate? If they don't, what's the procedure here to ensure that they do qualify and would in fact receive a rebate from the provincial government? Does it fit under this category or some other category? Is there anything we can do to help them?

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

MR. CHUMIR: Thank you. I have some concerns and questions to raise as well, Mr. Chairman, first dealing with the increase of the fuel tax to 7 cents a litre. What we see, of course, is a continuation of the reliance by this government on regressive taxes which impact low-income individuals more seriously than they do those with higher incomes. Last Thursday I asked questions during question period which pointed out the phenomenal impact of this on low-income people, a 185 percent increase in the tax level on low-income people since 1986 as a result of the reliance on consumption and medicare fees and other regressive types of taxation. When we get down to dealing with the fuel tax and motor vehicle licence plate fees, we have an increase of \$40 in 1986 for the driver's licence and the motor vehicle licence for a family or an individual having one vehicle increasing to \$380 for that same one-vehicle family as a result of the fuel taxes and increases in licence fees.

Obviously, these impact more significantly on low-income individuals, and it's really a very serious obstacle for somebody trying to make a go of it. That 185 percent increase was on a person earning \$15,000, who would have to pay close to \$900 a year extra. So this causes serious concern to low-income individuals and certainly to members of the Alberta Liberal Party, and I'm wondering whether the minister would consider a provision which would provide for a tax credit to go to low-income individuals to compensate for the increased consumption taxes, such as the increase in the gasoline tax. Now, the minister, of course, does have the power to rebate taxes in certain categories in the provision just referred to by the previous speaker; however, that doesn't alleviate the burden on the low-income individual. The federal government, of course, has taken that issue into account to some extent by providing currently for a \$50 credit in relation to the federal sales taxes which are currently in place. I'm just wondering whether the Provincial Treasurer might tell us whether he would be receptive to implementing a tax credit of this nature for low-income Albertans, and if not, why not?

A second question I have relates to the 2 cents a litre increase which applies to farm fuels and which will in effect result in extra fuel costs on farms as a result of the reduction of the Alberta farm fuel distribution allowance credit by 2 cents a litre. Now, it's somewhat circular in the way the government does this, but the reality is that they are taxing farmers 7 cents a litre in respect of farm fuel. I'm wondering how the Provincial Treasurer can accommodate himself to that type of tax increase of the cost of carrying on farming operations at a time when the farming community is experiencing such great difficulties.

A third area of concern that we're aware of, Mr. Chairman, relates to the tax on aviation fuel. We've heard of complaints that airlines are not buying their fuel here in Alberta because we're just not competitive with other, neighbouring jurisdictions, and we are losing out. I'd be very interested to hear the Provincial Treasurer's response to that, whether we're hearing cries of wolf which are not meritorious or whether in fact this is a problem that he acknowledges, and if it is there, why it is that this government is not addressing it?

Finally, to deal with the issue of rebates that was dealt with by the previous speaker. One of the problems, of course, with this type of taxation, with the fuel fees, medicare fees, and so on, is that if they are applied to our municipalities or hospitals or school boards, it really results in a passing on of the problems and the tax burden from the provincial level down to the municipal level. This, of course, is exactly the same type of process that this government has been complaining about in the actions of the federal government, where they're passing on their problems to the provincial level.

The jurisdiction is there to provide for rebates, but we've heard no official statement from the Provincial Treasurer as to what their policy will be with respect to these rebates. I think it's time that a public statement was made, a clear statement, as to whether the government is going to provide for rebates of these fuel taxes and indeed of other taxes. The impact of the removal of the utility tax rebate: whether these are going to be rebated in order to compensate school boards and hospitals and municipalities and indeed Handi-Bus and other, similar public service agencies, to compensate them in full for the amount of tax they are having to pay in respect of these consumption and related taxes. Please tell us clearly, Mr. Minister, what your policy is in that regard, and if there is some hiatus in this legislation of which I'm unaware which would preclude that, will the minister then seek to have it remedied so he can do the right thing by these other levels of government that are feeling the pinch and finding that indeed on the basis of their projections of taxes, in many instances the tax increases are greater than the amounts of the grant increases that this provincial government has announced this year but which are, as we all know, less than inflation in any event? Now to find that they're eroded away by these tax increases is just totally unacceptable.

A final comment with respect to the consumption taxes relates to the cigarette tax. I've had an issue raised with me, Mr. Chairman, in relation to the fact that the tax on bulk tobacco equates to approximately half the per-cigarette tax on finished cigarettes. It's been pointed out that in fact this merely serves to encourage low-income Albertans to use tobacco, to take up the habit, and it would seem to me that it would make sense to tax tobacco on an equivalent basis regardless of what form it takes. Of course, we know this province has lingered well behind the rest of the country in taxing tobacco. It's been very slow to respond. It's starting to get up there as the financial shoe starts to pinch and it becomes desperate for bucks. Perhaps the minister would care to explain why there is this deviation.

Perhaps he suggests it isn't there. I wrote him a letter to that effect, pointing it out some time ago, but like other correspondence that I sent the minister some three or four years ago, we are still waiting for a response. So I don't know whether he's disagreeing with the factual basis of the tax differential or whether he just maybe smokes roll-your-owns in secret on his own. Maybe he goes under a bridge with the Member for Calgary-Forest Lawn from time to time, maybe with the kids. Who knows what's going on there? We just can't understand

why. Enough of this preference for Bull Durham – I hope it's not an unparliamentary term, Mr. Chairman – and enough of this discrimination against the Marlboro Man. Let's get some equity into our tax system.

Thank you.

MR. JOHNSTON: Mr. Chairman, let me say just a couple of things in response to some of the points raised by my colleagues. First, I draw all members and those people who read *Hansard* to page 25 of the 1990 budget speech wherein we set forth the various levels of taxation, at least at the time of publication, that are applicable in Canada. There I would note that across most of those taxation items Alberta is probably ranked lowest, certainly in terms of income tax and also the lowest in terms of small business income tax, which is a point that we'll come to later. I must say that in speaking here, I may save some comments with respect to other tax legislation that comes before us. The point I want to make is that over a period of time we have gradually increased some of our user taxes or consumption taxes, particularly those on cigarettes and tobacco. In doing that, we are using that tax in part as a deterrent.

I appreciate the comments from my colleague from Calgary-Buffalo. He seems to be on both sides of the issue; on one hand, suggesting that we're attempting to increase so-called regressive taxes for low-income individuals, but on the other hand he suggests another tax source for me with respect to roll-your-owns. I'll take it as a recommendation for additional revenue. Presumably he'll be able to discard the rest of his comments with respect to the consumption tax side on lower incomes, because most people that I'm familiar with who use rollies generally can't afford the tailor-made kind of cigarettes. But we do recognize that there have to be some additional corrections on the tobacco tax side, and I would expect that over time we'll do just that.

I should say that there have been some attempts by certain tobacco manufacturers to circumvent the current tax regime, including such things as having essentially tobacco-injected cigarettes so that they can escape the tax and get onto the bulk side. We'll try to catch up on that. In the meantime, there is that discrepancy, I agree, but in this case the increase in cigarette taxes is determined on the basis of keeping our taxes somewhat close to other provinces'. In fact, we are probably right in the middle in terms of taxation on tobacco generally, and that is a deterrent to smoking, as I've said before.

Secondly, with respect to the question of other kinds of taxation, particularly the fuel tax side, we have attempted in this budget to put together a taxation which impacts fairly and evenly on all consumers and all sectors. In doing that, we have to in this case tax people who traditionally have been tax-exempt, such as those people on propane, and have attempted to balance the impact on the farming community. I think the current rebate on diesel for farmers, for example, works out somewhere close to 80 cents a gallon. So you can see that if we continue to increase the rebate further, there would be a fairly rigorous attempt to circumvent the taxation by everybody again continuing to file for farmer status. I think the fair and evenhandedness of this tax is clear, and the fact that we do not tax farmers particularly but have an Alberta farm fuel distribution allowance allows for the control of input costs.

With respect to the propane side, here again we have gone since 1987 without any tax on propane. This has been time enough to allow the switch-over to propane where necessary, and the costs of that switch-over have probably been amortized or written off over the period of time, including such things as taxis

in particular. Now, the tax is below the normal fuel tax levied, and I think itself is an incentive to use propane and to encourage that form of off-gas use. I'm not too sure, but I understand that propane is in fact just as harmful to the environment as is other fuel; therefore, the conservation element that is implicit in this tax with respect to oil and energy conservation applies to propane.

With respect to the impact of these tax items, particularly on fuel, on those municipal or other jurisdictions, it is true in the case of propane that there will be an impact on some municipalities' budgets. We do not contemplate using the rebate sections to rebate specifically this tax to any charitable organization. The rebate section is essentially determined to provide the tax credit where taxes have been collected inappropriately or where in fact the marked fuel is not available to farmers or fisherman, for example. Therefore, we would not be using that section, as the members for Calgary-Buffalo and Calgary-Mountain View have suggested, to rebate specifically to those entities.

In the case of school boards, I guess their year-end is September, and the tax really won't work through the system with major impact on them for this year. I know there will be budgetary problems; we've had the concerns raised by municipalities. But as I say, in following the evenhandedness or the balanced approach to this tax, it will be applied to municipalities and other users.

On the aviation fuel side, of course there has been some tankering of gas, which is the term used; that is to say, they fill up in other parts of the country where there may be a slight advantage and through some sort of linear programming calculate where it's most cost efficient to travel and decide whether or not they need the fuel in Alberta. But we think the change that has taken place – and there has been a reduction in av fuel consumption in this province – is as much a design technology question as it is a question of avoiding a tax. There have been some complaints, obviously, about av tax here in Alberta, particularly in Edmonton. We recognize the impact it may have on consumption decisions. Our view is that the change is not all that dramatic, and driven by the price change or the tax itself, we would not want to change our av fuel policy. I can say that Quebec rebates av fuel paid in Quebec for international flights – international, in this case, meaning into Europe in particular – but that's the only province that follows that policy. We do not expect that we will follow that policy.

I think I've dealt with the rebate section. I've dealt with the question of the fuel tax on farmers. I've dealt with farm propane tax, av fuel, and cigarette tax, and I've given, I think, a fairly general outline that we've had to look at an across-the-board approach with respect to this tax policy as opposed to distinctly focusing in on any one area. Again, I can say that in the case of fuel tax in this province, it is below that tax levied in other provinces. In fact, I think Manitoba is the closest, with 9 cents a litre; ours is now 7 cents a litre. I point out very quickly that the majority of the tax on gasoline in the car is in fact a federal excise tax of 12.01 cents, which is by far the largest tax take on fuel right now.

I think I have covered most of the issues, Mr. Chairman. I disagree with respect to the approach certainly, but I understand the points made by the members of the opposition.

MR. CHAIRMAN: The hon. Member for Vegreville.

MR. FOX: Thank you, Mr. Chairman. The Provincial Treasurer says that he has dealt with all the issues proposed in Bill 20. I'd like to raise some concern about the increase in the

fuel tax, especially as it affects rural Albertans, farmers in particular. I might remind hon. members of the history of that tax. Since I've been a member of this Assembly, some four-plus years, I've seen it go up and down like a yo-yo, depending on whether or not it's an election . . . [interjection] Beg your pardon?

AN HON. MEMBER: It's gone down.

MR. FOX: It's gone up more times than it's gone down. It's gone up and down, and it seems to depend on whether or not it's an election year or whether the Conservative government needs to pretend they're trying to balance the budget. Whatever the immediate political needs of the ruling party, the fuel tax seems to respond in kind, as least as it affects farmers.

You'll recall in this Chamber that when the Provincial Treasurer got up to give his Budget Address in, I believe it was, 1987, they brought in a 5 cents a litre tax for fuel in the province of Alberta and boldly announced that farmers would be exempt from that tax, giving all farmers the impression, and many members, even the dean of the Assembly – I remember talking to him when he was Agriculture critic for another party in this Legislature. We had a chat about it, and I was trying to explain the result of that. Because the Provincial Treasurer was saying on one page in the Budget Address that farmers would be exempt from the tax and on another page pointing out that the farm fuel distribution allowance would be lowered from 14 cents a litre to 9 cents a litre. People were trying to comprehend what the impact of that was. Well, the impact was that the price of fuel went up 5 cents a litre for farmers, 5 cents a litre for everybody; 22 cents a gallon.

It stayed that way until last year. It was 1989, an election year. By golly, the Premier announced that the price of farm fuel was going to go down 5 cents a litre. They were going to add 5 cents to the Alberta farm fuel distribution allowance for purple diesel fuel, giving farmers a much-needed break going into a provincial election. Again, Mr. Chairman, it didn't seem to have much to do with the prevailing economic conditions on the farm or the ability of farmers to pay that extra tax or to meet the obligations the Provincial Treasurer was foisting on them. It had more to do with their political needs at the time, in this case garnering votes in rural Alberta.

Now we have him coming forward with Bill 20, subsequent to his announcement in the budget speech that the price of fuel is going to go up for people in the province of Alberta. Again, farmers are going to be exempted from it, but the farm fuel distribution allowance is going down again, Mr. Chairman, and the net impact of it, no matter how you cut it, is that farmers are paying more for fuel just as everybody else is in the province, some annual burden, we calculate, of \$20 million on the farmers of the province of Alberta, coming at a time when grain prices are low, when interest rates are high, when opportunities for the farm sector, especially those in the grain and oilseed sector, are very dim indeed. We have a government coming along and responding proudly with an increase, announcing an increase in the price of farm fuel: \$20 million a year.

I remember challenging the Premier on this very issue, Mr. Chairman, and the Premier standing in his place and saying: "Well, farmers like this budget. Farmers and ranchers like this budget." I tried to remind them that what farmers like is the price of grain going up, not the price of gas. The Minister of Agriculture, I notice, didn't advocate for farmers at all. He didn't stand in his place and defend the interests of farmers. His own department predicted farm income was going to drop by 50

percent in the calendar year 1990. How do they respond? They jack the price of farm fuel up by 10 cents a gallon for farmers, this following very closely on the heels of a major increase in the price of farm fuel as a result of the federal government's changes in tax policy in January of this year. I think it's an unconscionable way to treat the producers of this province. It flies in the face of this government's so-called commitment to agriculture.

I noticed the Minister of Education standing up and saying that education is indeed the number one priority of this government. You know, I get so sick of hearing it when they say agriculture's the number one priority, education's the number one priority, the family's the number one priority. I wish they'd get their number one priorities ordered in some sort of priority so we'd know when they're telling the truth, Mr. Chairman. In terms of agriculture they treat the community with contempt. They raise and lower the price of farm fuel by manipulating the farm fuel distribution allowance and the taxes announced in this Treasurer's budget according to their political needs. It doesn't bear any relationship to the economic needs of the farm community, and I think that's a shame. The Treasurer kids himself when he says he's addressed that in his comments today.

While the Treasurer seems fairly vulnerable to advice, I might chastise him for something that's missing in this Bill and that I think should be there, and perhaps he'll be encouraged to amend it. The government has the opportunity through this piece of legislation to reduce the tax as it applies to fuel with respect to ethanol blend fuels. It's an issue I've raised in the Assembly on a number of occasions, but I would like to point out to members of the government that the neighbouring provinces in western Canada offer substantial discounts on the taxes they levy on farm fuel for ethanol blend fuels. In the province of Manitoba it's 2 and a half cents a litre, Mr. Chairman, and that's led to the development of an ethanol industry in Minnedosa, Manitoba. They produce ethanol, blend it in fuel, and sell it in Alberta as premium fuel and earn a good income selling into that market. In Saskatchewan the benefit for ethanol blend gasoline, the reduction off-the-road tax or fuel tax, is 4 cents a litre. Now, what has that resulted in? It's resulted in the announcement that a plant is being built in Lanigan, Saskatchewan, a co-operative effort between the Alberta Wheat Pool, Pound-Maker Feeders, and Mohawk Oil. Again, we're going to have another major plant built in western Canada producing ethanol for blending with gasoline, and its development has been encouraged by a reasonable tax break in that province. In B.C. it's 2 cents a litre. People might ask what it is in Alberta. It's about four-tenths of a cent a litre. It depends on the amount of ethanol blended with the gasoline.

MR. JOHNSTON: Zero.

MR. FOX: The Treasurer says it's zero. The minister of economic development was bragging the other day about how great it was. Anyway, no matter how you cut it, it's substantially less than the incentive offered to people blending ethanol in gasoline in other provinces.

What has the result of that been, Mr. Chairman? The result has been that this industry of the future is developing everywhere but Alberta. I might remind the Provincial Treasurer – and perhaps the Minister of Agriculture will for a change get up and advocate something progressive on behalf of farmers, take an interest in further processing and value-added in this province and get up and join me and defend the interests of the ethanol industry. In their recent magazine, the Western Barley Growers

devoted the whole issue to ethanol production and its potential in western Canada, calling ethanol the fuel of the future. It not only enables us to move towards a renewable source of energy at a time when that's crucial, but it's clean burning, it replaces lead in gasoline, and it's an important opportunity for grain producers as well. I think the Provincial Treasurer would do well to look at amending this Bill in such a way that he could provide that kind of incentive for ethanol blend gasoline.

When I raised it before, I in fact had a motion on the Order Paper suggesting that this very thing be done, Mr. Chairman. The government said: "Oh, well, we can't give subsidies to industries. We don't believe in subsidies." They give billions of dollars in benefits and tax breaks to the oil industry and call it incentives and things like that, but when it's agriculture, it's subsidies, and they don't want to do it. They also made the point that, you know, ethanol is not the industry it's purported to be and it's not going anywhere. Well, I suggest if that's the case, then a subsidy or an incentive, if they were to offer it, no matter how generous it would be, wouldn't cost the province a penny.

MR. JOHNSTON: Some interesting points, but nothing to do with this Bill.

MR. FOX: You could put it in the Bill, Mr. Chairman.

MR. JOHNSTON: But by not putting it in the Bill, it's not in the Bill.

MR. FOX: I beg your pardon.

MR. JOHNSTON: It's not relevant to the debate.

MR. FOX: Well, if it's not relevant, you get up and tell me why you haven't taken any measures to reduce the tax on fuel blended with ethanol in the province of Alberta, because you're missing opportunities. The industry is developing every place but the province of Alberta. This government hasn't shown its willingness to reduce the tax paid on fuel in the province of Alberta by manufacturers willing to blend ethanol into the fuel, and I'd like to leave that challenge with the Provincial Treasurer.

MR. TAYLOR: Mr. Chairman, I just want to touch on two points. One I mentioned earlier, and I don't recall the minister answering it. I think it was on the philosophy of the Bill at second reading. In general, sales taxes, when they are levied throughout the world, are usually to raise money in an internalized economy. Like, you put it on your taxis or on your food or whatever it is you're selling internally to raise . . . It's a form of taxation, and no provincial treasurer would be worthy of the name if he didn't explore all those possibilities. Also around the world, usually taxes that are put on anything that serves as an input cost to turn out an export product are either rebated or not charged at all. In other words, if you make automobiles, it's silly to put a sales tax on your iron ore or your coal when you sell it to the plant that's making cars that wants to export around the world, because you hurt that manufacturer's ability to penetrate world markets for what really is a measly amount of money compared to the jobs created making the cars and the profits and everything that follows from it.

Hence, taking that argument back to our farmers, farmers in Alberta are different from farmers in most areas of the world in that my understanding is – and the Minister of Agriculture might be able to put more light on it – 80 percent of our dollar value

produced in Alberta is exported. Consequently, when we tax farmers, we are going opposite to nearly every industrialized nation in putting an unnecessary impediment or anchor on our exporters. Now, in your gasoline tax for farmers, one thing: because it's an internalized economy. It's like I mentioned in many other internalized areas. In this particular case we are hurting the ability of one of our major export industries to go out and capture markets. We do not charge sales taxes on petrochemical feedstocks. We recognize in many areas that any sales taxes that are paid on input costs are rebatable, and to that extent maybe a broad, across-the-board 80 percent, because 80 percent of the export market is where farmers export into, should be looked at. That's number one.

The second thing has already been touched on a bit by the hon. Member for Vegreville, but I want to come at it from a different line. I think in this modern day and age one should be looking at sales taxes not only as a tax on a widely used commodity but as a system of trying to make our environment cleaner. In other words, I have nothing against the minister sitting down and saying that fuels in general should yield this amount of income to Albertans. But I think the placing of it is quite important. I think that dirty fuels – in other words, leaded gasoline – should pay much more tax than unleaded. Of course, you're moving in that direction. Propane should pay less tax, and of course you are moving in there, but the trouble is I think you're moving in the wrong direction. I'm getting a little afraid that this thirst for income may overbalance the Minister of the Environment's pull in trying to get the air cleaned up.

Certainly the Minister of Energy time and again has said: "What's a little CO<sub>2</sub>? I mean, after all, we're not going to be in a hurry to get rid of carbon dioxide when the rest of the world is polluting too." I think the Treasurer should be telegraphing him and sending a message to the public that clean forms of energy are going to be taxed less on an erg or BTU, or whatever you want to use as an energy basis, than a dirty form of energy. Of course, this goes right over into electricity. We have in electricity today the rather peculiar thing in Alberta that those producers of electricity that use coal, which may be one of the dirtiest forms of energy you can find, get more for their electricity than those that generate electricity using a windcharger or a solar generator, on the argument that they're doing smaller amounts and all the rest. The fact of the matter is that we are not recognizing in our taxation system – and I'm not trying to say abolish taxes; I realize, as Oliver Wendell Holmes once said, that with my taxes I buy civilization. In Alberta I think we're buying a little too much civilization; nevertheless, the principle of taxation is recognized. But it should be not only just between two different producer taxpayers but should also in this day and age be environmentally constructive, and I see no evidence in the minister's taxation system that this is environmentally constructive and is slanted toward moving us to a cleaner society.

Thank you, Mr. Chairman.

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

MR. CHUMIR: Thank you, Mr. Chairman. When the minister got up and made some comments in response to some of our earlier comments, he did not say anything with respect to a suggestion of mine relating to a tax credit for low-income Albertans, and I just want to deal with this because I'm not so sure the minister is really aware. I don't know that his officials have brought this to his attention or whether he's actually gone through the calculations, but it really is phenomenal when you look at the impact of the taxation measures – and when I say

taxation I mean measures relating to fuel taxes, the cut in medicare fees, the elimination of the rental tax credit, to some small extent now the utility rebate. I'm wondering whether he realizes what a fantastically heavy impact that has had on low-income people in relation to the higher income people.

I want to give him some general figures that we have developed. One is that we used a situation of an individual earning \$15,000 per year. I'm using general numbers; I'll be happy to give the minister our calculations on specifics. We found that in 1986 income tax and all the others – the consumption taxes, which of course were far fewer – the net tax impact on an individual earning \$15,000 was approximately \$500. Since 1986, if that individual has an automobile, the individual has lost close to \$500 in the rental tax rebate. If he has a vehicle, happens to have an old beater, he will end up paying over \$300 more in terms of fuel taxes, loses the utility tax rebate, ends up paying not \$900 but \$900 more on top of \$500. There's almost \$1,400 of provincial tax. The level goes on an individual earning \$15,000. Does the minister realize how little that is? That's an increase of 185 percent on that individual. Now, when you take a single parent earning \$20,000, the tax burden in 1986 was approximately \$700. An additional tax burden of close to \$900, some \$870, falls upon that particular person.

Now, when you compare that to individuals – and we've done calculations for individuals earning \$75,000, a single person and a family with two children earning \$100,000 – you find that their tax burden is up 13 percent only. Given the same assumptions, they're paying only \$200, \$300, \$400 more in increases over that period of time than the people earning \$15,000 or \$20,000. The fiscal policies here have been fantastically regressive. Yes, we do have the lowest income taxes per se in this country and we don't have a sales tax, but that's not the issue. The issue is that this government had to raise revenue since 1986, has had choices as to how it went about raising revenue, and what it did is it wished to remain in a position of being able to say that we are the lowest income-taxed jurisdiction in this country to please the high-income fat cats, the ones who benefit from lower income taxes. Because the income taxes are piled on at progressive rates, in order to be able to continue to make that statement, measure after measure after measure of this government over the past five years has hit the poor little guy.

The facts are there, and you're not hearing from them because they are not enfranchised; their voice is not heard. But it's up to us to be aware of that and to make that case. We keep coming after it, and it's not because we're trying to score political points. It's just wrong to do that. You can try and fool yourself for as long as you want by saying we have the lowest income taxes, but you're only fooling yourselves and probably not doing that. So it's time we got some action on this and recognized what a heavy, heavy burden is being placed on these individuals. Nobody likes to pay taxes – I certainly don't – but I would much rather see my taxes at the higher levels increased and see some break accrue to these individuals.

The proof of the pudding is the philosophical direction of this government as shown by the fact that over these years the big corporations, particularly the financial institutions, have not been taxed even though virtually every other jurisdiction in this country levied a tax on those financial institutions. We've finally gotten around to a capital tax. Mr. Minister, you could look in that little chart you've put in your budget document every year since 1986 and you've always found a little empty slot when it dealt with how much our financial capital tax was. It was nil, while virtually every other province was levying these taxes year after year after year. When the choices were made, the taxes on

the little guy were increased, and you didn't even have the moxie to get after the financial institutions in '86, when you could have done it, or '87 or '88. Finally, now, in 1990 you take one step in that direction.

The philosophy's wrong, the direction's wrong, and I would ask the minister now: please comment on the issue about some form of relief, some form of tax credit for these low-income people. I mean, it would certainly do wonders for them politically, because they aren't doing very much that's very effective politically and certainly aren't showing any heart. They're the party that in the view of this whole province are the friends of Peter Pocklington. They crow about \$140 million a year for building schools when they're ready to toss out a hundred million dollars to back up Peter Pocklington in one fell swoop as if it were nothing.

Thank you.

MR. JOHNSTON: Mr. Chairman, we've had a wide-ranging debate on issues not even in the Bill. As usual, the red herring arguments from the opposition are clear. They have extracted all the old sages going back over the last decade and brought them forward again today, including the Member for Vegreville, who I think has to be chagrined himself when he says that this government has done nothing for farmers. I can't believe anyone making that statement, with the vast and comprehensive set of policies this government has put in place which go directly to assisting the farmer, particularly with respect to input costs. I remember him standing here before, criticizing with respect to the farm credit stability program, a 9 percent interest program which is working effectively. My colleague the Minister of Agriculture will tell you that \$2.4 billion has been invested in long-term farm loans at a time when interest rates are now shattering records. The farmers are protected for as long as they want, up to 20 years, at 9 percent interest. There's a long list of agricultural programs. I'm not going to debate them today, because I can't accuse the opposition of abridging the principles of the Bill if I do it myself, except to say that we strongly and clearly object to that kind of misrepresentation.

With respect to the question of ethanol and methanol taxation, I would quickly refer the Member for Vegreville to the Budget Address in 1987 where, on page 85, we state clearly that methanol and ethanol and natural gas for fuel tax are not taxed. Well, I'm not too sure what he's yelling about. That item isn't in the Bill. We don't tax it at the present, which in itself is an incentive.

With respect to the questions raised by the Member for Westlock-Sturgeon, if you listened carefully to what he said, he's essentially concurred with the Bill. He's concurred with our policy; that is to say, you have to levy the tax because it does have a certain amount of energy efficiency, energy conservation. If you tax these kinds of fuels, people may use them less. That is, the demand curve shifts in simply economic terms, and you should target the fuel against those that are more negative, and we have done that with respect to propane, with respect to leaded versus unleaded. We looked at that, Mr. Chairman, but as you well know, all the gas is going to be one kind within the next few weeks – the next few months, I suppose. So on that side I guess the Member for Westlock-Sturgeon concurs with the Bill, and we have done essentially as he's advised.

With respect to the export impact of these consumption taxes on farmers, of course we recognize and are conscious about protecting the production costs of all farmers. I've already talked about the long list of items which this government provides to farmers to ensure that their input costs are reduced,

protected, eliminated, if you like, in many cases. This is part of it. But to be fair, we had to at least allow the farmers to pay a small amount of that tax, otherwise the massive subsidy – some \$90 million, the highest provincial assistance to farmers with respect to fuel tax distribution allowance – would in fact cause a very clear rivalry between other small businessmen and the farming sector, the other small businessmen not getting any farm fuel distribution allowance.

With respect to export, I guess it's difficult to say whether or not a consumption tax impacts or could be rebated with respect to the export market. It's not a value-added tax. Since the price of grain is essentially fully elastic – that is, it's a flat curve and everybody prices off that curve – then of course they are price takers not price setters, so it's uncertain whether or not elimination of any taxes may be sensitive with respect to price in the international markets. I doubt it very much. But he does make the argument and observes the impact of a value-added tax on exports. That, I guess, we'll have time to study if the GST comes in.

With respect to the Member for Calgary-Buffalo, who talks about tax credits, we have provided a long list of tax credits to all groups in this province, to all sectors of this province. Whether it's my colleague Mr. Adair's special utility rebate tax for senior citizens, whether it's the renter tax credit for senior citizens and a variety of other tax credits that go through the system, including the 500,000 Albertans that are exempt from taxation, the long list is there, Mr. Chairman. Of course, the Member for Calgary-Buffalo doesn't like it when we say that we have the lowest income tax regime in Canada and no sales tax. Now, the member can talk all he wants. His analysis, by the way, is dead wrong, just dead wrong. His numbers are out the window. But we don't have any retail sales tax here, Mr. Chairman. So what happens is that if anything is taxed, it's a retail sales tax; it's the most regressive form of taxation there is.

If you're going to buy clothes for your kids, shoes for your kids, or food or drugs, that's all got a retail sales tax. As I look at the schedule – which I do like to trot out and which the member doesn't like, I know, because it tells a good story for Alberta – I look at other provinces. Some – Newfoundland – have a 12 percent retail sales tax. Well, I know what it costs to run my family's food bill. The food bill alone is something like \$500 a month, Mr. Chairman. If you add to it clothes, other kinds of costs your family may have, I'm sure just to stay alive the average family with three or four kids is going to spend close to \$2,000 a month. Twelve percent of that is \$240; 12 times 240 is – how much? – 5,200 bucks. So whatever we have here with respect to other taxes is really eclipsed by the fact that the retail sales tax is not applicable in this province.

He's wrong, Mr. Chairman, with respect to the other elements of his argument. He'd better go back and get some other analysts, because sure as heck he's wrong in his calculations as he was wrong on a variety of other calculations put forward.

AN HON. MEMBER: He was an analyst.

MR. JOHNSTON: Well, he was an analyst. But now he's a civil libertarian lawyer, and of course he only makes \$15,000 a year. Oh, I take that back.

So, Mr. Chairman, this is a very fair and comprehensive set of tax proposals. Every tax you impose is regressive. If you want to have no regressive taxes, it's simple: don't have any taxes. That's the only way you could do it. Society is based on taxation, I'm afraid. If you find a better way of doing it, I'd like to see it, but as far as I know, there is no other way right now.

This province has the lowest tax regime of any province in Canada: the lowest personal income tax, no retail sales tax, and a variety of other taxes that are below average. Mr. Chairman, I don't know what else you can do in terms of a comprehensive policy that protects the low-income individual and protects all Albertans. That's why the retail sales per capita in this province over the past eight months, with the exception of March, have been the highest in Canada; it just happened in March that B.C. caught up to us for a change. But that's a good sign. It shows that people have the money in their pockets and are spending it; otherwise, you wouldn't have the retail sales per capita so high. And, of course, the incomes are high as well, Mr. Chairman.

Well, introducing tax policy is not an easy process. You never can make it perfect, as others have said. We've attempted here to be fair and evenhanded, to go across the board with respect to our tax increases, and to provide the target exemptions and reductions where necessary as we have done traditionally, as we'll continue to do, and as, in fact, has been the history of our party: that we will continue to target our assistance where necessary. There's a vast array of programs across a vast array of Albertans and vast sectors that show that we have done that.

So, Mr. Chairman, I think those are the major issues. I would ask for other questions, if there are any.

[The sections of Bill 20 agreed to]

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that the Bill be reported.

[Motion carried]

## Bill 25

### Alberta Income Tax Amendment Act, 1990

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

The hon. Member for Calgary-Buffalo.

MR. CHUMIR: Thank you. Just brief comments and some questions, Mr. Chairman. I would like to comment on and ask the Provincial Treasurer about the continuation of the flat tax. The provincial government has an agreement with the federal government in relation to collection of taxes which provides that provincial taxes shall be levied as a percentage of federal taxes. That was with a view to keeping the taxes progressive. Contrary to the published terms of that agreement, the provincial government has levied this flat tax, which is regressive. That was in fact the subject of comment by the federal Auditor General in his latest annual report. He quizzed the federal government about it and said, "How is it that we're continuing to collect taxes under an agreement that provides for taxation on a percentage of federal tax when this province and a few other provinces are applying these regressive flat taxes?" And he talked about how regressive they were. [interjection] We'll handle you later. I liked you better when you were quiet. I can't remember when that was, though. It's been a long time.

In any event, it also is noteworthy, Mr. Chairman, that there's some suggestion that the flat tax was reduced. It's kind of winding its way down, because it started at 1 percent a few years ago and then it went to half a percent, and it looked like, in a sense, it was dwindling and on its way out. But the reality is that

the half percent flat tax was the equivalent of the 1 percent tax levied in earlier years, because the base changed pursuant to changes in the federal tax rules.

So I'm wondering how it is that we are levying this flat tax. What justification is there? Has the minister made a deal with the federal government, and on what basis has that deal been made? Was there an exchange of letters? Was it by a shake of hands or a telephone call? I've asked the minister if he'll provide us with the final consolidated copy of the federal/provincial tax agreement, the latest copy and one up to date, because we can't seem to get one through the government offices. The offices say, "Well, go to the minister's office." They laugh when they say that. We all have a good kibitz, because we know that just nothing comes out of the minister's office.

But on what basis is this government levying that flat tax which is contrary to the basic principle of the agreement entered into with the federal government? How long can they continue to deal with a regressive tax which, yes, exempts some of the very lowest levels? But you very quickly get into that flat tax, and it's people of quite modest incomes who are paying that. Get on to the progressive stuff. Hit the big guys. Hit the guys who are off to Palm Springs for the winter and traveling all over. There are lots of them around, and they can afford to pay more. You can afford to pay more, I can afford to pay more, but a lot of the lower income people just can't do it.

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

MR. HAWKESWORTH: Thank you, Mr. Chairman. I'm prompted to make an intervention here under Bill 25, as well, and sort of seek the Provincial Treasurer's comments, perhaps, on a little brochure that has been brought to my attention. It had been circulated by the Liberal Member of Parliament Dennis Mills, Broadview-Greenwood. I had a constituent bring it to my attention and wondered what this might mean as far as those who are opposed to the GST might be concerned.

I don't know whether the Provincial Treasurer has had a chance to see the single tax proposal put forward by the Liberal member for Broadview-Greenwood. It's apparently intended to basically lead to more or less a flat tax system where there would be no loopholes, no tax deductions, where all income would be declared, and it would all be paid more or less towards a single tax rate. I don't know whether it's regressive or progressive. It would seem to me to be progressive if a family in the \$40,000 range is paying 10 percent and a family in the \$100,000 range is paying a top rate of 19 percent. I'm sure that would have implications for the provincial government and its tax policy as well. Apparently, according to the Liberal Member of Parliament, the entire tax refund form would be the size of a postcard. To illustrate, this brochure has 16 lines. The sum total of the entire income tax form that you'd fill out would be 16 lines. You'd pay according to whatever your taxable income is, based on a scale that for a family of \$20,000, a minus 4 percent effective tax rate, and for \$100,000, a top tax rate of 19 percent. I'm wondering, really, how progressive such a system might be, given that for a family earning, let's say, \$50,000 and a family earning \$100,000, the effective tax rate is only about a 6 percent difference. Anyway, I'm wondering if the Provincial Treasurer might like to use this opportunity to make some comments about that.

MR. JOHNSTON: Well, Mr. Chairman, I'm interested to learn about the single tax concept. I've got the book by Mr. Mills,

and I notice the Member for Calgary-Mountain View was fairly careful not to endorse it. It was the original tax put forward by Peter Pocklington, so I'm sure he doesn't want to identify too closely with that view, and that's why he's been very guarded in the way in which he identifies here and very careful about it. But it wasn't just Peter Pocklington who designed the single tax initially. It has been designed previously. I think it's worth an examination.

One of the comments I was going to make with respect to the Member for Calgary-Buffalo's question on the flat tax is that, in my view, the calculation of personal income tax is far too difficult right now, too complex to complete. I mean, if you go to calculate your own personal income tax, you have to take one from table A and one from table B. It's a bit like ordering Chinese food with the Member for Calgary-Buffalo; it's an impossible situation, and you never know what you're going to get. I'm sure that the statistics will show that the number of mistakes made this year are very high.

While the single tax has something to commend, remember that what Wilson was attempting to do with his current tax reform was to reduce the number of brackets for the personal income tax side, but he quickly ended that commitment and has now gone back to roughly the same kind of tax structure at the same high rates. When he brought in the GST at 7 percent, he was going to drop the middle rate, but he in fact increased it back to the old rate and, moreover, has collected and will keep for his own federal coffers the federal surtax. So on that basis he has essentially abridged the commitment he made to do the comprehensive tax reform. I think initially he was in the right direction when he was going to simplify the personal income tax, but he has not been able to do it, and it's not going to be done right now, if I read the federal intentions.

I should say that the flat tax, which is imposed by the provinces of Alberta, Saskatchewan, and Manitoba, is a fairly interesting tax. We've put it in place under a temporary agreement with the federal Minister of Finance. Although the tax agreements are agreements between the province – Mr. Horsman talked already today about how we view these contracts, and of course the federal government views them, I think, in the same context, that there is a contractual obligation. We generally uphold our side of it, and we have until 1991 to review the flat tax question. What I can say is that finance ministers generally have been looking at alternative ways of calculating provincial income tax. As opposed to calculating provincial income tax on the federal tax, we would like to see it calculated on taxable income itself. We think that would be a more direct way. We think the rates would be clearly represented to the individual Albertan in particular, and we'd be able to make our own calculations, our own tax credits, for those areas which were our own prerogative.

As I've said before, from time to time we have difficulty with the federal government in putting in place some tax credits. The federal government actually refuses to administer the tax credits for us, and if they did, it would require a long lead time to get them into the system. We've been pushing Wilson. I think Ontario and Alberta in particular have been pushing the federal government to review the way in which the provincial tax is calculated. We think a taxable income calculation for Albertans would be more advantageous to us, more up front, less transparent in terms of the cost, and we would advocate that. But the reluctance in the federal government is there. They want to control the system and the tax base themselves and not let a proliferation of deductions take place. We, I think with the other provinces, would like to continue the flat tax for some time. We've committed to reducing it when our revenues are



down. We'll do just that. We reduced it by half in 1988. I think in the case of Manitoba it's applied at net income. Ours is applied at taxable income. Ontario would like to have a chance to do it, but the federal government said no way because of the overall review of tax policy that's before us.

So I think I've answered most of those questions. I agree with the Member for Calgary-Buffalo that it's a regressive tax, because all taxes are regressive. But in the case of income tax Alberta has a substantial number of particular credits which flow to over 500,000 Albertans, zero or lesser income tax credits which reduce the provincial tax payable, and therefore I think we are recognizing the regressive nature of some income taxes themselves. That's, I think, generally the comments to be made, Mr. Chairman.

[The sections of Bill 25 agreed to]

[Title and preamble agreed to]

MR. JOHNSTON: Mr. Chairman, I move that Bill 25 be reported.

[Motion carried]

**Bill 26**  
**Utility Companies Income Tax**  
**Rebates Amendment Act, 1990**

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

MR. CHUMIR: I have some comments, Mr. Chairman. For the third Bill in a row we find that the impact on this legislation is again to hit the low-income people hardest rather than the high-income people. It's very regressive legislation. It taxes utility bills. Up till now the provincial government has rebated those. It's no longer rebating them; therefore, the tax will fall on the consumer. Now, this in itself is a serious defect and sufficiently serious that we're going to oppose this piece of legislation.

[Mr. Jonson in the Chair]

But I'm wondering whether the government has really thought through where this is leading, and for this thought I'm indebted to my friend the Member for Westlock-Sturgeon. I'm wondering whether the government has really thought through where this is leading in terms of setting a precedent for the federal government. Because we've seen that this year the federal government – and the minister might profitably hear this; it's a very interesting little point – has frozen the rebate of federal income taxes. Now, income taxes were frozen because of the philosophy that private utilities should not be at a disadvantage to publicly owned utilities, which pay no taxes. Now, what we see is the federal government setting a tiny precedent, a chink in that philosophy, by freezing the rebates so that now the additional income taxes they get will be going into their coffers. Well, that's a bad sign. That shows kind of an erosion of the principle of rebate of these federal taxes to our utilities.

So what does the provincial government do when it sees this major threat? Does it confront the federal government and say: "This is wrong. It's going to impact utility payers in Alberta. It's going to hurt our taxpayers." Do we come to the rescue and to the support of our utility taxpayers in this province? No, we

don't. What we do is we say, "Well, we're going to get on the bandwagon for some tiny little amount, and we're going to stop that ourselves." Then you set a precedent for the federal government, who are going to sit and look at that and say: "Oh, you don't think that private utilities should be exempt from income tax anymore either, eh? Well, we've had that in the back of our minds, but we didn't think we were going to be able to get it through. We've taken a tiny step in that regard, but now that we see you abandoning the rebate philosophy, we're going to start moving in that direction, because we sure need the revenue. Thank you."

So I think we've got a very, very foolish policy in terms of approach to a federal/provincial issue on top of the fact that it's regressive and hits the individual earning \$15,000 that I mentioned earlier, the single parent with \$20,000. It hits them. They pay utilities like everybody else, and they are getting hit. They're now paying income tax on their utility bill, which they wouldn't if it was owned by this government. What we're seeing is a move in the direction of discriminating against our consumers in an area where you have privately owned utilities at a time when this government is moving to privatize Alberta Government Telephones. It's not supporting the concept of privatization; it's going against the grain.

This Bill should be chucked out on its ear. I ask the government to reconsider the precedent it's setting for the federal government, because we're soon going to be paying full federal taxes. We've lost our credibility by abandoning that principle here with this Bill. Dump it. Dump it. Dump it.

MR. DOYLE: Mr. Chairman, I originally had the opportunity to address Bill 26 at second reading, and no doubt at that time this Bill should have been scrapped.

Of course, some members will know that in 1947 this Bill was brought in by the federal Liberals under the Finance minister, Mitchell Sharp, who introduced the Public Utilities Income Tax Transfer Act. That Act was brought in, Mr. Chairman, to make sure that fair rates were paid to utility companies across Canada. In other provinces, like British Columbia, they have B.C. Hydro; in Saskatchewan, Saskatchewan Power; in Manitoba, Manitoba Hydro; in Ontario, Ontario Hydro; Quebec, Hydro-Québec: all owned by provincial governments or an entity thereof. At that particular time under that leadership they introduced this Bill to be sure that all power rates and gas rates were fair across the country. It has worked very well; it has kept the rates at a reasonable standard in comparison to those provincial companies. In 1981 some members of the House might remember that the then federal Liberal government proposed to do the very same thing that the Conservatives in Alberta are proposing today. They propose to discontinue the transfer of the income tax to companies such as TransAlta and Alberta Power in the province of Alberta, and I believe it's some seven or nine other private utility companies across Canada.

The companies and their customers got into a heavy letter writing campaign. They had the support of the then government of Alberta – the present Conservative government, many of them sitting here today were sitting there then – and lobbied heavily against the federal government holding back these income tax transfers to the consumers of Alberta Power and TransAlta Utilities. Now here we are again, back in the same stage as we were in 1981, with a government who said during the election that there would be no new taxes. "No new taxes," they said, Mr. Chairman, but when someone corrected them down the line, then they said: "No, that's not what he said at all. He said no new income tax." Well, Mr. Chairman, I say: what is this?

This is a holdback of income tax, income tax that was paid to the government and then transferred back in order to keep fair rates across this country.'

The municipalities, Mr. Chairman, are in dire straits in many locations for proper funding from this government. They have cut the transfers of the – I'm trying to think of the term – grants in lieu of taxes by some 10 percent. Now they're cutting the income tax rebates. Every municipality that has recreation facilities, sports facilities, and other key facilities that they need for youth and seniors also is going to have to come up with more money to pay for these high power rates.

Mr. Chairman, this is a direct hit on the youth, the seniors, and the municipalities in this province. In fact, this is right in line with their Tory friends in Ottawa. This is another multistage tax increase. It's a multistage tax increase because how else are the small businesses in the communities in Alberta going to recover this 5 to 8 percent increase in their power bills because of this government withholding their income tax that they have supported since 1947?

But most importantly, Mr. Chairman, for this government who says they support small business, these small businesspeople are in dire straits in many municipalities, and this percentage increase on them is going to be very difficult. Why would they do it now? They'd only do it now because of the overspending of this government and the poor planning of this Treasurer.

Mr. Chairman, every farmer in Alberta, every municipal hospital, every school board, and in fact every church group and volunteer organization in this province that runs community halls and things like that with volunteers is going to be hurt severely by this income tax cut. It's right dead in line with the GST supported by their federal cousins, and this government's done very little to fight. It's a multistage increase just the very same as the GST. Companies such as Millar Western at Whitecourt have contacted me. The mayor of Whitecourt and other areas of this province have contacted me. A new industry that was built to have good, strong environmental protection such as Millar Western of Whitecourt, they were encouraged to use electricity to do away with some of the environmentally harmful . . .

MR. DEPUTY CHAIRMAN: Hon. member, order please. I would just remind the member that we are in Committee of the Whole, and the Chair feels that perhaps the member is confusing Committee of the Whole with second reading in terms of the principle of the Bill.

MR. DOYLE: Yes, Mr. Chairman.

These companies that are using electricity to protect their environment are now going to be charged an exorbitant rate. In fact, the power companies . . . Mr. Chairman, these big plants who have to use electricity now to have better protection for the environment are now going to have these extra costs whether they want it or not, because it's put on them by this government. Every farmer that has to use a welder or has to turn on a light bulb or any individual in this province that uses electricity will be penalized by this Act by this government. We in the Official Opposition cannot support this, will not support it.

I have a letter from the assumed very Conservative riding of Macleod from the mayor of Fort Macleod, one Terry Lyon. The Treasurer should have a copy of this letter. He says:

The proposed elimination of privately-owned electric utility income tax rebates is not so much a reduction in expenditures as it is a selective tax on those citizens being served by privately-owned

utilities. As the elected representatives of a community served by a privately-owned utility, we most strongly object to this selective taxation of our citizens. Once again, you appear to have failed in your efforts to address your budget problems through expense reduction in favour of additional taxation.

It goes on, Mr. Chairman,

We believe, without question, Bill 26 undermines the fairness inherent in the existing Utility Companies Income Tax Rebate Act. We most strongly urge you to reconsider your position on this matter.

Mr. Chairman, that is signed by one Mayor Terry Lyon from the town of Fort Macleod.

But, Mr. Chairman, that's only a sign of how many people are up in arms against this Bill. I talked to people in my office this morning from Empress, Alberta: totally disgusted. Phone calls from Rycroft in the Peace country: they can't believe that this government is going to put this income tax on their backs and the backs of the citizens of Alberta. School children, Mr. Chairman: I suppose the schools will have to shut off some of their lights now and cause danger to some of these people. Perhaps they'll have to play hockey in the daylight. Perhaps they won't be able to turn the lights on – it might be too expensive – in the outdoor arenas of this province.

Mr. Chairman, this Bill is one of the most aggressive things I have ever seen put forward. After they in 1981 fought so hard against the federal Liberals of the day and accused them of coming down on the backs of Albertans, they now are proposing the same thing.

Mr. Chairman, I would like to propose this amendment to Bill 26. The Bill is hereby amended as follows.

A. The following is added after section 2:

2.1 the Public Utilities Board shall, prior to December 31, 1990, hold public hearings into the provisions of section 3 and shall submit a report on the hearings to the Provincial Treasurer who shall table it at the earliest opportunity in the Legislative Assembly.

B. Section 2 commences on Proclamation which shall not be earlier than 30 days following the tabling of a report by the Provincial Treasurer under section 2.1.

Mr. Chairman, this has been initialled by the lawyer for the Legislature.

This amendment will give the municipalities and other people throughout this province the opportunity to address their budgets, if necessary, but it should not be necessary that they have to address them again. Municipalities, school boards, hospital boards have set their budgets; their requisitions are out or in the mail. Mr. Chairman, how are they going to make up this shortfall? There's no further funding from the government to help them with this shortfall when they're ripping them off for some 5 to 8 percent in utility bills on top of the GST. That will quite possibly be brought in by the first of the year unless we can turf those other Tories out of office. But once they're out, that bunch over there are the next bunch that are going. Some of those weird and woolly ones are going; that's for sure. [interjections] Well, Mr. Chairman, some of these newly elected Conservatives haven't quite caught on to the tricks of the past ones that are sitting over there in cabinet.

Mr. Chairman, on my amendment. I would be pleased to sit on this and see if the hon. Member for Red Deer-North might have something to say, or perhaps he does not even understand this Bill.

MR. DEPUTY CHAIRMAN: The Member for Edmonton-Jasper Place.

MR. McINNIS: Mr. Chairman, I would like to address a few comments to the amendment that's before us. It's a very thoughtful amendment put forward by the Member for West Yellowhead.

MR. DAY: It would be good to read it first, John.

MR. McINNIS: I've got it right in front of me here. Is the member having trouble getting a copy?

MR. DAY: You almost said it with a straight face.

MS MJOLSNESS: He doesn't understand it.

MR. DEPUTY CHAIRMAN: Order please. Let's proceed.

MR. McINNIS: Bill 26 violates a lengthy tradition of attempting to treat public and private utilities in a fair-handed fashion. It was something the Social Credit government of Alberta many years ago wanted to do to remove one of the more obvious arguments in favour of public ownership of the utility system. I mean, there are many other arguments as well that have to do with fairness, with public policy, purposes of all kinds. The fact that it's a natural monopoly and a monopolistic enterprise in the hands of private owners is the worst of both worlds. But in addition to that, there was the problem that public utilities did not have to pay income taxes because of their status as Crown corporations whereas private utilities did. Anyway, they convinced the federal government to send these funds back to the province where they were rebated to consumers to put them on the same basis as if they were fortunate enough to be in a system where you had a publicly owned process.

Now, the government proposes in Bill 26 to abandon that principle for the sake of a few dollars more in the coffer. I suppose they have in mind the idea that people won't see this as being a new tax because it's basically one step hidden from public view. It will have an impact in increasing their rates, but it will be very difficult for them to peg that onto the provincial government, to connect the Provincial Treasurer's budget with Bill 26, with the fact that their power rate has increased. That's a very sneaky way for a government to proceed, and unfortunately it doesn't meet the test of providing public information about a matter of public policy.

There's also the rather embarrassing fact that not only was this new tax not mentioned during the election campaign, but the Premier specifically assured Albertans that there would be no new taxes. Read my lips: no tax increases. Well, we've got a new tax and a tax increase, so this Assembly has to deal with the situation. The provincial government chose not to face the electors on this issue. They did not provide any avenue or forum for discussion, debate, and dialogue over this. It's one of many things that was done. You know, Mr. Chairman, I think it gets back to a conception of democracy which is rather sadly out of touch with the parliamentary forum. In our system we don't elect governments to go off and do whatever they want every few years; we have a parliament, and we have representatives of people who are elected to parliament so that we can debate things on an ongoing basis. So just because you managed to fool people into voting for you during the election without mentioning this tax doesn't mean you have the right to do it.

The amendment put forward by my colleague suggests that the Public Utilities Board should hold public hearings into one of the key – I would say the key – provisions of Bill 26 and submit a report back to the Provincial Treasurer. Well, that's precisely

the way most rate increases are handled. In fact, this is a rate increase. It's a rate increase imposed by an added cost to the consumers of power through privately owned utilities in the province of Alberta. It's a cost increase that's imposed directly by the provincial government, so in effect what the government is doing is requiring the utilities to do a certain amount of dirty work for them. They will, of course, be raising their rates in order to meet the costs of Bill 26, which is basically a cost to their customers more so than the companies themselves.

The amendment merely suggests that we follow what is normal procedure in dealing with rate increases: that they go before the Public Utilities Board first before they take effect. The board would be able to hear from people who are affected, they would be able to ascertain whether the costs are as stated, use their expertise, their econometric models and the experience and expertise of witnesses, intervenors who appear before the board in order to assess the cost of this, and measure how it should be implemented and whether it should be implemented.

It's a standard operating procedure, but unfortunately Bill 26 as it was originally drafted by the government doesn't provide this opportunity. In fact, it's retroactive legislation. It's deemed to be enforced December 31, 1989, retroactive beyond even the budget date. The budget came in in March, I believe, and this legislation as presently drafted, as presently before the House prior to the amendment, is retroactive all the way back to the end of last year. So, obviously, if you're going to impose this on a retroactive basis, the PUB will have no choice or very little choice but to accept somebody's guesstimate of what the effect of Bill 26 is in terms of the transfer of funds and will have to impose a greater cost of electricity onto the consumer in order to make it pay.

I guess to be fair, the precise mechanism is that the provincial government continues to receive these income tax rebates from the federal government, and rather than put them into the fund for distribution to reduce the effective cost of power, they put them back into the General Revenue Fund where it can be spent on, I'm sure, some interesting and fruitful public policy initiatives similar to the ones that have been brought in over the last several years when the deficit has soared to the point where it is. So the PUB will be caught in a very difficult position if the Assembly were to pass the retroactive legislation which is before the committee this afternoon.

My colleague representing West Yellowhead has put forward a two-part amendment, and these two parts go hand in hand to provide for power customers in the province of Alberta an opportunity to assess the impact of this proposed change in the normal way that any other cost increase is put forward to the Public Utilities Board. That is, there would be an application, the application would be based on certain facts, those facts would be presented at a PUB hearing, and intervenors would have an opportunity to satisfy themselves whether the facts are as presented and then to present debate and argument about how those facts should impact the power rate. As it is right now, the rate of power would have to be adjusted under Bill 26 if it was passed in the present form, based on a guesstimate provided, I believe, by the provincial Treasury, since it is the Treasury who receives the rebates from the federal government and then pays them into the fund which is used to reduce and equalize the cost of power across the province.

I think this matter and the subject matter of this amendment is of great significance to the Assembly because it does extend actually beyond the electric utility system in the province of Alberta. There's all kinds of problems in that system, problems that hopefully we'll be able to get to the bottom of at another

occasion. But if we take the idea that the government can pass legislation like this and apply it to other publicly regulated private utilities, what's to become of AGT, for example? Alberta Government Telephones is going to – at least some portion of the equity in that corporation will be for sale by the government some time in the very near future, or some time in the future in any case. That's the present intention. That then puts AGT in the same position as private utility systems.

Bill 26 as put forward suggests that none of the funds that might be paid from the federal government to offset the tax payable by investor or shareholder owned utilities can be paid from the province into the rate reduction fund. Well, that principle applies equally well to the telephone system as it does to the electrical utility system, so we could end up with a situation where Bill 26 or something very much like it will be before this Assembly in respect of AGT, in which case there will have to be some rate adjustment as well. Now, I think you'd have to be naive in the extreme not to realize, Mr. Chairman, that the rate adjustment would be an upward adjustment. It wouldn't be a downward adjustment. We would be talking about additional cost of billings in terms of the basic monthly rate for subscribers in the province of Alberta and possibly in the case of others as well.

Now, there are absolutely staggering amounts of money that are involved under Bill 26, which I think is what gives some impetus for this Assembly to put forward the proposition that we should have a regulatory process to deal with it. The estimated cost of Bill 26 to Edmonton Power customers in the city of Edmonton is some \$14 million. Alberta Power: you're looking at \$29 million as the estimated cost of the provision of Bill 26. The remaining customers would be looking at costs in the neighbourhood . . . [interjections] Yeah, TransAlta Utilities: probably something more in the neighbourhood of \$42 million. So you add it up. You know, \$75 million is the approximate impact of Bill 26 on power customers in the province of Alberta. So if the Assembly were to pass Bill 26 through committee and the remaining stages without this amendment, somehow it would be incumbent upon the regulatory system to impose this additional \$75 million burden on power customers in the province of Alberta, and the Bill provides very little guidance in terms of how that is to take place.

It is the responsibility of the Public Utilities Board to set those rates, and in doing that, they normally consider all kinds of factors. They have a fairly broad mandate and, I think, experience that goes with it. The experience includes expertise, but it includes jurisprudence as well. The PUB has discretionary authority, but it can't exercise that authority in an arbitrary fashion. There are rules of process, of natural justice, and there are precedents that apply to the PUB, so I'm pretty sure that that's the thinking my colleague has exercised in preparing this particular amendment to Bill 26. It's suggested that the PUB – given even the position that's taken by the government, that this is a handy way to raise \$75 million – would undoubtedly have some input and some ideas on how such a burden should be shared among the various power customers, how to do it.

For example, let's just take the premise of the government that it's fair and reasonable in 1990 to impose an additional \$75 million burden on power customers. Well, what would be the best way to impose that burden? Should the \$75 million be divided by the total number of power customers and each of them given an equal amount? I think not. That's not a very fair proposition because some power customers use a lot more power than others do, so there would be reason for a feeling that that wouldn't be a fair way to go. Well, somebody might say: "Let's

just take the number of kilowatt hours through the system. We'll divide that into \$75 million, and that'll give us an amount per kilowatt hour to add onto the cost." But I'm not sure that's fair either, because there are all kinds of people who think we have to do things with the structure of incentives within the power system to try to get people to conserve energy, especially during peak hours.

There are all kinds of things that are being done by public and private utilities around the world to entice their customers to purchase more energy-efficient appliances, utilities, and motors; to try to phase their consumption into off-peak hours; to try to give them an incentive to reduce the total amount of demand. Because it's an absolute indisputable fact, Mr. Chairman, that the cheapest power that will ever be found in the 1990s and beyond is electricity that is saved from ever having to be consumed. So I think the PUB, if it were given instructions by this government to do so, would be willing to look at the way their revenue structure could be altered with the clear and conscious goal of reducing the amount of electrical energy which is consumed, especially at peak periods. We all know that peak periods run early in the morning and around the supper hour. It's seasonal as well. I think a supper hour reading on the coldest day of February would probably be the absolute peak power consumption, and I would hazard, you know, that the middle of the night sometime in July would be the low point. Well, if we can reduce the spread between the highest high and the lowest low, then there is going to be a need for much less investment in capital equipment, which is a very big factor in determining your power bills, but also reduction in the operating requirement.

The operating requirement in Alberta in many cases means combustion of coal. Now, combustion of coal, as we all know, Mr. Chairman, produces carbon dioxide gases, carbon monoxide, in some cases sulphur dioxides, nitrous oxides, and even volatile oxides to boot. So you have quite a pronounced effect on the environment in operating these plants at the capacity at which they're operated. The PUB has a mandate to determine these rates, and one of the elements that they're entitled to consider is ways to reduce the growth in expenditures, capital expenditures, how to reduce not just the operating expense but the combustion of hydrocarbon fuels. With that mandate, the PUB could take the provisions of Bill 26 which are before the Assembly and hold public hearings.

Now, my colleague for West Yellowhead suggests that we should convene these hearings right away, in the calendar year 1990. I think that makes a lot of sense, because the government has indicated its desire to move in this area. It's indicated that there's \$75 million that it feels should be taken out of the pockets of power customers and put into the general revenue of the province for whatever purpose. But having said that, Mr. Chairman, there is undoubtedly more than one way that that \$75 million target could be achieved. You know, I do feel that it's a mistake to look on the utility system as a cash cow for the government, but that would relate, of course, to the principle of the Bill, and I'd be out of order if I made that point in committee study on the amendment. Instead, I'm saying that this amendment is compatible, in fact, with the desire of the government to pull \$75 million out of the system, out of the pockets of power customers in the province of Alberta.

You don't have to support that principle, which I don't. You don't have to support that principle in order to put forward an amendment, so my colleague has. Regardless of your stance on whether the \$75 million should be taken out of the pockets of

power customers and put into the General Revenue Fund of the province, I think you would have to agree that . . .

MR. DOYLE: It's \$95 million.

MR. McINNIS: Oh, my colleague says it's \$95 million. I guess the \$75 million is just the three that I mentioned. We're actually closer to \$100 million: \$95 million that the provincial government intends to take out of the pockets of power customers. Well, regardless of your stance on whether taking the \$95 million out is a good thing or not, I think any member could agree that having the Public Utilities Board examining the question gives us the opportunity to assess the fairest and most effective means of achieving that goal. Fairness is one issue. I've mentioned fairness, but I think the issue of conservation of energy resources and reduction of consumption . . . You know, Mr. Chairman, many utilities now are paying their customers cash to get rid of their old energy-inefficient appliances and to replace them with more efficient appliances. B.C. Hydro, right next door, will come and pick up any old refrigerator you have. I think anybody who's ever had to get rid of an old fridge knows what a disposal problem that can be. Well, B.C. Hydro will come to your door, they'll take your old fridge away, and they'll give you \$50 cash. Now, that's an offer that power customers in B.C. have found very difficult to refuse, because not only do they get rid of a disposal problem, but they get \$50 cash guaranteed.

Now, why would they do a thing like that? Why would a responsibly run public utility system give people \$50 cash to take away old refrigerators which probably aren't even functioning in any event? Well, I'll tell you why they do that. They do that because they want to reduce the number of homes that have two fridges, because refrigeration is a very high consumptive factor in terms of the electric utility system. A fellow named Amory Lovins, who was in town meeting with some of the provincial government people here in Edmonton a couple of weeks ago, met with myself and a group of others, including the Member for Edmonton-Meadowlark. He made a valid point: so much of the power that's consumed in the province goes to making cold beer and warm showers. If you can deal with ways to more efficiently deliver cold beer and warm showers, you're going to solve a very big part of the problem that we have of continually increasing demand for electricity and new facilities having to be commissioned all the time.

Members of this Assembly know very well the problems that have been faced in the commission of the Genesee project by Edmonton Power west and south of the city of Edmonton. The problem there is you have the two agencies. The Public Utilities Board authorized, commissioned the construction on the basis of the mandate that they have and the information that was at their disposal. Then along came the Energy Resources Conservation Board, another government agency with a different mandate, a different perspective, and said, "No, no, we don't need this at the present time," the result being that the city of Edmonton has – what? – more than a billion dollars invested in that particular facility . . .

MR. DEPUTY CHAIRMAN: Excuse me, hon. member. The

Chair has difficulty finding this to be relevant to the amendment.

MR. McINNIS: Well, it is difficult sometimes to broaden the minds of some of the hon. members of the Assembly, but what I'm trying to suggest is that if the amendment to Bill 26 before us were to pass, the Public Utilities Board would have an excellent opportunity to examine some of the state-of-the-art ideas that are available for us today. I mean, the technology is changing so rapidly. Statements that you could have made six months ago about potential savings of electricity are no longer valid today because the technology changes that quickly. I'm making the point that I don't think it's enough for the provincial government to say, "All right; we're going to take another \$95 million out of the electrical utility system," without being prepared to allow these other issues to be addressed in the process. Just given the premise, the presumption that a \$95 million tax on power customers for the sake of the Provincial Treasurer's budget is – even if you take that assumption, there's many, many ways that it could be done.

I'm just beginning to debate this amendment, so in view of the hour, I'd like to beg leave to adjourn until a later sitting.

MR. DEPUTY CHAIRMAN: Having heard the motion to adjourn debate on the amendment as proposed by the Member for West Yellowhead, all those in favour, please say aye.

HON. MEMBERS: Aye.

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

The Hon. Government House Leader.

MR. HORSMAN: Mr. Chairman, I move that the committee rise and report and beg leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. JONSON: Mr. Speaker, the Committee of the Whole has had under consideration certain Bills and reports the following: Bill 20, Bill 25. The committee reports progress on the following: Bill 26. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.  
The Government House Leader.

MR. HORSMAN: Mr. Speaker, this evening it's proposed to continue debate on Bills on the Order Paper for second reading.

[The House recessed at 5:27 p.m.]

